

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GPA DOCKET 17-02
)	
The Application of the Guam Power Authority for Approving the Contract with TEMES, Inc. for Cabras 1 Overhaul.)	ORDER
)	
)	
)	

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 Contract with TEMES, Inc., for Cabras 1 Overhaul.¹

BACKGROUND

2. GPA’s presently has a Performance Management Contract with Taiwan Electrical and Mechanical Engineering Services, Inc. (“TEMES”) for Cabras 1 & 2.²
3. The Cabras Unit 1 is scheduled for its next overhaul in July of 2017; this overhaul is expected to last 50 days. The period of the outage schedule will be from July 15, 2017 through September 3, 2017.³
4. The PMC TEMES has recommended the overhaul of Cabras Unit 1 to restore reliability and availability of plant equipment, restore plant efficiency, and support economic dispatching of the generation system.⁴
5. The key items designated for overhaul include the main steam turbine generator, archway tubes, burner front system and flame detectors, and air preheaters.⁵
6. The total overhaul cost is anticipated to be \$5,490,000. The project will be programmed under revenue funds. The Breakdown of Cost is set forth in Attachment 1 hereto.⁶

¹ GPA Petition for Approval of the Contract with TEMES, Inc., for Cabras 1 Overhaul, GPA Docket 17-02, filed October 7, 2016.

² Id.

³ Guam Consolidated Commission on Utilities Resolution No. 2016-49, Relative to Authorizing the Guam Power Authority to seek Approval from the PUC to Proceed with the Cabras Unit 1 Major Overhaul, adopted September 27, 2016, at p. 1.

⁴ Id.

⁵ Id.

7. For the overhaul, Cabras Unit 1 Air Preheater Baskets, Archway Tubes, and Inlet Vane Control Assembly have been identified for replacement.⁷
8. Lead times for product delivery and materials needed for replacement are between 20 and 36 weeks.⁸ For that reason, GPA intends to issue a notice to proceed to TEMES for the early procurement of the materials needed for the overhaul so that they will be available in time for the July 2017 overhaul.
9. The Guam Consolidated Commission on Utilities, in Resolution 2016-49, approved GPA's request to contract for the generator overhaul of Cabras 1 through the PMC, TEMES, Inc., in the amount of \$5,490,000, using revenue funds.⁹

DETERMINATIONS

10. The last major overhaul of the Cabras Unit 1 was completed in December 2013. This unit has been in operation for 33 months without a major overhaul. It will have been running for 40 months before the scheduled overhaul in July 2017.¹⁰
11. GPA has submitted a Cost-Benefit Analysis for the Cabras Unit 1 Major Overhaul.¹¹
12. In general, GPA performs overhauls every 18-24 months in order to restore plant efficiency, reliability and availability.¹²
13. The overhaul of Cabras Unit #1 was scheduled for late 2015; however, it was postponed due to the unexpected explosion of Cabras Units 3 & 4. Since it is been nearly three years since the last major overhaul, GPA can expect an increase in occurrences of boiler tube leaks, derating of the unit, and mechanical equipment failure.¹³

⁶ Id.; see Attachment "1" hereto (which is also attached to CCU Resolution No. 2016-49).

⁷ Guam Consolidated Commission on Utilities Resolution No. 2016-50, Relative to Authorizing the Management of Guam Power Authority to Issue the PMC a Notice to Proceed for Early Material Procurement for the Cabras Unit 1 Major Overhaul, adopted September 27, 2016, at p. 1.

⁸ Id.

⁹ Guam Consolidated Commission on Utilities Resolution No. 2016-49, Relative to Authorizing the Guam Power Authority to seek Approval from the PUC to Proceed with the Cabras Unit 1 Major Overhaul, adopted September 27, 2016, at p. 2.

¹⁰ Guam Consolidated Commission on Utilities Resolution No. 2016-49, *supra*, adopted September 27, 2016, at p. 1.

¹¹ Cabras Unit 1 Major Overhaul, Cost-Benefit Analysis, attached to GPA's Petition.

¹² Id.

¹³ Id.

14. GPA finds that the benefits of the overhaul outweigh the cost. The justification is that: "Completion of the Cabras 1 major overhaul will ensure availability, restore efficiency, and improve reliability of the unit... this overhaul is necessary to minimize boiler tube leaks and derating of the unit in the near future."¹⁴
15. The Cabras 1 unit is essential to the island wide power system, and the contract is reasonable, prudent and necessary.¹⁵
16. The PUC has been aware that GPA planned to undertake a major overhaul of the Cabras 1 plant. In GPA's FY2017 Capital Improvement Ceiling Cap, GPA included \$5,190,000 for the Cabras 1 overhaul, and indicated that GPA would be presenting a petition to the PUC for approval.¹⁶ A substantial portion of the Cabras 1 overhaul cost is included in the FY2017 CIP Budget.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval of the Contract with TEMES, Inc., for Cabras 1 Overhaul, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. The Cabras 1 overhaul is approved, as requested in GPA's Petition.
2. The funding source proposed by GPA for the Cabras #1 overhaul, revenue funds, is approved in the amount of \$5,490,000.
3. GPA is authorized to proceed with the Cabras 1 planned overhaul work as set forth in the Cabras Unit 1 Major Overhaul Cost-Benefit Analysis and Attachment 1.
4. GPA should also be authorized to issue a notice to proceed to TEMES for the early procurement of Cabras Unit 1 Air Preheater Baskets Archway Tubes, Inlet Vane Control Assembly, and Burner Front System materials.

¹⁴ Cabras Unit 1 Major Overhaul, Cost-Benefit Analysis, attached to GPA's Petition

¹⁵ GPA Petition for Approval of the Contract with TEMES, Inc., for Cabras 1 Overhaul, GPA Docket, 17-02, filed October 7, 2016, at p. 2.

¹⁶ PUC Order, GPA Docket 16-13, GPA Request to Approve FY2017 CIP Ceiling Cap, dated September 29, 2016, at p. 2.

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.

Dated this 27th day of October, 2016.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Peter Montinola
Commissioner

Michael A. Pangelinan
Commissioner

Andrew L. Niven
Commissioner

Filomena M. Cantoria
Commissioner