

**GUAM PUBLIC UTILITIES COMMISSION  
SPECIAL MEETING  
NOVEMBER 5, 2024  
Isa Dental, 250 Route 4, Suite 101  
Hagatna, Guam 96910**



## **MINUTES**

The Guam Public Utilities Commission [PUC] conducted a special meeting commencing at 6:33 p.m. on November 5, 2024, pursuant to due and lawful notice. Commissioners Jeffrey C. Johnson, Peter B. Montinola, Joseph M. McDonald, Doris Flores-Brooks, Rowena E. Perez-Camacho and Michael A. Pangelinan were in attendance. The following matters were considered at the meeting under the agenda included as Attachment "A" hereto.

**1. Approval of Minutes of Special Meeting of September 24 and Regular Meeting of September 26, 2024**

Chairman Johnson introduced that the first order of business was the approval of the minutes for the Special Meeting on September 24, 2024 and Regular Meeting on September 26, 2024. Vice Chairman Montinola moved to approve the minutes, subject to corrections, with Commissioner McDonald seconding the motion. The motion was unanimously approved.

**2. GUAM WATERWORKS AUTHORITY**

Chairman Johnson introduced GWA Docket No. 24-10, the petition to approve an indefinite delivery and indefinite quantity hydraulic modeling services contract with Brown and Caldwell. The matter was tabled as it was not ready for discussion.

Chairman Johnson then moved to GWA Docket No. 25-01, which involved a petition to waive contract review protocols for partial consent decree (CD) projects. The projects, valued at \$330 Million over ten years, include complex infrastructure work such as gravity mains and pump stations. Chief ALJ Horecky and Georgetown Consulting Group supported GWA's petition but emphasized the need for quarterly reporting to ensure compliance and accountability. GWA requested semi-annual reporting (January and July) to align with federal requirements. The Commissioners approved semi-annual reporting, including six essential compliance elements (e.g., budget management, stakeholder communication, and risk management). A motion for approval was made by Commissioner Montinola and seconded by Commissioner McDonald, and the motion was unanimously approved.

The Commission then reviewed GWA Docket No. 25-02, a petition to procure design-build services for Phases 1 and 2 of GWA's SCADA (Supervisory Control and Data Acquisition) system project. Phase 1 involves constructing a centralized SCADA control center, while Phase 2 focuses on integrating remote sites into the new system. The estimated cost of \$4.8 Million falls within a larger \$36 Million EMC (Electronic

Monitoring and Control) budget. GWA emphasized the project's operational benefits, including standardizing SCADA systems to improve efficiency, cybersecurity, and cost management. The motion to approve the petition was made by Commissioner Montinola, seconded by Commissioner McDonald, and the motion was unanimously approved.

Following this, Ms. Rojas, GWA Legal Counsel, provided an update on the Core Tech case concerning ownership and use of the Northern District Wastewater plant land. She highlighted the potential \$220 Million liability and expressed gratitude for PUC's amicus brief supporting GWA's petition for early Supreme Court review. Ms. Rojas noted the harm of delays in resolving the matter and thanked the Public Utilities Commission for its advocacy on behalf of ratepayers.

### **3. GUAM POWER AUTHORITY**

Chairman Johnson introduced GPA Docket No. 24-22, concerning the construction of a new transmission and distribution (T&D) facility in Dededo. GPA proposed replacing the existing outdated steel-frame structure with a typhoon-resistant concrete facility, estimated to cost \$17.2 Million and funded through its CIP budget. The new facility will house administrative and operational offices and include a disaster recovery center. GPA officials emphasized the importance of this project, noting the critical need for a robust structure during emergencies. Commissioner Montinola moved to approve the petition, seconded by Commissioner Pangelinan, and the motion was unanimously approved.

GPA Docket No. 24-24, a petition to approve the purchase of diesel generators for the water system, was tabled for future discussion.

Chairman Johnson next introduced GPA Docket No. 24-25, involving Phase 4 renewable energy acquisition contracts with KEPCO and Core Tech for solar energy projects. While the projects would contribute to renewable energy goals and potentially lower LEAC (Levelized Energy Adjustment Clause) costs, concerns arose regarding the lack of finalized contracts and their potential impact on ratepayers. Chief ALJ Horecky recommended conditional approval, allowing GPA to continue negotiating while requiring the finalized contracts to return for review. The Commissioners adopted this recommendation to expedite progress while maintaining oversight. Commissioner McDonald moved to approve the petition, seconded by Commissioner Montinola, and the motion was unanimously approved with the condition to return to next scheduled PUC meeting with actual contracts.

Chairman Johnson introduced the next item GPA Docket Number 24-26, Petition to Approve GPA's Revenue-Funded Capital Improvement Project (CIP) Ceiling Cap for Fiscal Year 2025. The session included an in-depth presentation by Legal Counsel Anthony Camacho, who outlined the GPA's request to set the annual CIP ceiling cap at \$34,960,498.00, excluding line extensions. This amount covered a range of projects, including plant overhauls, transformer upgrades, and procurement of electric bucket trucks.

Legal Counsel Camacho emphasized that the proposed cap was consistent with historical levels and was approximately \$2 million higher than the previous fiscal year, a figure well below the nine-year average annual increase of \$5 million. He detailed major projects such as the Piti plant overhaul (\$3.5 million), portable and stationary generator replacements (\$3.5 million), and T7 transformer replacement (\$1 million). He assured the Commissioners that the proposed ceiling cap reflected prudent and necessary allocations for infrastructure improvements, without the need for rate increases.

Commissioners, including Mr. Benavente and Commissioner Montinola, contributed to the discussion by raising queries about specific projects, including the integration of electric bucket trucks and potential federal funding for underground transmission lines and SCADA system replacements. Notably, Commissioner Montinola expressed interest in the use of electric vehicles for disaster recovery purposes, while Mr. Benavente updated the panel on ongoing efforts to secure federal grants for various projects.

Commissioner Mike Pangelinan sought clarification on the approval process, particularly regarding line extensions and the reasonableness of expenditures. Legal Counsel Camacho explained that the evaluation focused on cost consistency with prior years rather than the necessity of individual items. Following a comprehensive review and discussion, Commissioner Pangelinan moved to approve the ceiling cap, seconded by Commissioner Montinola, and the motion was unanimously approved.

GPA Docket No. 25-01, a petition to approve the purchase of system diesel generators, was tabled for future discussion.

Chairman Johnson next announced GPA Docket Number 25-02, Petition of the Guam Power Authority to Approve Procurement of Service to Design and Build Infrastructure for and Services to Install, Test and Commission Piti Substation, T-7 Power Transformer as part of Replacement Project. Chief ALJ Horecky outlined the necessity of replacing the Piti Substation T7 power transformer, which failed in January 2021 due to mechanical and insulation issues. The project includes constructing a new transformer pad that meets modern EPA secondary containment requirements, assembling and installing the replacement transformer, conducting site acceptance testing, and addressing compliance requirements for soil testing, land use, and environmental standards. The estimated total cost of \$2.8 million was approved by the CCU in resolution GPA FY 2024-31, with the transformer being critical for serving distribution loads such as the Port Authority of Guam and as a backup for the Navy T8 power transformer. Commissioners discussed the importance of the T7 transformer and raised questions about funding and the project's alignment with the Utility Services Agreement between GPA and the U.S. Navy. A motion to approve the petition was made by Commissioner Montinola, and seconded by Commissioner Perez-Camacho and the motion was passed unanimously.

Chairman Johnson next announced GPA Docket Number 25-03, concerning GPA's petition to award contracts for ultra-low sulfur diesel fuel delivery to various power generation sites. ALJ Alcantara presented details of the proposed three-year contracts with Mobil Oil Guam and IP&E Holdings, which include fuel delivery costs for four site

locations, totaling \$170,495,416.00. The bids outlined fixed service fees for each site, with Mobil and IP&E splitting responsibilities based on location. Commissioners inquired about delivery contingencies, with Ms. Sablan and Mr. Benavente explaining measures to ensure fuel supply, including alternate sources and cost recovery provisions in case of vendor non-compliance. The critical nature of the fuel for GPA's operations was emphasized, with Ukudu's upcoming operations expected to reduce fuel demand significantly by 2026. A motion to approve the contracts was made by Commissioner Pangelinan, and seconded by Commissioner Montinola and the motion was passed unanimously.

#### **4. ADMINISTRATIVE MATTERS**

At the conclusion of the meeting, the Commission addressed several administrative matters. The first is Resolution 25-01, which is a commendation for retiring Chairman of the Consolidated Commission on Utilities ("CCU"), Joseph T. Duenas. Chairman Johnson took a moment to recognize the dedication and service of Mr. Duenas, who served for 9 years with the PUC, in its early days, as Chairman of the PUC from 1985 to 1994. In addition, Mr. Duenas served for 16 years as the elected Chairman for the CCU from 2009-2024. The resolution will be presented to honor the retiree, Mr. Duenas, highlighting his achievements and dedication to public service. The resolution included a detailed acknowledgment of Mr. Duenas' role in key Commission projects, his leadership in decision-making processes, and his positive impact on the utilities sector. Chairman Johnson expressed heartfelt gratitude on behalf of the Commission and the people of Guam, stating that Mr. Duenas' work had left a lasting legacy. Commissioner Pangelinan moved to approve Resolution 25-01, said motion was seconded by Commissioner Perez-Camacho and the motion was duly carried and unanimously approved.

Next matter of business is Resolution 25-02, an Employment Agreement for Administrator Trainee, Marie Leon Guerrero. Chairman Johnson welcomed Ms. Leon Guerrero and, again, Ms. Sheila Salas to the PUC. Commissioner Pangelinan moved to approve Resolution 25-02, with said motion being seconded by Commissioner Perez-Camacho and the motion was duly carried and unanimously approved.

The Chairman next announced that the last matter on the Agenda was the submission of a Notice of Retirement by PUC Administrator Lourdes R. Palomo. The Chairman expressed the Commission's sincere appreciation for all of Ms. Palomo's hard work and valuable and dedicated service to the PUC. Ms. Palomo expressed her appreciation for the recognition and reflected on her time with the PUC. Ms. Palomo, who will be retiring on December 31, 2024, has served as the Administrator for the Commission for 22 years and she will be surely missed.

The meeting adjourned shortly thereafter, with all attendees offering congratulations and best wishes for the retiring Administrator Palomo's future endeavors.

#### **5. ADJOURNMENT**

With no further items on the agenda, Commissioner McDonald moved to adjourn the meeting. Commissioner Montinola seconded, and the motion was unanimously approved. The meeting adjourned at 9:30 p.m.

A handwritten signature in black ink, appearing to read 'J. Johnson', is written over a horizontal line.

Jeffrey C. Johnson

Chairperson

**ATTACHMENT A**  
**THE GUAM PUBLIC UTILITIES COMMISSION**  
**NOTICE OF SPECIAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Guam Public Utilities Commission [PUC] will conduct a special business meeting, commencing at 6:30 p.m., on November 5, 2024, 250 Route 4, Suite 101 Hagatna, Guam.

The following business will be transacted:

**AGENDA**

- 1. Call to Order**
- 2. Approval of Minutes of September 24 and 26, 2024**
- 3. Guam Waterworks Authority**
  - **GWA Docket No. 24-10:** Petition to Approve GWA's Indefinite Delivery/Indefinite Quantity Hydraulic Modeling Services Contract with Brown & Caldwell, Legal Counsel Report, and proposed Order.
  - **GWA Docket No. 25-01:** Amended Petition to Waive Contract Review Protocols for all Partial CD Procurements and Contracts, ALJ Report, and proposed Order.
  - **GWA Docket No. 25-02:** Petition for GWA to Procure Design-Build for Supervisory Control and Data Acquisition (SCADA) System Phases 1 and 2, Legal Counsel Report, and proposed Order.
- 4. Guam Power Authority**
  - **GPA Docket No. 24-22:** Petition of the Guam Power Authority to Approve the Construction of the New Transmission & Distribution Facility, ALJ Report, and proposed Order.
  - **GPA Docket No. 24-24:** Petition of the Guam Power Authority to Approve the Purchase of the Water System Diesel (WSD) Generators, ALJ Report, and proposed Order.
  - **GPA Docket No. 24-25:** Petition of the Guam Power Authority to Approve Phase IV Renewable Energy Acquisition Award to KEPCO-EWP-Samsung C&T Consortium and Core Tech Solar Energy LLC, for up to 192 MW of Renewable Energy Capacity, ALJ Report, and proposed Order.

- **GPA Docket No. 24-26:** Petition to Approve GPA's Revenue-Funded Capital Improvement Project Ceiling Cap for FY2025, Legal Counsel Report, and proposed Order.
- **GPA Docket No. 25-01:** Petition of the Guam Power Authority to Approve the Purchase of Water System Diesel Generators, ALJ Report, and proposed Order.
- **GPA Docket No. 25-02:** Petition of the Guam Power Authority to Approve Procurement of Services to Design and Build Infrastructure for and Services to Install, Test and Commission Piti Substation T-7 Power Transformer as Part of Replacement Project, ALJ Report, and proposed Order.
- **GPA Docket No. 25-03:** Petition of the Guam Power Authority to Approve Award of Contracts to Supply Ultra-Low Sulfur Diesel (ULSD) to Various Power Generating Plant Site Locations, ALJ Report, and proposed Order.

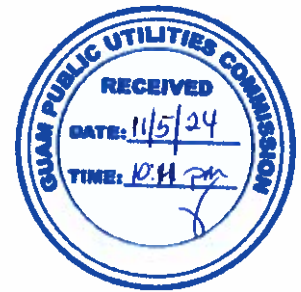
## 5. Administrative Matters

- **FY2024 Financial Review**
- **Resolution 25-01: Commendation**
- **Resolution 25-02: and Employment Agreement for Administrator-in-Training (MLG)**
- **Notice of Retirement of current Administrator (LRP) of PUC (for Informational Purpose Only)**

## 6. Adjournment

Further information about the meeting may be obtained from the PUC's Administrator Lourdes R. Palomo at 671-472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Mrs. Palomo.

**This Notice is paid for by the Guam Public Utilities Commission**



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GWA Docket 25-01  
)  
CONTRACT REVIEW PROTOCOLS FOR )  
THE GUAM WATERWORKS ) **ORDER**  
AUTHORITY )  
)  
)  
)  
)  
\_\_\_\_\_)

Upon consideration of the record herein, GWA's Petition to Waive Contract Review Protocols for All Partial CD Procurements and Contracts, the Report of Georgetown Consulting Group, and the ALJ Report, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. Compliance with the GWA-PUC Contract Review Protocol is waived for all Partial CD procurements, projects and contracts resulting from the approved U.S. District Court of Guam, Partial Consent Decree, in Civil Case No. 24-00004.
2. GWA shall submit semi-annual detailed reports, in compliance with the six recommendations of GCG, except that GWA may appoint a Program Manager from existing personnel or hire a new Program Manager. For FY2025, and each fiscal year thereafter, GWA shall submit such semi-annual reports to the PUC on or before January 31, and July 31.
3. GWA 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 are 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.

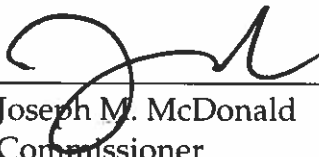
Dated this 5<sup>th</sup> day of November, 2024



Jeffrey C. Johnson  
Chairman



Rowena E. Perez-Camacho  
Commissioner



Joseph M. McDonald  
Commissioner

Michael A. Pangelinan  
Commissioner



Peter Montinola  
Commissioner



Doris Flores Brooks  
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GWA DOCKET 25-02

PETITION FOR GUAM  
WATERWORKS AUTHORITY TO  
PROCURE DESIGN-BUILD FOR  
SUPERVISORY CONTROL AND DATA  
ACQUISITION SYSTEM PHASES 1  
AND 2

ORDER

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Procure Design-Build for Supervisory Control and Data Acquisition [SCADA] System Phases 1 and 2.<sup>1</sup>
2. After Typhoon Mawar, Federal Emergency Management Agency [FEMA] Expert Consultants recommended that GWA standardize its SCADA system hardware and software across all its facilities.<sup>2</sup> GWA plans on completing this project in four nonsequential phases: (1) Phase 1 is the construction of the SCADA Control Center; (2) Phase 2 is the integration of locations with existing site-level local SCADA systems into the SCADA Control Center; (3) Phase 3 is the assessment, design, and construction, and installation of SCADA equipment at drinking water facilities to integrate them into the SCADA Control Center; and (4) Phase 4 is the assessment, design, and construction, and installation of SCADA equipment at wastewater facilities to integrate them into the SCADA Control Center.<sup>3</sup>
3. GWA is requesting the PUC to authorize GWA to issue a solicitation to procure Design-Build Services for Phases 1 and 2 of its SCADA System Project.<sup>4</sup> GWA estimates that it will cost \$4,853,855 and GWA plans on using a combination of GWA Bond Funds and USEPA Grants to fund these phases of the project.<sup>5</sup>

<sup>1</sup>Petition for GWA to Procure Design-Build for SCADA System Phases 1 and 2, GWA Docket 25-02, dated October 4, 2022 [GWA Petition] at 1.

<sup>2</sup> Id., at 3. NOTE: The page numbers in GWA's Petition and its exhibits are not continuous, and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

<sup>3</sup> Id., at 3.

<sup>4</sup> Id.

<sup>5</sup> Id., at 8.

### **BACKGROUND**

4. GWA does not have a SCADA central station and currently operates a diverse array of SCADA hardware and software solutions that are localized at some of its facilities and the majority of GWA's remote sites, approximately 420 of them consisting of water wells, springs, reservoirs, water booster pump stations, pressure regulating valves, master meters, surface water treatment plants, sewage pump stations, and wastewater treatment plants, lack SCADA equipment.<sup>6</sup>
5. The scope of work for Design-Build Services for Phases 1 and 2 of the SCADA System Project includes the remodeling of the GWA System Control Center to include a SCADA Control Center, a central SCADA master server, the assessment and integration of GWA's remote sites that have site level SCADA systems, and the provision of remedies necessary to successfully integrate these existing systems into the SCADA Control Center or replace them. The services solicited include a maintenance, training, and development and the contract solicited for will be for a three-year initial term with two 1-year optional renewals.<sup>7</sup>
6. On July 23, 2024, the Guam Consolidated Commission on Utilities ["CCU"] issued GWA Resolution No. 28-FY2024 authorizing GWA's management to expend the amount of \$4,853,855 on Phase 1 and 2 of the SCADA System Project, and to issue a solicitation for Design-Build Services for those project phases, subject to the PUC's approval.<sup>8</sup>
7. On October 29, 2024 PUC Legal Counsel issued his report recommending that the PUC approve GWA's petition.

### **DETERMINATIONS**

8. GWA must obtain the PUC's authorization to issue a solicitation for Design-Build Services for Phases 1 and 2 of its SCADA System Project. The PUC's Contract

---

<sup>6</sup> Id., at 2 and 3.

<sup>7</sup> Id., at 7.

<sup>8</sup> Id., at 8.

Review Protocol mandates that GWA obtain PUC approval for solicitations and contracts that exceed the amount of \$1,000,000.<sup>9</sup> Additionally, any financial obligation that involves the use of bond funds must also be reviewed by the PUC.<sup>10</sup> Here, as set forth above, GWA estimates that it will cost \$4,853,855 and GWA plans on using a combination of GWA Bond Funds and USEPA Grants to fund these phases of the project. Therefore, GWA must obtain the PUC's approval of the solicitation for the Design-Build Services for Phase 1 and 2 of its SCADA System Project prior to issuing it.

9. GWA's estimated cost of the Design-Build Services for Phase 1 and 2 of the SCADA System Project is reasonable. GWA's current Five-Year Capital Improvement Program (FY2025-FY2029) allocates 4% of its \$898,733,389 projected cost, or \$36,437,196, for Electronic, Monitoring and Control projects [EMC].<sup>11</sup> Here, GWA's estimated cost for the Design-Build Services is only 13% ( $4,853,855 / 36,437,196 = .13$ ) of this total amount. Additionally, assuming that the contract will term will be the three year initial term and the two 1-year optional renewal terms and that the \$4,853,855 estimated cost is apportioned equally during this five year period, the \$970,771 ( $4,853,855 / 5 = 970,771$ ) estimated cost for the Design-Build Services constitutes only 15% ( $970,771 / 6,617,663 = .15$ ) of the \$6,617,663 allocated to FY2025 for EMC, 8% ( $970,771 / 12,706,711 = .08$ ) of the \$12,706,711 allocated to FY2026 for EMC, 14% ( $970,771 / 7,011,836 = .14$ ) of the \$7,011,836 allocated to FY2027 for EMC, 25% ( $970,771 / 3,948,423 = .25$ ) of the \$3,948,423 allocated to FY2028 for EMC, and 16% ( $970,771 / 6,152,564 = .16$ ) of the \$6,152,564 allocated to FY2029 for EMC. Hence, the \$4,853,855 estimated cost of the services falls within the projected costs of GWA's Five-Year Capital Improvement Program (FY2025-FY2029) for EMC.<sup>12</sup> Therefore, GWA's estimated cost for the Design-Build Services for Phase 1 and 2 of the SCADA Project are reasonable.
10. GWA's solicitation Design-Build Services for Phase 1 and 2 of the SCADA System Project is prudent. The SCADA System will improve the operational efficiency, reliability, and resiliency of GWA's water and wastewater systems, result in cost savings, and enhance GWA's ability to achieve regulatory compliance.<sup>13</sup>

---

<sup>9</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

<sup>10</sup> Id., at Par.1(d).

<sup>11</sup> Slide 10, GWA Presentation on FY2025-FY2029 Financial Plan and CIP dated August 12, 2024, GWA Docket No. 24-5.

<sup>12</sup> Id., at Slide 11.

<sup>13</sup> GWA Petition at 2.

Additionally, transitioning from five different SCADA System Programs to a single, standardized SCADA System will enhance GWA's staff training and expertise, simplify software licensing, reduce development costs, maximize the synergies of GWA's equipment, and reduce GWA's cybersecurity threats.<sup>14</sup> Thus, GWA's solicitation for a contract for Design-Build Services for Phase 1 and 2 of the SCADA System Project is prudent.

