

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:	)	GPA Docket 23-17
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LIQUIFIED NATURAL GAS (LNG)	)	PUC REQUESTS FOR INFORMATION
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The Guam Public Utilities Commission ("PUC") hereby requests that the Guam Power Authority respond to the following Requests for Information on or before June 19, 2023:

1. Please produce copies of the following documents:
  - A. All Contracts and Amendments between GPA and Stanley Consultants.
  - B. The portion of the Stanley EPCM Contract which "excluded LNG tasks to allow more time for scope evaluation and for LNG tasks to be submitted for approval..."
  - C. The 2011 Preliminary Feasibility Study completed by R.W. Beck on the importation of LNG to Guam and use of natural gas on GPA's generation fleet.
  - D. Documents, reports or other materials prepared by GPA, its employees, agents, or consultants which relate to a forum held in April 2014 concerning "LNG as an opportunity on Guam..."
  - E. The updated LNG Feasibility Study completed under the Program Management Office in 2012 (RW Armstrong/CHA) and filed in June 2014 in the Resource Implementation Plan.
  - F. All correspondence, letters, documents, reports, or other materials prepared by GPA and/or Stanley Consultants related to or concerning Phase I of the proposed project.
  - G. All correspondence, letters, documents, reports, or other materials prepared by Stanley Consultants and or its sub-consultants, and/or GPA concerning or related to the estimated \$1,809,000 consulting cost for the EPCM Phase I, or to how such cost was calculated, developed, or agreed upon.

- H. All information, correspondence, reports or other materials indicating the full names, addresses, and qualification of each member of the “team of experts” assembled by Stanley Consultants, including “K&M”, “COWI”, and “CH-IV”. Provide a description of each expert, including full name, home address, list of the individuals who will participate in this project, and background and experience of each for Stanley Consultants and the other sub consultants.
  - I. Copies of all correspondence between GPA and Stanley Consultants concerning LNG or the LNG Project.
  - J. Any “cost estimates” prepared by COWI.
- 2. Please describe in detail how GPA and Stanley Consultants developed, calculated, and agreed upon a cost of \$1.809M for Phase I and estimated the cost for Phase I.
  - 3. Was the cost based upon hourly billing amounts? If so, specify all hourly billing amounts which were used to calculate the cost. Also, indicate the total number of work hours that are anticipated for the Phase I project. In general, provide all available information indicating how the price was achieved.
  - 4. Please indicate the specific background of Stanley Consultants and its sub consultants regarding LNG and the issues set forth in GPA’s petition.
  - 5. Why does GPA request a 20% contingency on the Stanley Consultants Phase I EPCM? Isn’t GPA already authorized under the Contract Review Protocol to exceed a PUC approved contract amount by 20%?
  - 6. Is the present time the appropriate time for PUC consideration of this LNG project, given that GPA has several present pressing issues and projects such as restoration of the power system after Mawar, meeting of the legislative goal of 100% renewable power by 2045 (with two solar projects that did not proceed ahead), and completion and operation of the Ukudu power plant?
  - 7. With the potential one-year delay of the Ukudu power plant, couldn’t this issue be addressed by the PUC later? If not, why not? To address this issue, should PUC not await the successful functioning of Ukudu on ultra-low sulfur diesel fuel? What is the harm, if any, in waiting until the other issues are addressed?
  - 8. Given that there are four proposed Phases to the LNG Project scope, and Phase II involves “ Infrastructure Procurement” is it a fair conclusion that GPA has

already decided that it will proceed ahead with the full LNG Infrastructure Implementation? Upon what facts or reasoning does GPA conclude that the LNG Infrastructure should be fully implemented?

9. Phase I only appears to involve details to carry out implementation of the LNG project, including site selection, receiving terminal, LNG storage and regasification facility etc. Why is there no cost benefit analysis to determine whether the alleged benefits of LNG are supported by the cost, or analysis of the option not to implement LNG? Shouldn't the option not to implement LNG also be considered by Stanley in Phase I? If not, why not?
10. What is the estimated cost for implementation of the LNG project and infrastructure project? If GPA cannot presently estimate the cost, and how it will be paid, is it possible for the PUC to evaluate or approve the project at the present time?
11. Previously, in 2013-14, GPA Docket 14-02, GPA had requested that PUC authorize its Program Management Office, through R.W. Armstrong, to proceed with implementation of the LNG Infrastructure. PUC Consultant Lummus (Report dated December 25, 2013) indicated that, in the GPA 2012 Integrated Resource Plan, GPA stated that GPA could invest in the order of \$650M to transition most of its generation units to LNG and achieve a present value saving over 30 Years of approximately \$900M (PUC never accepted GPA's pricing assumptions for LNG/RFO or that GPA could obtain JCC pricing. PUC Legal Counsel estimated that GPA would be expending nearly \$900M at that time to save \$900M)). What would be the total cost of the LNG infrastructure implementation at the present time, and what would be savings be? Given the passage of time, would it be appropriate to conclude that the present cost of the LNG Infrastructure implementation would be more than \$1billion?
12. Would the LNG Infrastructure implementation be the costliest project in GPA's history? Would it be the costliest project in the history of the Government of Guam?
13. Can GPA presently provide a cost-benefit analysis of the LNG project? If not, will GPA agree to require its Consultant to do so in Phase I of an LNG study? Can PUC obtain sufficient information and analysis from GPA to demonstrate that the costs, environmental hazards, and implementation difficulties do not outweigh the possible benefits of the project?

14. There are several concerns about the proposed Phase IV of this project. GPA envisions that the party it contracts to provide LNG infrastructure would “agree for GPA to take an “equity stake” in the projects after the initial commissioning of the new facilities.” GPA indicates that it would be “the sole off-taker for all services and fuel supply provided by and at these facilities”, which would seem to create a monopoly. The LNG infrastructure “cannot be pledged for any non-GPA direct business steams.” Uses of the LNG facilities by the infrastructure contractor for bunkering, regional LNG or CNG supply, and local Guam would be subject “for a negotiated franchise fee.” In addition, GPA would become an active LNG seller in the market: an option of “GPA selling LNG or gas ex-terminal to third parties who could then distribute to end users; GPA allowing third parties to use the LNG terminal to import LNG and charging these third parties a fee for using the terminal (equivalent to a franchise fee).” GPA would become a participant in the local fuel market and would potentially attempt to convince other fuel suppliers to switch to LNG.
- (a) Are any of the intended powers of GPA listed above consistent with GPA’s governing statute, which only empowers GPA to control, operate, improve, equip, maintain, repair, renew, replace, reconstruct, alter and insure the electric system ...” (12 GCA sec. 8104 (k)?
  - (b) What statutory authority allows GPA to participate in transshipment of LNG to other jurisdictions?
  - (c) What is the legal authority for GPA to become a participant and seller in the local fuel market to third parties, to own an equity stake in the fuel market, or to seek to derive a profit from third parties on the sale of LNG?
  - (d) Has GPA obtained any legal opinion indicating that it is legally authorized to engage in the functions and purposes of Phase IV of the LNG project?
  - (e) If it has obtained a legal opinion, please provide the same to the PUC. If it has not obtained a legal opinion, will it do so?
15. GPA indicates that the total estimated cost for four Phases of the Stanley Consultants EPCM/LNG study would be \$4,184,000. Given the prior cost overruns, and need for contract amendments for both R.A. Armstrong and Stanley Consultant contracts, is there any assurance from GPA that the Stanley Contract for LNG study/tasks will not exceed the estimated amount? Is it likely that there will be additional costs to the Stanley EPCM contract for LNG or that the Stanley Contract will have to be further amended for increased cost?

Submitted on the 9<sup>th</sup> day of June, 2023.

/S/  
Frederick J. Horecky  
Chief Administrative Law Judge