BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:	) GPA Docket 22-15
	)
Guam Power Authority Levelized Energy	)
Adjustment Clause (LEAC)	) **ALJ REPORT**
	)
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to increase the current LEAC factor effective July 1, 2022.[1] GPA is proposing a 3-step increase in the fuel recovery factor. As a result of further fuel price increases in the updated Morgan Stanley average noon call prices from May 30, 2022, through June 3, 2022, GPA is now seeking to raise the fuel recovery factor for the average residential customer from $.209552/kWh to $.251638 for meters read on or after July 1, 2022.[2] In addition, two further increases are requested: from $.251638/kWh to $.296043 effective September 1, 2022 and from $.296043/kWh to $.342338 effective November 1, 2022.[3]

An illustration of the impact of the 3-Phase Rate Increases (July-September-November) is attached hereto as Exhibit "1".[4] If these three increases are approved, the total cumulative increase for the average residential customer would be roughly 38% in the total bill. The LEAC Under-Recovery, as of June 30, 2022, is projected to be $35.16M.[5]

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[1] GPA Petition, In the Matter of: Guam Power Authority Levelized Energy Adjustment Clause (LEAC), GPA Docket 22-15, dated June 1, 2022.
[2] Email from GPA CFO John Kim to PUC ALJ Fred Horecky dated June 7, 2022.
[3] Id.
[4] 3-Phase Rate Increases (July-September-November), dated June 7, 2022, Exhibit "1" attached hereto.
[5] Id.

BACKGROUND

On March 31, 2022, in GPA Docket 22-05, the PUC raised the LEAC factor from \$.180837 to \$.209552/kWh for meters read on and after April 1, 2022.[6] Pursuant to GPA Tariff Schedule "Z", the PUC is required to set the LEAC Factor no later than August 1st for the next 6-month period.[7] On May 24, 2022, the Guam Consolidated Commission on Utilities ["CCU"] approved GPA Resolution No. FY2022-21.[8] The CCU approved a 3-Step increase as follows:

a) 1st step - \$0.240413 effective July 1, 2022 to August 31, 2022
b) 2nd step - \$0.270185 effective September 1, 2022 to October 31, 2022
c) 3rd step - \$0.296275 effective November 1, 2022 to January 31, 2023.[9]

GPA has requested "expedited relief" to set a new LEAC Factor effective July 1st to mitigate the growing under-recovery balance. The CCU also approved the withdrawal of up to \$10M in self-insurance funds to purchase fuel and stated that the self-insurance fund would be replenished from the surcharge, which is currently active.[10]

ANALYSIS

I. THE PUC SHOULD REJECT THE REQUEST OF THE CCU TO WITHDRAW UP TO \$10 MILLION IN SELF-INSURANCE FUNDS TO PURCHASE FUEL.

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[6] PUC Order, GPA Docket 22-05, PUC Review of Levelized Energy Adjustment Clause (LEAC) Factor Pursuant to Tariff Z, dated March 31, 2022.
[7] Guam Power Authority, Schedule "Z", Levelized Energy Adjustment Clause (LEAC), revised March 31, 2012.
[8] Guam Consolidated Commission on Utilities, GPA Resolution No. FY2022-21, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission for a Change in the Levelized Energy Adjustment Clause, adopted and approved on May 24, 2022.
[9] Id., at p. 2.
[10] Id.

This is not the first time that the CCU has made such a request. On January 28, 2021, in GPA Docket 21-04, the PUC did authorize GPA to withdraw $10M from the Self-Insurance Fund and offset that amount against the LEAC Under-Recovery.[11] At that time the withdrawal of SIP funds reduced the self-insurance fund to roughly $9M (from $19M). The Self-Insurance Fund has grown from $9.479M in September 2021 to $11.544M in April 2022.[12]

However, at this time, approval by the PUC of the withdrawal of $10M from the Self-Insurance Fund would nearly gut the fund and deprive GPA of funds to address or repair damages caused by typhoons. If $10M were withdrawn from the fund at present, the balance would be roughly $1.5M. Such a paltry amount is not sufficient to address the damages that could result to Guam and the ratepayers from a significant typhoon.

The ALJ previously presented argument to the PUC that raiding the Self-Insurance Fund to pay for fuel is not consistent with the Self Insurance Program ("SIP"). It is probably illegal for GPA to use Self Insurance funds to pay for fuel, as the Self Insurance Fund is a restricted fund.

The ALJ will not again repeat the arguments in the prior analysis provided in GPA Docket 21-04. Such prior analysis is attached hereto as Exhibit "2".[13]

Self-Insurance is charged to ratepayers on their bills. When GPA is allowed to withdraw funds from the Self-Insurance Fund, Guam ratepayers end up paying again for the same self-insurance funds that they already paid for. It constitutes a double billing to

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[11] PUC Order, Guam Power Authority Levelized Energy Adjustment Clause (LEAC), GPA Docket 21-04, dated January 28, 2021, at p. 3.
[12] LEAC Update-Restricted & Unrestricted Cash, CCU Board Packets submitted for GPA Work Session, May 19, 2022 (issues for Decision, p. 11).
[13] ALJ Report, GPA Docket 21-04 dated January 25, 2021, at pgs. 3-9.

ratepayers. When self-insurance funds are diverted for fuel payments, and the remaining self-insurance funds are below $18M, ratepayers are required through the SIP surcharge to replace the same self-insurance funds that they already paid for previously.

During a phone conference on June 7 between GPA management officials and ALJ Horecky, GPA CFO John Kim suggested that GPA could be authorized to withdraw $10M, as a "loan", or akin to a line of credit, from the Self-Insurance Fund, to purchase fuel. This would provide a source from which GPA could pay for fuel if it runs short of cash. GPA would then be required to repay the self-insurance fund within 60 days. The ALJ does not support this proposal and requests that the PUC reject it. Further use of Self-Insurance funds to pay for fuel would deprive the Self Insurance Program of sufficient funds to address damage from a major typhoon. Self-Insurance funds should not be used to purchase fuel.

II. GIVEN THE DRASTIC INCREASES IN FUEL OIL PRICES SINCE JANUARY OF THIS YEAR, GPA HAS NO OPTION OTHER THAN TO PROPOSE INCREASES IN THE LEAC FACTOR.

From January 20, 2022, to June 7, 2022, the price of SING Gasoil 10 PPM (per barrel) has increased from $102.12 to $176.38.[14] GPA's cost for diesel fuel has risen by 70%. The SING HSFO 180 CST (per metric ton) high sulfur fuel oil prices have increased from $501.43 (per metric ton) on January 20, 2022, to $645.16 per metric ton on June 7, 2022.

Graphs submitted by GPA indicate that GPA RFO purchases (per barrel) have increased from $79.65 in January 2022, to $127.83 in April 2022. GPA Diesel purchases (per barrel)

[14] ALJ Report, GPA Docket 22-05, dated March 28, 2022, at p. 6; see also Morgan Stanley, Asia Morning Call, Price Indication dated June 7, 2022.

have increased from $95.25 in January 2022, to $150.80 in April 2022. Diesel fuel purchases are now approaching $180 per barrel.[15]

The Fuel Landed Prices have also increased substantially. See "LEAC Update-Fuel Landed Prices", attached hereto as Exhibit "3".

As indicated by GPA's submission of updated Morgan Stanley Fuel Prices, and the higher proposed three-step increments in the "proposed LEAC rate", there have been further significant increases recently in the price of fuel oil. When GPA filed its Petition, its fuel pricing was based upon the Morgan Stanley Pricing from May 4, 2022 to May 10, 2022. At that time, GPA's calculation was that the average price per Bbl-RFO was $141.57. The average price per Bbl-Diesel was $126.54. Exhibit "4" indicates that, based upon the Morgan Stanley Pricing from May 30, 2022 to June 3, 2022, the average price per Bbl-RFO was $148.28 and the average price per Bbl-Diesel was $139.67. Based upon the increase in fuel prices, GPA is now requesting 3-step increases in the amounts of $.251638, $.296043, and $.342338 per kWh respectively.[16]

There are other factors leading to increasing fuel prices for GPA. The Consent Decree requires GPA to convert its fuel for the Piti 8 and 9 Plants to ultra-low sulfur diesel (ULSD). The Cabras plants are converting to low sulfur residual fuel oil (LSRFO) and subsequently to ultra-low sulfur residual fuel (ULSRFO) in December. GPA is required to purchase higher priced fuels.[17] In addition, the baseload plants will be down for overhaul and/or the conversion process. GPA will be required to utilize the fast-track generators to a greater extent, which are less fuel efficient.

