



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 26-03
)
Guam Power Authority Levelized Energy)
Adjustment Clause (LEAC)) **ORDER**
)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to reduce the current secondary Levelized Energy Adjustment Clause (LEAC) factor from \$0.155495/kWh to \$0.135840/kWh for meters read on or after January 1, 2026, through July 31, 2026.¹

BACKGROUND

Effective August 1, 2025, the PUC reduced the secondary LEAC factor from \$0.208802 to \$0.155495/kWh for meters read on or after August 1, 2025.² The reasons for the reduction in the LEAC factor were: (1) a reduction in the average market price of fuel to \$100.01/bbl. for the period of February 1, 2025, through July 31, 2025; (2) the projected average price of fuel for the period ending January 31, 2026 at \$89.93/bbl;³ and (3) the pending operational availability of the Ukudu power plant in December 2025, which will significantly reduce the amount of fuel required. Decreased fuel consumption will result from the Ukudu plant's high efficiency.⁴

¹ GPA Petition, In the Matter of: Guam Power Authority Levelized Energy Adjustment Clause (LEAC), GPA Docket 26-03, dated December 5, 2025.

² PUC Order, GPA Docket 25-13, dated June 26, 2025, at p. 8.

³ Id. at p. 2.

⁴ GPA Petition at p. 2.

In GPA Resolution No. FY2026-03, dated December 4, 2025, the Guam Consolidated Commission on Utilities ["CCU"] authorized GPA management to petition the PUC to reduce the current secondary LEAC Factor from \$0.155495/kWh to \$0.135840/kWh effective for the period from January 1, 2026 through July 31, 2026.⁵

The average market price of fuel used in the current LEAC period from August 1, 2025 through January 31, 2026 was \$97.86/bbl. The projected price of fuel for the period ending July 31, 2026 is expected to be \$97.82/bbl. There has been a slight reduction in the projected fuel cost.⁶

There has been a steady reduction in the amount of the secondary LEAC Factor since January of this year. The Factor was reduced by the PUC from approximately 26 cents in January per/kWh to 15.5 cents in August per/kWh. If the PUC adopts GPA's proposal, there will be a further reduction to 13.5 cents, nearly a 50% reduction in the secondary LEAC Factor this year.⁷

On November 27, 2025, the Administrative Law Judge ("ALJ") requested the assistance of PUC Consultant Marianas Consulting Group ("MCG") to review the GPA LEAC Petition filing, and to make recommendations to the PUC. On December 11, 2025, MCG provided its Report in response to GPA's Petition.⁸ Copies of the MCG Report have been provided to the Commissioners.

⁵ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2025-17, To Authorize the Management of the Guam Power Authority to Petition the Guam Public Utilities Commission to Reduce the Levelized Energy Adjustment Clause (LEAC) for the Period of January 1, 2026 through July 31, 2026, adopted and approved on December 4, 2025.

⁶ Id.

⁷ GPA Petition at p. 13.

⁸ Marianas Consulting Group, Report in GPA Docket 26-03, dated December 11, 2025.

The Administrative Law Judge filed his Report herein dated December 15, 2026.⁹ The PUC adopts the conclusions and recommendations in the Report.

DETERMINATIONS

I. GPA'S LEAC PROPOSAL

GPA is proposing to implement a base rate adjustment increase concurrently with LEAC Factor reduction effective January 1, 2026, "thereby aligning rate changes with the anticipated full commissioning of the Ukudu Power Plant by December 31, 2025."¹⁰ While GPA states that the base rate increase is necessary to recover the costs associated with the Ukudu Power Plant, the corresponding reduction in the LEAC charge, resulting from decreased fuel consumption due to the plant's high efficiency, will "help mitigate the overall financial impact on customers. By implementing both adjustments simultaneously, GPA ensures that ratepayers receive the full benefit of anticipated fuel savings from the Ukudu Power Plant, thereby reducing the net effect on customers' bills."¹¹

The LEAC Factor proposed by GPA would be in effect for seven months, rather than for the six-month LEAC period established by Tariff Z.

In addition to the slight decrease in fuel prices, GPA justifies the LEAC reduction as the means of offsetting the base rate increase to the ratepayers. GPA estimates that the monthly increase in the bill to the average ratepayer, when the impacts of the base rate increase and the LEAC reduction are combined, would be \$8.13. GPA also contends

⁹ ALJ Report, GPA Docket 26-03, dated December 22, 2025.

¹⁰ GPA Petition, Exhibit A to GPA Resolution No. FY2026-03, p. 2.

¹¹ Id.

that the average ratepayer will accrue over \$1,200 of annual savings because of the LEAC reductions over the past year.¹²

A further justification for the LEAC decrease is that the Ukudu Power Plant is expected to reduce GPA's annual fuel consumption by more than 900,000 barrels per year.¹³

GPA has provided a justification for the adoption of its proposed LEAC Factor.

II. THERE IS RISK TO THE ADOPTION OF THE LEAC FACTOR PROPOSED BY GPA.

GPA estimates a projected LEAC under-recovery at December 31, 2025, of \$14.514M.

GPA will not bill the ratepayers for the under-recovery. In its LEAC proposal, GPA has deducted the amount of \$14.2M from fuel costs to arrive at the Factor of \$0.135840.

GPA plans to apply the liquidated damages owed by KEPCO for the delay in achieving full commissioning of the Ukudu plant toward the projected under-recovery at the end of January 2026. However, GPA has also indicated that the revised estimate of LEAC under-recovery for the period from January 2026 through July 2026 is \$11.9M.¹⁴

To offset the projected under-recovery for the next LEAC period, GPA further states that it is "actively coordinating with our vendor on the sale of GPA's excess ULSFO inventory. The proceeds from this buy back will be applied to offset the under-recovery during this time frame [i.e. January-July 2026]".¹⁵ The question arises as to whether GPA will have sufficient funds to cover the LEAC under-recovery as of July 2026.

¹² GPA Petition at p. 12.

¹³ GPA Newsletter, December 5, 2025, "CCU Approves LEAC Reduction effective January 1, 2026 Lowering Fuel Charges for GPA Customers", at p. 2.

¹⁴ GPA's Response to Data Inquiry No. 3, dated December 2, 2025.

¹⁵ Id.

There is no assurance that the buyback will proceed. GPA will likely experience a shortfall in the fuel factor recovery over the next seven months, which could necessitate future LEAC increases. There is a risk that the LEAC Factor for the next period is being set at too low a level. GPA believes that it can accept the proposed under-recovery amounts, and that the LEAC Factor which it proposes is manageable. Thus, GPA is assuming the risk for the LEAC Factor being set. Both GPA and the ratepayers bear a risk that the LEAC Factor is being set at too low a level.

In weighing the benefits and risks for the proposed LEAC Factor, protection of ratepayers from an undue rise in base rates is an important consideration.

III. THE PUC CONSULTANT, MCG, HAS CONCLUDED THAT THERE COULD BE A SUBSTANTIAL LEAC UNDER- RECOVERY BY JULY 2026.

The Marianas Consulting Group Report is attached to the ALJ Report as Exhibit "1". MCG states that the LEAC under-recovery, as of July 31, 2026, will be approximately \$10.23M, rather than the \$11.86M calculated by GPA, due to certain computational errors made by GPA. GPA hopes to obtain \$11-12M from the sale of 162,000 barrels of ULSF, which would be used by GPA to offset the under-recovery as of July 31, 2026. MCG is not fully confident that GPA can sell the ULSF. GPA did not include the projected sale proceeds in its LEAC computations for January through July 2026.¹⁶

MCG concludes: "...if the ULSF oil sale proceeds are not realized, the LEAC under-recovery may be \$10 million or more as of July 31, 2026, and the LEAC rate may require a significant increase in the next LEAC filing to reduce the under-recovery."¹⁷

¹⁶ Marianas Consulting Group, Report in GPA Docket 26-03, dated December 11, 2025, at p. 2.

¹⁷ Id.

To fully recover the July 31, 2026, under-recovery balance, MCG suggests that the LEAC Factor would have to be set at \$0.149693 per/kWh rather than the \$0.135840 per/kWh proposed by GPA.¹⁸

CONCLUSION

The PUC concludes that it is reasonable for GPA to cushion the impact upon ratepayers of the increase in base rates by reducing the LEAC Factor. If a large under-recovery balance remains as of July 31, 2026, the PUC has the option of raising the LEAC factor. The process for setting LEAC is flexible and self-correcting. In the past, the LEAC under-recovery had risen as high as over \$47M. An under-recovery level of \$10M should be manageable.

ORDERING PROVISIONS

After carefully reviewing the record in this proceeding, having considered the LEAC Petition of GPA, the Report of PUC Consultant Marianas Consulting Group, and the Administrative Law Judge Report, and after discussion at a duly noticed regular meeting held on December 22, 2025, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. The secondary Fuel Recovery Factor of \$0.135840 /kWh shall be effective for meters read on or after January 1, 2026.

¹⁸ MCG Report, Schedule 1.

2. The current singular LEAC factors are hereby adjusted, effective January 1, 2026, as shown in the following table:

LEAC

Delivery Classification	\$ per kWh
Secondary -	\$0.135840
Primary - 13.8 KV	\$0.131236
Primary - 34.5 KV	\$0.130809
Transmission - 115 KV	\$0.128989

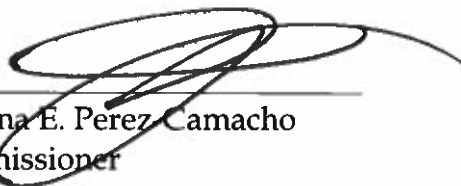
For the entire LEAC period, these changes represent a 12.64% decrease in the LEAC Factor for a residential customer utilizing an average of 1,000 kilowatt hours per month, and a 7.77% decrease in the total bill.

3. GPA should file for a change in the LEAC factors to be effective August 1, 2026, on or before June 15, 2026.
4. GPA shall file updates with the PUC on actual costs to date versus the cost estimates included in its Petition in this docket for each of seven months for the period from January 1, 2026 through July 31, 2026 as soon as such actual costs become available.
5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 22nd day of December 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