

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 24-20
)
Guam Power Authority Levelized Energy)
Adjustment Clause (LEAC)) **ORDER**
)
)
)
_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] to maintain the current LEAC Factor of \$0.261995/kWh for the period from August 1, 2024, through January 31, 2025.¹ On January 25, 2024, the PUC increased the LEAC Factor from \$0.231144 to \$0.261995/kWh for meters read on or after February 1, 2024.² GPA now seeks to maintain the same Factor in effect for the next six-month period, from August 1, 2024, through January 31, 2025.³

BACKGROUND

In GPA Resolution No. FY2024-22, dated May 28, 2024, the Guam Consolidated Commission on Utilities authorized GPA Management to petition the PUC to maintain the current LEAC Factor for the next six-month period.⁴

¹ GPA Petition, In the Matter of: Guam Power Authority Levelized Energy Adjustment Clause (LEAC), GPA Docket 24-20, dated June 7, 2024.

² PUC Order, GPA Docket 24-08, dated January 24, 2024, at p. 6.

³ GPA Petition at p. 2.

⁴ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2024-22, Authorizing the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission to Maintain the Levelized Energy Adjustment Clause (LEAC) for the Period of August 1, 2024 through January 31, 2025.

GPA's basis for seeking to maintain the current LEAC Factor in effect for the next six-month period can be traced back to the last LEAC proceeding in January 2024 (GPA Docket 24-08). At that time (as of January 31, 2024), the fuel expense under-recovery balance was over \$33M. Instead of seeking full recovery of the balance, GPA recommended an updated secondary Fuel Recovery Factor of \$0.261995/kWh, which would recover 50 % of the under-recovery balance by July 31, 2024.⁵ GPA estimated that the under-recovery balance would be \$18.5M, at 50% recovery, as of July 31, 2024. The PUC approved a 50% recovery of the under-recovery balance for the period from February 1, 2024, to July 31, 2024.⁶

As indicated below, GPA believes that, by maintaining the current secondary Fuel Recovery Factor of \$0.261995/kWh in effect until January 31, 2025, the LEAC fuel under-recovery balance will be substantially reduced.

On July 10, 2024, the Administrative Law Judge ("ALJ") requested the assistance of PUC Consultant Marianas Consulting Group ("MCG") to review the GPA LEAC petition filing, and to make recommendations to the PUC. On July 18, 2024, MCG provided its Report in response to GPA's Petition to maintain the existing LEAC Factors.⁷ Copies of the MCG Report have been provided to the Commissioners.

The ALJ filed his Report herein dated July 19, 2024.⁸

⁵ Email from Marianne Woloschuk to PUC ALJ Fred Horecky, Re: Requests for Information, GPA Docket 24-08, dated January 17, 2024.

⁶ PUC Order, GPA Docket 24-08, dated January 24, 2024, at p. 5-6; see also Exhibit 2 to ALJ Report, GPA Docket, 24-08, dated January 19, 2024.

⁷ Marianas Consulting Group, Report in GPA Docket 24-20, dated July 18, 2024.

⁸ ALJ Report, GPA Docket 24-20, dated July 19, 2024.

DETERMINATIONS

I. IF GPA MAINTAINS THE CURRENT LEAC FACTOR OF \$0.261995/ KWH FOR THE NEXT 6-MONTH PERIOD, GPA'S FUEL UNDER-RECOVERY BALANCE WILL BE SUBSTANTIALLY REDUCED.

GPA's petition initially indicated that there would be an over-recovery balance of \$2,186,000 as of January 25, 2025.⁹ However, in its Updated Proposed LEAC Rate, dated July 12, 2024 (attached to the ALJ Report as Exhibit "A"), GPA now estimates that the under-recovery balance as of January 31, 2025 will be \$5,502,000.¹⁰ If the current LEAC Factor is maintained for the next 6-month period, there would be an overall reduction in the fuel expense under-recovery of approximately \$14.5M. The present under-recovery balance is roughly \$20M.¹¹

The MCG Report has predicted a lower under-recovery balance as of January 31, 2025 at \$4.65M.¹²

Another justification for maintaining the LEAC Factor of \$0.261995/kWh for the next 6-month period is that there has been a small decrease in the cost of fuel. For the period of February 24 – July 24, the average price per Bbl-RFO & ULSFO 0.20% was approved at \$139.31/bbl., and the approved average price of Bbl-Diesel was \$105.79.¹³ However, for the period of August 24 – January 25, GPA estimates that the average price per Bbl-RFO & ULSFO 0.20% will be \$131.07; the average price per Bbl-Diesel will be \$108.70.