[15] See LEAC Update-GPA RFO Purchases (per barrel) and LEAC Update-GPA Diesel Purchases (per barrel), submitted to the CCU in the Board Packet for the GPA Work Session on May 19, 2022 (Issues for Decision, at pgs. 2 and 3).
[16] See Exhibit "4", GPA Proposed LEAC Rate, 06/07/2022, attached hereto.
[17] GPA General Manager Report to the Guam Consolidated Commission on Utilities dated May 24, 2022.

There has been a "perfect storm" of events leading to increasing fuel prices for GPA.

III. UNLESS THE PUC APPROVES INCREASES REQUESTED BY GPA, THE UNDER-RECOVERY BALANCE WILL GROW TO UNACCEPTABLE LEVELS.

To date, the fuel under-recovery balance of GPA (i.e. fuel expense that GPA has not recovered from ratepayers) has not exceeded $32M. However, if the PUC does not increase the present LEAC Factor of $.209522 during the upcoming LEAC period, the under-recovery balance as of the end of January 2023 will be $87M.[18] The LEAC under-recovery as of June 30, 2022 will be $35.16M. Even with the Step 1 and Step 2 LEAC increases, the LEAC under-recovery as of August 31, 2022, and October 31, 2022, is projected to be $34.67M and $37M respectively.[19] This means that, even with the LEAC increases proposed for Steps 1 and 2, the LEAC under-recovery will slightly increase. Thus, the Step 1 and Step 2 increases do nothing more than prevent the LEAC under-recovery from growing more substantially.

IV. THE PUC SHOULD PRESENTLY ADOPT THE PROPOSED STEP 1 AND STEP 2 INCREASES; ACTION SHOULD BE DEFERRED ON THE PROPOSED THIRD INCREMENT UNTIL THE OCTOBER, 2022, PUC MEETING.

GPA has proposed an increase in the LEAC Factor to $.251638/kWh for meters read on and after July 1, 2022. This Factor will result in a 13.72% increase in the total bill. GPA further recommends a second increase of $.296043/kWh for meters read on and after September 1, 2022. This LEAC Factor will result in an additional 12.72% increase in the total bill.[20]

[18] Id.
[19] Id.
[20] Id.

GPA has also recommended a third increase in the LEAC to $.347238/kWh for meters read on and after November 1, 2022. This LEAC Factor would result in a 11.76% increase in the total bill.[21]

The ALJ does not recommend that the PUC approve the third step proposed increase at the present time. The PUC should further have the opportunity to assess the impact of the first two step increases over the next four months. PUC will be in a better position at its October meeting on October 27, 2022, to assess current fuel prices and what level of increase is required for the period of November 2022 through the end of January 2023.

Recent Morgan Stanley Asian Morning Call price predictions indicate declining prices for fuel over the balance of this year. However, for the past few months, such predictions of declining prices have not proven to be accurate. It is certainly possible that a third step increase will be necessary effective November 1, and that the amount of increase could potentially be even higher than the recommended Step 3 increase. Deferring action at present on the third increment is prudent to enable the PUC to have better information before it addresses that issue.

RECOMMENDATION

The Administrative Law Judge recommends that the PUC approve the Step 1 Increase in the LEAC Factor to $.251638/kWh for meters read on and after July 1, 2022. Furthermore, the PUC should also approve the Step 2 Increase in the LEAC Factor to $.296043/kWh for meters read on and after September 1, 2022.

[21] Id.

At its October meeting on October 27, 2022, the PUC should assess and determine what LEAC Factor should be implemented effective November 1, 2022. Adoption by the PUC of the Step 1 and Step 2 increases will at least prevent much growth in the under-recovery balance.

The PUC should reject the use of Self Insurance funds to purchase fuel.

