



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 26-05  
)  
Guam Power Authority's Repair and )  
Overhaul of the Navy-Owned Orote ) **ALJ REPORT**  
Power Plant )  
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority ["GPA"] NOTICE TO THE PUBLIC UTILITIES COMMISSION RELATIVE TO THE APPROVAL TO INCREASE THE LIMIT OF THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT, filed February 6, 2026.<sup>1</sup>

**BACKGROUND**

On September 9, 2024, GPA filed its NOTICE TO THE PUBLIC UTILITIES COMMISSION RELATIVE TO THE APPROVAL OF THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT.<sup>2</sup> Pursuant to an "Intergovernmental Support Agreement between Commander, Joint Region Marianas, and the Guam Power Authority" ("IGSA"), the Navy had requested that GPA assist with the repair and overhaul services for the Orote Power Plant located on Naval Base Guam (NBG).<sup>3</sup> The Orote Power Plant, consisting of three 6.8MW Wartsila diesel

<sup>1</sup> GPA NOTICE TO THE PUBLIC UTILITIES COMMISSION RELATIVE TO THE APPROVAL TO INCREASE THE LIMIT OF THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT, filed February 6, 2026.

<sup>2</sup> GPA NOTICE TO THE PUBLIC UTILITIES COMMISSION RELATIVE TO THE APPROVAL OF THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT, filed September 9, 2024.

engines, can produce over 20MW of power. The agreed amount for the repairs was “not to exceed \$1.8M.”<sup>3</sup>

Under the IGSA, contractor costs, GPA costs, and project management fees are reimbursable to GPA by Navy. Navy is required to pay GPA in advance for its support services.<sup>4</sup> GPA negotiated with the engine OEM Wartsila to perform the overhaul and repair works. The total cost for work under the contract, \$1,800,000, was mostly for Wartsila’s services.

GPA filed its September 9, 2024, NOTICE to the PUC pursuant to Paragraph 2 of the GPA Contract Review Protocol. Under Paragraph 2 of the Contract Review Protocol, when GPA receives revenues or reimbursement of costs in excess of \$1,500,000, GPA is authorized to evaluate its contract with Navy without PUC approval.<sup>5</sup> GPA satisfied all requirements under Paragraph 2(b) for proceeding with the overhaul and repair contract. With its NOTICE, GPA filed a declaration of the Acting General Manager indicating that “the contract to repair and overhaul the Orote Power Plant does not produce an increased revenue requirement because the cost is fully reimbursable to GPA under the IGSA.”<sup>6</sup>

On September 26, 2024, the PUC issued its ORDER in GPA Docket 24-27, holding that prior PUC Review of GPA’s contracts with Navy and Wartsila were not required under

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<sup>3</sup> Id. at ATTACHMENT C, p. 3.

<sup>4</sup> Id., at Attachment B, Exhibit 1, p. 4.

<sup>5</sup> Contract Review Protocol for the Guam Power Authority, Administrative Docket, paragraph 2, dated February 15, 2008.

<sup>6</sup> GPA NOTICE TO THE PUBLIC UTILITIES COMMISSION, filed September 9, 2024, ATTACHMENT B, p. 1.

paragraph 2 of the Contract Review Protocol.<sup>7</sup> In addition, the PUC approved the contracts and indicated that, based upon the need for the supply of power to the Island Wide Power System by the Orote Plant, GPA could proceed ahead immediately with the contracts and the Orote repair and overhaul project.<sup>8</sup>

In its NOTICE TO THE PUBLIC UTILITIES COMMISSION in this Docket, GPA advised the PUC that the Guam Consolidated Commission on Utilities, in Resolution No. FY2026-28, had authorized an increase in the cost of the contract to repair and overhaul the Orote Power Plant.<sup>9</sup> After the overhaul of Unit 2 of Orote was completed, the unit was commissioned. However, “the insulation on the Unit 2 generator was worn, and indicated a low Ohm value, causing the generator to burn. Unit 2 now requires at least \$1,450,000 to repair off-site. Furthermore, “to prevent Unit 1 and Unit 3 Generators from also burning and incurring similar damages, the OEM recommends the cleaning and servicing (generator rewinding) in addition to the overhaul of each unit. This is estimated to cost \$450,000 for both Unit 1 and Unit 3...”<sup>10</sup>

### **ANALYSIS**

#### **I. PUC PRIOR REVIEW OF GPA’S CONTRACTS WITH NAVY AND WARTSILA TO INCREASE THE LIMIT FOR THE OVERHAUL/REPAIR OF THE OROTE PLANT IS NOT REQUIRED UNDER THE CONTRACT REVIEW PROTOCOL.**

The Commission held in its Order in GPA Docket 24-27, dated September 26, 2024, that GPA could enter into contracts without the prior approval of the PUC where GPA

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<sup>7</sup> PUC Order, GPA Docket 24-27, dated September 29, 2024.

<sup>8</sup> Id.

<sup>9</sup> GPA NOTICE TO THE PUBLIC UTILITIES COMMISSION RELATIVE TO THE APPROVAL TO INCREASE THE LIMIT OF THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT, filed February 6, 2026, Attachment A.

<sup>10</sup>Id., at Attachment A, p. 1.

satisfied the filing requirements of Paragraph 2 of the Contract Review Protocol.

Paragraph 2 provides: "For contracts that involve the receipt by GPA of revenues or reimbursement of costs in excess of \$1,500,000, the following procedures will apply:

- a) GPA is permitted to evaluate the contract without PUC approval;
- b) Prior to entering into the contract, GPA will provide the following to PUC:
  - i) The Consolidated Commission on Utilities [CCU] resolution authorizing the contract.
  - ii) An affidavit from GPA management stating that the contract does not produce an increased revenue requirement with supporting documentation.
  - iii) A narrative description of the contract."<sup>11</sup>

The contract will be deemed approved unless rejected by PUC within 30 days after an adequate filing [as determined by the ALJ] has been made by GPA pursuant to subparagraph (b).<sup>12</sup>

GPA has provided the material required by Paragraph 2 of the contract review protocol:

- (1) CCU Resolution No. FY2026-08, which authorizes an increase in the contract with Wartsila to provide additional repair and overhaul services on the Orote Power Plant;
- (2) An affidavit from its management stating that the contract does not produce an increased revenue requirement.<sup>13</sup>; (3) "a narrative description of the contract."<sup>14</sup>

Under Paragraph 2 of the contract review protocol, GPA must provide the information to PUC thereunder **prior to entering into the contract**. GPA has not provided the

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<sup>11</sup> Contract Review Protocol for the Guam Power Authority, Administrative Docket, paragraph 2, dated February 15, 2008.

<sup>12</sup> Id at paragraph 2c.

<sup>13</sup> Declaration of John M. Benavente, P.E. re No Requirement of Increased Revenue, dated February 6, 2026, Attachment B to the Notice to the Public Utilities Commission in GPA Docket 26-05.

<sup>14</sup> Notice to the Public Utilities Commission in GPA Docket 26-05 at Attachment C1 and Attachment C2.

contract it intends to enter. GPA indicates that “[T]he intergovernmental support agreement (IGSAJ) between Navy and GPA is currently in draft form and has not yet been finalized.”<sup>15</sup> In addition, the MEMORANDUM FOR RECORD which memorializes the contract agreement, has been signed by the General Manager of the Guam Power Authority but not by the Commander Joint Region Marianas.<sup>16</sup>

**II. THE PUC SHOULD CONDITIONALLY APPROVE AN INCREASE TO THE LIMIT FOR THE REPAIR AND OVERHAUL OF THE NAVY-OWNED OROTE POWER PLANT.**

There are two issues which GPA must resolve before its contract can proceed ahead. First, both the ISGA and the Memorandum for Record need to be agreed to by GPA and Navy, and fully executed. Second, there is a discrepancy concerning the total cost of these projects. In Resolution No. FY2026-08, the CCU held that GPA was approved to increase the \$3,000,000 contract with Wartsila to up to \$6,000,000.<sup>17</sup> However, the documentation in the NOTICE in GPA Docket 24-27 indicates that the initial repairs were not to exceed \$1.8M. The draft Memorandum for record in this docket indicates that the additional funding was “not to exceed \$2,000,000.00.” The total authorization would appear to be \$3,800,000.00. It is not clear how the CCU determined the figure of \$6M or what contract approval there has been for such amount.

**CONCLUSION**

The ALJ recommends that GPA be authorized to proceed ahead with an increase to the cost for repair and overhaul of the Navy-Owed Orote Power Plant pursuant to

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<sup>15</sup> NOTICE TO THE PUBLIC UTILITIES COMMISSION at p. 2, filed February 6, 2026.

<sup>16</sup> Id., at Attachment C2, p. 1.

<sup>17</sup> Id., at Attachment A, p. 3.

ALJ Report  
Increase of the Limit for  
Repair and Overhaul of the  
Orote Power Plant  
GPA Docket 26-05  
February 17, 2026

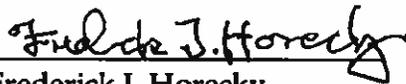
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Paragraph 2 of the Contract Review Protocol. However, PUC approval should be conditioned upon GPA finalizing its IGSA contract and the MEMORANDUM FOR RECORD, and further clarifying the total cost of the contract that Navy has agreed to.

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A Proposed Order is submitted herewith for the consideration of the Commissioners.

Respectfully submitted this 17th day of February, 2026.

  
Frederick J. Horecky  
Chief Administrative Law Judge