

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA Docket 25-20
)
The Application of the Guam Power)
Authority to Approve the FY2026 GPA) **ORDER**
CIP Ceiling Cap)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA's Petition for Request for Approval of the FY2026 GPA CIP Ceiling Cap.¹ A letter from the GPA General Manager and GPA Resolution No. FY2025-32, both of which are attached to the Application, approve the CIP Ceiling Cap.²

Therein, GPA requests PUC approval of its FY2026 Capital Improvement Project Cap in the amount of \$21,000,000, which consists of General Plant (\$7,914,485) and Engineering (\$7,260,188).³ GPA's proposed FY2026 Ceiling Cap also includes \$5,825,327 for Line Extensions. However, pursuant to the GPA Contract Review Protocol, regulatory review is not required for blanket job orders and line extensions.⁴

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

¹ GPA Petition to Approve the FY2026 GPA CIP Ceiling Budget, GPA Docket 25-20, filed September 8, 2025.

² GPA Petition at Exhibit 1, pgs. 1-2 and 5-6.

³ GPA Petition at p. 1.

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

by the PUC before November 15th of each fiscal year.⁵ The CIPs included within the Cap are for “general plant” and “engineering.” The “general plant” expenditures include such items as plant, CT, diesel, and technology upgrades and improvements, boom truck crane, networking equipment, emergency underground reconstruction, substation/breaker upgrades, and other miscellaneous items.⁶

The “engineering” expenditures include such items as T7 transformer replacement, substation hardening, EV charging station, GWA wells underground conversion, and EPCM Contract, Stanley Consultants.⁷

The Contract Review Protocol does not require that GPA provide justifications for the items listed under General Plant.⁸ 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.⁹

DETERMINATIONS

This year’s requested cap includes some large “plant” items: (1) MEC 8&9 Major Overhaul, \$840,157; (2) MEC New Cylinder Liners, Piston Rings, \$759,843; (3) Substation Physical Control Access System Installation, \$500,000; (4) Replacement of current on-premises VOIP Network infrastructure, systems, and resources, \$350,000; (5) Battery Bank Upgrade, \$300,000; (6) Boom Truck Crane, \$300,000.¹⁰

⁵ Contract Review Protocol for GPA, Administrative Docket, February 15, 2008, Sec 1f.

⁶ GPA Petition at Exhibit 1, pg. 3.

⁷ GPA Petition at Exhibit 1, pg. 4.

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

⁹ Discussion between PUC Counsel Fred Horecky and GPA Legal Counsel Graham Botha on September 15, 2017.

¹⁰ GPA Petition at Exhibit 1, pg. 3.

The prior year cap levels were as follows:

FY2025 Cap: \$34,960,498¹¹
FY2024 Cap: \$32,931,099¹²
FY2023 Cap: \$22,122,263¹³
FY2022 Cap: \$32,202,862¹⁴
FY2021 Cap: \$21,561,155¹⁵
FY2020 Cap: \$23,780,278
FY2019 Cap: \$22,022,011
FY2018 Cap: \$20,959,813
FY2017 Cap: \$18,798,120
FY2016 Cap: \$12,067,780
FY2015 Cap: \$9,974,000
FY2014 Cap: \$7,363,110.
FY2013 Cap: \$10,135,760.
FY2012 Cap: \$13.581M.¹⁶
FY2011 Cap: \$5M.¹⁷
FY2010 Cap: \$16,390,707.¹⁸

The proposed FY2026 CIP cap (\$15,174,673, without line extensions) is over \$19M less than the FY2025 cap. The cap had not been at this low a level since FY2016. As the Commissioners are aware, the CIP Cap is only a spending limit. The ALJ has indicated that he is not aware of any year in which GPA has expended funds up to the CIP Cap.

¹¹ PUC Order, GPA Docket 24-26, at p. 1.

¹² PUC Order, GPA Docket 23-24, dated September 28, 2023, at p. 5.

¹³ At present, the ALJ cannot find a docket or record indicating that GPA filed a Petition to approve the FY2023 GPA Ceiling Cap. On September 28, 2023, GPA CFO John Kim confirmed in an email to the ALJ that there was no ceiling cap filing for FY 2023; however, he indicated that the CIP ceiling cap for FY 2023 was \$22,122,263.

¹⁴ PUC Order, GPA Docket 21-18, dated September 20, 2021, at p. 1.

¹⁵ PUC Order, GPA Docket 20-19, dated September 24, 2020, at pgs. 2-3.

¹⁶ PUC Order, GPA Docket 18-17, dated September 27, 2018, at pgs. 1-2.

¹⁷ PUC Order, GPA Docket 13-16, dated October 29, 2013, at pgs. 1-2.

¹⁸ PUC Order, GPA Docket 10-05, dated October 29, 2010, at pg. 1.

GPA CFO John Kim has previously estimated that there is a \$6M-\$8M carryover of cap funds from year to year.¹⁹

Upon review of the GPA Petition, the ALJ questioned why the proposed cap for FY2026 was so much lower than the FY2025 cap. Upon discussion with John Kim, GPA CFO, the ALJ was informed that the FY2026 cap does not include carryover projects from FY2025.²⁰ Upon the ALJ's request, GPA forwarded to the ALJ an updated listing of Plant and Engineering projects including the carryover projects from FY2025. Such listing is attached to the ALJ Report as Exhibit "1". GPA's position is that the FY2025 carryover projects have already been approved by the PUC and do not need to be included for the FY2026 ceiling cap.

When FY2025 carryover projects are included in the FY2026 cap for General Plant projects, the ceiling cap for General Plant Projects for FY2026 would be \$21,268,630. For Engineering projects for FY2026, when FY2025 carryover projects are included, the total ceiling cap would be \$8,034,902. With the carryover projects, the total CIP Budget cap for FY2026 would be \$29,302,532. Even when carryover projects are included, the proposed FY2026 Ceiling Cap is more than \$5M less than the FY2025 Cap and more than \$3M less than the FY2024 Ceiling Cap.

Several of the general plant expenditures are for MEC overhaul and replacement items. These and other general plant costs are justified and necessary.

¹⁹ Phone conference between GPA CFO John Kim, GPA Counsel Graham Botha, and PUC ALJ Fred Horecky on September 18, 2020.

²⁰ Phone conversation between John Kim, GPA CFO, and Fred Horecky, PUC ALJ, on September 15, 2025.

Over one-half of the FY2026 engineering project costs relate to five projects: (1) T7 Transformer Replacement, \$1,800,000; (2) Substation Hardening/Concrete Fencing Harmon, \$500,000; (3) EV Charging Station, \$500,000; (4) Predictive Based Maintenance, Island wide, \$500,000; and (5) P-087 GWA Wells Underground Conversion, \$500,000.

There is a cost of \$485,000 for the EPCM Contract regarding LNG, Stanley Consultants. The PUC did authorize GPA to do additional exploratory work on LNG issues in GPA Docket 23-17.

The proposed Engineering CIP projects appear reasonable and the construction projects should improve the IWPS. The projects should improve the island-wide transmission and distribution system.

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


ORDERING PROVISIONS

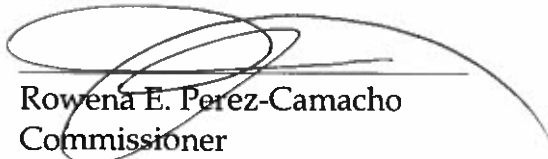
Upon consideration of the record herein, the Petition of GPA, and the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission **HEREBY ORDERS** that:


1. The GPA FY2026 internally funded CIP ceiling cap, which consists of General Plant and Engineering, is approved in the amount of \$15,174,673.
2. The General Plant and Engineering budgets are considerably lower than the FY2024 Cap and the FY2025 Ceiling Cap and appear reasonable; no prudence concerns are noted.
3. GPA shall file a complete reconciliation of the FY2025 expenditures on or before December 1, 2025, as required by the Contract Review Protocol
4. GPA must obtain Contract Review approval from the PUC before it expends amounts for those projects which exceed the contract review threshold of \$1.5M.
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 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

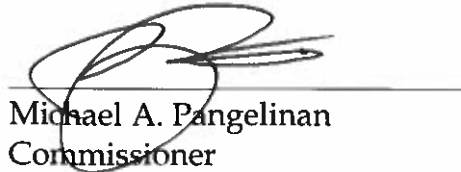
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GPA Docket 25-20
September 25, 2025

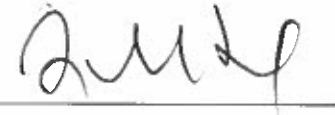
Dated this 25th day of September, 2025.




Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Commissioner

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner