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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:) **GPA DOCKET NO. 21-04**
10 GUAM POWER AUTHORITY)
11 LEVELIZED ENERGY ADJUSTMENT) **LEAC FILING**
12 CLAUSE (LEAC))
13 _____)

14 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
15 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's LEAC petition to maintain the
16 current LEAC factor effective February 1, 2021. Guam Power Authority is requesting to
17 maintain the Fuel Recovery Factor at \$.086800/kWh effective for meters read on or after
18 February 1, 2021. The change reflects no increase in the LEAC factor and no increase for a
19 residential customer utilizing an average of 1,000 kilowatt hours per month. In addition, there is
20 a forecast of the Working Capital Fund Requirement to stay the same, so there will not be a
21 change in the Working Capital surcharge for the period February 1, 2021 through July 31, 2021.

22 The basis for the LEAC filing is due primarily to the continuing instability in worldwide
23 fuel prices. GPA believes that the market will remain within the \$53.82/bbl. range during the
24 period. The projected under-recovery is expected to be approximately \$30.3M by July 31, 2021,
25 which will have an impact on working capital and other financial ratios. To offset 50% of the
26 projected under recovery, GPA has identified \$5M internally funded CIP to be delayed in
27 FY2021, and GPA proposes a \$10M withdrawal from the self-insurance fund that could be
28 refunded by activating the self-insurance surcharge beginning August 1, 2021 to fully restore the
fund back to \$20M over a five-year period. The billing illustrations in Attachment VII show the
effect of no change in the Fuel Recovery Factor on customers.

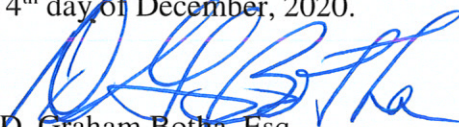
ORIGINAL

1 The LEAC worksheets are attached herein as Exhibit "A", and incorporated by reference.
2 Pursuant to the PUC Order of November 10, 2008, the Line Loss Reports are now filed as part of
3 the LEAC Report. The Line Loss Report for June 2020 to November 2020 consists of a Progress
4 Report, Gross Generation/Sales/Line Losses, Monthly Progress Report on Distribution System
5 Improvements, and Feeder Analysis Summary are attached herein as Exhibit "B", and
6 incorporated by reference herein as if fully set forth.

7 **CONCLUSION**

8 The PUC should approve GPA's request to maintain the Fuel Recovery Factor at
9 \$.086800/kWh effective February 1, 2021, as it is reasonable, prudent, and necessary. The PUC
10 should approve GPA's request to withdraw \$10M from the self-insurance fund to be refunded by
11 activating the self-insurance surcharge beginning August 1, 2021 over a five-year period to
12 restore the self-insurance fund to its current \$20M balance.

13 **RESPECTFULLY SUBMITTED** this 4th day of December, 2020.

14 
15 D. Graham Botha, Esq.
16 GPA General Counsel
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CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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RESOLUTION NO. 2020-24

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR NO CHANGE IN THE LEVELIZED ENERGY ADJUSTMENT CLAUSE

WHEREAS, the Guam Public Utilities Commission (GPUC) has established a Tariff under which the Guam Power Authority (GPA) is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months through the Levelized Energy Adjustment Clause (LEAC); and

WHEREAS, the deadline for the next filing is December 15, 2020; and

WHEREAS, for the LEAC period covered from February 1, 2020 through July 31, 2020, GPA requested and was approved for an adjustment to the LEAC rate of \$0.134474/kWh that was approved for meters read on or after February 1, 2020 in anticipation of projected declining prices of black oil in the fuel market and to recover the under-recovery balance of fuel cost at the end of the period. At the time of original the original filing, the average projected cost for black oil and diesel was \$62.05/bbl; and

WHEREAS, on March 24, 2020, GPA filed for an Interim LEAC Factor of \$0.110039/kWh as the projected price of diesel dropped about \$24/bbl bringing the average projected cost for both types of fuel down to \$53.36/bbl. The interim LEAC factor was approved for meters read on or after April 1, 2020; and

WHEREAS, in May 2020, the Interim LEAC Factor of \$0.086800/kWh effective June 1, 2020, as ordered by the Public Utilities Commission, included the additional rate of \$0.003109/kWh establishing the funding source for the Demand Side Management (DSM) Program that would provide roughly \$1.5M for a six-month period.

1 Total revenues collected for the DSM Program between the five-month period of June through
2 October 2020 is \$1.6M, or an average of \$320 thousand per month; and
3

4 **WHEREAS**, for the regular biannual LEAC period of August 1, 2020 thru January 31,
5 2021, the Public Utilities Commission ordered to maintain the Interim LEAC Factor of
6 \$0.086800/kWh and the rates for the alternative voltage levels effective June 1, 2020, including
7 the imbedded rate of \$0.003109/kWh for the Demand Side Management (DSM) Program; and
8

9 **WHEREAS**, the average market price of residual fuel oil and diesel used in the initial
10 filing for the current period was approved at \$39.30/bbl for the (6) six-month period ending
11 January 31, 2021, the current projection for the same period is \$48.50/bbl. The projected average
12 price of residual fuel oil and diesel for the period ending July 31, 2021 is expected to reach
13 \$53.82/bbl; and
14

15 **WHEREAS**, the most recent Morgan Stanley market projections indicate rising fuel prices
16 and projected under-recovery for the period ending July 31, 2021 at the current LEAC rate of
17 \$.0868000/kWh is \$30.3M; and
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19 **WHEREAS**, GPA initially proposed a gradual true up of fuel cost by increasing the LEAC
20 rate to recover 50% of the total projected under recovery from \$0.0868000/kWh to
21 \$0.111653/kWh or a 28.63% increase from the current LEAC rate for secondary voltage customers
22 for the periods of February 1, 2021 through July 31, 2021; and
23

24 **WHEREAS**, at the bequest of the CCU, GPA was ordered to seek ways to mitigate LEAC
25 increase in order to further assist ratepayers during this pandemic period; and
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27 **WHEREAS**, GPA has identified \$5M in internally funded CIP to be delayed in FY'2021
28 and used to off-set the projected LEAC under recovery; and
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30 **WHEREAS**, GPA has \$20M in the self-insurance fund reserve for typhoons and other
31 disasters and if approved by the Guam Public Utilities Commission could be utilized to mitigate a
32 LEAC increase at this time; and
33

1 **WHEREAS**, a \$10M withdrawal from the self-insurance fund could be refunded by
2 activating the surcharge beginning August 1, 2021 to fully restore the fund back to \$20M over a
3 five-year period; and
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5 **WHEREAS**, the use of the fund will be in the best interest of the ratepayers; and
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7 **WHEREAS**, GPA now is requesting the Consolidated Commission on Utilities to
8 authorize the Authority to file such petition with the Guam Public Utilities Commission; and
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11 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities
12 as follows:
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14 The General Manager is authorized to petition the Guam Public Utilities Commission to
15 maintain the current LEAC rate of \$0.086800/kWh, and to use \$10M of the self-insurance fund to
16 off-set the projected LEAC under recovery, and therefore maintain the current LEAC rate of
17 \$0.086800/kWh effective for the period from February 1, 2021 to July 31, 2021.
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19 The General Manager is further authorized to reduce the internally funded CIP budget by
20 \$5M in FY'2021 to be used to off-set the projected LEAC under recovery.
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22 The General Manager is further authorized to petition the Guam Public Utilities
23 Commission to pay back the \$10M withdrawal from the self-insurance fund over a five-year period
24 beginning August 1, 2021.
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26 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
27 of this Resolution.
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2 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 24th DAY OF**
3 **NOVEMBER 2020**
4

5 Certified by:

Attested by:

6
7
8 

9 **JOSEPH T. DUENAS**

10 Chairperson

11 Consolidated Commission on Utilities

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8
9 

10 **MICHAEL T. LIMTIACO**

Secretary

Consolidated Commission on Utilities

12
13 I, **Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on
14 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:
15

16 The foregoing is a full, true and correct copy of the resolution duly adopted at a
17 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
18 noticed and advertised at which meeting a quorum was present and the members who were
19 present voted as follows:
20

21 Ayes: 5

22 Nays: 0

23 Abstentions: 0

24 Absent: 0
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