

**GUAM PUBLIC UTILITIES COMMISSION**  
**REGULAR MEETING**  
**May 27, 2021**  
**GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA**

**MINUTES**

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:38 p.m. on May 27, 2021, pursuant to due and lawful notice. Commissioners Johnson, Perez-Camacho, Montinola, Pangelinan, McDonald, Flores-Brooks, and Guerrero were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

**1. Approval of Minutes**

The Chairperson announced that the first item of business on the agenda was approval of the minutes of April 29, 2021. Upon motion duly made, seconded, and unanimously carried, the Commission approved the minutes subject to corrections.

**2. Guam Power Authority**

The Chairperson announced that the next item of business on the agenda was Guam Power Authority [GPA Docket] 21-10, Petition to Approve the Procurement for Supply of Diesel Fuel Oil to GPA, ALJ Report, and Proposed Order. ALJ Horecky stated that this procurement was for the supply of diesel fuel oil for Piti Plants 7, 8, and 9, that this diesel fuel would be the main diesel fuel oil supply for those plants, especially Piti Plants 8 and 9 after they are converted to ultra-low sulfur diesel. ALJ Horecky stated that the Guam Consolidated Commission on Utilities had approved this procurement, that the contract would be for a two-year term commencing around February 1, 2022 and ending around January 31, 2024 with three additional 1-year options. ALJ Horecky stated that the contract would be for ultra-low sulfur diesel with approximately 500,000 and a million barrels per year for the first year, and 1 million to 1.5 million barrels for the next year. ALJ Horecky stated that the contract seemed to have the appropriate protections for GPA and its ratepayers. ALJ Horecky stated that in numerous prior dockets, the PUC has determined that a continuous supply of diesel fuel is necessary for GPA to maintain its power generation capacity, and he recommended that the PUC approve the procurement. GPA GM Benevente stated that the ultra-low sulfur diesel conversion of Piti Plants 8 and 9 are on track and will be ready to burn the new fuel by March of next year. Commissioner Guerrero moved to approve the proposed order granting the petition which motion was seconded by Commissioner McDonald. The motion carried unanimously.



The Chairperson announced that the next item of business was GPA Docket No. 21-12, the Application of GPA for Renewing the Contract with TEMES Incorporated for Yigo CT Repairs, ALJ Report, and proposed Order. ALJ Horecky stated that this matter came up late due to unexpected events that GPA was facing in May, 2021, and he stated that this matter could not wait until July, 2021. ALJ Horecky stated that TEMES is the existing PMC for the Yigo CT units and that there was a high vibration going in the Yigo CT caused by broken turbine blades near the turbine mid-frame which made the turbine inoperable and it can't be used at all until it is repaired. ALJ Horecky stated that if the contract is approved, TEMEs would send the damaged turbine back to General Electric in exchange for a refurbished LM2500 gas turbine and the total cost of this would be \$6 million. ALJ Horecky stated that due to the loss of Cabras 3 and 4, and Cabras 1, not using the Yigo CT units would increase the risk of load shedding. ALJ Horecky stated that to pay for the \$6 million cost, GPA is also requesting that the PUC approve reallocating \$3.7 million from GPA's 2014 bond funds which are no longer needed for about six projects, and the amount of \$844,000 from the 2010 bond projects, which resulted from interest GPA received on depositing the 2010 bond funds in a bank, and that the use of these bond funds would likely prevent a rate increase from occurring to pay the cost of repairing the turbine. ALJ Horecky recommended that the PUC approve the petition. GPA GM Benevente stated that GPA can generate 285 megawatts today, and if it loses its largest running unit with 52 megawatts, GPA will have to load shed if this were to occur prior to the completion of the new Ukudo power plant in 2024. GPA GM Benevente also stated that although the Yigo CT unit was purchased in 2016 for \$2.3 million, that it was not a new machine when GPA purchased it, instead it was a low-use machine that was available in the market at the time, and it was damaged as a result of running it almost every day at the rate of 4,000 hours a year. GPA GM Benevente stated that GPA also has sufficient generating capacity to meet Guam's rising megawatt needs and he stated that in 2019 Guam consumed 254 megawatts of power, this year, Guam's megawatt consumption will likely grow beyond that number, and with the addition of 500 new customers per year, he anticipates that we're going to be in the 270's to 280 range by the time we get to 2022, 2023, and 2024.

The Chairperson inquired as to whether General Electric would ship the new turbine here and GPA GM Benevente stated that they would fly it here, pull out the old unit, install the replacement, and ship the old unit via ocean freight. A discussion ensued between the Commissioners, ALJ Horecky and GPA GM Benevente concerning the time period in which the new unit would be online, the 18-month warranty on the old unit, GPA's ability to meet Guam's current emergency demand, the status of GPA's Macheche units, the status of GPA's battery storage project, the status of GPA's Aggreko units, the status of the new power plant, GPA's power reserves, the difference between GPA's base load and peaking units, the status, cost, and schedule for the Cabras 1 repairs, and that a procurement action would not be needed because TEMES would be conducting the transaction and not GPA. Commissioner Montinola moved to approve the order granting the petition which motion was seconded by

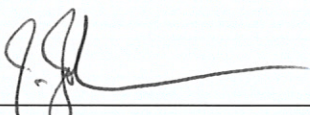


Commissioner Perez-Camacho, and the motion was approved by a majority vote. Commissioner Guerrero cast the only vote opposing the motion. A discussion ensued between the Commissioners and GPA representatives concerning the status of the LEAC.

### 3. Administrative Matters.

The Chairperson announced that the next item of business was Bookkeeping Services for the PUC. ALJ Horecky stated that at the last meeting the PUC had instructed to end Mr. Kim's contract for bookkeeping services and he stated that was done and that the PUC's Palomo had used the small purchase procurement procedure, which requires obtaining three quotes for procurement actions for less than \$25,000. PUC's Palomo stated that she sent out request for quotations to three vendors, and only received two proposals back, and that the third vendor requested an additional two weeks to send her proposal. A discussion ensued between Palomo and the Commissioners concerning who the vendor making the request was, the status of the PUC's accounting books, ledgers, and software, whether to hire a bookkeeper or improve the PUC's accounting software, the PUC's payroll services contract, whether the vendor could improve the performance of the PUC's accounting software, and the frequency of the vendor's bookkeeping services and the contract term for the bookkeeping services. The Commissioners directed PUC's Palomo to contact the vendors to see if they could include an offer to improve the PUC's accounting software, and to scale down their proposed services after the first six months or a year, to a quarterly basis or when called by PUC's Palomo,

There being no further administrative matters or business, the Commissioners moved to adjourn the meeting.

  
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Jeffrey C. Johnson  
Chairperson



**ATTACHMENT A**  
**THE GUAM PUBLIC UTILITIES COMMISSION**  
**NOTICE OF PUBLIC MEETING**

**NOTICE IS HEREBY GIVEN** that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on May 27, 2021, Third Floor, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

**Agenda**

- 1. Approval of Minutes of April 29, 2021**
- 2. Guam Power Authority**
  - **GPA Docket 21-10, Petition to Approve the Procurement for Supply of Diesel Fuel Oil to GPA, ALJ Report, and Proposed Order**
- 3. Administrative Matters**
  - **Bookkeeping Services for PUC**
- 4. Other Business**

Due to the current public health emergency, all persons attending the meeting will be required to wear masks. Social distancing protocols will be observed. Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

**This Notice is paid for by the Guam Public Utilities Commission**



## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA Docket 21-10  
)  
The Application of the Guam Power )  
Authority for Approving the Procurement ) **ORDER**  
for Supply of Diesel Fuel Oil to GPA. )  
\_\_\_\_\_ )



### INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Guam Power Authority ["GPA"] for Approval of the Procurement for Supply of Diesel Fuel Oil to GPA.<sup>1</sup>

### BACKGROUND

2. GPA requests that the PUC approve the procurement of a diesel fuel oil No. 2 supply contract for the Piti 7, 8, and 9 plants.<sup>2</sup>
3. In GPA Docket 21-09, the PUC recently approved GPA's request to extend its current Diesel Fuel Supply Contract with Mobil Oil Guam and IP&E Guam for three additional years.<sup>3</sup>
4. Under the present supply contract, Mobil Oil [hereinafter "Mobil"] does supply some diesel fuel for Piti 7, 8 and 9.<sup>4</sup> However, it is important to distinguish the diesel fuel oil supply contract referenced in GPA Docket 21-09 from the procurement sought for diesel fuel in this docket.

<sup>1</sup> GPA Petition for Approval of Procurement for Supply of Diesel Fuel Oil to GPA, GPA Docket 21-10, filed May 3, 2021.

<sup>2</sup> Id., at p. 1; the Piti 8 and 9 plants are also referred to as MEC 8 and 9.

<sup>3</sup> PUC Order, GPA Docket 21-09, dated April 29, 2021, at p. 1.

<sup>4</sup> Id.



5. Under the present contract, Mobil currently supplies an estimated amount of 8M **gallons** of diesel fuel per year to Piti 7. Mobil also supplies 2,200,000 **gallons** per year collectively for Cabras 1 & 2, Piti 8 & 9, Manenggon and Talofoto.<sup>5</sup> The procurement in this docket seeks a supply of ULSD of from 500,000 to 1,500,000 **barrels** per year for Piti 7, 8, and 9.<sup>6</sup>
6. The present fuel supply contract involves a far smaller volume of diesel fuel than the volume sought by GPA to be procured in this docket.
7. The diesel fuel currently supplied by Mobil to the Piti 8 & 9 units is primarily for lubrication purposes. The ULSD supply sought in this procurement will be transferred to the Piti 8 and 9 units by pipeline and will constitute the essential fuel supply to run the Piti 8 & 9 units.<sup>7</sup>
8. The diesel that Mobil presently supplies to Piti 8 & 9 is trucked in, not supplied by a pipeline. It is a “tiny” amount of diesel that is presently supplied mainly “for lubrication.”<sup>8</sup>
9. In GPA Docket 19-02, the PUC authorized GPA to enter a contract with AYM International, Inc. for the construction of a new ULSD pipeline system to the Piti Tank Farm, and the Piti 7, 8, and 9 power plants.<sup>9</sup>

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<sup>5</sup> ALJ Report, GPA Docket 21-09, at Exhibit “A” (Mobil Contract).

<sup>6</sup> Proposed Contract for Bulk Supply of Diesel Fuel Oil No. 2 at p. 9; 1 barrel of fuel oil equals 42 gallons; [www.calculateme.com/volume/barrels-of-oil/to-gallons/1](http://www.calculateme.com/volume/barrels-of-oil/to-gallons/1).

<sup>7</sup> Phone conference between GPA Counsel Graham Botha and PUC ALJ Fred Horecky on May 18, 2021.

<sup>8</sup> Id.

<sup>9</sup> PUC Order, GPA Docket 19-02, dated July 25, 2019.



10. The PUC found that GPA had a clear need for a pipeline for ULSD which could be used for the Piti 7, 8 and 9 plants.<sup>10</sup> The fuel supply sought in this docket will be transferred to the plants by the new ULSD pipeline.
11. In GPA Docket 21-06, the PUC approved GPA's contract with Marianas Energy Company to convert the Piti 8 & 9 plants to ULSD.<sup>11</sup> GPA anticipates that the conversion of the Piti 8 and 9 units to ULSD will be completed between May 31 and July 31, 2022.<sup>12</sup>
12. In Guam Consolidated Commission on Utilities Resolution No. 2021-09, the CCU approved GPA's request to procure bulk supply of ultra-low sulfur diesel (ULSD) for the Piti 7, 8 & 9 plants through a Multi-Step Bid process.<sup>13</sup>
13. The Administrative Law Judge ["ALJ"] filed his report herein dated May 22, 2021. The PUC adopts the conclusions and recommendations therein.

### DETERMINATIONS

14. The CCU estimates that the total cost for the new ULSD supply contract will exceed \$1.5M, thus requiring GPA to seek authorization for this procurement from the PUC.<sup>14</sup>
15. Attached to CCU Resolution No. 2021-09 is the proposed Contract for Bulk Supply of Diesel Fuel Oil No. 2.<sup>15</sup> The proposed contract has a base period of two (2) years,

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<sup>10</sup> Id., at p. 2.

<sup>11</sup> PUC Order, GPA Docket 21-06, dated February 25, 2021, at p. 10.

<sup>12</sup> GPA Petition for Approval of Procurement for Supply of Diesel Fuel Oil to GPA, GPA Docket 21-10, filed May 3, 2021, at p. 1; Phone conference between GPA Counsel Graham Botha and PUC ALJ Fred Horecky on May 18, 2021.

<sup>13</sup> Guam Consolidated Commission on Utilities Resolution No. 2021-09, Authorizing the Management of the Guam Power Authority to Procure Bulk Supply of Ultra Low Sulfur Diesel (ULSD) for the Power Generating Plants, adopted and approved on April 27, 2021.

<sup>14</sup> Contract Review Protocol for Guam Power Authority, Administrative Docket, PAR. 1(e), dated February 15, 2008.



to commence on or about February 1, 2022 through January 31, 2024, with three (3) additional 1-year extension options.<sup>16</sup>

16. Under the proposed contract, the fuel supply must conform to certain product quality requirements specified in Schedule A attached to the Contract.<sup>17</sup>

17. For the first year of the Contract, the ULSD Bulk Supply is estimated to be between 500,000-1,000,000 Barrels per year; for the second year of the proposed Contract, the estimated Annual Requirement is 1,000,000-1,500,000 Barrels per year.<sup>18</sup>

18. The proposed Contract contains numerous provisions that protect GPA and its ratepayers:

- (A) The Contractor warrants that the fuel oil supplied will comply with the prescribed specifications.
- (B) Quality, quality assurance, and quantity are determined and verified by independent inspectors.
- (C) If the Contractor cannot fulfill its obligations under the Contract, GPA may seek an alternative source of fuel oil.
- (D) The Contractor is required to provide various types of insurance which indemnify and hold GPA harmless.
- (E) The Contractor pays monetary penalties to GPA for delayed deliveries.<sup>19</sup>

19. The major purpose of the proposed supply contract is to supply ULSD by pipeline to the Piti 7, 8 & 9 plants. GPA currently burns residual fuel oil to operate Piti 8 and 9.

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<sup>15</sup> Invitation for Multi-Step Bid No. GPA-\_\_\_\_-21, Bulk Supply of Diesel Fuel Oil No. 2.

<sup>16</sup> CCU Resolution No. 2021-09, at p. 1.

<sup>17</sup> Proposed Contract for Bulk Supply of Diesel Fuel Oil No. 2 at p. 9.

<sup>18</sup> Id.

<sup>19</sup> Id., at pgs. 15-30.



However, under the Consent Decree, it is now required to cease utilizing RFO to operate the plants and to convert to ULSD. The procurement in this docket is designed to seek a sufficient supply of ULSD to run Piti 8 and 9.

20. The PUC previously determined that a continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity.<sup>20</sup>
21. Diesel fuel assists GPA in providing a stable and uninterrupted supply of electricity to meet the island wide utility power demand.<sup>21</sup>
22. Diesel fuel is essential to the operation of the diesel power plants, and the contract is reasonable, prudent, and necessary.<sup>22</sup>

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Petition of GPA, the ALJ 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. GPA's issuance of a Procurement for the Supply of Diesel Fuel Oil for the Piti 7, 8 & 9 plants is approved.
2. 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)

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<sup>20</sup> PUC Order, GPA Docket 19-12 (Approving the Contract for Supply of Diesel Fuel Oil to GPA), dated August 29, 2019 at p. 4.

<sup>21</sup> Id.

<sup>22</sup> GPA Petition for Approval of Procurement for Supply of Diesel Fuel Oil to GPA, GPA Docket 21-10, filed May 3, 2021, at p. 2.



and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the  
Public Utilities Commission.


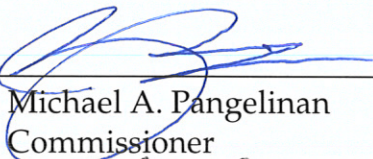

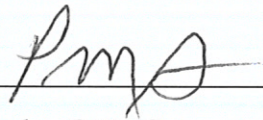
**[SIGNATURES TO FOLLOW ON NEXT PAGE]**



Dated this 27th day of May 2021.