11. GWA's solicitation for Design-Build Services for Phase 1 and 2 of the SCADA System Project is necessary. The recommendation by the FEMA consultants to standardize its SCADA system hardware and software across all its facilities is compelling because GWA is facing increasing challenges managing its five different brands of SCADA systems across multiple facilities especially in maintaining, training personnel in the use of these systems, and in spare parts management. Therefore, the Design-Build Services for Phase 1 and 2 of the SCADA System Project are necessary to ensure GWA's safe, reliable, and regulatory compliant operation of GWA's water and wastewater infrastructure.
12. Based on the foregoing, GWA's request to issue a solicitation Design-Build Services for Phase 1 and 2 of the SCADA System Project is reasonable, prudent, and necessary.

### **ORDERING PROVISIONS**

After review of the record herein, GWA's Petition to Petition to Procure Design-Build for SCADA System Phases 1 and 2, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GWA's Petition to Petition to Procure Design-Build for SCADA System Phases 1 and 2 is hereby approved.
2. GWA is authorized to issue a solicitation to procure Design-Build Services for SCADA System Phases 1 and 2.
3. In accordance with the PUC's Contract Review Protocol for GWA, GWA must submit all contracts approved for prior PUC Approval that arise from the

---

<sup>14</sup> Id., at 3.

aforementioned solicitation which exceed the amount of \$1,000,000 or contracts arising under the aforementioned solicitation that will be funded using Bond Funds.

4. GWA 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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

///

///

///

///

///

///

///

///

///

///

///

///

///

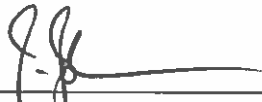
///


///

Order  
Petition for GWA to Procure  
Design-Build for SCADA  
System Phases 1 and 2  
GWA Docket 25-02  
November 5, 2024

---


Dated this 5th day of November, 2024.

  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

  
\_\_\_\_\_  
Rowena E. Perez-Camacho  
Commissioner

\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Doris Flores Brooks  
Commissioner

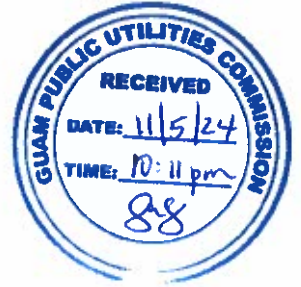
  
\_\_\_\_\_  
Peter Montinola  
Commissioner

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**PETITION TO APPROVE THE  
CONSTRUCTION OF THE NEW  
TRANSMISSION AND DISTRIBUTION  
FACILITY BY GUAM POWER  
AUTHORITY**

**GPA DOCKET 24-22**

**ORDER**



**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the August 9, 2024 Petition to Approve the Construction of the New Transmission and Distribution Facility (hereinafter referred to as the “Petition”) filed by the Guam Power Authority (“GPA”).

On November 4, 2024, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

**DETERMINATIONS**

Due to their age, damage from typhoons, and degradation of the steel-framed buildings, GPA determined that its current Transmission and Distribution (“T&D”) buildings needed to be demolished and replaced.<sup>1</sup> Accordingly, GPA contracted the assistance of RIM Architects to design a new concrete, typhoon-proof facility that would

---

<sup>1</sup> See Consolidated Commission on Utilities Resolution GPA No. FY2024-25 (“Resolution”), p. 1 (July 23, 2024).

house GPA's T&D administration and operations offices, and a Disaster Recovery Office for its Power System Control Center and Information Technology systems.<sup>2</sup>

In 2021, RIM Architects provided GPA with its design for a new T&D facility, which at the time was estimated to cost \$14,853,000.<sup>3</sup> GPA submitted that in today's market, the current cost is estimated at \$17,200,000.<sup>4</sup>

On July 23, 2024, the Consolidated Commission on Utilities (the "CCU") issued GPA Resolution No. FY2024-25, which approved the construction of a new T&D facility at an estimated cost of \$17,200,000.<sup>5</sup>

On August 29, 2024, the Administrative Law Judge ("ALJ") assigned to this matter issued a Request for Information ("RFI"). On September 11, 2024, GPA submitted supplemental documents in response to the RFI. On October 3, 2024, GPA met with the ALJ to provide an overview of the construction project, scopes of work, and the estimated timelines.

**A. Contract Review Protocol**

Pursuant to 12 G.C.A. §12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. Additionally, pursuant to GPA's Contract Review Protocol issued in Administrative Docket 00-04, "[a]ll professional service procurements in excess of \$1,500,000" require "prior PUC approval under 12 G.C.A. §12004, which shall be obtained before the

---

<sup>2</sup> Resolution, p. 1.

<sup>3</sup> Resolution, p. 1.

<sup>4</sup> Resolution, p. 1.

<sup>5</sup> Resolution, pp. 1-2.

procurement process is begun . . . .”<sup>6</sup> In this instance, GPA is requesting PUC approval to issue an Invitation for Bid for the construction of a new T&D Administration Building, at an estimated cost of \$17,200,000, since the contract will easily exceed the \$1.5 million threshold.<sup>7</sup>

**B. GPA’s Petition to Approve the Procurement for the Construction of the New Transmission and Distribution Facility**

According to GPA, the existing T&D buildings “are run down and have taken a toll over the years from various storms, typhoons and earthquakes along with the effects of the island’s harsh environment.”<sup>8</sup> Therefore, GPA made the determination to replace the old buildings, by “consolidating multiple steel-framed buildings for the various [operations] into one concrete building that would provide a strong long-term facility for the division.”<sup>9</sup>

The new T&D facility will be constructed over the footprint of the existing buildings in GPA’s Dededo property, which is adjacent to GPA’s Dededo Warehouse and the Dededo Combustion Turbine Plant.<sup>10</sup> The construction would involve a facility with “24,650 square feet of enclosed assignable space within a two-story typhoon-proof concrete structure to accommodate the Administration, Underground, Overhead, Substation, Meter Relay, and Operations” offices.<sup>11</sup> This new facility would further include a new Disaster Recovery Office for the Power System Control Center (PSCC) and

---

<sup>6</sup> GPA’s Contract Review Protocol (“GPA CRP”), Administrative Docket 00-04, p. 1 (Feb. 15, 2008).

<sup>7</sup> Petition, p. 2.

<sup>8</sup> Petition, p. 1.

<sup>9</sup> Petition, p. 1.

<sup>10</sup> Petition, p. 1.

<sup>11</sup> Petition, pp. 1-2.

Information Technology (IT) systems.”<sup>12</sup> GPA submitted that it currently does not have a backup facility for its PSCC and IT systems.<sup>13</sup> GPA has indicated that the project will likely be completed within two and half to three years.<sup>14</sup>

**C. Scope of Services**

Based on the draft contract, the project consists of the following: the construction of a new two-story administration building; a fire protection system; and a new parking lot; and utilities. Even more specifically, based on the draft procurement documents submitted for review by GPA, this project will involve mobilization and demobilization; clearing and demolition; earthwork; paving and striping; utilities; foundation; superstructure and interior walls; doors, windows, frames and drywall; floor and ceiling finishes; interior and exterior painting; elevators; HVAC and plumbing; electrical and communications; fire suppression; emergency generator; and a building access management system, just to name a few. In addition, according to a Cost Estimate prepared by RIM Architects back in 2021, the more costly items of the project include the structural, mechanical, and electrical work.

**D. Projected Funding Source and Estimated Cost**

According to GPA, the projected source of funding for the resulting contract will be from GPA’s Capital Improvement Project funds.<sup>15</sup> Indeed, GPA has budgeted \$5,000,000 in FY2025 to the project.<sup>16</sup>

---

<sup>12</sup> Petition, p. 2.

<sup>13</sup> Petition, p. 2.

<sup>14</sup> Petition, p. 2.

<sup>15</sup> Petition, p. 5.

**E. CCU Resolution No. GPA FY2024-25**

The instant Petition is supported by GPA Resolution No. FY2024-25 issued by the CCU. Pursuant to the Resolution, the CCU found that the existing T&D buildings are “run down and have taken a toll over the years” from typhoons and the environment; and that consolidating the multiple steel-framed buildings into one concrete facility would provide a “strong long-term facility” for the T&D operations.<sup>17</sup> The CCU therefore authorized the issuance of the subject procurement, which GPA estimates could total \$17,200,000.00 for over the course of 3 years.<sup>18</sup>

**CONCLUSION AND RECOMMENDATION**

Based on the documentation provided by GPA, the ALJ found that the existing T&D buildings are “run down” and during a typhoon, would likely be unsafe.<sup>19</sup> Accordingly, GPA should be permitted to replace the old “steel-framed” and tin-roof buildings, “into one concrete building that would provide a [more lasting] facility for the [T&D] division.”<sup>20</sup> Further, since there currently is not a back-up system outside of GPA’s Fadian offices, this new facility will allow GPA to house a new Disaster Recovery Office for its PSCC and IT systems.<sup>21</sup> Therefore, based on this record, the ALJ recommended

---

<sup>16</sup> See Petition to Approve GPA’s Revenue-Funded Capital Improvement Project Ceiling Cap for FY2025, GPA Docket 24-26, “Attachment A-1” of “Exhibit 1”, p. 1.

<sup>17</sup> Resolution, p. 1.

<sup>18</sup> Resolution, p. 2.

<sup>19</sup> Petition, p. 1.

<sup>20</sup> Petition, p. 1.

<sup>21</sup> Petition, p. 2.

that the PUC approve GPA's Petition. Accordingly, GPA should be authorized to issue the procurement related to the construction of a new T&D facility, as discussed in its Petition.

The Commission hereby adopts the findings in the November 4, 2024 ALJ Report and therefore issues the following.

**ORDERING PROVISIONS**

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That the instant Petition is hereby APPROVED.
2. GPA is authorized to issue an Invitation to Bid for the procurement related to the construction of a new T&D facility.
3. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

**SO ORDERED** this 5<sup>th</sup> day of November, 2024.



**JEFFREY C. JOHNSON**  
Chairman



**ROWENA E. PEREZ-CAMACHO**  
Commissioner



**JOSEPH M. MCDONALD**  
Commissioner



**PETER MONTINOLA**  
Commissioner



**MICHAEL A. PANGELINAN**  
Commissioner



**DORIS FLORES BROOKS**  
Commissioner

P243029.JRA



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA Docket 24-25  
)  
GUAM POWER AUTHORITY'S PHASE )  
IV RENEWABLE ENERGY ) **ORDER**  
ACQUISITION AWARD )  
)  
)  
)  
\_\_\_\_\_ )

INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Petition of the Guam Power Authority ["GPA"] for PUC Approval of the Phase IV Renewable Energy Acquisition Award to KEPCO-EWP-Samsung C&T Consortium and Core Tech Solar Energy, LLC.<sup>1</sup>

BACKGROUND

In December 2022, GPA announced Multi-Step Bid No. GPA-012-23 for 300 to 500 million kWh of renewable energy in its Phase IV procurement for utility scale renewables, over twenty-five years, with an option for five additional years.<sup>2</sup> The bids were opened in December 2023. GPA received multiple bids from five bidders for solar plants and energy storage systems.<sup>3</sup> The proposals received by GPA would provide over 330MW of renewable solar PV capacity to generate a minimum of 612 million kWh annually for twenty-five years.<sup>4</sup>

---

<sup>1</sup> GPA Petition, GPA Docket 24-25, dated September 11, 2024.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> Id.; see also Guam Consolidated Commission on Utilities Resolution No. 2024-29 (attached to the Petition) at Exhibit A.

<sup>4</sup> GPA Petition at pgs. 1-2.

GPA ultimately intends to bring all of the bid proposals to the CCU and the PUC for approval once these proponents have met the System Impact Study requirements without a change in price.<sup>5</sup> GPA's present Petition only requested approval of the KEPCO and Core Tech proposals. However, GPA did not provide copies of the KEPCO and Core Tech contracts with its Petition.

On or about September 25, 2024, the ALJ requested that GPA provide copies to him of both contracts. On October 11, 2024, GPA provided the ALJ with "the near-final KEPCO contract for his review".<sup>6</sup> On the same day, acting GPA Counsel advised the ALJ that the Core Tech contract was still under negotiation. Therefore, "GPA is requesting to move forward with the PUC's review and approval for the award to KEPCO alone."<sup>7</sup>

Only the KEPCO bid award and Contract are before the PUC for review at the present time.

In December 2023, GPA determined that KEPCO was a qualified, responsive bidder. Its proposal will provide 132MW of PV Capacity and 67MW of BESS (Energy Storage System) Capacity. In Resolution No. 2024-29, the CCU approved the issuance of an award and contract to KEPCO, subject to the System Impact Study. The CCU authorized GPA to petition the PUC for approval to award a Phase IV Renewable Acquisition Bid to KEPCO.

---

<sup>5</sup> Id. at p. 5.

<sup>6</sup> Email from acting GPA Counsel Theresa Rojas to PUC ALJ Fred Horecky, dated October 11, 2024.

<sup>7</sup> Id.

The CCU has stated a number of justifications for the award and contract: (1) the Phase IV Award will help GPA meet the significant load growth which is expected to occur by the end of the decade; (2) the KEPCO proposal will provide substantial savings to GPA over the term of the contract based on current and projected LEAC rates; (3) the addition of renewable energy will serve as “an effective hedge against rising fuel oil prices”; (4) all Phase IV renewable projects will decrease oil imports by a projected total of 800,000 barrels; (5) approval of renewable energy projects will enable GPA to meet the goal under the Legislative Renewable Portfolio Standards (RPS) which mandated 50% renewables by 2035 and 100% by 2045; and (6) the System Impact Studies, as well as the costs of Interconnection, will be at the expense of the bidders.

The ALJ filed his Report herein dated October 29, 2024.<sup>8</sup> The PUC adopts the recommendations and conclusions set forth in the ALJ Report.

### **DISCUSSION**

#### **1. GPA’s Contract Review Protocol**

GPA indicates that the cost of the KEPCO contract over a 25-year period is estimated to be \$1.12 billion. The GPA Contract Review Protocol requires that the PUC must review “any contract or obligation... which exceeds \$1,500,000.” The contract must be reviewed by the PUC “before the procurement process is begun.”<sup>9</sup> The proposed KEPCO contract for Renewable Acquisition must be reviewed by the PUC.

---

<sup>8</sup> ALJ Report, GPA Docket 24-05, dated October 29, 2024.

<sup>9</sup> Contract Review Protocol for Guam Power Authority, Administrative Docket, dated February 15, 2007, at par. 1.

2. In previous Dockets, the PUC has comprehensively approved the Phase IV Renewable Acquisition Program.

The Phase IV Renewable Program has previously been before the PUC on a number of occasions. In GPA Docket 22-08, the PUC considered the Guam Power Authority 2022 Integrated Resource Plan (IRP). On January 28, 2022, GPA filed its 2022 IRP with the PUC.<sup>10</sup> The plan focused on “programs to support achieving the 50% Renewable Portfolio Standard, among other goals.”<sup>11</sup> One of the “primary recommendations” of the 2022 IRP was “procurement of renewable energy contracts with an annual 300,000 MWH by 2025 and another 300,000 MWH by 2029.”<sup>12</sup> The plan specifically approved 188MW Capacity by December 31, 2029 for a low load forecast scenario or 220MW Capacity by December 31, 2029 for a High load forecast scenario.<sup>13</sup>

The plan indicated that increased energy generation was needed based upon forecasted load requirements (MW), Renewable Portfolio Standard (RPS), and the estimated availability of current generating units. GWA was required to commit to the acquisition of energy from renewable resources to meet the RPS, and to provide renewable energy and energy-shifting BESS or firm power renewable technologies.<sup>14</sup>

In its Order in GPA Docket 22-08, the PUC conditionally approved GPA’s 2022 Integrated Resource Plan, subject to compliance with various conditions and requirements. Those included the filing of specific projects under the Contract Review Protocol, as the Commission’s approval of the IRP “is a road map does not approve any actual spending.” GPA was also required “to include annual rate impacts for base rates

---

<sup>10</sup> GPA Filing of 2022 Integrated Resource Plan (IRP), GPA Docket 22-08, dated January 28, 2022.

<sup>11</sup> Id. at p. 1.

<sup>12</sup> Id.

<sup>13</sup> See 2021 Integrated Resource Plan, attached to the GPA Petition in GPA Docket 22-08.

<sup>14</sup> Id.

and LEAC in all project capital requests so that the Commission can adequately assess the cost impact of each project.”<sup>15</sup>

Given PUC’s past approval of the 2022 Integrated Resource Plan and the general approval of the Phase IV Renewable Acquisition Program, the PUC should approve the KEPCO Contract unless its contract review demonstrates that contract is not justified, is too expensive, creates an inordinate rate impact upon customers, or is otherwise unsupportable under general contract review principles.

### 3. Project Description and the Proposed Contract

The PUC adopts the “Project Description and the Proposed Contract” section of the ALJ Report.

### 4. The Form of the Draft KEPCO Contract appears to be Commercially Reasonable.

The Draft KEPCO Contract submitted by GPA is based upon the draft Phase IV Contract which GPA submitted to the PUC in support of approval of the procurement in GPA Docket 23-01. The ALJ previously reviewed the draft Phase IV Contract form when GPA requested approval of the procurement. He concluded that “the provisions of the Contract appeared to be standard and commercially reasonable, and adequately protect the interest of GPA and its ratepayers.”<sup>16</sup>

However, although GPA indicates that the draft KEPCO contract is “near-final”, there are many aspects of the contract that have not been finalized. The “Effective Date” has

---

<sup>15</sup> PUC Order, GPA Docket 22-08, in the Matter of GPA integrated Resource Plan, at pgs. 2-4.

<sup>16</sup> ALJ Report, GPA Docket 23-01, dated October 18, 2022.

not yet been indicated. The name of the Seller (KEPCO) has not been indicated at the beginning of the Draft. There are costs to be allocated to the parties in the Contract which have not been specified, or for which amounts have not been indicated. “Milestones” for the contract and completion dates, have not been set out yet in the Milestone Attachment. Various calculation procedures have not been completed.

In addition, the awards for which GPA seeks approval, including KEPCO, are “subject to the completion of the System Impact Study (see Part F., below) and finalization of the vendors’ draft REPAs and Interconnection Agreements.”<sup>17</sup> While the system impact study will not change the bidders’ price proposals, as all costs associated with the required infrastructure will be the responsibility of the bidder, the bid documents allow the bidder such as KEPCO to withdraw any proposal without penalty if the bidder cannot comply with the System Impact Study within the bidders’ price proposals.<sup>18</sup>

There are a number of significant revisions that still need to be made before the contract can be finalized. Both the GPA-PUC Contract Review Protocol, as well as the applicable statute, require that GPA submit a “contract” for appropriate review. Guam law defines “contract” as “an **agreement** to do or not do a certain thing.” 18 GCA §85101. (emphasis added). However, a “draft” contract, to which the parties GPA and KEPCO have not evidenced “agreement”, does not satisfy the requirement for a “contract.” The contract review protocol indicates that GPA “contracts” require prior PUC approval. This requirement extends to “any contract or obligation” which exceeds \$1.5M.<sup>19</sup>

---

<sup>17</sup> GPA Petition, GPA Docket 24-05, dated September 11, 2024, at p. 2.

<sup>18</sup> Id. at p. 5.

<sup>19</sup> Contract Review Protocol for Guam Power Authority, Administrative Docket, dated February 15, 2007, at par. 1.

12 GCA §12105(e)(1) indicates that utilities, such as GPA, shall not ... enter into any **contractual agreements or obligations** which could increase rates and charges prior to the written approval of the Commission.” The statute indicates that GPA should submit an agreed upon contract. Here GPA has submitted a draft contract without any indication that KEPCO has agreed to such draft. Nothing suggests that a final agreement or contract has been formed between GPA and KEPCO. Since this is a \$1.12 Billion Dollar contract, the PUC should have a final version of the contract before it grants approval.

Contracts submitted to PUC by GPA under the Contract Review Protocol should be just that—final contracts to which the parties have agreed. GPA should not be submitting draft agreements to the PUC for review and approval when there is no final agreement by the parties. Here the PUC cannot discern what the final agreement of the parties may be, or the extent to which terms and conditions in the “draft” will be changed. GPA submits that there are various reasons why it seeks an expedited approval of the KEPCO contract. However, its desire for expedited PUC approval does not justify submission of unfinalized drafts.

---

5. GPA has provided Valid Justifications for Approval of a Contract with KEPCO for the provision of 132MW of PV Capacity.

The PUC previously approved the Phase IV Renewable Energy Program in the IRP and in its Order approving the procurement in GPA Docket 23-01. As GPA points out, Public Law 29-62 sets renewable goals under the Renewable Portfolio Standards (RPS), which mandate 50% renewables by 2035 and 100% by 2045.<sup>20</sup> Approval of the KEPCO

---

<sup>20</sup> GPA Petition, GPA Docket 24-25, September 11, 2024, at p. 4.

award will substantially further the ability of GPA to meet the renewable goal of 50% by 2035. GPA has adopted a goal of 50% by 2030.<sup>21</sup> Previously PUC Consultant Daymark raised an issue as to why GPA has pushed the renewable goal of 50% five years earlier than the Legislature established.<sup>22</sup>

The contract award to KEPCO would result in providing an additional 132MW in PV Capacity and 67MW in BESS Capacity. There is an expected significant load growth by the end of this decade: “The estimated military growth, which could reach 100MW by 2033, coupled with potential increases in data centers and the use of electric vehicles, will cause significant increases in demand in the coming years.”<sup>23</sup> In GPA Docket 24-21, concerning the Piti Overhaul, GPA presented evidence establishing anticipated load growth based upon discussions with the military and private sector. Potential load requirements for the military over the span of the next ten years could increase load by 50MW. GPA estimates that private and government projects will increase load by 36MW.<sup>24</sup>

GPA estimates that the renewable energy projects, including KEPCO, will decrease GPA’s importation of USLD by about 800,000 barrels. This projection is based upon approval of all Phase IV renewable projects. This will potentially reduce cash outflow from Guam which is presently paid for fossil fuel.

---

<sup>21</sup> Id.

<sup>22</sup> PUC Order, GPA Docket 22-08, in the Matter of GPA integrated Resource Plan, at p. 4; Daymark suggested that GPA should develop alternative plans delaying the 50% goal until 2035: “Completion by 2035 would be in full compliance with the time frame established by the Legislature. Spreading out the potential costs of the CIP program over a longer period could potentially reduce the impact of the cost burden upon ratepayers.”

<sup>23</sup> GPA Petition, GPA Docket 24-25, September 11, 2024, at p. 2.

