

1 **THERESA G. ROJAS, ESQ.**  
2 Interim Counsel  
3 Guam Power Authority  
4 Gloria B. Nelson Public Service Building  
5 688 Route 15, Suite 304  
6 Mangilao, Guam 96913  
Telephone No: (671) 300-6848  
Fax No: (671) 648-3290  
Email: [tgrojas@guamwaterworks.org](mailto:tgrojas@guamwaterworks.org)



7 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

8  
9 IN THE MATTER OF: ) GPA DOCKET NO. 23-19  
10 **CABRAS 1 & 2 GENERATING PLANT:PMC** ) **PETITION OF THE GUAM POWER**  
11 ) **AUTHORITY TO EXTEND THE**  
12 ) **PERFORMANCE MANAGEMENT**  
 ) **CONTRACT FOR CABRAS 1 AND 2**

13 **COMES NOW**, the GUAM POWER AUTHORITY (“GPA”), by and through its counsel  
14 of record, THERESA G. ROJAS, ESQ., and hereby files its Petition to Extend the Performance  
15 Management Contract for Cabras 1 and 2 Generating Plants.

16 **I. BACKGROUND**

17 GPA’s current Performance Management Contract (“PMC”) with Taiwan Electrical &  
18 Mechanical Services, Inc. (“TEMES”) for the Cabras 1 and 2 power plants are set to expire on  
19 September 30, 2023, with options to renew for two additional one-year extensions. In April of  
20 2023, TEMES notified GPA of its intent to terminate the PMC contract at the end of its three-  
21 year base term recognizing its inability to meet the demands of the continued Management  
22 Operation, and Maintenance of the Plant under its present contract fees and conditions.  
23

24  
25 In accordance with GPA’s Consent Decree with the United States Environmental  
26 Agency, GPA’s Cabras 1 and 2 plants are necessary but were to permanently retire by October  
27



31, 2024 after the commissioning of the Ukudu Power Plant. However, due to damages sustained by Typhoon Mawar, which hit landfall on Guam on May 24, 2023, GPA's initial schedule to commission the Ukudu Power Plant and retire Cabras 1 & 2 after the commissioning of the Ukudu Plant has changed. At present, a plan is being developed to determine a new commissioning schedule beyond 2024. Notwithstanding, the Cabras 1 & 2 power plants remain one of two baseload plants necessary to meet the daily power demands of GPA's ratepayers and the instant PMC contract extension is critical to ensure Cabras 1 & 2 remain on contract to continue operations through 2025.

## **II. REQUEST FOR APPROVAL**

Under GPA's Contract Review Protocol for multi-year procurements with fixed terms and variable annual costs, GPA must seek PUC's approval if the aggregated cost estimate for the entire term of the procurement exceeds the \$1,500,00 threshold. GPA's current resource plan is to maintain and operate Cabras 1 and 2 units until its de-commission in 2025 or later. GPA now seeks PUC's authorization to extend its PMC contract with TEMES for the additional 2 (two) extension years and under the following revised terms and fees:

- 1) Fixed Management Fees for two extension years totaling \$5,414,382,
- 2) Reimbursable O&M Expenses for two extension years totaling \$2,700,000,
- 3) Increased personnel support from six to eight and
- 4) a 70% Equivalent Availability Factor ("EAF") based on the Maximum Capacity Factor.

TEMES has been the PMC for Cabras Units 1 and 2 since 2010. Based on good Contractor performance rendered, GPA elected the contract extension, and has accepted the



1 negotiated terms to increase fees considering TEMES' demonstration of its competency in  
2 providing GPA proficient management in its operation, maintenance, and repair toward keeping  
3 the Plant in good working condition. Considering the crucial need to maintain and keep the  
4 Cabras 1 & 2 plants operational the acceptance and approval of the TEMES PMC is vital in order  
5 to ensure the island's adequate megawatt demands are met and uninterrupted service under  
6 reliable management of the plant continues until the new power plant is commissioned.  
7


8 In support of this Petition, the CCU has approved GPA's GPA Resolution FY2023-21.  
9 This Resolution and its supporting exhibits are attached as **EXHIBIT A** and are incorporated  
10 by reference as if fully set forth herein.  
11

### 12 **III. CONCLUSION**

13 Based on the foregoing, GPA requests the PUC approve the PMC contract extension for  
14 the Cabras 1 and 2 plants as it is reasonable and prudent permitting the following increased  
15 amounts and terms for the final two (2) contract years of: 1) Fixed Management Fees for two  
16 extension years totaling \$5,414,382, 2) Reimbursable O&M Expenses for two extension years  
17 totaling \$2,700,000, 3) Increased personnel support from six to eight and 4) a 70% Equivalent  
18 Availability Factor ("EAF") based on the Maximum Capacity Factor.  
19

