



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 16-07
)
The Petition of the Guam Power Authority))
for Approval of Yigo CT Repairs) **PUC COUNSEL REPORT**
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INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] for Approval of the Yigo CT Repairs.¹

BACKGROUND

2. On January 25, 2016, the PUC approved the award of a Performance Management Contract to TEMES for the management, maintenance, and operation of various Combustion Turbine Power Plants, including the Yigo CT.²
3. On March 14, 2016, operations of the Yigo CT noted an abnormal noise, and the unit was taken offline for assessment. The initial assessment completed by the Yigo CT team and the CT PMC (TEMES) indicated that there was material loss, corrosion and other issues.³
4. The initial engineering assessment was that the repair would take approximately three months to complete.⁴
5. TEMES, as the PMC for the Yigo CT, issued an RFP to various companies, for repair services relative to the Yigo CT.⁵

¹ GPA Petition for Approval of Yigo CT Repairs, GPA Docket 16-07, filed April 27, 2016.

² PUC Order, GPA Docket 15-22, dated January 25, 2016.

³ GPA Petition for Approval of Yigo CT Repairs, GPA Docket 16-07, filed April 27, 2016, at p. 1.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2016-24, Authorizing Management of the Guam Power Authority to Implement and Complete the Repairs required to place Yigo Combustion Turbine Plant back into service, adopted April 26, 2016, at p. 1.

⁵ Memorandum from TEMES to Melinda R. Camacho, GPA Assistant General Manager, dated April 22, 2016 (attached to the GPA Petition, GPA Docket 16-07, filed on April 27, 2016).

6. TEMES received three proposals furnished by GE, TCT and TRI respectively. TEMES recommended the selection of TRI's Exchange Proposal for repairing the gas turbine of the Yigo CT.⁶
7. TRI, Turbine Resources International, submitted a proposal to replace the existing gas turbine with a renewed gas turbine of the same model and specifications. The old gas turbine of the Yigo CT will become the property of TRI after the overhauled-turbine is installed.⁷
8. TRI proposes to exchange a "low hour" overhauled LM2500PE engine for the existing LM2500 Gas Turbine ESN 481-632 from the Yigo CT.⁸
9. The estimated cost for installing the overhauled engine and performing related services is \$2.3M.⁹

ANALYSIS

10. The PUC has recognized that GPA lost 79MW in generation capacity as a result of the Cabras explosion. With recent generator outages and overhauls, GPA has been struggling to maintain sufficient generation capacity.
11. The PUC previously held that: "it is critical to achieving sufficient system capacity that the availability of the Dededo CTs, and upgraded capacity for the Macheche and Yigo CTs, be insured."¹⁰
12. With a possibility that the Dededo CTs will not be restored to operation as soon as originally anticipated, it is even more important to restore the additional 20MW of the Yigo CT as soon as possible.¹¹

⁶ Id. at p. 1.

⁷ Turbine Resources International, GE LM 2500PE GT Exchange Proposal, dated April 15, 2016 (attached to the GPA Petition filed on April 27, 2016).

⁸ Id.

⁹ CCU Resolution No. 2016-24 at p. 2.

¹⁰ PUC Order, GPA 's Procurement of a PMC for Combustion Turbine Power Plants, GPA Docket 15-22, dated January 25, 2016.

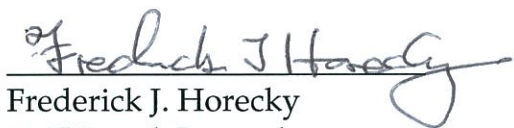
¹¹ At the CCU meeting on April 26, 2016, various GPA officials requested that PUC Counsel expedite the hearing of this matter possible.

13. GPA also submits that the change out of the gas turbine unit will result in a more efficient machine, increasing the MW capacity from 19 to 22; since the heat rate of Yigo CT will be substantially improved after the repairs, it is estimated that resulting fuel savings may be \$59,794 per month.¹²
14. GPA proposes to fund the Yigo CT repairs from the Working Capital Fund to pay for the approximately \$2.3M needed.¹³
15. It is reasonable, necessary and prudent for the PUC to approve the repair of the Yigo CT to provide additional system generation capacity as soon as possible.

RECOMMENDATION

16. Counsel recommends that the PUC approve the Yigo CT repairs as requested in GPA's Petition.
17. GPA should be authorized to expend the amount of \$2,300,000 from the Working Capital Fund to pay for such repairs and the installation of the overhauled gas turbine engine. There are presently sufficient funds in the WCF to cover this expense until it is reimbursed through revenue funds.
18. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 27th day of April, 2016.


Frederick J. Horecky
PUC Legal Counsel

¹² YIGO CT PLANT REPAIR COST, attached to the GPA Petition, GPA Docket 16-07, filed April 27, 2016.

¹³ GPA Petition, GPA Docket 16-07, filed April 26, 2016, at p. 2.