Jeffrey C. Johnson  
Chairman

  
Rowena E. Perez-Camacho  
Commissioner  
Joseph M. McDonald  
Commissioner  
Michael A. Pangelinan  
Commissioner  
Peter Montinola  
Commissioner  
Doris Flores Brooks  
Commissioner  
Pedro S.N. Guerrero  
Commissioner



## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA Docket 21-12  
)  
The Application of the Guam Power )  
Authority for Approving the Contract ) **ORDER**  
with TEMES, Inc. for Yigo CT Repairs. )  
\_\_\_\_\_ )



### 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 the Yigo CT Repairs.<sup>1</sup>
2. GPA has identified \$4,581,577.00 in 2010 and 2014 Open Bond Projects, and requests that the PUC approve the reallocation of such bond funds for the Yigo CT Repair.<sup>2</sup>
3. GPA also requests that Revenue Funded CIP funds in the amount of \$1,458,423, be used to pay for the Yigo CT repairs.<sup>3</sup>
4. The total estimated cost for the Yigo CT repairs is \$6M.<sup>4</sup>

### BACKGROUND

5. On May 14, 2021, at 16:03, the Yigo Combustion Turbine [CT] tripped off-line. The unit tripped on high vibration on an attempt to re-start and was "tagged out."<sup>5</sup> The

<sup>1</sup> GPA Petition for Approval of the Contract with TEMES, Inc. for the Yigo CT Repairs, GPA Docket 21-12 filed May 21, 2021.

<sup>2</sup> Guam Consolidated Commission on Utilities Resolution No. 2021-15 Authorizing Management of the Guam Power Authority to Implement and Complete the Repairs Required to Place Yigo Combustion Turbine Power Plant in Service, adopted and approved on May 25, 2021, Exhibit A.

<sup>3</sup> Id.

<sup>4</sup> Id.

<sup>5</sup> Yigo 20MW CT Summary, presented to Guam Consolidated Commission on Utilities for the CCU Regular Meeting on May 25, 2021, regarding Resolution No. 2021-15.



unit tripped due to “high vibration”; a subsequent borescope inspection revealed broken turbine blades near the turbine mid-frame.<sup>6</sup> Photographs showed turbine damages, including metal shavings, cracks, and broken pieces of the turbine. The TRIP INCIDENT findings were that several HP Turbine blades were damaged, and that the Turbine hot end section was damaged. The turbine was determined to be inoperable.<sup>7</sup>

6. GPA’s recommendation is that the current turbine unit be exchanged with a fully refurbished LM2500 Gas Turbine. GPA has a contract with TEMES, Inc. for PMC services for the Yigo CT. TEMES also recommends that the CT Turbine engine be replaced.<sup>8</sup>
7. General Electric International, Inc. [“GE”] supplied an estimate for the cost of the Engine Exchange to TEMES on May 21, 2021 (attached to the ALJ Report as Exhibit 1).<sup>9</sup> GE’s proposal includes provision of an overhauled LM2500 SAC gas turbine, which would be shipped to Guam. The damaged turbine would be shipped to GE. A new engine warranty is provided by GE for 18 months from delivery or 12 months from first use, whichever occurs first.<sup>10</sup> In its Yigo CT Engine Exchange Cost Estimate, GPA has estimated that the total cost for this repair, will be \$5,827,500.00.<sup>11</sup>
8. TEMES has apparently requested proposals from multiple suppliers, but only GE has provided a proposal to date. Due to the immediate need to restore the Yigo CT power generation, TEMES intends to proceed with the GE proposal. GE is the

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<sup>6</sup> GPA Petition at p.1.

<sup>7</sup> Yigo 20MW CT Summary, Trip Incident.

<sup>8</sup> GPA Petition at p. 1.

<sup>9</sup> A true and correct copy of the proposal is attached to the ALJ Report as Exhibit “1”.

<sup>10</sup> Yigo 20MW CT Summary, Yigo CT Engine Exchange Cost Estimate.

<sup>11</sup> Yigo CT Engine Exchange Cost Estimate (See CCU GPA Work Session Packet, May 20, 2021).



original equipment manufacturer ["OEM"] for the LM2500 Engine. GM Benavente is confident that GE is a highly qualified supplier.<sup>12</sup>

9. GPA estimates that the project will be completed in approximately five weeks.<sup>13</sup>

This procurement is not subject to the government of Guam Procurement law, as the PMC TEMES, a private-non-governmental entity, is responsible for procuring the contractor.

10. On May 25, 2021, the Guam Consolidated Commission on Utilities authorized the GPA General Manager to implement and complete the repairs needed for the Yigo CT through the CT PMC contract with TEMES, Inc., to reallocate 2010 and 2014 Bond Funds for the repair of the Yigo CT, and to utilize revenue capital improvement project funds for the repairs.<sup>14</sup>

11. GPA's Petition in this docket was not filed until late on May 21, 2021. The late filing is because this event occurred on May 14, 2021. The matter was first considered by the CCU at the GPA work session on May 20, 2021. CCU did not approve the repairs until its Meeting on May 25, 2021. Due to the emergency nature of this situation, GPA requests that the PUC consider the matter at its meeting on May 27, 2021. The PUC will proceed to address the matter.

12. The ALJ filed his Report herein dated May 25, 2021; the PUC adopts the conclusions and recommendations therein.<sup>15</sup>

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<sup>12</sup> Telephone conference between GPA Counsel Graham Botha, GM John Benavente, AGMO Melinda Mafnas and PUC ALJ Fred Horecky on May 25, 2021.

<sup>13</sup> Yigo 20MW CT Summary, Trip Incident; the ALJ believes that such estimate of completion may be optimistic. In 2016, a similar turbine replacement for the Yigo CT was estimated to take three months. See PUC Order, GPA Docket 16-07, dated April 28, 2016.

<sup>14</sup> CCU Resolution No. 2021-15, *supra*.

<sup>15</sup> ALJ Report, GPA Docket 21-12, dated May 26, 2021.



## **DETERMINATIONS**

### A. Cost and Operational Concerns regarding the Yigo CT

13. This project will cost nearly \$6M. This is also not the first time that GPA has been required to replace the turbine engine for the Yigo CT. On April 28, 2016, in GPA Docket 16-07, the PUC authorized GPA to replace the existing gas turbine where there was material loss, corrosion and other issues, with a renewed gas turbine of the same model and specifications. The estimated cost for the installation of the overhauled gas turbine engine at that time was \$2.3M.<sup>16</sup>

14. A question arises as to why the Yigo CT turbine needs to be replaced so often, and once again after only a five-year period. GM Benavente indicates that the operating conditions of the Yigo CT have not been “ordinary” since 2016. GPA had to run the machine almost daily as spinning reserve to absorb the intermittency that renewables placed on the system. He indicates that the Yigo CT turbine was never replaced between 1993 and 2016. However, the operation since 2016 has been strenuous on the machine and is a type of operation that is likely not experienced in many places except small island communities such as Guam. The Yigo CT has operated well over the last five years despite adverse operating conditions.<sup>17</sup>

15. A concern has also been raised that the Yigo CT may be affected by the fact that it operates in the vicinity of the Yigo Diesel Exhaust.<sup>18</sup>

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<sup>16</sup> PUC Order, GPA Docket 16-07, dated April 28, 2016.

<sup>17</sup> GM Benavente’s Comments to Questions raised by ALJ Horecky, dated May 25, 2021.

<sup>18</sup> Telephone conference between GPA Counsel Graham Botha, GM John Benavente, and AGMO Melinda Mafnas and PUC ALJ Fred Horecky on May 25, 2021.



16. The Yigo CT and the Macheche CT, are the most heavily utilized combustion turbines. See Run Hour figures for the Combustion Turbine Engines from January 2016 through April 2021, attached as Exhibit "2" to the ALJ Report. GPA has relied extensively upon the Yigo CT for energy production.

17. To save money, could GPA utilize other combustion turbines or diesels than the Yigo CT, such as the Dededo CT 1 & 2, and the Yigo Diesels (Aggreko)? GPA AGMO Melinda Mafnas indicates that the full rated capacity of all of GPA's combustion turbines are already included in the determination of peak demand and available capacity. Without the 20MW provided by the Yigo CT, GPA may be hard pressed to ensure that there is an adequate reserve balance to meet peak demand.<sup>19</sup> Reliance upon other units by GPA would not cure the reserve load deficiency caused by the loss of the Yigo CT.

#### B. The Justification for Repair of the Yigo CT

18. The repair cost of \$6M is a considerable amount. Nevertheless, GPA takes the position that the Yigo CT is critically needed from now until the new powerplant is commissioned. The island is experiencing load growth not only from the military base buildup but also from increased home and other construction. The demand of this growth will not be met without the Yigo CT.<sup>20</sup>

19. The loss of Cabras 3 & 4 also has placed a substantial amount of additional running hours on the emergency CT and peaking units. Such additional usage will continue

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<sup>19</sup> Telephone conference between GPA Counsel Graham Botha, GM John Benavente, AGMO Melinda Mafnas and PUC ALJ Fred Horecky on May 25, 2021.

<sup>20</sup> GM Benavente's Comments to Questions raised by ALJ Horecky, dated May 25, 2021.



until the new baseload unit is commissioned. Therefore, all units are critically needed until the new power plant is commissioned.<sup>21</sup>

20. The PUC has, on many occasions, referenced the fact that the explosion of Cabras Units 3 & 4 in 2015 resulted in the loss of 78MW of baseload capacity, “which places GPA in a difficult position of meeting system demand if there is an outage in one of the baseload or other large units. The outage of one of the Cabras Steam Units could result in insufficient generation reserve. GPA would have no reserve capacity and would be short approximately 40 to 60MW.”<sup>22</sup>

21. GPA submits that the Yigo CT Repair project “is urgent because the Yigo CT is needed to support the demands of the island wide power system.”<sup>23</sup>

22. Cabras 1, which was carrying 47MW, went off-line on May 11, 2021, due to a reported MCC panel fire.<sup>24</sup> With the loss of Cabras 1 (55MW) and Yigo CT (20MW), GPA’s reserve margin has been further reduced by 75MW.<sup>25</sup> For the next 30 days, the power system will be particularly vulnerable at peak time (6pm to 10pm).<sup>26</sup>

23. GPA indicates that demand has been going up recently, and at a projected demand of 258MW for May 2021, this represents the highest demand in over five years.<sup>27</sup> The GM has clarified that some of the demand is a result of charging for the new ESS battery systems.<sup>28</sup> The net generation for April 2021, at 140,000,000kWh, is at approximately the same level as net generation for April FY2019.<sup>29</sup>

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<sup>21</sup> Id.

<sup>22</sup> PUC Order, GPA Docket 15-05, dated October 29, 2015, at p. 3.

<sup>23</sup> Issues for Decision (Resolution No. 2021-15), GPA Work Session, May 20, 2021.

<sup>24</sup> General Manager Report, GPA Work Session, May 20, 2021, at p. 102.

<sup>25</sup> Yigo 20MW CT Summary, May 25, 2021.

<sup>26</sup> Id.

<sup>27</sup> Generation Status in GM Report to CCU, GPA Work Session, May 20, 2021.

<sup>28</sup> Telephone conference between GPA Counsel Graham Botha, GM John Benavente, AGMO Melinda Mafnas and PUC ALJ Fred Horecky on May 25, 2021.

<sup>29</sup> Generation Status in GM Report to CCU, GPA Work Session, May 20, 2021.



24. GPA calculations indicate that, due to the loss of Cabras 1 & Yigo CT, the additional loss of GPA's largest unit (i.e., Cabras 2) would result in a **negative** reserve balance of minus 13MW. See Generation Status Due to Losses of Cabras 1 & Yigo CT, attached hereto as Exhibit "3".<sup>30</sup>

25. GPA concludes that repair of the Yigo CT is "essential to the island wide power system."<sup>31</sup> Without the availability of the unit, there is the possibility of load shedding.

### C. Funding for the Yigo CT Repair

26. The entire cost for the Yigo Repair project will be approximately \$6,000,000. See Exhibit "4" attached hereto (Exhibit A to CCU Resolution No. 2021-15).

27. GPA requests approval to reallocate \$3,697,143 in 2014 Open Bond Projects to the cost of the Yigo CT repairs. GPA Chief Financial Officer John Kim indicates that none of these funds are needed for further application to the bond projects. For several of the projects there has been no activity since 2014; on a few there has been no action since 2018.<sup>32</sup>

28. In addition, there is available interest earned in the amount of \$844,434 from 2010 Open Bond Projects. This amount accrued is derived from bank interest that was paid to GPA on its bond proceeds. CFO Kim also indicates that such amounts are not needed for bond projects and are available to apply to the Yigo CT repairs.<sup>33</sup>

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<sup>30</sup> Yigo 20MW CT Summary, Generation Status Due to Loss of Cabras 1 and Yigo CT.

<sup>31</sup> GPA Petition at p. 2.

<sup>32</sup> Phone conference between GPA CFO and John Kim and PUC ALJ Fred Horecky on May 25, 2021.

<sup>33</sup> Id.



29. CFO Kim further states that there are available funds from Revenue Funded CIPs in the amount of \$1,458,423. He provided a listing of CIP revenue funds which can be reallocated to the Yigo CT repairs, which is attached as Exhibit "5" to the ALJ Report.
30. CFO Kim has certified in a written letter to ALJ Horecky that the expenditure of these funds has been approved by the GPA General Manager and GPA Management.<sup>34</sup>
31. In Resolution No. 2021-15 the CCU approved the reallocation of \$4,541,577 in 2010 and 2014 bond funds for the repair of the Yigo CT. The CCU also approved the use of \$1,458,423 in revenue capital improvement project funds for the Yigo CT repairs.
32. Given the urgent necessity to repair the Yigo CT, GPA's funding plan for the Yigo CT repairs in the amount of \$6M should be approved.

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Petition of GPA for Approval of the Contract with TEMES, Inc. for the Yigo CT Repairs, the ALJ 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 General Electric International Inc. Proposal and the Contract with TEMES for the Yigo CT repairs are approved.

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<sup>34</sup> Letter from GPA CFO John Kim to PUC ALJ Fred Horecky, Bond Reallocation Request-Yigo Combustion Turbine Project, dated May 25, 2021.




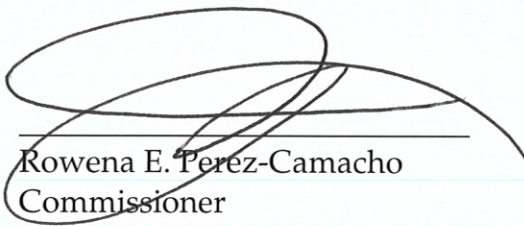
2. GPA is authorized to expend an amount not to exceed \$6,000,000.00 for the Yigo CT repairs.
3. GPA is authorized to reallocate the amount of \$4,541,577 in 2010 and 2014 bond funds for the repair of the Yigo CT in accordance with its proposal.
4. GPA is authorized to use \$1,458,423 in revenue capital improvement project funds for the Yigo CT repairs in accordance with the listing provided by GPA CFO John Kim in Exhibit "5".
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.

**[SIGNATURES TO FOLLOW ON NEXT PAGE]**

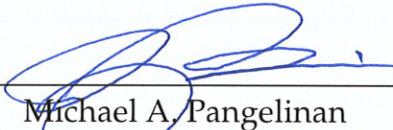



Dated this 27th day of May 2021.

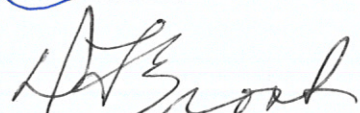
  
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Jeffrey C. Johnson  
Chairman


  
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Rowena E. Perez-Camacho  
Commissioner

  
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Joseph M. McDonald  
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Michael A. Pangelinan  
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Peter Montinola  
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Doris Flores Brooks  
Commissioner

  
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Pedro S.N. Guerrero  
Commissioner