A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 13th day of June, 2022.

Frederick J. Horecky

Frederick J. Horecky
Chief Administrative Law Judge

3-Phase Rate Increases (July-September-November)
6/7/2022

GUAM POWER AUTHORITY
BILL ILLUSTRATION RATE SCHEDULE R - RESIDENTIAL
MS Noon Call Price 05/30/2022 thru 06/03/2022 with $20 Million Under Recovery by January 31, 2023

	RATE SCHEDULE R							
	Existing Rate		1st Increment		2nd Increment		3rd Increment	
	Eff 04-01-22		Eff 07-01-22		Eff 09-01-2022		Eff 11-01-22	
KWH		1,000		1,000		1,000		1,000
Monthly Charge	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Non-Fuel Energy Charge								
First 500 KWH	0.069550	34.78	0.069550	34.78	0.069550	34.78	0.069550	34.78
Over 500 KWH	0.086870	43.44	0.086870	43.44	0.086870	43.44	0.086870	43.44
Emergency Water-well charge	0.002790	1.40	0.002790	1.40	0.002790	1.40	0.002790	1.40
Self-Insurance Surcharge	0.002900	2.90	0.002900	2.90	0.002900	2.90	0.002900	2.90
Working Capital Fund Surcharge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Total Electric Charge before Fuel Recovery Charges		97.51		97.51		97.51		97.51
Fuel Recovery Charge	**$ 0.209522**	209.52	**$ 0.251638**	251.64	**$ 0.296043**	296.04	**$ 0.342338**	342.34
Total Electric Charge		**$ 307.03**		**$ 349.14**		**$ 393.55**		**$ 439.84**
Increase/(Decrease) in Total Bill				$ 42.12		$ 44.41		$ 46.29
% Increase/(Decrease) in Total Bill				13.72%		12.72%		11.76%
% Increase/(Decrease) in LEAC rate				20.10%		17.65%		15.64%

LEAC Under Recovery Ending (In Million)	6/30/2022	8/31/2022	10/31/2022	1/31/2023
Beginning	$ 32.9	$ 35.16	$ 34.67	$ 37.00
Increase	$ 2.29	$ -	$ 2.33	$ -
Decrease	$ -	$ (0.49)	$ -	$ (17.00)
TOTAL:	**$ 35.16**	**$ 34.67**	**$ 37.00**	**$ 20.00**

EXHIBIT "1"

pandemic period…"[10] The CCU determined that it would leave the LEAC Factor at $0.0868000kWh for the six-month period commencing February 1, 2021; to "offset" 50% of the total projected under-recovery of $30M, the CCU authorized GPA to use $10M of the self-insurance fund to off-set the projected LEAC under-recovery and to reduce the internally funded CIP budget by $5M in FY'2021 to be used to off-set the projected LEAC under-recovery.[11]

ANALYSIS

1. The Use of $15M in Self Insurance Funds to Subsidize Customer Fuel Costs and Expenses under LEAC is contrary to, and inconsistent with, the Purpose of the Self-Insurance Program.

A review of the history of the Self-Insurance Program ["SIP"] indicates that, from its inception, its principal purpose was to provide a funding source so that GPA could react more quickly and efficiently repair damages caused by significant storm events, particularly typhoons. It was never the intent of the SIP to subsidize or fund customer fuel costs under LEAC. The following is a brief history of the SIP which was prepared by PUC Legal Counsel in his Report in GPA Docket 14-13:

"The Self Insurance Program ["SIP"] was first established by the PUC in 1994. Its purpose was to create a surcharge on customers' bills which would provide a funding source so that GPA could react more quickly and efficiently to the natural consequences

[10] CCU 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, approved December 24, 2020, at p. 2.
[11] Id., at pgs 2-3.

EXHIBIT "2"

of significant storm events, particularly typhoons.[12] GPA has been unable to obtain Transmission and Distribution insurance on a commercially reasonable basis for many years.