20 **RESPECTFULLY SUBMITTED** this 4th day of August 2023.  
21

22  
23 By:

  
24 **THERESA G. ROJAS, ESQ.**  
25 GPA Interim Counsel  
26  
27  
28





## **CONSOLIDATED COMMISSION ON UTILITIES**

Guam Power Authority | Guam Waterworks Authority  
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

### **RESOLUTION NO. FY2023-21**

#### **RELATIVE TO THE APPROVAL EXTENSION OF CABRAS 1&2 POWER PLANT PERFORMANCE MANAGEMENT CONTRACT (PMC)**

**WHEREAS**, Taiwan Electrical & Mechanical Services, Inc. (TEMES) was awarded the Performance Management Contract (PMC) for the Cabras 1&2 Power Plant beginning October 1, 2020 for a base term of three years with an option to extend for 2 additional one year terms; and

**WHEREAS**, GPA received a letter from TEMES in April 2023 of its intent to terminate the PMC contract on September 30, 2023, the end of the base term; and

**WHEREAS**, discussions with TEMES found the reasons for the termination were primarily due to increased labor wages, additional work and work hours to support the aged condition of the plant and to augment reduction in skilled GPA personnel, concerns with performance metrics and limited life extension projects due to the planned plant retirement; and

**WHEREAS**, the Cabras 1&2 Power Plant is required to be permanently retired under the Consent Decree by October 31, 2024 after the commissioning of the Ukudu Power Plant; and

**WHEREAS**, the Ukudu Power Plant had sustained significant damage by Typhoon Mawar, which has impacted the commissioning schedule with a recovery plan being developed; and

**WHEREAS**, the Cabras 1&2 Power Plant is one of two baseload plants necessary to meet the daily demand and the extension of the PMC is critical to ensuring the plant is operational through 2025; and

**WHEREAS**, a PMC is required to continue to provide the plant management, technical support and procurement administration for the operations and maintenance of the Cabras 1&2 Power Plant; and

**WHEREAS**, GPA has met with TEMES and have negotiated the following terms for consideration:



- 1       • Fixed Management Fee:
  - 2           ○ Extension Year 1 = \$2,641,162
  - 3           ○ Extension Year 2 = \$2,773,220
- 4       • O&M Budget (Reimbursable Expense):
  - 5           ○ Extension Year 1 = \$1,350,000
  - 6           ○ Extension Year 2 = \$1,350,000
- 7       • PMC Staff:
  - 8           Increase from 6 to 8 personnel to support additional work and work hours:
  - 9           1. Plant General Manager
  - 10           2. O&M Manager
  - 11           3. Administrative Procurement & Supply Assistant
  - 12           4. Outage Planner/Materials Manager
  - 13           5. Performance Engineer
  - 14           6. O&M Plant Engineer
  - 15           7. Mechanical Engineer
  - 16           8. Instruments and Electrical Engineer
- 17       • Equivalent Availability Factor (EAF):
  - 18           70 % based on the Maximum Capacity Factors below
  - 19           ○ Cabras 1 – 40MW
  - 20           ○ Cabras 2 – 45MW

21       **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities  
22       does hereby approve the following:

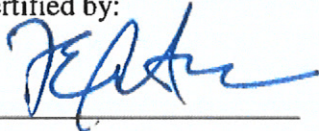
- 23       1. The CCU authorizes the GPA General Manager to petition the PUC for approval of  
24       the extension of the Cabras 1&2 Power Plant PMC for Fixed Management Fee of  
25       \$2,641,162 for Extension Year 1 from October 1, 2023 to September 30, 2024 and  
26       \$2,773,220 for Extension Year 2 from October 1, 2024 to September 30, 2025,  
27       totaling \$5,414,382 and the for the Reimbursable O&M Expenses of \$1,350,000 per  
28       extension year, totaling \$2,700,000 for a grand total of \$8,114,382.00.

29  
30       **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the  
31       Commission attests to the adoption of this Resolution.  
32



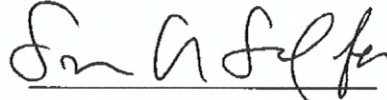
**DULY AND REGULARLY ADOPTED**, this 3rd day of July 2023.

Certified by:



**FRANCIS E. SANTOS**  
Acting Chairperson

Attested by:



**PEDRO ROY MARTINEZ**  
Secretary

I, **Pedro Roy Martinez**, Secretary of the Consolidated Commission on Utilities (CCU) as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES:

4

NAYS:

0

ABSTAIN:

0

ABSENT:

1

