**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

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| IN THE MATTER OF:The Petition of the Guam Power Authority for Approval of Procurement of New Generation Combined Cycle Units and to Proceed with Implementation of the Integrated Resource Plan (IRP). | ))))))) | GPA Docket 15-05 **ALJ REPORT** |

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of Guam Power Authority [“GPA”] for Approval of Procurement of New Generation Combined Cycle Units and to proceed with implementation of the Integrated Resource Plan (IRP).[[1]](#footnote-1)
2. GPA requests: (1) approval to procure 180 megawatts of dual fired Combined Cycle generation plant; (2) approval to procure new engineering and technical consulting services to include procurement, contracting, construction and commissioning support for up to a 180MW combined cycle power plant located in the Harmon area (to be funded by the 2014 bond funds); and (3) authorization to retire the Cabras 1 & 2 Steam Plants no later than July 1, 2021.[[2]](#footnote-2)

**BACKGROUND**

1. In its Order dated January 29, 2015, the PUC rejected GPA’s initial Petition for Approval of Procurement of New Generation Combined Cycle Units “on the grounds that it does not present sufficient evidence that the proposed new generation is justified.”[[3]](#footnote-3)
2. Between February and August of 2015, GPA and the PUC Consultant Lummus engaged in an extended discussion concerning GPA’s plans for building new generation units and complying with the USEPA environmental regulations.
3. On August 21, 2015, PUC Consultant Lummus issued its Report: Review of GPA Petition to Acquire up to 180MW of New Combined Cycle Capacity, in Docket 15-05.[[4]](#footnote-4) Lummus found, *inter alia,* that GPA had not justified the addition of new generation by demonstrating that additional generation resources were needed to meet the existing load. There could be a more gradual replacement of GPA’s base load generating assets. GPA’s analysis was deficient in failing to examine the rate implications for customers and in failing to provide a rate impact study.[[5]](#footnote-5)
4. On August 31, 2015, GPA experienced a major failure of the Cabras Nos. 3 & 4 Power Plants when an explosion and fire occurred.[[6]](#footnote-6) The explosion resulted in the loss of 78MW of base load capacity.[[7]](#footnote-7)
5. In its Order dated October 29, 2015, the PUC noted that GPA had not submitted any response in the docket to the August 21, 2015 Lummus Report. The Ordering Provisions required GPA to provide numerous items of information to justify a request for new generation.[[8]](#footnote-8)
6. In its proposed plan, GPA was required: (1) to include an evaluation of whether Cabras 3 and/or 4 could be returned to service, and if so, when; (2) to provide a Third Party Condition Assessment of the Cabras 1 & 2 plants and Life Extension Study; (3) to base its plan for new generation on the Independent Power Producer Model; (4) to provide an analysis of the customer rate impacts from the decision to procure the proposed new generation capacity; and (5) to consider a more gradual replacement of the base load generating assets.[[9]](#footnote-9)
7. The submission of the Plan to the PUC was required within one hundred twenty (120) days from the date of the PUC Order (October 29, 2015). For the time being the Liquefied Natural Gas (LNG) option was disapproved.[[10]](#footnote-10)
8. Approximately nine months later, GPA filed its “REVISED PETITION FOR CONTRACT REVIEW AND GPA RESPONSE TO PUC ORDER.”[[11]](#footnote-11) Along with its Petition, GPA filed extensive documentation addressing the questions raised by Lummus regarding generation and the Integrated Resource Plan. GPA’s responses are detailed and comprehensive.
9. In addition, GPA filed an Update by the Consolidated Commission on Utilities on the Integrated Resource Plan, dated May 24, 2016.[[12]](#footnote-12)
10. The key recommendations of the IRP are to procure up to 180MW combined cycle units, obtain an Engineering, Procurement, and Construction Management (EPCM) contract, to retire the Cabras plants, and to convert MEC 8 & 9 to ULSD under the IPP capitalization model.[[13]](#footnote-13) There is an analysis of the potential rate impact on the ratepayers, and a discussion of the demand side management program.

