

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GPA Docket 23-16  
)  
Guam Power Authority Levelized Energy )  
Adjustment Clause (LEAC) ) **RATIFICATION ORDER**  
)  
)  
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Order of Chairman Jeffrey C. Johnson in this Docket which approved a decrease in the LEAC Factor.<sup>1</sup> A copy of said Order is attached hereto as Exhibit "1".<sup>2</sup>

BACKGROUND

GPA filed its Petition herein to reduce the Levelized Energy Adjustment Clause Factor (LEAC) effective June 1, 2023.<sup>3</sup> In said Petition, GPA requested that a reduced LEAC Factor be applicable to meters read on or after June 1, 2023, to be effective for the period of June 1, 2023 through January 31, 2024.<sup>4</sup> In his Report dated May 15, 2023 the Administrative Law Judge [ALJ] recommended that the PUC reduce the current LEAC Factor from \$0.318576/kWh to \$0.231144/kWh for meters read on and after June 1, 2023, and for the period of June 1, 2023 through January 31, 2024.<sup>5</sup>

<sup>1</sup> PUC Order, GPA Docket 23-16, dated May 19, 2023.

<sup>2</sup> Id.

<sup>3</sup> GPA Petition, GPA Docket 23-16, dated May 3, 2023.

<sup>4</sup> Id., at p. 1.

<sup>5</sup> ALJ Report, GPA Docket 23-16, dated May 15, 2023.



The Chairman, acting pursuant to 12 GCA §1205, adopted the recommendation of the ALJ and approved the reduction of the LEAC Factor effective June 1, 2023.

Furthermore, effective June 1, 2023, the order of the Chairman adjusted LEAC rates for consumers at various voltage levels as follows:

LEAC

Delivery Classification	\$ per kWh
Secondary -	\$0.231144
Primary – 13.8 KV	\$0.224219
Primary – 34.5 KV	\$0.223573
Transmission – 115 KV	\$0.220821 <sup>6</sup>

Finally, the Order executed by the Chairman indicated that it was an “interim” Order and would remain in effect until further action is taken by the Commission at its next regularly scheduled meeting on June 5, 2023.

Is the intent of the Guam Public Utilities Commission that the Order of the Chairman, dated May 19, 2023 be ratified, adopted and affirmed herein by the full Guam Public Utilities Commission.

**ORDERING PROVISIONS**

After review of the record herein, including GPA's Petition, the ALJ Report, the Order of the Chairman dated May 19, 2023, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners the Guam Public Utilities Commission **HEREBY ORDERS** that:

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<sup>6</sup> PUC Order, GPA Docket 23-16, dated May 19, 2023.



1. The Report of the ALJ dated May 15, 2023, as hereby adopted and incorporated herein.
2. The Order, executed by the Chairman on May 19, 2023, is hereby adopted, approved, ratified and affirmed.

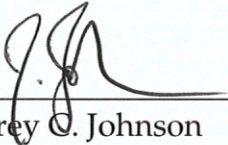
**[SIGNATURES TO FOLLOW ON NEXT PAGE]**



RATIFICATION ORDER  
GPA's LEAC  
GPA Docket 23-16  
June 5, 2023

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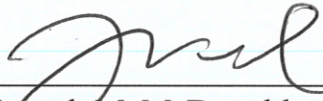
Dated this 5th day of June, 2023.



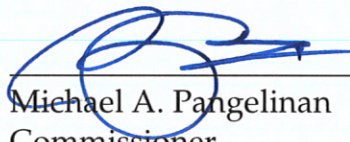
Jeffrey C. Johnson  
Chairman

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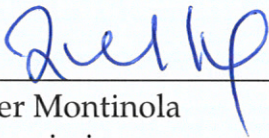
Rowena E. Perez-Camacho  
Commissioner



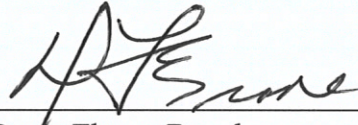
Joseph M. McDonald  
Commissioner



Michael A. Pangelinan  
Commissioner



Peter Montinola  
Commissioner



Doris Flores Brooks  
Commissioner

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Pedro S.N. Guerrero  
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA Docket 23-16  
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Guam Power Authority Levelized Energy )  
Adjustment Clause (LEAC) ) **ORDER**  
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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 reduce the current LEAC Factor from \$0.318576/kWh to \$0.248145/kWh for meters read on or after June 1, 2023, to be effective for the period of June 1, 2023 through January 31, 2024.<sup>1</sup> On October 27, 2022, the PUC, after several prior increases of the LEAC factor in 2022, the PUC increased the LEAC Factor from \$0.296043 to \$0.318576 per kWh for meters read on or after November 1, 2022.<sup>2</sup> The LEAC Factor of \$0.318576 has remained in effect from November 1, 2022, up to the present time. If the PUC grants GPA's Petition, the current Factor will remain in effect until June 1, 2023; the new factor of \$0.248145/kWh would be in effect from June 1, 2023 through January 31, 2024.<sup>3</sup>

This Order is issued by the Chairman of the PUC, on behalf of and with the consent of the PUC, pursuant to 12 GCA Sec. 12105(b). For the reasons set forth in the Administrative Law Judge ["ALJ"] Report herein dated May 15, 2023, the Chairman certifies that implementation of a new LEAC Factor cannot await Commission action at

<sup>1</sup> GPA Petition, In the Matter of: Guam Power Authority Levelized Energy Adjustment Clause (LEAC), GPA Docket 23-16, dated May 3, 2023.

<sup>2</sup> PUC Order, GPA Docket 22-15, PUC Review of Levelized Energy Adjustment Clause (LEAC) Factor, dated October 27, 2022, at p. 7.

<sup>3</sup> GPA Petition at p. 1.



the next scheduled meeting on June 5, 2023. GPA readings for billings for the month of June commence on June 1. Delay will deprive some ratepayers of the right to immediate implementation of reduction of LEAC fuel recovery charges and require ratepayers to pay charges not lawfully owed. The Chairman's Order will be subject to ratification by the Commission at its June 5, 2023 meeting.

### **BACKGROUND**

In GPA Resolution No. FY2023-06, dated April 25, 2023, the Guam Consolidated Commission on Utilities authorized the GPA Management to petition the PUC to reduce the secondary voltage levelized energy adjustment clause factor to \$0.248145/kWh for the period of June 1, 2023, through January 31, 2024.<sup>4</sup>

The ALJ filed his Report herein dated May 15, 2023. The recommendations and conclusions of the Report are adopted.<sup>5</sup>

### **DETERMINATIONS**

#### **I. A REDUCTION IN THE LEAC FACTOR EFFECTIVE JUNE 1 2023, IS JUSTIFIED.**

In its Petition submitted for the current LEAC period in December of 2022, GPA stated that the Average Price per Bbl-RFO & ULSFO 0.20% was \$148.10, and the Average Price per Bbl-Diesel was \$119.19.<sup>6</sup> For the period which GPA now seeks to establish a

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<sup>4</sup> Guam Consolidated Commission on Utilities, GPA Resolution No. FY2023-19, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission to Reduce the Levelized Energy Adjustment Clause for the period of June 1, 2023 through January 31, 2024, adopted and approved on April 25, 2023.

<sup>5</sup> ALJ Report, GPA Docket 23-16, dated May 15, 2023.

<sup>6</sup> GPA Petition, GPA Docket 23-06, dated December, 2022 GPA Resolution No. FY2013-06, Exhibit A.



reduced LEAC Factor, June 2023 through January 2024, there has been a considerable reduction in the Average Price per Bbl-RFO & ULSFO 0.20% to \$130.54, and the Average Price per Bbl-Diesel to \$103.23.<sup>7</sup> GPA's Petition states: "The basis to reduce the present LEAC factor is due primarily to the decrease in worldwide fuel prices from \$130.28/bbl using the current projections for the 6-month period ending July 31, 2023, to an expected \$113.16/bbl for the period ending January 31, 2024."<sup>8</sup> GPA Resolution No. FY2023-19 also indicates that "...the most recent Morgan Stanley market projections for fuel prices has declined from the previous filing and projected over-recovery for the period ending January 31, 2024 at the proposed reduced LEAC rate of \$0.248145/kWh is about ten thousand dollars"....<sup>9</sup>

There are two salient reasons which justify a reduction in the LEAC Factor: (1) there has been a steep decline in fuel prices; and (2) the proposed LEAC Factor would eliminate the under-recovery by January 31, 2024, and produce a slight over-recovery of \$10,000.<sup>10</sup>

## **II. DUE TO A FURTHER REDUCTION IN FUEL PRICES SINCE APRIL OF 2023, THE LEAC FACTOR CAN BE REDUCED TO AN EVEN GREATER EXTENT.**

GPA's Petition to set the LEAC Factor at \$0.248145/kWh was based upon the Morgan Stanley pricing in the Asia Morning Call. Fuel prices have dropped considerably since the MS Pricing which GPA relied upon in its Petition (April 10-14, 2023). The MS

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<sup>7</sup> GPA Petition, GPA Docket 23-16, Exhibit A-04 (GPA Proposed LEAC Rate (\$000), Update as of 4/21/2023).

<sup>8</sup> GPA Petition at p. 2.

<sup>9</sup> Guam Consolidated Commission on Utilities, GPA Resolution No. FY2023-19, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission to Reduce the Levelized Energy Adjustment Clause for the period of June 1, 2023 through January 31, 2024, adopted and approved on April 25, 2023, at Exhibit A-01.

<sup>10</sup> GPA Petition, GPA Docket 23-16, Exhibit A-04 (GPA Proposed LEAC Rate (\$000), Update as of 4/21/2023).



pricing GPA used was approximately \$100-102 per bbl. for Sing Gasoil 10ppm. However, the MS pricing for May 4-11 indicates that the price for Sing Gasoil 10ppm, which is equivalent to pricing for diesel, is now approximately \$90 per bbl.

Based upon the further reduction in fuel oil pricing, approximately 10% since GPA filed its petition, the PUC should reduce the LEAC Factor even further. GPA's updated LEAC calculation is attached to the ALJ Report as Exhibit "A".<sup>11</sup> The updated MS pricing data in Exhibit A (May 4-11, 2023) indicates that the Average Price per Bbl-RFO & ULSFO 0.20% is now \$116.80, and the Average Price per Bbl-Diesel is \$94.36.<sup>12</sup>

**III. THE PUC SHOULD REDUCE THE LEAC FACTOR TO \$0.231144 FOR METERS READ ON OR AFTER JUNE 1, 2023 FOR THE PERIOD OF JUNE 1, 2023 THROUGH JANUARY 31, 2024.**

Exhibit A to the ALJ Report demonstrates that the establishment by the PUC of a LEAC Factor of \$0.23144 for the next eight months will result in the elimination of any under-recovery of GPA's fuel expenses by January 31, 2024. This proposed LEAC Factor will result in a 21.01% decrease in the total bill, and a 27.44% decrease in the LEAC Factor.<sup>13</sup> The LEAC factor will be reduced by nearly 9 cents per kWh.

GPA ratepayers, who have previously been compelled to pay extremely high fuel oil prices, should benefit, to the fullest extent possible, from the reduction in fuel oil prices. There is also a possibility that GPA ratepayers will be provided with further government assistance on their power bills. On May 10, 2023, the Guam Legislature passed Bill 83-37, which would take about \$15.5 million from the fiscal 2022 general fund excess, and nearly \$10.8 million from fiscal year 2023 excess, to support another 5-

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<sup>11</sup> GPA Proposed LEAC Rate, Update as of 5/11/2023, attached hereto as Exhibit "A".

<sup>12</sup> Id.

<sup>13</sup> Id.



month extension to last year's power bill subsidy program.<sup>14</sup> Bill No. 83-37, if approved by the Governor, would provide residential and commercial customers with a Five Hundred Dollar (\$500) credit toward their accounts with the Guam Power Authority, disbursed at \$100 dollars each month for the months of May 2023, June 2023, July 2023, August 2023, and September 2023.<sup>15</sup>

### ORDERING PROVISIONS

Pursuant to 12 GCA Sec. 12105(b), the Commission, through its Chairman, upon consideration of the record herein, the Petition of GPA, the ALJ Report, and for good cause shown, hereby **ORDERS** that:

1. The secondary Fuel Recovery Factor of \$0.318576/kWh is reduced to \$0.231144/kWh for meters read on or after June 1, 2023, and for the period of June 1, 2023 through January 31, 2024. This LEAC Factor and the other Factors set forth herein are effective as of June 1, 2023.
2. The singular LEAC factors, effective June 1, 2023, and for the period of June 1, 2023 through January 31, 2024, shall be as shown in the following table:

LEAC	
Delivery Classification	\$ per kWh
Secondary -	\$0.231144
Primary – 13.8 KV	\$0.224219
Primary – 34.5 KV	\$0.223573

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<sup>14</sup> The Guam Daily Post, May 11, 2023, at p. 1.

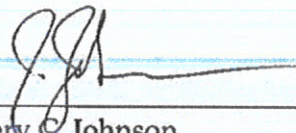
<sup>15</sup> The Guam Legislature, Bill No. 83-37, passed on May 10, 2023.



Transmission – 115 KV     \$0.220821

3. GPA should file for a change in the LEAC factors to be effective February 1, 2024, on or before December 15, 2023
4. 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.
5. This Order is an interim Order and shall remain in effect until further action is taken by the Commission at its next regularly scheduled meeting on June 5, 2023.

Dated this 19<sup>th</sup> day of May, 2023.

  
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Jeffery C. Johnson  
Chairman  
Guam Public Utilities Commission