**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

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| IN THE MATTER OF:  The Guam Power Authority Levelized Energy Adjustment Clause (LEAC) | )  )  )  )  )  )  ) | GPA Docket 20-12  **ORDER** |

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] to set an Interim LEAC Factor effective April 1, 2020.[[1]](#footnote-1)
2. GPA seeks to reduce the LEAC Factor from $.134474/kWh to $.110039/kWh for meters read on or after April 1, 2020.[[2]](#footnote-2)

**BACKGROUND**

1. On January 30, 2020, the PUC set a LEAC factor of $.134474/kWh for meters read on or after February 1, 2020.[[3]](#footnote-3) That factor would normally remain in effect for a six-month period, or until July 31, 2020.
2. However, GPA Rate Tariff, Rate Schedule “Z”, provides: “In the event that GPA has a cumulative under [or over] recovery balance of more than $2 million or if the under [over] recovery balance is projected to exceed $2 million during the six-month levelized period…..the Fuel Recovery Charge may be adjusted to recover such deficit, subject to PUC approval.”[[4]](#footnote-4)
3. GPA indicates that the basis for its interim LEAC adjustment request is that “the average market price of residual fuel oil and diesel to be used in the current period was approved at $59.14/bbl and the current projection for April 1, 2020 to July 31, 2020, is $53.42/bbl. The project under-recovery is expected to decrease to zero by July 31, 2020.”[[5]](#footnote-5)
4. The current under-recovery balance is about $1M.[[6]](#footnote-6)
5. In Resolution No. 2020-06, the Guam Consolidated Commission on Utilities approved GPA’s request to set an Interim LEAC Factor Rate and authorized GPA to petition the PUC.[[7]](#footnote-7)

**DETERMINATIONS**

8. CCU resolution No. 2020-08 recognizes that GPA may petition PUC for an Interim LEAC rate “if the over recovery balance is projected to exceed $2 million during the six-month levelized period.[[8]](#footnote-8) GPA takes the position that its over-recovery balance will exceed $2 million during the current six-month.

9. The calculation of the proper fuel pricing must be determined based upon the

updated average of the Morgan Stanley Fuel Forecast prices for the five-day period

occurring ten days before the PUC March 26, 2020, meeting date.

10. GPA has submitted the Morgan Stanley Asian Morning Call fuel pricing for the

five-day period of March 12, 2020, through March 18, 2020, indicating that fuel

prices have fallen since the last LEAC factor was approved by the PUC, effective

February 1, 2020.[[9]](#footnote-9)

11. GPA has produced a chart in its filing: “LEAC Update—GPA Fuel Purchases (Per

Barrel). That chart indicates that its price per barrel as of February 20, 2020, was

$55.47. The fuel price on March 20 was $51.75, and the projected price by April 20,

2020 will be $37.62.

12. It is evident that a reduction in the LEAC factor is warranted at the present time.

Attached to the ALJ Report as Exhibit A is GPA’s calculation indicated that the

LEAC Factorshould be changed to $.110039/kWh for meters read on or after April

1, 2020.

**ORDERING PROVISIONS**

After carefully reviewing the record in this proceeding, having considered the Interim LEAC Filing of GPA and the PUC Administrative Law Judge Report, and after discussion at a duly noticed regular meeting held on March 26, 2020, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby ORDERS that:

1. The secondary Fuel Recovery Factor of $.110039/kWh shall be effective for meters read on or after April 1, 2020.

2. The current singular LEAC factors are hereby adjusted, effective April 1, 2020, as shown in the following table:

LEAC

Delivery Classification $ per kWh

Secondary - $ 0.110039

Primary – 13.8 KV $ 0.106727

Primary – 34.5 KV $ 0.106420

Transmission – 115 KV $ 0.105110

For the entire LEAC period, these changes represent a 10.67% decrease in

the total bill for a residential customer utilizing an average of 1,000 kilowatt

hours per month.

3. This Docket shall remain open; the PUC retains jurisdiction over this matter for the purpose of considering at its May 28, 2020, Meeting, whether the LEAC Factor should be further reduced due to declining fuel prices.

4. GPA shall file updated fuel prices with the PUC by April 21, 2020, and May 19, 2020, in accordance with established PUC procedure.

5. GPA should file for a change in the LEAC factors to be effective August 1, 2020, on or before June 15, 2020.

6. As requested by GPA, the forecast of the Working Capital Fund Requirement will remain the same, so there will not be a change in the Working Capital Surcharge for the period of February 1, 2020, through July 31, 2020.

7. 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.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 26th day of March, 2020.

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Jeffrey C. Johnson Rowena E. Perez-Camacho

Chairman Commissioner

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Joseph M. McDonald Michael A. Pangelinan

Commissioner Commissioner

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Peter Montinola Doris Flores Brooks

Commissioner Commissioner

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Pedro S.N. Guerrero

Commissioner

1. GPA Petition to Set the Interim LEAC Factor effective April 1, 2020, GPA Docket 20-12, filed March 24, 2020. [↑](#footnote-ref-1)
2. Id. [↑](#footnote-ref-2)
3. PUC Order, GPA Docket 20-03, dated January 30, 2020. [↑](#footnote-ref-3)
4. Guam Power Authority Schedule “Z”, Levelized Energy Adjustment Clause (LEAC), Issued March 21, 1994, Revised March 31, 2012. [↑](#footnote-ref-4)
5. GPA Petition, p. 1. [↑](#footnote-ref-5)
6. Guam Consolidated Commission on Utilities Resolution No. 2020-08, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission for Interim Adjustment in the Levelized Energy Adjustment Clause, dated March 24, 2020. [↑](#footnote-ref-6)
7. Id. [↑](#footnote-ref-7)
8. Id. [↑](#footnote-ref-8)
9. [↑](#footnote-ref-9)