The cap for the SIP was initially set at $2.5M, an amount that matched GPA's T&D insurance deductible. In 1995, the PUC expanded the use of the fund to include generation losses. GPUC authorized an increase to the cap on the SIP from $2.5M to $10M, as well as an expansion of uses for the funds in the SIP.[13]

In GPA Docket 11-04, the Commission authorized GPA to continue collecting the SIP amounts from customers pending completion of GPA's general rate case.[14]

In GPA Docket 11-09, Phase II of GPA's Base Rate Relief Filing for FY2011, the Commission considered various revisions to the Self Insurance Program protocols, and the issue as to whether the SIP Reserve Cap should be raised from $10M to $20M.[15]

In its Order, the Commission approved raising the Cap from $10M to $20M, finding that "the parties have established that it is appropriate to raise the Cap…" The Commission cited evidence from the SAIC Report that, in 2002, the total disaster charges to GPA work orders for Typhoons Chataan and Pongsona were $38,453,272. GPA ratepayer cost for those typhoons was $16,204,919.[16]

[12] Letter from GPA General Manager Joaquin Flores to Frederick J. Horecky, PUC ALJ, Re: GPA Docket 11-09, Phase II Self Insurance Fund Protocols, dated April 15, 2013.
[13] Id. at p. 2.
[14] PUC Order, GPA Docket 11-04, Guam Power Authority's Filing regarding Self Insurance Policy, dated May 16, 2011 ["the current self-insurance surcharges for both civilian ratepayers and the Navy ($0.00290 per kWh for civilian ratepayers and $0.00070 per kWh for the Department of Defense) shall continue in effect until PUC approval of self-insurance fund protocols, or the completion of the next base rate case, whichever is sooner." Ordering Provisions, par. 2].
[15] PUC Order, GPA Docket 11-09, adopted May 28, 2013.
[16] Id. at p. 3.

The Commission further determined that the amount of damage incurred to Guam as a result of those storms, as well as the significant ratepayer cost, substantiated that the proposed level for the self-insurance cap approximates an amount that could be necessary for disaster repairs in a worst-case storm scenario. Both consultants for the PUC and GPA gave opinions at the scheduled hearing in the matter that the proposed cap of $20M represented a reasonable amount to protect GPA against potential losses.[17] Under the SIP Protocols adopted by the PUC, GPA was allowed to continue the same Self-Insurance Surcharge in effect [i.e. $0.0029 per kilowatt hour (kWh) sold by GPA to civilians and $0.0007 per kWh sold by GPA to U.S. Navy customers] until the amount in the SIP Reserve reached the SIP Reserve Cap of $20M.[18]

In accordance with the Self Insurance Protocol adopted, the Self-Insurance surcharge was to remain in effect until the amount in the SIP Reserve reached the SIP Reserve Cap, and would be reinstituted at any time the balance in the SIP Reserve fell to less than $18,000,000.[19]

There has been a Self-Insurance surcharge in effect on Customers' bills for more than twenty years.[20]"

In GPA Docket 11-09, on May 28, 2013, the PUC approved the Self Insurance Program Protocols ["SIPP"]. Protocol 1 indicates that the SIP was established principally to reimburse GPA for "losses resulting from hazards such as accidents, explosions, fires,

[17] Id. at p. 3.
[18] ALJ Report, GPA Docket 11-09, dated May 23, 2013, at p. 5.
[19] Id.; See also Protocol IX of the SIP Protocols.
[20] Supplemental Filing for Reduction of Self Insurance Fund Surcharge, GPA Docket 14-13, filed June 26, 2014, at p. 2.

floods, storms, wind events, cyclones, typhoons, earthquakes, tsunami's, natural disaster, equipment failures, and similar events…".

The PUC held in GPA Docket 11-09 that the SIP was generally designed "to provide a source of funding which enables GPA to make repairs to the island wide power system resulting from natural disasters, particularly typhoons."[21]

2. Use by GPA of SIP Funds would place GPA and its Ratepayers at Risk that there would be Insufficient Funds available to quickly Repair Damages from Typhoons.

The main problem with taking $10M, or one-half, out of the SIP is that GPA and its ratepayers could be under-funded to cover significant losses if a major typhoon occurred. The advantage of a SIP is that GPA does not have to wait for FEMA funds to repair typhoon damages. Sometimes FEMA reimbursement does not come for months or even years after a typhoon has struck. R.W. Beck (SAIC) stated in its 2011 Report that GPA has a much higher risk for suffering catastrophic losses due to storms than even those utilities in hurricane-prone areas on the mainland. From 2001 to 2010, GPA suffered losses of nearly $18M from typhoon disasters that were not covered by FEMA.[22]

The Report recommended that, given GPA's 10-year history of disaster related losses, combined with a continued high probability of typhoon damage, GPA should plan, at a minimum, a $5M loss each year related to property damages resulting from disaster

[21] PUC Order, GPA Docket 11-09, dated May 28, 2013, at p. 1.
[22] R.W. Beck ("An SAIC Company), Insurance Options Assessment, Guam Power Authority, dated January 2011, at pgs. 2-1 – 2.-3.

events. GPA should plan for a minimum of a $2M loss each year related to lost revenues resulting from disasters.

It is simply impossible to know when the next typhoon may strike Guam. Guam will be placed in a risky position if the depletion of one-half ($10M) of the SIP funds is allowed. The possibility cannot be excluded that Guam could once again face two typhoons comparable to Pongsona and Chataan in one year.

3. Withdrawal from the SIP Funds of $10M could adversely affect GPA's Credit Rating.

R. W. Beck recognized that "having a self-insurance fund is a stated enhancement to GPA's credit worthiness and as such, eliminating the self-insurance fund may negatively affect GPA's credit rating causing the cost of borrowed money to rise." The Bond credit rating agencies will likely view withdrawal of one-half of the Self-Insurance Fund as a negative impact upon GPA's credit rating for the same reason.

4. There is no Authority under the SIP Protocols to extend Customer Payment of the SIP Surcharge until August 1, 2021.

GPA's plan would exacerbate the risk by reactivating the self-insurance surcharge, which customers must pay, beginning August 1, 2021 and extending it over a five-year period. The self-insurance surcharge fund would not be restored to its full $20M level for a period of five years, which means that GPA and the ratepayers would risk an insufficiency of available funds for a five-year period.

Protocol IX of the SIPP states: The Self Insurance Surcharge will remain in effect until the amount in the SIP Reserve reaches the SIP Reserve Cap, and **shall be reinstituted at any time the balance in the SIP Reserve thereafter falls to less than $18,000,000."** Even were depletion of the SIP funds to be allowed, the reinstitution of the surcharge would have to occur immediately when the $10M was withdrawn. Under the SIP Protocol, GPA is not authorized to delay reinstitution of the surcharge until August 1, 2021.

5. Funding LEAC through the SIP is inconsistent with the Requirements of Tariff Z for determining the LEAC Factor.

In accordance with Rate Schedule "Z", GPA's fuel charges are required to be passed on to customers in their bills. There is no legal authorization or authority to subsidize ratepayer bills by funding LEAC through another source such as the SIP. Schedule "Z" states: "The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Fuel Recovery Charge times the total kilowatt hour for which the bill is rendered."[23]

The LEAC Factor is required to be based upon the projected fuel expense for the next LEAC period. The LEAC Factor is determined by the PUC to ensure payment by ratepayers of the projected fuel charges that GPA incurs during the LEAC period. A proposal by the CCU/GPA to fund fuel costs through the SIP is contrary to, and in violation of, Schedule "Z".

[23] Guam Power Authority Schedule "E" (Levelized Energy Adjustment Clause) (LEAC) issued March 21, 1994 and revised March 31, 2012.

For the reasons stated herein, the PUC should reject the CCU proposal to take $10M in SIP Funds to pay customer fuel charges under LEAC. Using SIP funds to pay fuel costs is not reasonable, prudent, or necessary. There is nothing in the SIP suggesting that customer fuel costs should be, or are intended to be, paid from such funds. The proposal is not prudent, as GPA and the ratepayers are exposed to the risk that there will not be sufficient SIP funds to pay for damages caused by typhoons. The plan is certainly not necessary, as fuel costs are supposed to be paid by customers through the LEAC Factor. Allowing withdrawal of SIP Funds would create a bad precedent. Use of such funds for LEAC or other purposes could be repeated in the future. There could be repeated diversions of SIP Funds from their intended purpose.

6. GPA should not be allowed to off-set a delayed Expenditure of $5M in internally-funded CIP against the projected LEAC under-recovery.

At this point GPA has not explained what $5M in internally funded CIP it intends to off-set against the projected LEAC under-recovery. A "delay" of an expenditure for one year is not a true savings or a real "off-set" against a LEAC under-recovery. The CIP funds of $5M are only delayed but will ultimately be expended in subsequent years. As a policy matter, it not desirable to use CIP funds to subsidize fuel payments that customers are required to make under Tariff Z and LEAC.

7. Establishing A Fuel Recovery Factor of $0.086800/kWh would provide insufficient customer rates to pay for GPA's actual fuel costs in the upcoming LEAC period.

GPA's own Petition demonstrates that maintaining the LEAC Factor at $.086800/kWh for the next six-months would result in an under-recovery on July 31, 2021 of $30.3M.[24]

[24] GPA LEAC Filing, GPA Docket 21-04, dated December 4, 2020.

LEAC Update - Fuel Landed Prices

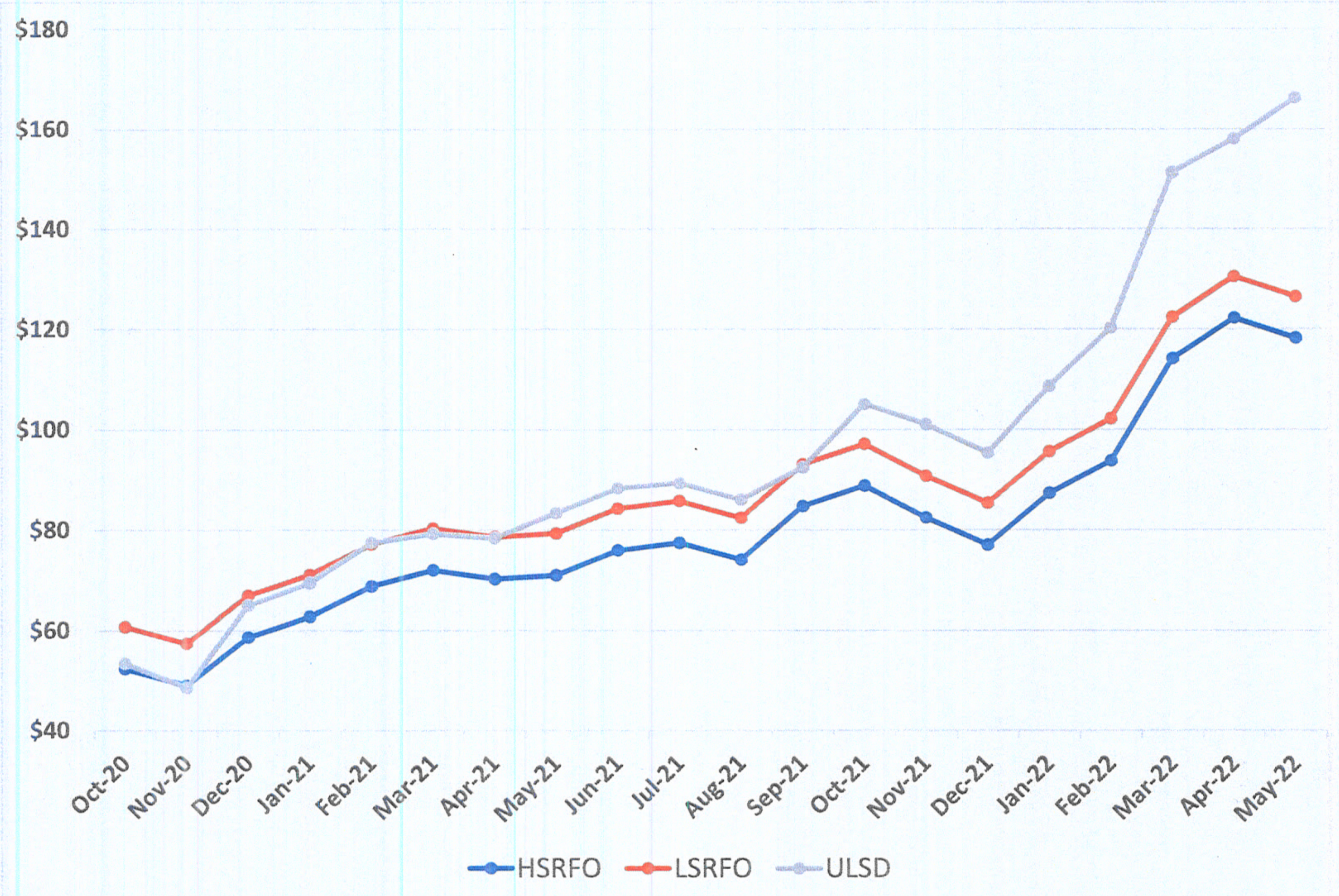

EXHIBIT "3"

GPA

Proposed LEAC Rate ($000)

(Prepared 06/07/2022 - Under Recovery of $20M)

	Scenario Status Quo	Scenario Step 1: $0.240413	Scenario Step 2: $0.270185	Scenario Step 3: $0.296275
	MS Pricing 05.30.2022 to 06.03.2022 Aug 22 - Jan 23	MS Pricing 05.30.2022 to 06.03.2022 Jul 22 - Aug 22	MS Pricing 05.30.2022 to 06.03.2022 Sep 22 - Oct 22	MS Pricing 05.30.2022 to 06.03.2022 Nov 22 - Jan 23
Average Price per Bbl-RFO	$ 148.28	$ 148.28	$ 148.28	$ 148.28
Average Price per Bbl-Diesel	$ 139.67	$ 139.67	$ 139.67	$ 139.67
Number 6 (HSFO/LSFO)	$ 57,608	$ 57,608	$ 57,608	$ 57,608
Number 2 (Diesel)	$ 143,032	$ 143,032	$ 143,032	$ 143,032
Renewable (Solar)	$ 9,111	$ 9,111	$ 9,111	$ 9,111
TOTAL COST	$ 209,751	$ 209,751	$ 209,751	$ 209,751
Handling Costs	$ 9,096	$ 9,096	$ 9,096	$ 9,096
Total Current Fuel Expense	$ 218,847	$ 218,847	$ 218,847	$ 218,847
Civilian Allocation	80.206%	80.206%	80.206%	80.206%
LEAC Current Fuel Expense	$ 175,529	$ 175,529	$ 175,529	$ 175,529
Estimated DSM for this period	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Deferred Fuel Expense at the beginning of the period	$ 38,000	$ 33,525	$ 34,674	$ 36,000
Total LEAC Expense	$ 215,029	$ 210,554	$ 211,703	$ 213,029
Less: Trans. Level Costs	$ (6,700)	$ (9,969)	$ (9,969)	$ (9,969)
Distribution Level Costs	$ 208,329	$ 200,585	$ 201,734	$ 203,061
Over recovery/(Under) at the end of the period	$ (87,035)	$ (34,674)	$ (36,999)	$ (20,000)
Adjusted Distribution Level Costs	$ 121,293	$ 165,912	$ 164,735	$ 183,061
Distribution Level Sales (mWh)	578,904	578,904	578,904	578,904
LEAC Factor Distribution	$0.209522	$0.251638	$ 0.296043	$ 0.342338
Current LEAC Factor Distribution	$ 0.209522	$ 0.209522	$ 0.251638	$ 0.296043
Increase/(Decrease)	-	0.042116	0.044405	0.046295
Monthly Increase/(Decrease) - 1000 kWh	$ -	$ 42.12	$ 44.41	$ 46.29
% Increase/(Decrease) in LEAC	0.00%	20.10%	17.65%	15.64%
% Increase/(Decrease) in Total Bill	0.00%	13.72%	12.72%	11.76%
Discount (3%) - Primary 13.8 KV	$ 0.203227	$ 0.244104	$ 0.287175	$ 0.332084
Discount (4%) - 34.5 KV	$ 0.202641	$ 0.243401	$ 0.286348	$ 0.331127
Discount (5%) - 115 KV	$ 0.200147	$ 0.240404	$ 0.282823	$ 0.327051

EXHIBIT "4"