**PUBLIC HEARING**

1. The PUC caused a Public Notice for Public Hearings on GPA’s Request for Approval of New Generation to be published in the Pacific Daily News on September 9, September 16, September 23, and September 30, 2016.
2. While a Public Hearing was not strictly required by the Ratepayer Bill of Rights or by law, the PUC felt that there should be public input on GPA’s generation request, as there had been no opportunity for the public to comment on the proposal for a number of years.
3. On October 4, 2016, at 6:00p.m., the Commission conducted a public hearing at the PUC Conference Room in Hagatna.
4. The hearing commenced with a presentation by GPA on its 2016 Integrated Resource Plan, and the need for acquisition of new generation resources up to 180MW in capacity. General Manager John Benavente explained that the need for the power plant was due to the loss of the Cabras 3 & 4 units to fire in 2015 (80MW lost), and the aging and degraded nature of the Cabras 1 & 2 Units (122MW). He cited a need to improve overall system stability and reliability.
5. According to GM Benavente, the proposed plant will be privately owned and operated by an Independent Power Producer; it would be based upon the build, operate, and transfer model. The Combined Cycle plants would work well with renewable energy plants, and would bring a significant increase in fuel efficiency.
6. A copy of the GPA 2016 INTEGRATED RESOURCE PLAN is attached hereto as Exhibit “A”.
7. CCU Chairman Joseph Duenas contended that, even with an additional 180MW plant and Marianas Energy Units 8 & 9, Guam would still be 30MW below the 298MW of base load capacity it enjoyed when Cabras 3 & 4 were still operational.
8. GM Benavente further indicated that the final 268MW base load capacity projected in the IRP was proposed as a result of growing power demand as Guam’s tourist industry expands, hotel construction increases, and the military commences its build-up.
9. Jeff Voacolo, Chief Operations Officer for Micronesia Renewable Energy Inc. submitted written testimony. He did not oppose the construction of new plants. However, he indicated that there was a risk for ratepayers in allowing the construction of a large combined cycle plant that would be in use for thirty years. Technological advances in battery storage renewables could make solar renewable energy a viable option within a few years. The combined cycle power plant could then become a “stranded asset.” His testimony questioned why an 180MW plant, and not a 60MW or 100MW plant, was necessary based upon solar energy and storage capabilities.
10. The PUC conducted a public hearing at the Dededo Senior Citizens Center on October 5, but there was no public testimony at the hearing.
11. At the public hearing at the Agat Community Center on October 6, 2016, there was public testimony from two members of the public. Cel Babauta indicated that the power infrastructure of the island was extremely important. He supported GPA’s plan to obtain the combined cycle plant. However, he contends that GPA should be privatized. The power system on Guam has had a number of periods of instability under the management of GPA. GPA has not been consistent in providing power.
12. Mr. Babauta indicated that Guam needs stable power in order to compete in the world economy. This is also true for Guam to compete in the international tourism market, for telecommunications, for small business, and for quality of life (such as individuals who depend on power for medical/oxygen devices or students doing work).
13. Mr. Babauta further questioned why there existed such a lack of stability in the Guam power system. He has spent lengthy periods of time in Germany and Korea, but there had never been problems with the power systems in those countries.
14. Ivan Matek also testified. He does support GPA’s plan to obtain new combined cycle power plants. However, he is opposed to complete privatization. If an “Enron situation exists, the private company can charge the people anything it wants for power. Privatization does not necessarily provide adequate power for the public. Equipment for power is too expensive; if the cost of equipment is up to the company, the price will be “over the top.”
15. Mr. Matek would be willing to pay more for reliable power than to keep the rates down. More money needs to be spent to fix the existing equipment.
16. On October 10, 2016, Mr. Matek also submitted detailed written testimony to the PUC.[[14]](#footnote-14) He reiterated that GPA needs to immediately start preparations for the 180 Harmon Power Plant Construction. He does not believe that solar power is presently the solution to GPA’s need for additional generation. Solar customers and producers are not presently paying for access to the GPA grid. Solar customers/producers should be required to have battery storage. At present solar power is not sufficiently reliable, and it causes reliability and fluctuation problems for the grid. It is also very expensive.
17. According to Mr. Matek, GPA will ultimately have to configure a system based upon Liquefied Natural Gas. Mr. Matek is against privatization of GPA. He fears an ENRON situation with sky rocketing power prices. He believes that the PUC has been playing politics with power prices and has not adequately raised such prices in order to provide for proper GPA O & M and to take account of the rising prices of fuel, lubricants, parts, shipping and transportation.

1. In sum, there was no public testimony which completely opposed any construction of new power plants; most of the testimony approved of GPA’s plan to procure 180 MW of combined cycle units.

**ANALYSIS**

GPA’S JUSTIFICATION FOR THE NEED TO OBTAIN NEW GENERATION

CAPACITY:

1. Perhaps the most significant issue is whether GPA has provided a sufficient justification for procuring new generation. The loss of Cabras Plant Nos. 3 & 4 has resulted in the reduction of base load by 78MW. Cabras No. 4 is inoperable; no final determination has been made on the future of Cabras No. 3. GPA’s IRP does not rely upon the continued use of Cabras No. 3. There is a reasonable assumption that Cabras No. 3 will not be available to GPA as a base load unit in the foreseeable future.
2. At the request of the PUC in its October 29, 2015 Order, GPA retained its Consultant Leidos to conduct a Life Extension Feasibility Study on the condition of its present generators, including the base loads.
3. Leidos characterizes the condition of Cabras 3 & 4, even before the explosion, as “poor.” It is reasonable to question whether, given the damage to Cabras 3 caused by the explosion, it would make sense to invest insurance settlement proceeds in restoring such plant rather than investing in new plants.
4. According to its CCU updated IRP, dated May 24, 2016, GPA’s current plan is to retire the Cabras No. 1 & 2 Steam Plant (132MW) no later than July 1, 2021.
5. The PUC need not, at present approve a specific retirement date for the Cabras Nos. 1 & 2 plants. However, the age of such plants, and their present condition, suggest that their useful life will not likely extend beyond the projected five year period.
6. In Its Final Report on Life Extension Feasibility Study, dated June 30, 2016, GPA Consultant Leidos indicates that such plant has been in operation for over 40 years. It concludes: “Based on our review, the current condition of the Cabras Plant and the current applicable environmental regulations in place, Leidos is of the opinion that **the Cabras Plant** **is at the end of its useful life.”**
7. Leidos notes that the maintenance costs for Cabras No. 1 & 2, on top of the normal O&M costs, will total nearly $10 million per unit from 2017 through 2021. After 2021, the plant would require continued investments of approximately $2M per unit annually on top of routine O&M costs.
8. Thus, assuming that the Cabras No. 1 & 2 plants are not available after 2021, there would be a total base load loss (including Cabras 3 & 4) of 200MW of capacity.
9. GM Benavente has also cited Energy and Peak Forecast (Base) which indicates that the present system peak of 258MW could increase to 291.7MW by 2035. There may be increased energy demand, which is a primary justification for procuring new base load.
10. GPA has also sought to justify its new generation based on the need to comply with USEPA regulations regarding the RICE MACT and EGU MACT Rules. GPA further contends that its new generation plans will be in compliance with the USEPA Regulations. GPA has agreed to present any proposed consent decree with USEPA in advance of entering into such decree. PUC can more fully review GPA’s compliance plans when formally presented to the PUC.
11. It is evident that GPA will need to replace base load generation; it has established the need to procure additional generation capacity. The next issue is the amount of base load that GPA should procure.

GIVEN THAT THERE IS AN INCREASED NEED FOR BASE LOAD CAPACITY, HAS

GPA JUSTIFIED PROCUREMENT OF 180MW?

1. GPA’s Petition and its IRP generally request approval for procurement of “up to 180MW” of combined cycle generation. During its presentation at the first public hearing, GPA indicated, through its GM and the Chairman of the CCU, that it desired to procure 180MW of combined cycle plants.
2. There may be an issue as to whether a 180MW plant operation is necessary, or whether some lesser generation capacity plant(s) would suffice. A reduction in the generation capacity of the proposed plant would reduce cost and rate impact to ratepayers.
3. In his testimony, Jeff Voacolo of Micronesia Renewable Energy Inc. indicates his belief that a smaller plant, perhaps 60MW or 100MW, would be sufficient. A potential problem is that there could be substantial developments regarding renewable energy, such as advancements in battery storage that would make renewable energy a more viable alternative within the next few years. In such case, ratepayers of Guam would be left with a “stranded asset” (i.e., the fossil fuel combined cycle plants) over the life of an IPP agreement for 25 to 30 years.
4. Procurement of a smaller size plant could reduce the risk to ratepayers that fossil fuel plants would become obsolete over the 30 year period. Should GPA put “all of its eggs in one basket” when technological changes may render such action uneconomical or disadvantageous?
5. There are additional reasons why a smaller combined cycle plant might be desirable.
6. GPA has standby/reserve generation capacity of 168MW; this is primarily comprised of combustion turbine units and fast track generators. GPA has, in recent months, expended a considerable amount of funds to bring certain generators back online (Macheche CT, $2.7M; Yigo CT, $2.3M; Expenditure Repairs for the Dededo CT 1 & 2 from 2017 through 2022 are estimated to be $17M to operate and repair said plants).
7. Based upon the extensive expenditures for the CT generators and fast tracks, ratepayers should reasonably expect to derive extended use and prolonged value from those plants. GPA could possibly reduce the size of its new combined cycle generation plant based upon the availability of the additional standby reserves.
8. Another consideration is the rate impact from the new combined cycle units. As will subsequently be discussed in more detail, GPA is unable at present to provide more than a very rough estimate of rate impact from the procurement of the new generation. A reduction from 180MW to, for example, 160MW or 140MW, would have a considerable impact upon rates that ratepayers will ultimately have to pay.
9. Even at a rough estimated cost of $2M per MW, a reduction of 20MW in the plant capacity could save $40M. GPA has not determined what size plants it will seek. It could seek two 70MW plants, plus a 27MW plant; or it could seek four 40 MW plants. GPA has admitted that, with smaller plants, it may be able to function with a smaller reserve capacity, which could reduce the need for the full 180MW. GM Benavente suggested that GPA might not need the full 180MW if GPA goes for an option for smaller plant units.
10. A disturbing factor is the reason why GPA now finds itself in a position to need such a large new generation facility. Leidos, GPA’s own consultant, basically finds that GPA failed to properly maintain the base loads, the combustion turbines, or fast track generators. The reason that the Cabras plants are in “poor condition” is that GPA failed to properly maintain them. Had they been properly maintained, Leidos indicates they could have been used for another 20 years.
11. The same is true with the combustion turbines, particularly the Dededo CTs. Those units have been inoperable since 2005 and 2010, respectively. GPA did not take necessary steps to properly maintain them and preserve them once they were not being used. The result is that GPA must now pump considerable sums of money into the CTs to make them operational, and to provide new generation to replace Cabras plants which were poorly maintained.
12. So, the real reason why GPA needs 180 MW of new generation capacity is that it failed to properly maintain and service its existing plants.
13. Nevertheless, given the present situation, GPA’s position that there is a need for 180MW of new capacity is certainly within the bounds of reason and not contrary to logic. It is arguable whether GPA needs 180MW, or whether a lesser amount would do. However, as GM Benavente pointed out, the responsibility for keeping the lights on is placed upon his shoulders. When GPA retires the Cabras 1 & 2 plants, it will have lost up to 200 total megawatts. It is not unreasonable to suggest that it should be able to procure 180MW to replace the 200MW lost.
14. Furthermore, at this stage of the process, GPA is only requesting procurement authorization for “up to 180MW”. PUC will have a further opportunity for review upon submission by GPA of the actual procurement to PUC, and upon review of the final award, to determine the appropriate amount of megawatts needed for the combined cycle plant.
15. At present, there has been no showing that renewable energy is reliable or stable enough to provide reliable base load generation for Guam. GPA presently estimates that it would cost $320M to provide full time, effective and reliable solar power from the Dan Dan Plant through battery storage. That situation could change in the future. It is somewhat unsettling that renewable energy could become viable as a 24/7 base load option before the end of the useful life of any combined cycle units purchased. However, it is pure speculation to suggest when renewable energy will be a viable alternative to base load fossil fuel generation.
16. Also, if renewable energy did become reliable and available during the 30 year IPP Contract, GPA could use the combined cycle units as peaking units.
17. The ALJ recommends that GPA be authorized to procure **up to 180MW of combined cycle units. However, the PUC should retain the right to assess the proposed maximum plant mega wattage upon review of the procurement and/or final contract.**

SHOULD GPA BE AUTHORIZED TO PROCURE ENGINEERING, PROCUREMENT, AND CONSTRUCTION CONTRACTOR SUPPORT FOR A NEW COMBINED CYCLE PLANT?

1. GPA is seeking PUC approval for its engineering, procurement, and construction management contractor (EPCM). The purpose of such contractor would be to assist GPA in the development of the procurement for new generation and the construction of a plant with characteristics best suited to GPA’s needs.
2. In this Docket, GPA previously made a request in May 2015 to expend 2014 Bond Funds, in the amount of $750,000, for procurement of engineering and technical consulting services relative to the 180MW combined cycle power plant.
3. However, in its May 28, 2015 Order, the PUC denied GPA’s request for an EPCM, on the ground that a proposed 180MW combined cycle plant had not yet been approved by the PUC.
4. If the PUC approves the construction of a new combined cycle plant, it should also approve GPA’s request for $750,000 for the specified engineering and technical consulting services.
5. The process of procurement for the combined cycle plant, as well as various proposed aspects of GPA’s IRP plan, will require expert consulting services. It stands to reason that GPA needs the services of a highly specialized consultant to carry out a project of this scope and magnitude.
6. GM Benavente confirmed at the October 4, 2016, public hearing that the requested engineering and technical consulting services would be funded from the 2014 bonds. Previously, the PUC held in GPA Docket 13-14 that it was appropriate to fund projects that relate to GPA’s new generation facilities and fuel conversion from the LNG Initial Start Up Budget.
7. In 2014 GPA Bond Issuance, there were funds originally allocated for “LNG Initial Start Up” in the amount $3M.
8. GM Benavente confirmed at the Public Hearing on October 4 that there are still remaining funds from the $3M that can be used to cover the $750,000 expense for the EPCM.
9. The ALJ recommends that the PUC approve GPA’s request for the expenditure of $750,000 for engineering and consulting services relative to the new combined cycle plant, such funds to be paid from the 2014 Bond Funds allocation for LNG Initial Start Up. Such expenditure is reasonable, prudent and necessary.

WILL GPA’S PROCUREMENT CAUSE A RATE IMPACT UPON THE RATEPAYERS OF GUAM?

1. Perhaps the most important power of the PUC is to establish and modify rates and charges for utility services; a utility cannot enter into an obligation “which could increase rates and charges prior to the written approval of the Commission.” 12 GCA §12105(e)(1).
2. A major concern with regard to GPA’s proposal to procure 180MW of combined cycle plant is the potential impact of such procurement upon the ratepayers of Guam.
3. In its May 24, 2016 Update to the IRP, GPA has attempted to provide “estimates” as to rate impact from its proposed procurement. It has developed both “High and Low Capital of Cost Estimates” for insurance settlements of $100M Proceeds and $150M Proceeds.
4. At present whether there will be a settlement or the amount of such proceeds is unknown. If there is a settlement relative to the Cabras 3 & 4 Claim, the proceeds derived, or a portion thereof, could be applied to new generation costs. Although it is also not entirely clear as to what costs GPA intends to apply any insurance proceeds, it appears that such proceeds could be applied to the New Resource Land, Interconnection, and Fuel Piping Costs in the amount of $93,562.00. These costs are in addition to the “new Resource Costs” which are spread out over the thirty year term of the IPP Contract.
5. Under the “High Capital Cost Estimate”, with a $100M insurance settlement, GPA anticipates that there would be an impact on the total ratepayer bill, between 2024 and 2026, in the amount of 6.8%. The impact on Base Rates for that three year period would be 19.7%.
6. Quite obviously, this “estimate” is very rough and not necessarily accurate. With so many variables regarding the claim settlement, it is very difficult to predict how much cash will be available for the new generation costs. GPA should be able to provide better estimates of rate impact when it receives bidder responses to the procurement.
7. Whether settlement funds will in any manor be tied to the repair of the Cabras 3 is also unknown.
8. Furthermore, GPA’s cost estimates of rate impact with the procurement of a 180MW plant is, in part, based upon Bond “restructuring” plans, and plans for issuance of a new 30 year bond. Neither of these options has yet been approved by the PUC, and it is not presently clear that such plans will have any role in reducing rate impact.
9. However, GPA did give a reasonable explanation of how the cost for the procurement would be paid at the Public Hearing on October 4, 2016. GPA indicated that the “New Resource Cost” for the IPP partner for construction of the 180MW combined cycle plant would be roughly $424M. This is the cost paid by the IPP for the new generation.
10. GPA would be reimbursing such cost to the IPP through payments for the power produced over a 30 year period. Chairman Duenas estimated that the price for the power purchased from the IPP over the 30 year period would be $.0438 per KWH. This cost compares favorably with the current purchase rate for power produced for GPA from MEC 8 & 9, which is $.0485 per KWH.
11. GPA will not have to pay the “New Resources Cost” upfront, but will make payments on such amount over the 30 year period for purchase of energy production.
12. As previously indicated, there are additional costs for “New Resource Land, Interconnection and Fuel Piping Costs” in the amount of $93,562,000. These include a Transmission Line cost in the amount of $60,203,000, Fuel Piping in the amount of $21,218,000 and Land Purchase Price in the amount of $12,141,000. These costs all involve location of the proposed site for the plant in Harmon.
13. The PUC is not the body which decides if Harmon is an appropriate site for the new plant. Such decision may rest with the Guam Land Use Commission.
14. GPA is hopeful that insurance settlement proceeds from the Cabras 3 & 4 explosion will assist in paying off the costs in the amount of $93,562,000.
15. As a part of GPA’s plan, there are also “Life Extension Costs” to support Cabras 1 & 2 over the next five years, as well as continuing PMC costs and O & M costs for the combustion turbines and fast track generators. The total cost over the five year period is estimated to be in the range of $83M. GPA will intend to pay these costs primarily through revenue funds, according to GM Benavente.
16. At present it does appear that GPA has a plan to minimize the rate impact upon ratepayers from the procurement of the 180MW combined cycle plant. Both GM Benavente and Chairman Duenas stated that there are cost cutting and savings initiatives which will result from the addition of this new plant that can minimize the rate impact upon GPA customers. GPA has promised to minimize such rate impact by any means available.

CONDITIONS UPON GPA’S PROCURMENT AUTHORIZATION FOR THE

PROPOSED COMBINED CYCLE PLANT AND THE IRP:

1. The ALJ recommends that the PUC place certain limitations upon authorization for GPA’s proposed procurement and its IRP plan. A number of aspects of the IRP need not be addressed at the present time. This report attempts to address the most pressing issues which require immediate PUC action. However, other issues, such as the appropriate date for the retirement of the Cabras 1 & 2 plants, and approval of other aspects of the IRP, can be deferred to a later time.
2. Any plan for proceeding ahead with LNG at the present time should be disapproved. GPA has not demonstrated that such plan is economically viable.
3. At present GPA’s plan for procurement of the 180MW combined cycle plant should be strictly based on the IPP model, which means that the IPP is completely responsible for costs relating to the construction of the plant, the equipment, and funding costs. The PUC has indicated a preference for any new generation to be managed by the IPP and not GPA.
4. In its IRP, GPA has referred to a number of plans by which GPA would participate in the funding and/or ownership of certain aspects of the proposed plant. Those references include one to “IPP Model with GPA financing”, “issuance of New 30 Year Bonds”, “Finance and Lease of Equipment to IPP”, and “Restructure/Refund” of GPA bonds. None of these plans have been justified to date and are not ready for review or approval.
5. At present, GPA should not be authorized to proceed with any of these options; none of such options are specifically authorized until approved by the PUC in writing. GPA is free to explore the feasibility or desirability of such options, but none of them shall be implemented in the IRP plan or with regard to the procurement of the 180MW plant without the express authorization of the PUC.
6. At the hearing, GPA indicated that it could be feasible to have the IPP construct the proposed 180MW combined cycle plant without bond financing. GPA should develop new rate impact estimates without any assumptions concerning bond financing, restructuring, or other finance arrangements with the IPP.

**RECOMMENDATIONS**

1. GPA should be authorized to procure a combined cycle plant up to 180MW. Before such procurement is issued by GPA, it shall be first reviewed and approved by the PUC.
2. GPA’s plan for up to 180MW of new combined cycle generation capacity should be based upon the Independent Power Producer Model rather than upon ownership by GPA.
3. GPA plans for bond financing, restructuring, or financing/leasing for the IPP should not be approved.
4. GPA’s procurement authorization for the new combined cycle plant should be conditioned upon the restrictions set forth herein.
5. The PUC should reserve the right to further consider the issue of whether 180MW should be the proposed capacity of the new plant, or whether a lesser capacity would suffice, upon GPA’s submission of the procurement for approval. This issue may be further reviewed upon submission of the final proposed procurement award to the PUC.
6. The PUC retains jurisdiction herein to make any further review of other aspects of the IRP.
7. When GPA submits the new generation procurement to PUC for approval, it shall also provide a fully updated and comprehensive rate impact study.
8. A Proposed Order is submitted herewith for the consideration of the Commissioners.

 Dated this 21st day of October, 2016.

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 Frederick J. Horecky

 Administrative Law Judge

1. GPA Petition for Approval of Procurement of New Generation Combined Cycle Units, GPA Docket 15-05, filed July 14, 2016. [↑](#footnote-ref-1)
2. Id. [↑](#footnote-ref-2)
3. PUC Order, GPA Docket 15-05, dated January 29, 2015, at p. 5. [↑](#footnote-ref-3)
4. Lummus Consultants INT’L Report: Review of GPA Petition to Acquire up to 180MW New Combined Cycle Capacity in Docket 15-05, submitted on August 21, 2015. [↑](#footnote-ref-4)
5. Id. [↑](#footnote-ref-5)
6. GPA Petition for Approval of Procurement of the Temporary Power Generation Services, GPA Docket 15-18, filed September 17, 2015. [↑](#footnote-ref-6)
7. Id. [↑](#footnote-ref-7)
8. PUC Order, New Generation Combined Cycle Units, GPA Docket 15-05, dated October 29, 2015, at p. 5. [↑](#footnote-ref-8)
9. Id. [↑](#footnote-ref-9)
10. Id. [↑](#footnote-ref-10)
11. GPA Revised Petition for Contract Review and GPA Response to PUC Order, GPA Docket 15-05, filed July 14, 2016. [↑](#footnote-ref-11)
12. CCU UPDATE, INTEGRATED RESOURCE PLAN, dated May 24, 2016. [↑](#footnote-ref-12)
13. Id. [↑](#footnote-ref-13)
14. Ivan Matek, Written Testimony in support of new GPA 180MW Combined Cycle Power Plant, filed October 10, 2016. [↑](#footnote-ref-14)