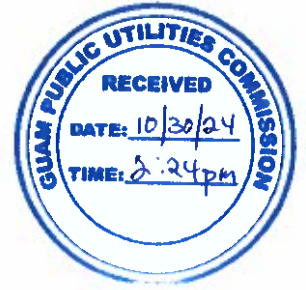


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: GUAM POWER AUTHORITY'S APPLICATION TO APPROVE THE FY2025 CIP CEILING CAP)))))))	GPA DOCKET 24-26 PUC COUNSEL REPORT
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] for GPA’s Petition for Request for Approval of the FY2025 GPA CIP Ceiling Cap.¹ Therein, GPA requests PUC approval of its FY2025 Capital Improvement Project Cap in the amount of \$34,960,498, which consists of General Plant (\$21,860,498) and Engineering Projects (\$13,100,000).² GPA’s proposed FY2025 Ceiling Cap also includes \$4,200,000 for Line Extensions.³ However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for line extensions.⁴

BACKGROUND

The Contract Review Protocol for the Guam Power Authority requires that GPA’s annual level (“cap”) of internally funded Capitol Improvement Projects (“CIP”) be set by the PUC before November 15th of each fiscal year.⁵ The CIPs included within the Cap are for “general plant” and “engineering.” The “general plant” expenditures include such items as plant, CT, and diesel overhauls and improvements, bucket trucks,

¹ Guam Power Authority’s Application to Approve the FY2025 Ceiling Cap, GPA Docket No. 24-26, dated September 13, 2024 [GPA’s Application].

² Supplement to Petition to Approve GPA’s Revenue-Funded Capital Improvement Project Ceiling Cap for FY2025, GPA Docket No. 24-26, October 25, 2024 [Supplement] at 2. NOTE: The page numbers in the Supplement and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Supplement which is continuous.

³ Id.

⁴ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec. 1a.

⁵ Id., at 1f.

networking equipment, digger, SUV, and Utility Trucks, Emergency Underground Reconstruction, substation/breaker upgrades, and other miscellaneous items.⁶

The "engineering" expenditures include such items as Storage Tank 1934 Refurbishment, T&D Master Plan Transportation and T&D Administration Meter/Relay, EPCM Contract, Typhoon Mankhut Permanent Repairs, and T7 Transformer Replacement.⁷

The Contract Review Protocol does not require that GPA provide justifications for the items listed under General Plant.⁸ GPA indicates that what is has provided is a General Plant (CIP) Budget, it has always been the case that GPA does not expend all amounts indicated in the budget for the stated items.⁹

ANALYSIS

The FY2025 CIP projects include costly projects. In the "general plant" category, there is the Combustion Inspection and hot parts renew for DCT 1 and 2 at \$1.7 million, Piti Major Overhaul at \$3.5 million, bucket trucks at \$1 million, EV Bucket Trucks at \$724,998, Portable Generators on trailers at \$800,000, and Stationary Generator Replacements at \$3.750 million.¹⁰ In the "engineering" category, there is the Storage Tank 1934 Refurbishment at \$2.1 million, EPCM Contract for \$1.2 million, T7 Transformer replacement at \$1,029,748 million, T-501 Transformer Upgrade at \$700,000, and the T&D Master Plan at \$5 million.¹¹ The total for all the FY2025 CIPs exclusive of

⁶ Supplement at 3-5.

⁷ Id., at 5.

⁸ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec., 1f.

⁹ Supplement at 4-6.

¹⁰ Id., at 3-4.

¹¹ Id., at 5.

line extensions is \$34,960,498.¹²

The cap levels for last ten years are as follows: (1) \$9,974,000 for FY2015; (2) \$12,067,780 for FY2016; (3) \$18,798,120 for FY2017, (4) \$20,959,813 for FY2018; (5) \$22,022,011 for FY2019; (6) \$23,780,278 for FY2020; (7) \$21,561,155 for FY2021; (8) \$32,202,862 for FY2022; (9) \$22,122,263 for FY2023; and (10) \$32,931,099 for FY2024.¹³

Here, the FY2025 cap is \$2,029,399 more than the FY2024 cap. It is notable that the cap has been increasing for nine of the last ten years and the average between year increase for the period is \$5,036,689. Here, the \$2,029,399 increase from FY2024 to FY2025 is lower than that average by \$3,007,290.

The projects in CIP cap should improve the island-wide transmission and distribution system and GPA has justified these costs.

GPA must seek approval under the Contract Review Protocol for procurement of any items included within the CIP cap which exceed the \$1.5 million threshold if the PUC has not previously approved such items.

RECOMMENDATION

Based upon the recognition that the FY2025 CIP budget is consistent with that of prior fiscal years, subject to GPA's ability to carry out the capital improvement projects using internally funded dollars, it is recommended that the PUC approve the proposed FY2025 \$34,960,498 Ceiling Cap. The projects requested to be funded are needed for plant overhauls, improvements, equipment, and system upgrades. Such a

¹² Id., at 2.

¹³ PUC Order dated September 28, 2023 in GWA Docket No. 23-22 at 3.

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CIP cap is reasonable, prudent, necessary, and in the interest of the ratepayers.

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

Dated this 29 day of October, 2024.

Anthony R. Camacho

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