<sup>24</sup> PUC Order, GPA Docket 24-21, dated August 29, 2024, at p. 6.

GPA claims that the proposal submitted by KEPCO will “provide substantial savings to GPA over the term of the contracts based on the current and projected LEAC rates.”<sup>25</sup> This issue will be addressed in more detail in the next section on “Costs.”

#### 6. Costs Impact of the KEPCO Renewable Contract.

On October 3, 2024, the ALJ requested that Marianas Consulting Group (MCG) prepare a Report on the financial impact on the Phase IV Contract with KEPCO upon ratepayers. Such Report was filed on October 28, 2024 and is incorporated herein.<sup>26</sup>

GPA has estimated the impact on LEAC of Phase IV at Various levels of Fuel Prices (from \$100 per Bbl. to \$200 per Bbl. For ULSD).<sup>27</sup> Said LEAC Variance is attached to the ALJ Report as Exhibit “B”. The LEAC Variance Exhibit indicates if ULSD Fuel Prices/Barrel are \$120 or less, the estimated LEAC prices for years 2028, 2029, and 2030 are higher with the implementation of Phase IV than without Phase IV. However, if the fuel prices for those years per barrel of ULSD are \$150 or more, LEAC prices are lower with the implementation of Phase IV than without Phase IV.

Interestingly, MCG’s LEAC calculations are somewhat different than GPA’s calculations. MCG finds that LEAC prices “With Phase IV” are less expensive than “Without Phase IV”, regardless of whether ULSD is priced at \$100, \$120, \$150, \$175, or \$200 per barrel.<sup>28</sup>

---

<sup>25</sup> Id. at p.3.

<sup>26</sup> MCG Report on Phase IV Renewable Acquisition Award, GPA Docket 24-25, dated October 28, 2024.

<sup>27</sup> GPA Petition, Exhibit C to Resolution No. 2024-29.

<sup>28</sup> MCG Report on Phase IV Renewable Acquisition Award, at pgs. 2-3.

MCG's Report concludes as follows: "Under both the GPA and MCG analyses, the Phase IV-A Renewables do not significantly impact the projected LEAC rates to be charged to GPA rate payers and, as fuel costs rise, acquisition of the Phase IV-A Renewables may actually result in a lower LEAC rate to GPA's customers. The Phase IV-A Renewables also act as a partial hedge against higher fuel costs and rates as fuel prices rise. Also, the Phase IV-A Renewables will help GPA meet its renewable goals and the renewable goals set forth in Guam Public Law 29-62...

**Nothing has come to our attention from a rate standpoint not to approve the draft contract with Kepco."**<sup>29</sup> (emphasis added).

Due to decisions made by the PUC over the years concerning LEAC, it has been resolved that the costs for all solar plants contracted by GPA are paid for by ratepayers. The accepted theory has been that solar energy reduces fuel costs and that such costs should appropriately be included in the calculation of LEAC. It is established that the costs of all Phase IV solar projects will be paid by ratepayers through the LEAC.

The ALJ is not certain whether GPA has added the cost of all the Phase IV LEAC projects into the estimated LEAC for 2028, 2029, and 2030. The addition of the costs for the KEPCO and Core Tech contracts alone will result in an increase to ratepayers through LEAC over the 25-year period of \$1.669 billion. The contracts with the other three bidders will also increase the LEAC for ratepayers substantially.

In response to questions raised by the ALJ with GPA, GPA Legal Counsel Marianne Woloschuk stated: "The KEPCO Consortium's generation accounts for 19% of the LEAC Rate. If all five bidders are approved, they will account for about 30% of the LEAC."<sup>30</sup>

---

<sup>29</sup> Id. at p. 4.

<sup>30</sup> Email from GPA Counsel Marianne Woloschuk to PUC ALJ Fred Horecky dated October 22, 2024.


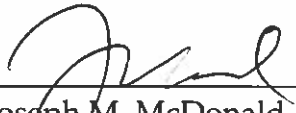


GPA has also not indicated that the costs for all five bidders have been included in the LEAC calculations.

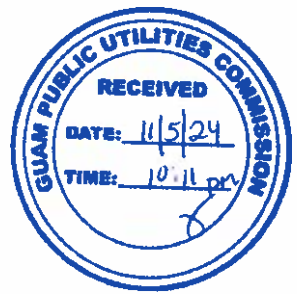
### **ORDERING PROVISIONS**

After careful review and consideration of the above determinations, the Petition of GPA for PUC approval of the Phase IV Renewable Acquisition Award to KEPCO-EWP-SAMSUNG C & T, the MCG Report, the ALJ Report, and the record herein, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. GPA has justified the need for the KEPCO Phase IV solar project. The PUC grants approval of the Phase IV Renewable Bid Award to KEPCO-EWP-SAMSUNG C & T, and conditional approval to GPA to proceed with the finalization of the KEPCO contract.
2. However, final approval of the contract shall not be granted until GPA submits a contract to the PUC that both GPA and KEPCO have agreed to. Upon certification by the ALJ to the Commissioners that the final contract does not contain any material changes that were not in the draft, and that the missing contract provisions have been provided, approval will be final.
3. 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.

Dated this 5th day of November, 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



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF:**

**GPA DOCKET 24-26**

**GUAM POWER AUTHORITY'S  
APPLICATION TO APPROVE THE  
FY2025 CIP CEILING CAP**

**ORDER**

**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.<sup>1</sup> 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).<sup>2</sup> GPA's proposed FY2025 Ceiling Cap also includes \$4,200,000 for Line Extensions.<sup>3</sup> However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for line extensions.<sup>4</sup>

**BACKGROUND**

The Contract Review Protocol for the Guam Power Authority requires that GPA's annual level ("cap") of internally funded Capital Improvement Projects ("CIP") be set by the PUC before November 15<sup>th</sup> of each fiscal year.<sup>5</sup> 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,

---

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

<sup>2</sup> 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.

<sup>3</sup> Id.

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

<sup>5</sup> Id., at 1f.

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

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.<sup>7</sup>

The Contract Review Protocol does not require that GPA provide justifications for the items listed under General Plant.<sup>8</sup> GPA indicates that what it 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.<sup>9</sup>

On October 29, 2024, PUC Legal Counsel submitted his report recommending that the PUC approve GPA's proposed FY2025 CIP Ceiling Cap in the amount of \$34,960,498.

### **DETERMINATIONS**

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.<sup>10</sup> In the "engineering" category, there is the Storage

---

<sup>6</sup> Supplement at 3-5.

<sup>7</sup> Id., at 5.

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

<sup>9</sup> Supplement at 4-6.

<sup>10</sup> Id., at 3-4.

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.<sup>11</sup> The total for all the FY2025 CIPs exclusive of line extensions is \$34,960,498.<sup>12</sup>

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.<sup>13</sup> 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.

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Application of GPA, and the PUC Legal Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by affirmative vote of the undersigned Commissioner, the Commission **HEREBY ORDERS** that:

---

<sup>11</sup> Id., at 5.

<sup>12</sup> Id., at 2.

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

1. The GPA FY2025 internally funded CIP ceiling cap, which consists of General Plant and Engineering, is approved in the amount of \$34,960,498.
2. The General Plant and Engineering budgets are consistent with prior budgets and appear reasonable; no prudency concerns are noted.
3. GPA shall file a complete reconciliation of the FY2024 expenditures on or before December 1, 2024, as required by the Contract Review Protocol.
4. GPA must obtain Contract Review approval from the PUC before it expends amount for those projects which exceed the contract review threshold of \$1.5 million.
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 are authorized pursuant to 1 G.C.A. §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

///

///

///

///

///

///

///

///

///

///

///

Order  
GPA's Application to Approve the  
FY2025 CIP Ceiling Cap  
GPA Docket 24-26  
November 5, 2024

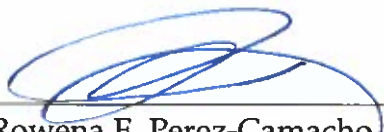
---

Dated this 5th day of November, 2024.



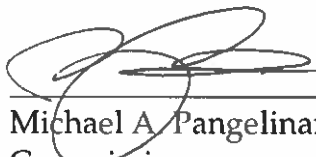
---

Jeffrey C. Johnson  
Chairman



---

Rowena E. Perez-Camacho  
Commissioner



---

Michael A. Pangelinan  
Commissioner



---

Joseph M. McDonald  
Commissioner



---

Doris Flores Brooks  
Commissioner



---

Peter Montinola  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GPA Docket 25-02  
)  
GUAM POWER AUTHORITY'S ) ORDER  
REPLACEMENT PITI SUBSTATION T-7 )  
POWER TRANSFORMER )  
\_\_\_\_\_ )

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition to Review and Approve GPA's request to Procure Services to Design and Build the necessary Infrastructure for and Services to Install, Test and Commission a Piti Substation T-7 Power Transformer as part of the Replacement Project.<sup>1</sup>

BACKGROUND

2. In January 2021, GPA was required to remove the Piti Substation T-7 Power Transformer from service after it experienced irreparable failure due to the deterioration of its mechanical parts and insulating components.<sup>2</sup>
3. In November 2021, GPA procured a replacement transformer for the Piti Substation and received parts, components and drawings between December 2022 and February 2023.<sup>3</sup>
4. In addition to installing the replacement transformer, the scope of work will require the construction of a new transformer pad with a secondary containment structure and the appurtenances for the installation as the existing pad was built in the 1950s and does not comply with current U.S. Environmental Protection Agency (EPA) Spill Prevention, Control, and Counter measures (SPCC) secondary containment requirements.<sup>4</sup>
5. The project further includes the design and construction of the transformer infrastructure to support the oil containment, the assembly and installation of the already acquired T-7 transformer and its electrical connections to the existing

---

<sup>1</sup> GPA Petition for Replacement of Piti Substation T-7 Power Transformer, GPA Docket 25-02, filed October 3, 2024.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> Id. at p. 2.

<sup>4</sup> Id.

substation equipment, and the site acceptance testing and commissioning for the transformer.<sup>5</sup>

6. The Piti Substation is a “joint-use facility” used by both GPA and the United States Navy; however, as it remains the property of the Navy, the design and execution of the construction must comply with the United States Navy’s consent and approval terms and conditions.<sup>6</sup>
7. The replacement and commissioning of the transformer are expected to take up to 14 months to complete from the time of the award; the estimated cost is approximately \$2.8M.<sup>7</sup>
8. In Guam Consolidated Commission on Utilities GPA Resolution No. FY2024-31, the CCU authorized the GPA General Manager, subject to the review and approval of the PUC, to procure the services to design and build the necessary infrastructure for, and services to install, test and commission the Piti Substation T-7 Power Transformer as part of the Replacement Project.<sup>8</sup>
9. The ALJ filed his Report dated October 28, 2024. The Commission adopts the recommendations and conclusions therein.<sup>9</sup>

### DETERMINATIONS

10. The CCU determined that the Piti Substation T-7 transformer serves critical distribution loads such as the Port Authority of Guam and as an emergency /maintenance source for the Navy T-8 power transformer distribution load.<sup>10</sup>
11. In a Request for Information dated October 24, 2024, the ALJ requested that GPA provide a more detailed description of the benefits and justifications for this transformer project. In its response dated October 25, 2024, GPA responded as follows:

---

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Guam Consolidated Commission on Utilities GPA Resolution No. FY2024-31, Relative to Approval for the Replacement of the Piti Substation T-7 Transformer, adopted and approved on September 25, 2024.

<sup>9</sup> ALJ Report, GPA Docket 25-02, dated October 28, 2024, at p. 2.

<sup>10</sup> GPA Petition for Replacement of Piti Substation T-7 Power Transformer, GPA Docket 25-02, filed October 3, at p. 1.

“The Piti T-7 stepdown transformer is essential in that it is the power transformer for the GPA Piti Substation 13.8kV bus and feeders P3, P5 and P7. GPA 13.8kV P-3 feeder routes toward Cabras island and feeds the Port Authority of Guam. GPA 13.8kV P-5 feeder routes toward the Nimitz Hill area, the GPA fuel farm, GSA and other GPA customers south of the Piti substation. GPA 13.8kV P7 feeder routes toward Anigua and feeds customers north of Piti Substation within the Piti and Asan villages. T7 transformer is also a backup to the Navy T8 transformer feeders where bus-tie breakers allow GPA and the Navy to provide support should one's transformer become off-line. Currently the Navy is supporting GPA temporarily through these back feed measures until GPA can install and commission the replacement T-7 transformer. These back feed conditions are accounted for in the consumption billing between GPA and the Navy. Also to be noted is the concern from the Navy as their backup/redundancy plan is strained with T-7 transformer off-line.”<sup>11</sup>

12. GPA seeks to procure the services of a contractor who will develop the design and project work plan, execute the construction, and perform the installation, testing and commissioning tasks associated with the replacement of the Piti Substation T-7 power transformer.<sup>12</sup>
13. Attached as Exhibit “C” to GPA’s Petition is a cost breakdown for the project described as “Piti T-7 Transformer Replacement.” A true and correct copy thereof is attached to the ALJ Report. It provides a breakdown for the design and construction stages of the project, at a total installation project cost of \$2,818,440.00.
14. Although the Piti T-7 Transformer is a “joint use facility” and owned by the Navy, GPA is responsible for cost of the transformer and the entire scope of work of the project. The Piti P-7 Transformer, along with the 34.5kV and 13.8kV bus and breakers, are assets to be transferred to GPA under the Utility Services Contract. That Contract allows GPA to occupy and operate GPA infrastructure.<sup>13</sup>

---

<sup>11</sup> Email from Marianne Woloschuk, GPA Counsel, to Fred Horecky, PUC ALJ, re: Requests for Information, GPA Docket 25-02, Piti 7 Transformed, dated October 25, 2024, at p. 2.

<sup>12</sup> Guam Consolidated Commission on Utilities GPA Resolution No. FY2024-31, Relative to Approval for the Replacement of the Piti Substation T-7 Transformer, adopted and approved on September 25, 2024, at p. 2.

<sup>13</sup> Email from Marianne Woloschuk, GPA Counsel, to Fred Horecky, PUC ALJ, re: Requests for Information, GPA Docket 25-02, Piti 7 Transformed, dated October 25, 2024, at p. 1.


15. The procurement of a contractor to replace the Piti Substation T-7 power transformer is necessary for the operation of the Piti 7 unit and is essential to the island-wide power system. The procurement is reasonable, prudent and necessary.

### **ORDERING PROVISIONS**

After review of the record herein, including GPA's Petition for Review and Approval of GPA's request to Procure Services to Design and Build the necessary Infrastructure for and Services to Install, Test and Commission a Piti Substation T-7 Power Transformer as part of the Replacement Project, and the ALJ Report, for good cause shown, on Motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's request to procure contractor services to design and build the necessary infrastructure for and services to install, test and commission the Piti Substation T-7 power transformer, are approved.
2. GPA is authorized to expend up to the amount of \$2,818,440.00 for such project.
3. 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.

Dated this 5<sup>th</sup> day of November, 2024.




---

Jeffrey C. Johnson  
Chairman




---

Rowena E. Perez-Camacho  
Commissioner



---

Joseph M. McDonald  
Commissioner




---

Michael A. Pangelinan  
Commissioner



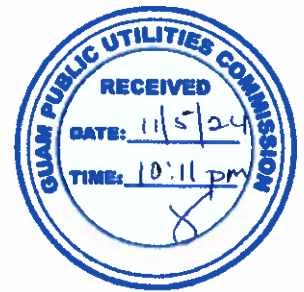
---

Peter Montinola  
Commissioner



---

Doris Flores Brooks  
Commissioner



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>PETITION TO APPROVE AWARD OF</b>	)	<b>GPA DOCKET 25-03</b>
<b>CONTRACTS TO SUPPLY ULTRA-</b>	)	
<b>LOW SULFUR DIESEL (ULSD) TO</b>	)	<b>ORDER</b>
<b>VARIOUS POWER GENERATING</b>	)	
<b>PLANT SITE LOCATIONS BY GUAM</b>	)	
<b>POWER AUTHORITY</b>	)	
_____	)	

**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the October 4, 2024 Petition to Approve Award of Contracts to Supply Ultra Low Sulfur Diesel Fuel Oil No. 2 to Various Plant Site Locations (the “Petition”), filed by the Guam Power Authority (“GPA”).

On November 1, 2024, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

**DETERMINATIONS**

GPA currently maintains and operates several units that use ultra low sulfur diesel (“ULSD”) fuel oil, which include the following: Yigo CT and Yigo Diesel for “Site Location 1”; Macheche CT and Dededo CT for “Site Location 2”; Cabras 1, Cabras 2, and Piti 7 for “Site Location 3”; and Manenggon Diesel and Talofofo Diesel Plant for “Site

Location 4.”<sup>1</sup> According to GPA, its current contracts are set to expire on December 31, 2024.<sup>2</sup>

On February 29, 2024, this Commission authorized GPA to issue an Invitation for Bid in order to procure a bulk supply of ULSD fuel oil (“Fuel Oil”).<sup>3</sup> Thereafter, GPA issued Invitation for Multi-Step Bid under No. GPA-050-24 for bulk supply of Diesel Fuel Oil No. 2.<sup>4</sup> Two vendors submitted bids in response to the solicitation, namely Mobil Oil Guam, Inc. (“Mobil”) and IP&E Holdings LLC (“IP&E”).<sup>5</sup>

With respect to Site Location 1, Mobil submitted the lowest responsive bid, which offered Fixed Service Fees of \$0.28 per gallon for the first year, \$0.29 per gallon for the second year, and \$0.30 per gallon for the third year.<sup>6</sup> GPA estimates a total value of \$62,254,400 for this three-year period.<sup>7</sup> With respect to Site Location 2, IP&E submitted the lowest responsive bid, which offered Fixed Service Fees of \$0.30 per gallon for the first year, \$0.30 per gallon for the second year, and \$0.30 per gallon for the third year.<sup>8</sup> GPA estimates a total value of \$76,238,400 for this three-year period.<sup>9</sup>

---

<sup>1</sup> Petition, p. 1 (Oct. 4, 2024).

<sup>2</sup> Petition, p. 1.

<sup>3</sup> See Order, GPA Docket 24-14, p. 5 (Feb. 29, 2024).

<sup>4</sup> See Petition, “Exhibit A,” Resolution No. FY2024-32, issued by the Consolidated Commission on Utilities, p. 1 (Sept. 25, 2024) (“Resolution FY2024-32”).

<sup>5</sup> Resolution FY2024-32, p. 1.

<sup>6</sup> Resolution FY2024-32, p. 1.

<sup>7</sup> Resolution FY2024-32, p. 1.

<sup>8</sup> Resolution FY2024-32, p. 1.

<sup>9</sup> Resolution FY2024-32, pp. 1-2.

With respect to Site Location 3, IP&E submitted the lowest responsive bid, which offered Fixed Service Fees of \$0.25 per gallon for the first year, \$0.25 per gallon for the second year, and \$0.25 per gallon for the third year.<sup>10</sup> GPA estimates a total value of \$22,986,080 for this three-year period.<sup>11</sup> With respect to Site Location 4, Mobil submitted the lowest responsive bid, which offered Fixed Service Fees of \$0.4770 per gallon for the first year, \$0.4880 per gallon for the second year, and \$0.50 per gallon for the third year.<sup>12</sup> GPA estimates a total value of \$9,016,580 for this three-year period.<sup>13</sup>

On September 25, 2024, the Consolidated Commission on Utilities issued Resolution No. FY2024-32, which authorizes GPA to enter into contracts with Mobil and IP&E at the proposed “Fixed Service Fee” rates for three years, and at a total estimated cost of \$170,495,460.00.<sup>14</sup>

**A. Contract Review Protocol**

Pursuant to 12 G.C.A. §12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Furthermore, GPA’s Contract Review Protocol requires that “[a]ll professional service procurements in excess of \$1,500,000” require “prior PUC approval . . . which shall be obtained before the procurement process is begun.”<sup>15</sup>

---

<sup>10</sup> Resolution FY2024-32, p. 2.

<sup>11</sup> Resolution FY2024-32, p. 2.

<sup>12</sup> Resolution FY2024-32, p. 2.

<sup>13</sup> Resolution FY2024-32, p. 2.

<sup>14</sup> Resolution FY2024-32, p. 3.

<sup>15</sup> GPA’s Contract Review Protocol, Administrative Docket 00-04, p. 1 (Feb. 15, 2008) (emphasis in original).

**B. Mobil and IP&E Contracts for Supply of ULSD Fuel Oil No. 2**

The two Fuel Oil contracts are substantively identical. As indicated in the proposed contracts, both contractors are required to provide GPA with Ultra Low Diesel Fuel Oil No. 2, delivered to GPA's power generating plants for the term of the contracts, and in volumes required by GPA.<sup>16</sup> The Fuel Oil supplied to GPA must conform to the product quality requirements specified in "Schedule A" of the contracts, and must originate from reputable sources not sanctioned by the U.S. government.<sup>17</sup> Moreover, the contractors are fully responsible for arranging the transportation of Fuel Oil to GPA's facilities.<sup>18</sup>

In instances where the contractor is unable to timely deliver any Fuel Oil supply, the contractor is required to provide GPA with at least five (5) days notice. In such an instance, GPA has expressly reserved its right to procure the Fuel Oil elsewhere; and if the cost of such Fuel Oil exceeds the contract price provided under the contracts, then the contractor is required to reimburse GPA for the difference.<sup>19</sup> In addition, the contracts expressly contain a liquidated damages provision that allows the imposition of liquidated damages whenever GPA suffers damages due to any delay in delivery of the Fuel Oil or where the quality of the Fuel Oil is outside the required specifications.<sup>20</sup>

---

<sup>16</sup> Proposed Contract, p. 9.

<sup>17</sup> Proposed Contract, p. 9.

<sup>18</sup> Proposed Contract, pp. 25-26.

<sup>19</sup> Proposed Contract, p. 26.

<sup>20</sup> Proposed Contract, p. 28-29.

As indicated in the proposed contracts, the contract price will be calculated by adding the Reference Price plus the Fixed Service Fee, multiplied by the gallons of Fuel Oil supplied.<sup>21</sup> The Reference Price is defined as the “mean average of the previous month’s daily Mid-of-Plotts (MOPS) price postings.”<sup>22</sup> Under the contracts, the MOPS is the “average of high and low price assessments reported in the Platt’s Asia-Pacific/Arab Gulf Marketscan FOB Singapore Price Assessment for Gasoil 10 ppm.”<sup>23</sup>

Under the contracts, the contract term will be for three (3) years, beginning on January 1, 2025 through December 31, 2027, with options to extend the contract an additional two (2) years.<sup>24</sup> GPA has indicated that the total three-year cost for the supply of Fuel Oil under these contracts is about \$170,495,460. Resolution FY2024-32 issued by the CCU at its September 25, 2024 meeting authorizes GPA to enter into contracts with Mobil and IP&E at the proposed Fixed Service Fee rates that correspond to the different Location Sites, plus the fuel reference price, for a total estimated cost of \$170,495,460 for all three years.<sup>25</sup>

### **CONCLUSION**

Without a doubt, Fuel Oil is essential to GPA’s operations since it is utilized at various diesel-fired power generators. Without such Fuel Oil, GPA will be unable to provide the necessary generation capacity, especially during times when certain base load

---

<sup>21</sup> Proposed Contract, p. 11.

<sup>22</sup> Proposed Contract, p. 11.

<sup>23</sup> Proposed Contract, p. 11.

<sup>24</sup> Proposed Contract, p. 10.

<sup>25</sup> Resolution FY2024-32, p. 3.

units are down, in order to provide a stable and uninterrupted supply of electricity to meet the island-wide utility power demand. The ALJ found that this Commission has consistently determined that GPA requires a continuous supply of diesel fuel to maintain the authority's electric power generation capacity; and that the purchase and delivery of such Fuel Oil is reasonable, prudent and necessary.<sup>26</sup> In addition, the ALJ found that the selection of bids of IP&E and Mobil demonstrates that the Fixed Service Fee was competitively obtained.

The contracts contains various provisions designed to protect GPA and ratepayers, such as the provisions discussed above, along with provisions on warranty and quality assurance, insurance requirements, and a provision on termination for convenience. Accordingly, the ALJ found that the proposed contract appears to adequately protect the interests of GPA and its ratepayers.

Moreover, the ALJ found that the contracts with Mobil and IP&E for the supply of Fuel Oil ensures that GPA has a continuous supply of fuel to the power plants necessary to perform its electric power generation near capacity. The ALJ, therefore, found the subject contracts to be reasonable, prudent, and necessary.

Based on the documentation provided by GPA in this docket, and for the other reasons set forth herein, the ALJ recommended that the PUC approve GPA's Petition. Accordingly, GPA should be authorized to enter into contracts with Mobil and IP&E for the supply of ULSD Fuel Oil No. 2.

---

<sup>26</sup> See, e.g., Order, GPA Docket 24-05, p. 4 (Nov. 30, 2023); Order, GPA Docket 24-14, p. 4 (Feb. 29, 2014).

The Commission hereby adopts the findings in the November 1, 2024 ALJ Report and therefore issues the following.

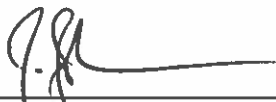
**ORDERING PROVISIONS**

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That the instant Petition is hereby APPROVED.
2. GPA is authorized to enter into contracts with Mobil and IP&E for the supply of ULSD Fuel Oil No. 2 at the proposed Fixed Service Fee rates that correspond to the different Location Sites, plus the fuel reference price, for a total estimated cost of \$170,495,460 for a three year base term.
3. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

**SO ORDERED** this 5<sup>th</sup> day of November, 2024.




**JEFFREY C. JOHNSON**  
Chairman



**ROWENA E. PEREZ-CAMACHO**  
Commissioner



**JOSEPH M. MCDONALD**  
Commissioner



**PETER MONTINOLA**  
Commissioner



**MICHAEL A. PANGELINAN**  
Commissioner



**DORIS FLORES BROOKS**  
Commissioner

P243027.JRA



**PUBLIC UTILITIES COMMISSION  
OF GUAM**

Jeffrey C. Johnson  
Chairman

Peter B. Montinola  
Vice Chairman

Commissioners  
Joseph M. McDonald  
Michael A. Pangelinan  
Rowena E. Perez-Camacho  
Doris Flores Brooks

Suite 207, GCIC Building  
Post Office Box 862  
Hagatna, Guam 96932  
Telephone: (671) 472-1907  
Fax: (671) 472-1917  
Email: info@guampuc.com

Lourdes R. Palomo  
Administrator  
  
Sheila M. Salas  
Administrative Assistant

Frederick J. Horecky  
Chief Administrative Law Judge

Joepheth R. Alcantara  
Administrative Law Judge

Anthony R. Camacho  
Legal Counsel

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**RESOLUTION NO. 25-01**

**COMMENDING JOSEPH T. DUENAS FOR HIS DISTINGUISHED AND  
EXEMPLARY SERVICE WITH THE GUAM PUBLIC UTILITIES COMMISSION  
AND THE CONSOLIDATED COMMISSION ON UTILITIES**

**WHEREAS**, Mr. Duenas has indicated that he will retire from the Guam Consolidated Commission on Utilities (CCU) in December of 2024, after four consecutive elected terms, having provided 25 years of positive public service (16 years on the elected CCU (2009-2024) and 9 years (1985-1994) on the Public Utilities Commission);

**WHEREAS**, Joseph T. Duenas [known by all as "Joey"] served for nine years on the Guam Public Utilities Commission ["PUC"] as a Commissioner and Chairman from 1985 to 1994;


**WHEREAS**, Joey Duenas was the first Chairman of the PUC, having assumed the position in 1985;

**WHEREAS**, Joey Duenas served as a Commissioner and Chairman of the PUC during its formative years, representing the business sector, and applying his background in economics principles and financial management to developing sound regulatory practices, protocols, and rules and regulations of the PUC;

**WHEREAS**, Joey's leadership was instrumental in implementing the regulatory framework under which the PUC could issue fair and just rate making decisions; and

Doc type  
**OFFICE OF THE SPEAKER**  
**THERESE M. TERLAJE**

NOV 06 2024  
Time: 3:34 pm  
Received: Aresh Reyes

  
**Joseph T. "Joey" Duenas**

1

11/7/24

**OFFICE OF THE GOVERNOR**  
**CENTRAL FILES OFFICE**  
Rec'd By: Elaine Tajalle  
Date: 11/6/24 Time: 3:19pm



**PUBLIC UTILITIES COMMISSION  
OF GUAM**

Jeffrey C. Johnson  
Chairman

Peter B. Montinola  
Vice Chairman

Commissioners  
Joseph M. McDonald  
Michael A. Pangelinan  
Rowena E. Perez-Camacho  
Doris Flores Brooks

Suite 207, GCIC Building  
Post Office Box 862  
Hagatna, Guam 96932  
Telephone: (671) 472-1907  
Fax: (671) 472-1917  
Email: info@guampuc.com

Lourdes R. Palomo  
Administrator

Sheila M. Salas  
Administrative Assistant

Frederick J. Horecky  
Chief Administrative Law Judge

Joseph R. Alcantara  
Administrative Law Judge

Anthony R. Camacho  
Legal Counsel

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**RESOLUTION NO. 25-01**

**COMMENDING JOSEPH T. DUENAS FOR HIS DISTINGUISHED AND  
EXEMPLARY SERVICE WITH THE GUAM PUBLIC UTILITIES COMMISSION  
AND THE CONSOLIDATED COMMISSION ON UTILITIES**

**WHEREAS**, Mr. Duenas has indicated that he will retire from the Guam Consolidated Commission on Utilities (CCU) in December of 2024, after four consecutive elected terms, having provided 25 years of positive public service (16 years on the elected CCU (2009-2024) and 9 years (1985-1994) on the Public Utilities Commission);

**WHEREAS**, Joseph T. Duenas [known by all as "Joey"] served for nine years on the Guam Public Utilities Commission ["PUC"] as a Commissioner and Chairman from 1985 to 1994;

**WHEREAS**, Joey Duenas was the first Chairman of the PUC, having assumed the position in 1985;

**WHEREAS**, Joey Duenas served as a Commissioner and Chairman of the PUC during its formative years, representing the business sector, and applying his background in economics principles and financial management to developing sound regulatory practices, protocols, and rules and regulations of the PUC;

**WHEREAS**, Joey's leadership was instrumental in implementing the regulatory framework under which the PUC could issue fair and just rate making decisions; and

**WHEREAS**, Joey Duenas had considerable accomplishments in the early years of the PUC, including the following: Conducting the initial review of three utilities, the Guam Power Authority, the Guam Telephone Authority, and the Public Utility Agency of Guam; establishing rules and procedures for the conduct of rate cases; the hiring of an Administrative Law Judge and a Consultant to advise the Commission on regulatory matters; and instituting a system of dockets for matters before the PUC and developing procedures by which the PUC staff and the Commissioners could resolve regulatory issues;

**WHEREAS**, Mr. Duenas' diligent and tireless work in leading the PUC created a basic framework for PUC operations which continues to contribute to its success and progress up to the present time;

**WHEREAS**, in his tenure with the CCU, the leadership of Joey Duenas marshalled in an era of consistent management, a customer-centric "1-utility" standard resulting in certain efficiencies and uniformity in GWA and GPA service and operations; built unanimity, stability and accord in this strategic planning, prioritization, fiscal management of assets and resources, and modernization of these public utilities, which ultimately strengthen their ability to deliver services in a safe, transparent, convenient, and cost-effective manner to ratepayers;

**WHEREAS**, Joey Duenas has worked, with dedication and perseverance, to upgrade and modernize GPA and GWA as public utilities;

**WHEREAS**, Mr. Duenas, the CCU, and the PUC, since 2014, have worked together in the development, implementation, and construction of the new Ukudu Power Plant, the establishment and implementation of a massive program of renewable energy plants for Guam, the upgrading and modernization of the Guam Waterworks' system (culminating in the provision of world class water and waste-water facilities), and the establishment of just and reasonable rates for the public utilities; and

**WHEREAS**, the PUC and its Staff will sorely miss the dedication and expertise which Mr. Duenas has always brought to his duties with the Commission and the CCU, and is extremely thankful for the long and faithful dedication to his duties which Mr. Duenas has shown over his 25 years of service; and

**NOW, THEREFORE, BE IT**

**RESOLVED**, that the Guam Public Utilities Commission, with gratitude, thanks Mr. Duenas for the great and substantial contributions that he has made, both as member and Chairman of the PUC and the CCU.


**RESOLVED**, that Mr. Duenas is recognized by the Commission and its staff, the regulated utilities, and the people of Guam for his leadership in improving the public utilities.

**RESOLVED**, that the Guam Public Utilities Commission gratefully recognizes and commends the contribution that Mr. Duenas has made to the people of Guam by his leadership and service for PUC and the CCU, and wishes him well in future endeavors; and

**RESOLVED**, that a copy hereof be transmitted to the Governor of Guam, to the Speaker of the 37th Guam Legislature, and to Joseph T. Duenas.

**DULY AND REGULARLY ADOPTED ON THIS 5<sup>th</sup> DAY OF NOVEMBER, 2024.**

  
\_\_\_\_\_  
JEFFREY C. JOHNSON  
Chairman

  
\_\_\_\_\_  
ROWENA PEREZ CAMACHO  
Commissioner

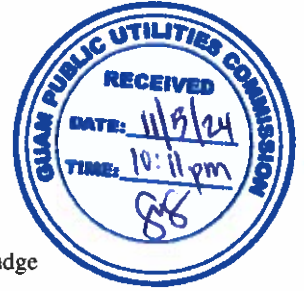
  
\_\_\_\_\_  
JOSEPH M. McDONALD  
Commissioner

  
\_\_\_\_\_  
MICHAEL A. PANGELINAN  
Commissioner

  
\_\_\_\_\_  
PETER MONTINOLA  
Commissioner

  
\_\_\_\_\_  
DORIS FLORES BROOKS  
Commissioner

**PUBLIC UTILITIES COMMISSION  
OF GUAM**



Jeffrey C. Johnson  
Chairman

Commissioners  
Joseph M. McDonald  
Filomena M. Cantoria  
Rowena E. Perez-Camacho  
Michael A. Pangelinan  
Peter Montinola  
Doris Flores Brooks  
Pedro S.N. Guerrero

Suite 207, GCIC Building  
Post Office Box 862  
Hagatna, Guam 96932  
Telephone: (671) 472-1907  
Fax: (671) 472-1917  
Email: info@guampuc.com

Lourdes R. Palomo  
Administrator

Frederick J. Horecky  
Chief Administrative Law Judge

Joephet R. Alcantara  
Administrative Law Judge

Anthony R. Camacho  
Legal Counsel

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**RESOLUTION NO. 25-02**

**RE: APPROVAL OF FY2025 EMPLOYMENT AGREEMENT FOR PUC  
ADMINISTRATOR-IN-TRAINING**

**Whereas**, the GUAM PUBLIC UTILITIES COMMISSION ("PUC") is an autonomous instrumentality within the Government of Guam;

**Whereas**, pursuant to 12 GCA §12103, the PUC has the authority to employ administrative staff personnel for the conduct of Commission business;

**Whereas**, the current PUC Administrator, Lourdes R. Palomo, has voiced her desire to retire from her employment as PUC Administrator effective December 2024;

**Whereas**, a Resume and an Application for Employment for the position of PUC Administrator has been submitted by Marie M. Leon Guerrero;

**Whereas**, upon review and consideration of the Resume and Application for Employment submitted by Marie M. Leon Guerrero, the PUC is satisfied and has determined that it will employ Ms. Leon Guerrero as Administrator-in-Training until the current PUC Administrator's retirement in December 2024; and, at which time, Ms. Leon Guerrero will then assume the position of PUC Administrator for the Commission;

**Whereas**, the PUC has determined that Marie M. Leon Guerrero should be hired as an employee pursuant to 12 GCA §12103;

**Whereas**, the PUC and the PUC Administrator desire that Marie M. Leon Guerrero, the PUC Administrator-in-Training, be hired under an Employment Agreement, a true and correct copy of which is attached to this Resolution;

**NOW THEREFORE**, in due consideration of the above recitals and for good cause shown, the PUC hereby resolves that:

1. The PUC is authorized to hire Marie M. Leon Guerrero, as an employee of the Guam Public Utilities Commission for a term of one year (FY2025);
2. The Employment Agreement attached hereto is approved.
3. The salary of Ms. Leon Guerrero as Administrator-in-Training for the term of the employment Agreement shall be Fifty-Four Thousand Dollars (\$54,000.00).
4. The Administrator's base salary is \$54,000.00. The total salary includes a payment for Health and Welfare Benefits of \$5,400.00. The Guam Federal Wage determination standards recommends that compensation for Health & Welfare Benefits be included in an employee's salary where such benefits (i.e., health insurance and others) are not provided to the employee. The PUC is unable to provide health insurance or retirement benefits to the Administrator.
5. During the term of the Employment, all terms and conditions of said Agreement between the PUC and Ms. Leon Guerrero shall fully remain in effect and shall govern the respective relations of the parties.
6. The Chairman is authorized to sign all documents necessary to effectuate the above referenced agreement.

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

**DULY AND REGULARLY ADOPTED ON THIS 7th DAY OF OCTOBER, 2024.**

Dated: October 7, 2024

  
\_\_\_\_\_  
JEFFREY C. JOHNSON  
PUBLIC UTILITIES COMMISSION  
Chairman

Dated: October 7, 2024

  
\_\_\_\_\_  
JOSEPH M. MCDONALD  
PUBLIC UTILITIES COMMISSION  
Commissioner

Dated: October 7, 2024

  
\_\_\_\_\_  
ROWENA E. PEREZ-CAMACHO  
PUBLIC UTILITIES COMMISSION  
Commissioner


Dated: October 7, 2024

  
\_\_\_\_\_  
MICHAEL A. PANGELINAN  
PUBLIC UTILITIES COMMISSION  
Commissioner

Dated: October 7, 2024

  
\_\_\_\_\_  
PETER MONTINOLA  
PUBLIC UTILITIES COMMISSION  
Commissioner

Dated: October 7, 2024

  
\_\_\_\_\_  
DORIS FLORES BROOKS  
PUBLIC UTILITIES COMMISSION  
Commissioner

## **EMPLOYMENT AGREEMENT**

This Agreement is entered into effective October 7, 2024, by and between the **GUAM PUBLIC UTILITIES COMMISSION** (the "Commission"), a public corporation and autonomous instrumentality of the Government of Guam, and **MARIE M. LEON GUERRERO** (the "Employee"), whose mailing address is Post Office Box 2221, Hagatna, Guam 96932.

### **WITNESSETH:**

**WHEREAS**, 12 GCA § 12103 empowers the Commission to employ administrative staff personnel for the conduct of Commission business; and

**WHEREAS**, Employee desires to be employed by the Commission as its Administrator-in-Training to the Commission, until the time of the current PUC Administrator's retirement in December 2024, at which time Employee will then take the position of Administrator for the Commission; and

**WHEREAS**, upon review and consideration of Employee's application and resume submitted to the Commission, it is the desire of the parties that and Employee be employed as the full time Administrator-in-Training to the Commission, until the time of the current PUC Administrator's retirement in December 2024, at which time Employee will then assume the position of Administrator for the Commission;

**NOW, THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the adequacy of which is acknowledged by both parties, the Commission and Employee agree as follows:

#### **1. Scope of Work.**

The Commission hereby hires Employee to serve as its Administrator-in-Training. Employee will operate the Commission's office during its regular office hours [8:00 a.m.-5:00 p.m., Monday through Friday, excluding Government of Guam holidays] and such additional hours as may be required to attend to Commission business. Employee shall undertake her duties with her best efforts and will not accept or engage in any employment outside of the services of the Commission. Employee shall be responsible for the day-to-day operations of the Commission, subject to the supervision and control of the Commission's Chairman and the Commission. Her duties will include, but not be limited to:

- (a) To ensure that the Commission's office is open and operational during its regular office hours;
- (b) To supervise other employees or administrative staff of the Commission;
- (c) To receive and file all documents submitted to the Commission, and to take appropriate action for the processing of such documents;
- (d) To handle incoming inquiries and requests from all members of the public or representatives of the utilities and to assure that such matters are handled by her or other Commission personnel;
- (e) To undertake any tasks necessary for the operation and maintenance of the Commission office;
- (f) To undertake accounting and bookkeeping, or to ensure that said functions are performed by authorized Commission personnel/contractors;
- (g) To maintain and update the Commission's website, with the assistance of the Commission's webmaster;
- (h) To undertake efforts to scan and digitize Commission files and documents;
- (i) To provide administrative and secretarial service to the Commission;
- (j) To arrange and coordinate Commission meetings and hearings, and to ensure that such meetings are properly broadcasted in accordance with law; and
- (k) To perform such other duties as may be assigned to her by the Commission or its authorized representatives.

## 2. Compensation.

- (a) Employee shall receive a salary in the amount of \$54,000.00 per annum, which shall be paid by the Commission in bi-weekly installments on the 15<sup>th</sup> and last day of each month.
- (b) All salary paid to Employee shall be less all amounts required by law or authorized in writing by Employee to be withheld or deducted.

## 3. Employee Benefits.

- (a) The Commission is unable to provide retirement or health insurance benefits; however, Employee's salary includes compensation to Employee for health and welfare benefits.
- (b) Employee shall be entitled to three weeks paid vacation during the term of this Agreement.
- (c) Employee shall be provided with appropriate training.

- (d) Employee agrees that her employment is not Government of Guam employment, and that there is no insurance coverage provided by the government, participation in the Government of Guam retirement system, accumulation of vacation leave or sick leave, or other benefits not specifically provided herein.

4. *Term.*

The term of this Agreement shall be for one year, and it may be extended upon the mutual agreement of the parties for additional one-year periods.

5. *Termination.*

Employee shall serve at the Commission's pleasure and may be terminated at will upon thirty (30) days prior written notice.

6. *Employee's Duties on Termination.*

In the event of termination of employment with the Commission for any reason, Employee agrees to deliver promptly to the Commission all equipment, notebooks, documents, memoranda, reports, files, samples, books correspondence, lists, or other written or graphic records, and the like, relating to the Commission's business, which are or have been in her possession or under her control.

7. *Law Governing Agreement.*

This agreement is to be interpreted and enforced in accordance with the laws of Guam.

8. *Severable Provisions.*

If any provision of this agreement shall be deemed by a court of competent jurisdiction to be invalid, then such provision shall be deemed stricken from the agreement and the agreement shall be enforced according to its valid and subsisting terms and provisions.

9. Notices.

Any notices required to be given hereunder by the Commission to the Employee may be affected either by personal delivery in writing or by email to Employee's email address at the Commission. Any notices required to be given hereunder by the Employee to the Commission may be affected by personal delivery to the Chairman and the Chief ALJ or by email to the Chairman and the ALJ.

10. Attorney's Fees and Costs.

If any action at law or in equity is necessary to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which he may be entitled.

11. Containment of Entire Agreement Herein.

This agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Employee by the Commission and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Each party to this agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not contained in this agreement. No statement, or promise not contained in this agreement shall be valid or binding. Any modification of this agreement will be effective only if it is in writing signed by the party charged.

12. CERTIFICATE OF EMPLOYEE. THE EMPLOYEE CERTIFIES TO THE COMMISSION THAT SHE HAS READ THE FOREGOING AGREEMENT AND THAT SHE FULLY UNDERSTANDS ITS TERMS AND CONDITIONS, AND FURTHER CERTIFIES THAT THE FOREGOING TERMS AND CONDITIONS CONSTITUTE HER ENTIRE AGREEMENT WITH THE COMMISSION, AND THAT NO PROMISES OR UNDERSTANDINGS OR REPRESENTATIONS HAVE BEEN MADE OTHER THAN THOSE STATED ABOVE. IT IS SPECIFICALLY AGREED BY THE PARTIES HERETO THAT THIS AGREEMENT

**SHALL BE SUBJECT TO MODIFICATION ONLY BY WRITTEN INSTRUMENT  
SIGNED BY THE PARTIES.**

**IN WITNESS WHEREOF**, the parties have executed this agreement on the dates indicated by their respective names.

Dated: 10/7/2024

**EMPLOYEE**



**MARIE M. LEON GUERRERO**

Dated: \_\_\_\_\_

**PUBLIC UTILITIES COMMISSION  
OF GUAM**

  
\_\_\_\_\_  
**JEFFREY C. JOHNSON, Chairman**