



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

REVIEW OF COMPLAINT BY) **GPA DOCKET NO. 15-17**
1st GREEN SOLUTIONS GUAM, LLC) **ORDER**
)
)
)
)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the April 20, 2015 Letter (the “Complaint”) addressed to the PUC from 1st Green Solutions Guam, LLC (“1st Green”), which generally contends that the Guam Power Authority (“GPA”) has inaccurate and inconsistent billing practices for customers having power factor ratings that exceed the established power factor rate of .85 as set forth in GPA’s tariff.

DETERMINATIONS

On April 20, 2015, 1st Green lodged a formal complaint against GPA with the PUC, alleging that GPA was inaccurately and inconsistently billing customers “having power factor ratings that exceed the established power factor rate of .85” within the approved tariff.¹ Specifically, 1st Green contended that “GPA is billing for more kWH usage now than they were before the implementation of USES which, per our own recordings, is providing significant reductions in actual power usage plus improvements in power efficiency.”²

Thereafter, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this docket remanded the matter to GPA for resolution at the agency level. However, the parties were unable to arrive at a resolution.

¹ Complaint by 1st Green Solutions Guam, LLC against Guam Power Authority (the “Complaint”), p. 1 (Apr. 20, 2015).

² Complaint, p. 2.

On June 17, 2015, 1st Green issued a follow-up letter to the PUC, again requesting review of its Complaint against GPA. Thereafter, the ALJ forwarded the matter to the PUC's energy consultants, Lummus Consultants ("Lummus"), for its technical review and investigation. On October 26, 2015, Lummus filed its report detailing its findings and recommendations related to its review (the "Lummus Report").

On December 2, 2015, 1st Green lodged a response to the Lummus Report with the ALJ. On January 22, 2016, GPA provided its response to 1st Green's Complaint. On January 25, 2016, the PUC considered the matter and issued an Order requiring GPA to submit certain documentation related to how GPA arrives at its power factor calculations. On February 24, 2016, GPA submitted material responding to the PUC's January 25, 2016 Order. On March 21, 2016, 1st Green filed a response with the PUC, styled as a "Simplification to [the] Complaint," narrowing the issues in this matter ("Simplified Complaint").

On March 31, 2016, the PUC ordered that GPA's Smart Meters be tested by Landis+Gyr ("L&G") to determine whether the meters were operating accurately. Thereafter, on May 11, 2016, a presentation was held by representatives from L&G at the Gloria B. Nelson Public Utilities Complex. L&G presented on the history of the company, what its meters measured and calculated, as well as answered some questions from the PUC, 1st Green, and members of the public. The L&G presentation was attended by members of the PUC, 1st Green, GPA, and other members of the community.

On July 28, 2016, the ALJ issued an ALJ Report detailing his review of the instant matter. In the ALJ Report, the ALJ found the following.

1. January 25, 2016 PUC Order

In its January 25, 2016 Order, the PUC requested that GPA “provide the PUC with documentation detailing how it arrives at power factor adjustment for its customers . . . ” In addition, the PUC further requested that GPA provide “the PUC with documentation detailing how kWh was computed under the former analog meters, as well as how kWh is computed under the new Smart Meters . . . ”

2. GPA’s February 24, 2016 Response (“GPA’s Response”)

A. Information Related to the Smart Meters

With regard to its Smart Meters, GPA stated that “[t]he current smart meters *directly read* KWH, KVAH, and KW”; and that “[t]he smart meter readings for KWH and KVAH are sent to the [Customer Care & Billing (“CC&B”)] billing software, and the power factor is then calculated by CC&B.”³

GPA further explained that “[i]f the power factor percentage is either below 83% or above 87% the CC&B software calculates either a penalty (<83%) or a credit (>87%) pursuant to Rate Schedule P which provides for either a penalty or credit of the power factor is either above 87% or below 83%.”⁴

According to GPA, “[t]he smart meters directly read KWH, KVAH, and KW. There is no computation or calculation of these readings.”⁵ And then, “[t]he readings are sent

³ GPA’s Response, p. 1 (Feb. 24, 2016) (emphasis added).

⁴ GPA’s Response, p. 1.

⁵ GPA’s Response, p. 2.

automatically through the smart grid to the CC&B billing software, which calculates power factor using the formula $KWH/KVAH$.”⁶

B. Information Related to the Old Analog Meters

According to GPA, “[t]he analog meters required a KWH reading to be obtained from the kWh meter, inputted into a manual reading device, and then uploaded to the Utiligy software.”⁷ Further, “a KQH usage was obtained from a kWh analog meter” and that a “formula was then calculated to obtain KVARH and KVAH which was then used to calculate power factor using the formula $KWH/KVAH$.”⁸

C. Documentation

GPA also filed with its material a spreadsheet explaining how power factor is calculated by its CC&B software, as well as how it was calculated by its Utiligy program. GPA provided a few of Onward Beach Resort’s electric bills as examples. GPA also provided a copy of “Schedule P,” (hereinafter referred to as the “Tariff”) a “Meter Read Flow Chart Between CC&B and MDMS,” a Smart Grid Process Flow, and a Memo that described how to calculate power factor under the old analog meters.

3. 1st Green’s March 21, 2016 Simplified Complaint

In a document styled as a “Simplified Complaint,” 1st Green rejected GPA’s position that KWH is “an actual measurement done by the meters.”⁹ Instead, 1st Green contended that “KWH is *calculated* internally in the meter.”¹⁰

⁶ GPA’s Response, p. 2.

⁷ GPA’s Response, p. 2.

⁸ GPA’s Response, p. 2.

⁹ Simplified Complaint by 1st Green Solutions Guam, LLC against Guam Power Authority, p. 1 (Mar. 21, 2016).

In particular, 1st Green maintained that “[a]ll power utility companies provide only Voltage (Volts) and Current (Amps) to their customers,” which are measured as KVAH, and that “[n]o utility company provides actual KWH as that has to be calculated to determine its quantity.”¹¹ “KVARH also has to be calculated to determine its quantity.”¹² “The actual only provided item to all power utility customers is KVAH,” which is made up of KWH and KVARH.¹³ 1st Green further contended that “many utility companies no longer bill based on KWH, they bill based on KVAH.”¹⁴

Moreover, 1st Green maintained that “[a]ll improvements in power factor are the result of decreased KVARH and this proportionally reduces the amount of required KVAH that is supplied by the utility” since less KVAH is needed.¹⁵ Accordingly, 1st Green contended that “[t]he accurate billed usage of KWH *should never be influenced* (increased or decreased) in direct proportion to the power factor.”¹⁶

1st Green added that “[i]f this is occurring, then there must be a method implemented to counteract the [effect] the power factor is influencing the billed KWH usage.”¹⁷ Therefore, if this is the case, then “GPA Smart Meters are actually billing less KWH for lower

¹⁰ Simplified Complaint, p. 1 (emphasis added).

¹¹ Simplified Complaint, p. 1.

¹² Simplified Complaint, p. 1.

¹³ Simplified Complaint, p. 1.

¹⁴ Simplified Complaint, p. 1.

¹⁵ Simplified Complaint, p. 1.

¹⁶ Simplified Complaint, p. 1 (emphasis added).

¹⁷ Simplified Complaint, p. 1.

power factors at .85 and billing more KWH when power factor is increased above .85 in direct proportion to the same KVAH usage.”¹⁸

4. March 31, 2016 PUC Order and May 11, 2016 L&G Presentation

On March 31, 2016, the PUC ordered that GPA’s Smart Meters be tested by L&G to determine whether the meters were operating accurately. Pursuant to this Order, a presentation was held on May 11, 2016, by representatives from L&G at the Gloria B. Nelson Public Utilities Complex. L&G presented on the history of the company, what its meters measured and calculated, as well as answered questions from the PUC, 1st Green, and members of the public. The L&G presentation was attended by members of the PUC, 1st Green, GPA, and other members of the community.

At the presentation, L&G stated that the meters measure electricity in volts and amps, and that based on these readings, the meters automatically generates measurements, for instance, Watts, KWH and KVAH. L&G explained that these measurements cannot be altered in an L&G meter, meaning that GPA has no way of programming the meters’ readings. L&G further stated that historically any errors in readings have been within two percent (2%). L&G also stated that it is possible that KWH can increase if the power factor increases.

The ALJ further made the following findings.

5. Smart Meters

Regarding whether GPA’s Smart Meters are accurately taking measurements and calculations, based on the administrative record, which includes the presentation by L&G, there does not appear to be any evidence indicating that the Smart Meters are neither taking accurate measurements, nor erroneously calculating KWH and KVAH. Specifically, L&G has stated that

¹⁸ Simplified Complaint, p. 1.

the Smart Meters measure volts and amps, and that based on its readings, automatically generates watts, KWH and KVAH. In addition, L&G has stated that such calculations “cannot be altered in a Landis+Gyr meter.” Accordingly, GPA is not able to alter how the measurements are taken or calculated. The record reflects some instances where there may have been a few discrepancies with a few meters; however, generally, the Smart Meters appear to be operating precisely how they are engineered to operate, and that such discrepancies appear isolated. In addition, 1st Green has stated that it never complained that the meters were not accurately taking measurements.

6. GPA Appears to be in Compliance with its Tariff

Regarding whether GPA’s billing calculations are not in compliance with the terms of its Tariff, pursuant to its January 25, 2016 Order, the PUC required that GPA provide “documentation detailing how it arrives at power factor adjustment for its customers within thirty (30) days of this Order” along with “documentation detailing how kWh was computed under the former analog meters, as well as how kWh is computed under the new Smart Meters.” In response to the Order, GPA stated that “[t]he current smart meters directly read KWH, KVAH, and KW”; and that “[t]he smart meter readings for KWH and KVAH are sent to the CC&B billing software, and the power factor is then calculated by CC&B.”¹⁹ GPA further explained that “[i]f the power factor percentage is either below 83% or above 87% the CC&B software calculates either a penalty (<83%) or a credit (>87%) pursuant to Rate Schedule P which provides for either a penalty or credit of the power factor is either above 87% or below 83%.”²⁰

¹⁹ GPA’s Response, p. 1 (Feb. 24, 2016).

²⁰ GPA’s Response, p. 1.

Based on the record, it is clear that “[t]he smart meters directly read KWH, KVAH, and KW.”²¹ According to GPA, these readings are then automatically processed “through the smart grid to the CC&B billing software, which calculates power factor using the formula KWH/KVAH.”²²

Accordingly, with respect to whether GPA has been in compliance with its Tariff, there is no evidence to suggest otherwise. It is clear from the record that the Smart Meters take measurements as well as generate calculations, specifically KWH, KVAH, and KW, and that these readings are then “sent automatically through the smart grid to the CC&B billing software, which calculates power factor using the formula KWH/KVAH.”²³ The language of “Schedule P” specifically provides that “[t]he above demand and energy charges are based upon an average monthly power factor of 85%.” Further, the Tariff also provides that “[f]or each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%.” In general, GPA’s billings reflect that customers are consequently credited, or penalized, based on whether the customer’s monthly power factor is below 85% or above 87%, which according to the language of the Tariff, GPA is permitted to do. Based on the record, these facts show that GPA’s billing calculations and process generally comply with the terms of its Tariff.

Based on the information presented by the Parties, the administrative record before the PUC, which includes the presentation by Landis+Gyr to the PUC, the ALJ recommended that the PUC dismiss 1st Green’s Complaint for the reasons set forth above.

²¹ GPA’s Response, p. 2.

²² GPA’s Response, p. 2.

²³ GPA’s Response, p. 2.

However, the ALJ further recommended that the PUC investigate the fairness or current efficacy of the Tariff, which was established on March 21, 1984 and is therefore over thirty (30) years old, so that the Tariff provides an incentive for, and can better compensate, ratepayers who invest in power efficiency technology, as well as encourage other consumers to improve their power efficiency.

The Commission hereby adopts the findings made in the July 28, 2016 ALJ Report and therefore issues the following:

ORDERING PROVISIONS

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That the instant matter is hereby DISMISSED.
2. That the instant docket remain open so that the PUC can immediately investigate the fairness or effectiveness of the Tariff. GPA shall perform a revenue neutral study on Schedule P, which shall focus on a power factor scheme that more fairly compensates energy-efficient customers.
3. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this docket. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b) (renumbered as 12 G.C.A. §§ 12103(b) and 12125(b)), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 28th day of July, 2016.



JEFFREY C. JOHNSON
Chairman



ROWENA E. PEREZ
Commissioner



JOSEPH M. McDONALD
Commissioner



FILOMENA M. CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



ANDREW L. NIVEN
Commissioner

P163020.JRA