

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GPA DOCKET 25-17

PETITION OF THE GUAM POWER
AUTHORITY TO APPROVE THE
EXTENSION OF CABRAS 1 & 2
PERFORMANCE MANAGEMENT
CONTRACT UNTIL JANUARY 31, 2026)

PUC COUNSEL REPORT



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Extend the Performance Management Contract for Cabras 1 and 2 [PMC] to January 31, 2026.¹
2. The Optional, and final, two (2) year terms of the PMC will expire on September 30, 2025.²
3. GPA requests that the PUC approve GPA's extension of the PMC's for an additional four (4) months to expire on January 31, 2026 that has a Fixed Management Fee in the amount of \$1,026,091 and reimbursable O&M expenses in the amount of \$400,000, for a total of \$1,426,091 for the four (4) month extension.³

BACKGROUND

4. Taiwan Electrical & Mechanical Services, Inc. [TEMES] has had the PMC for Cabras 1 and 2 since October 1, 2020 and its initial three (3) year term expired on September 30, 2023. The PMC had two (2) one (1) year options to renew which GPA has exercised and which will expire on September 30, 2025.⁴
5. GPA's consent decree with the U.S. Environmental Protection Agency permits GPA to operate Cabras 1 & 2 until six (6) months after GPA's new Ukudo Power Plant achieves it commercial operation date (COD). The Ukudo Power Plant is currently

¹ GPA Petition to Extend the Performance Management Contract for Cabras 1 and 2 to January 31, 2026, GPA Docket 25-17, dated August 8, 2025 [GPA Petition].

² GPA Petition at 5. NOTE: The page numbers in GPA'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.

³ Id., at 5-6.

⁴ Id., at 1-2.

scheduled to achieve COD on September 30, 2025 and the consent decree authority will permit GPA to operate Cabras 1 & 2 until March 31, 2026.⁵

6. GPA and TEMES negotiated a four (4) month extension of the PMC to January 31, 2026 that has a Fixed Management Fee in the amount of \$1,026,091 and reimbursable O&M expenses in the amount of \$400,000, for a total of \$1,426,091 for the four (4) month extension.⁶
7. On July 29, 2025, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2025-21 authorizing GPA's management to exercise the four (4) month extension of the PMC and its \$1,426,091 cost subject to the PUC's approval.⁷

ANALYSIS

8. GPA must obtain the PUC's approval to exercise the two (2) one (1) year extensions of the PMC contract. GPA's Contract Review Protocol states that for multi-year procurements with fixed terms and variable annual costs, GPA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its \$1,500,000 review threshold.⁸ Here, the \$8,114,382 cost of the two year optional extensions that were previously approved by the PUC will be increased by \$1,426,091 with the four month extension for a total amount of \$9,540,473 which exceeds the \$1,500,000 review threshold. Therefore, GPA must obtain the PUC's approval to exercise the four month PMC extension.
9. The \$1,426,091 cost of the four (4) month PMC extension is reasonable. The current average monthly cost of the PMC is \$343,601.67 and the average monthly cost of the four (4) month extension is 5% higher at \$362,512.75.⁹ The 5% increase in the monthly cost is justified because the Cabras 1 and 2 units are antiquated, they are being used far beyond their expected life span, and they require great repair, maintenance and upkeep for their operation. Therefore, the four (4) month extension cost is reasonable.

⁵ Id., at 2.

⁶ Id., at 6.

⁷ Id.

⁸ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at page 2.

⁹ GPA Petition at 3 and 5.

10. The four (4) month PMC extension is prudent. The PUC has previously found that PMCs for Cabras 1 and 2 have improved the operational efficiency, reliability, and cost savings of those power plants.¹⁰ Additionally, the continued operation of Cabras 1 and 2 during the four (4) months extension period will use up GPA's remaining supply of Low Sulfur Fuel Oil which is only used by Cabras 1 & 2.¹¹ Hence, the four (4) month extension of the PMC is prudent.
11. The four (4) extension of the PMC is necessary. GPA currently only has two baseload power plants and Cabras 1 & 2 are one of these baseload plants. If GPA does not exercise the four (4) month extension, Cabras 1 and 2 will not remain online after September 30, 2025 and this would potentially cause a great disruption in GPA's ability to operate the island-wide power system if the COD of the new Ukudo Power Plant is delayed after September 30, 2025.
12. Based on the foregoing, GPA's four (4) month contract extension with TEMES for the Cabras 1 & 2 PMC and its \$1,426,091 cost are reasonable, prudent, and necessary, and the extension will prevent a great disruption in GPA's ability to operate the island-wide power system if the COD of the new Ukudo Power Plant is delayed after September 30, 2025.

RECOMMENDATION

13. Counsel recommends that the PUC grant GPA's request that the PUC approve GPA's four (4) month extension of the Cabras 1 & 2 PMC for the total estimated cost of \$1,426,091.
14. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 22nd day of August, 2025.

Anthony R. Camacho

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¹⁰ PUC Order dated September 15, 2010 in GPA Docket No. 10-4 at 1.

¹¹ GPA Petition at 2.