⁹ GPA Resolution No. FY2023-06, at Exhibit A.

¹⁰ Email from GPA Representative Maripaz Perez to PUC ALJ Frederick J. Horecky, dated July 16, 2024, with an updated "LEAC Summary". The Summary is attached to the ALJ Report as Exhibit "A".

¹¹ Exhibit "A", attached to the ALJ Report.

¹² Marianas Consulting Group, Report in GPA Docket 24-20, dated July 18, 2024, at p. 2.

¹³ ALJ Report, GPA Docket 24-08, dated January 19, 2024, at Exhibit "2".

For the period of August 24 – January 25, MCG has estimated an even lower price per Bbl-RFO & ULSFO 0.20% at \$128.79.¹⁴

As GPA indicates, the average market price of fuel used in the current period was approved at \$116.99/bbl; the projected average price of fuel for the period ending January 31, 2025, is expected to be \$112.73/bbl¹⁵ (later corrected to \$116.11).

II. THE PUC WILL MAINTAIN THE LEAC FACTOR AT \$0.261995/KWH FOR THE PERIOD FROM AUGUST 1, 2024, THROUGH JANUARY 31, 2025.

If the current LEAC rate is maintained, the fuel expense under-recovery should be reduced to \$5.5M according to GPA, and even possibly to \$4.6M according to MCG.

For many years, and in numerous dockets, GPA has agreed that a gradual recovery of fuel expense owed by ratepayers can occur over a reasonable period, even years. To illustrate, for the current LEAC period, GPA accepted a LEAC Factor which would only recover 50% of fuel expense owed. GPA has determined that it is preferable to delay recovery of a portion of the fuel expense owed as opposed to burdening ratepayers with large increases in the cost of fuel and the LEAC Factor.

In its Report, MCG has indicated that for full recovery of the fuel under-recovery balance during the next LEAC period, the LEAC Factor would have to be raised to \$0.269561/kWh.¹⁶ Nevertheless, MCG recommends that the PUC maintain the current LEAC Factor.

¹⁴ Marianas Consulting Group, Report in GPA Docket 24-20, dated July 18, 2024, at p. 2.

¹⁵ GPA Petition at p. 2.

¹⁶ Id.

ORDERING PROVISIONS

After carefully reviewing the record in this proceeding, having considered the LEAC Petition of GPA, the Report of PUC Consultant Marianas Consulting Group, and the Administrative Law Judge Report, and after discussion at a duly noticed regular meeting held on July 25, 2024, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. The secondary Fuel Recovery Factor of \$0.261995/kWh shall remain in effect for meters read on or after August 1, 2024.
2. The current singular LEAC factors are hereby maintained, effective August 1, 2024, as shown in the following table:

LEAC	
Delivery Classification	\$ per kWh
Secondary -	\$0.261995
Primary – 13.8 KV	\$0.254148
Primary – 34.5 KV	\$0.253416
Transmission – 115 KV	\$0.250297

For the entire LEAC period, there is no change in the total bill of the average residential customer.

3. GPA should file for a change in the LEAC factors to be effective February 1,

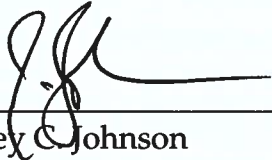
2025, on or before December 15, 2024.

4. GPA shall file updates with the PUC on actual costs to date versus the cost estimates included in its Petition in this docket for each of six months for the period from July 2024 through January 2025 as soon as such actual costs become available.

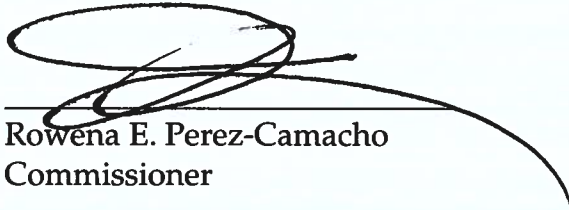
5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

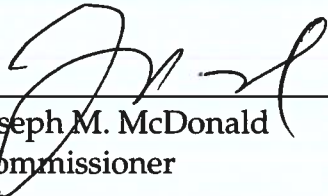
Dated this 25th day of July 2024.



Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner