

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA Docket 17-22
)
The Application of the Guam Power)
Authority to Approve the FY2018 GPA) ORDER
CIP Ceiling Cap)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA's Petition for Request for Approval of FY2018 GPA CIP Ceiling Cap.¹ Therein, GPA requests PUC approval of its FY2018 Capital Improvement Project Cap in the amount of \$20,959,813, which consists of General Plant (\$16,780,813) and Engineering (\$4,179,000).² GPA's proposed FY2018 Ceiling Cap also includes \$4,270,187 for Line Extensions. However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for blanket job orders and line extensions.³ The Guam Consolidated Commission on Utilities [CCU] approved the FY2018 Capital Improvement Project Ceiling Cap.⁴

BACKGROUND

The Background of this matter is fully addressed in the PUC Counsel Report dated September 19, 2017. The Commission adopts the Counsel Report and the recommendations set forth therein,

DETERMINATIONS

This year's requested cap includes some large "plant" items: (1) Energy Storage Phase 1 payment of \$400,000 (not covered by Bond); IPP Procurement/ Construction Mgmt. (EPCM Scope), \$800,000; IPP Assessment (MEC/Temes contracts Transition), \$600,000; Digger, \$500,000; purchase of Tree Trimming Equipment, bucket trucks and other

¹ GPA Petition for Contract Review (Application to Approve the FY2018 GPA CIP Ceiling Budget), GPA Docket 17-22, filed September 13, 2017.

² Id. at p. 2.

³ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec. 1a.

⁴ Guam Consolidated Commission on Utilities (CCU) Resolution No. 2017-35, Relative to the Adoption of a Budget for the Guam Power Authority for Fiscal Year 2018, adopted September 26, 2017.

equipment, for \$1,420,913.00; Major Overhauls of 8 Caterpillar Units, \$1,198,617.00; Cabras Overhaul, \$449,000; and FY2017 Carryover for Bid on Circuit Breakers, \$535,385.00.⁵

The prior year cap levels were as follows:

FY2017 Cap \$18,798,120
FY2016 Cap: \$12,067,780
FY2015 Cap: \$9,974,000
FY2014 Cap: \$7,363,110.
FY2013 Cap: \$10,135,760.
FY2012 Cap: \$13.581M.
FY2011 Cap: \$5M.⁶
FY2010 Cap: \$16,390,707.⁷

On its face, the proposed FY2018 CIP cap, \$20,959,813, exceeds the FY2017 cap by over \$2M, and is the highest cap since 2010. However, the proposed FY2018 cap has a lower “General Plant” budgeted amount, at \$16,780,813, than the FY2017 “General Plant” budget of \$18,798,120. The proposed FY2018 CIP cap includes over \$4M of Engineering projects, whereas last year’s CIP cap had no engineering projects.

The proposed Engineering CIP projects appear reasonable and should improve the IWPS. Given the inclusion of Engineering projects in the FY2018 CIP Budget, this year’s proposed cap is not out of line or inconsistent with the cap in prior years.

GPA will need to seek approval under the Contract Review Protocol for procurement of those items included within the CIP cap which exceed the \$1.5M threshold. GPA previously obtained contract review approval for the LED Streetlight Conversion and T & D Line Maintenance Support, \$1,604,000.⁸ Other projects which may require contract review are: possibly Cat. 107392, FY2017 C/O, Tree Trimming Equipment and Bucket Trucks, \$1,420,913 (if expenditures for all years of the contract will exceed \$1.5M); Major Overhaul for the Caterpillar and Wartsila Units, \$1,198,617 and \$388,088 respectively (both under Category 107312).

⁵ Id. at p. 3.

⁶ PUC Order, GPA Docket 13-16, dated October 29, 2013, at pgs. 1-2.

⁷ PUC Order, GPA Docket 10-05, dated October 29, 2010, at pg. 1.

⁸ PUC Order, GPA Docket 16-08, dated May 26, 2016.

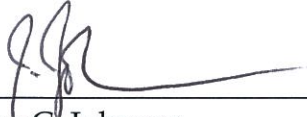
ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission **HEREBY ORDERS** that:

1. The GPA FY2018 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$20,959,813.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudence concerns are noted.
3. GPA shall file a complete reconciliation of the FY2017 expenditures on or before December 15, 2017, as required by the Contract Review Protocol.
4. GPA must obtain Contract Review approval from the PUC before it expends amounts for those projects which exceed the contract review threshold of \$1.5M.
5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
The Request of GPA to
Approve FY2018 CIP Ceiling Cap
GPA Docket 17-22
September 28, 2017

Dated this 28th day of September, 2017.



Jeffrey C. Johnson
Chairman

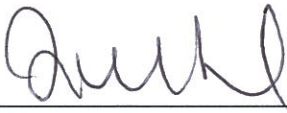
Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner