

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA DOCKET 26-04
PETITION OF THE GUAM POWER)
AUTHORITY TO APPROVE THE) ORDER
EXTENSION OF CABRAS 1 & 2)
PERFORMANCE MANAGEMENT)
CONTRACT UNTIL MAY 31, 2026)

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 May 31, 2026.¹
2. The existing extension of the PMC will expire on January 31, 2026.²
3. GPA requests that the PUC approve GPA's extension of the PMC for an additional four (4) months to expire on May 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 expired on September 30, 2025.⁴
5. On September 26, 2025, the PUC authorized a four-month extension of the PMC which is set to expire on January 31, 2026.⁵

¹ GPA Petition to Extend the Performance Management Contract for Cabras 1 and 2 to May 31, 2026, GPA Docket 26-04, dated December 5, 2025 [GPA Petition].

² GPA Petition at 2. 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 4.

⁴ Id., at 2.

⁵ PUC Order dated September 26, 2025 in GPA Docket No. 25-17 at 4.

6. GPA's consent decree with the U.S. Environmental Protection Agency (USEPA) generally permits GPA to operate Cabras 1 & 2 until six (6) months after GPA's new Ukudo Power Plant achieves its commercial operation date (COD). The Ukudo Power Plant is currently scheduled to achieve COD on December 31, 2025. However, the consent decree expressly authorizes GPA to operate Cabras 1 & 2 only until March 31, 2026. GPA has informed the USEPA of its need to extend the PMC to May 31, 2026 and is currently awaiting the USEPA's response.⁶
7. GPA and TEMES negotiated a four (4) month extension of the PMC to May 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.⁷
8. On December 4, 2025, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2026-05 authorizing GPA's management to exercise the four-month extension of the PMC and its \$1,426,091 cost subject to the PUC's approval.⁸
9. On December 8, 2025, PUC Legal Counsel issued his report recommending that the PUC grant GPA's request to approve GPA's four- month extension of the Cabras 1 & 2 PMC to May 31, 2026 for the total estimated cost of \$1,426,091 subject to the USEPA's express approval of the continued operation of Cabras 1 and 2 up to May 31, 2026.

DETERMINATIONS

10. GPA must obtain the PUC's approval for the four-month extension of the PMC contract. GPA's Contract Review Protocol states that for multi-year procurements with fixed terms and variable annual costs, such as the PMC contract at issue here, GPA shall seek PUC approval of the procurement if the cost exceeds 120% of the contract's aggregate cost initially approved by the PUC.⁹ Here, the PMC's initial cost approved by the PUC was \$9,969,188 and 120% of that amount is \$1,200,000 ($\$9,969,188 \times 120\% = \$1,200,000$).¹⁰ Here, the PMC extension will cost \$1,426,091

⁶ GPA Petition, at 2.

⁷ Id., at 4.

⁸ Id., at 8.

⁹ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at page 2-3.

¹⁰ PUC Order dated July 20, 2020, GPA Docket No. 20-15 at 5.

which exceeds the \$1,200,000 threshold. Therefore, GPA must obtain the PUC's approval for the four-month PMC extension.

11. The \$1,426,091 cost of the four-month PMC extension is reasonable. The current currant four-month extension of the PMC until January 31, 2026 costs a total of \$1,426,091 and the proposed four-month extension is for this same amount.¹¹ Therefore, the four-month extension cost is reasonable.
12. The four-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.¹² Additionally, the continued operation of Cabras 1 and 2 during the four-months extension period will use up GPA's remaining supply of Low Sulfur Fuel Oil which is only used by Cabras 1 & 2.¹³ Hence, the four-month extension of the PMC is prudent.
13. 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-month extension, Cabras 1 and 2 will not remain online after January 31, 2026 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 December 31, 2025.
14. Based on the foregoing, GPA's four-month contract extension with TEMES for the Cabras 1 & 2 PMC to May 31, 2026 and it's \$1,426,091 cost are reasonable, prudent, and necessary.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, GPA's Petition to extend the PMC for Cabras 1&2 to May 31, 2026, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and

¹¹ GPA Petition at 4. NOTE: The Petition states that the existing four-month extension is for a total amount of \$1,426,051, however, the PUC Order dated August 28, 2025 in GPA Docket No. 25-17 at 4 actually authorized the amount of \$1,426,091 based on the CCU approving that amount for the existing four-month extension that will end on January 31, 2026.

¹² PUC Order dated September 15, 2010 in GPA Docket No. 10-4 at 1.

¹³ GPA Petition at 3.

carried by the undersigned Commissioners, the Guam Public Utilities Commission
HEREBY ORDERS that:

1. GPA's four-month extension of the Cabras 1 & 2 PMC to May 31, 2026 for the total estimated cost of \$1,426,091 is approved subject to and on the condition that the USEPA gives written approval of the continued operation of Cabras 1 and 2 up to May 31, 2026.

2. 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 §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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PUC Order
Petition of the Guam Power Authority
To Extend The Performance
Management Contract For Cabras 1 & 2
GPA Docket 26-04
December 22, 2025

Dated this 22nd day of December, 2025.



Jeffrey C. Johnson
Chairman



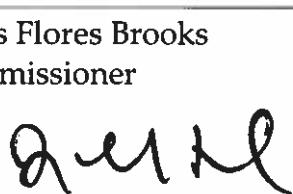
Rowena E. Perez-Camacho
Commissioner



Michael A. Pangelinan
Commissioner



Joseph M. McDonald
Commissioner



Doris Flores Brooks
Commissioner



Peter Montinola
Commissioner