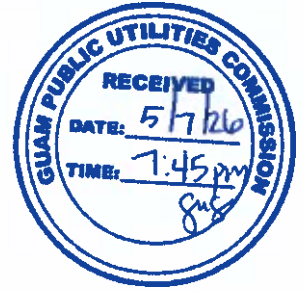


**GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING**



March 26, 2026

SUITE 807, DNA BUILDING, 238 ARCHBISHOP FLORES ST., HAGATNA, GUAM

MINUTES

1. CALL TO ORDER

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m., on March 26, 2026, pursuant to due and lawful notice. The meeting was called to order at 6:32 p.m. **Commissioners Peter B. Montinola, Joseph M. McDonald, Michael A. Pangelinan and Doris Flores-Brooks were in attendance.** The following matters were considered at the meeting under the Agenda included as Attachment "A" hereto.

2. APPROVAL OF MINUTES

The Vice Chairman Peter B. Montinola conducted the meeting and announced that the first item of business on the agenda was the approval of the minutes of the February 26, 2026 meeting. Commissioner Michael A. Pangelinan moved to approve the minutes of the February 26, 2026 meeting, subject to corrections, which motion was seconded by Commissioner Joseph M. McDonald, and the motion was carried and unanimously passed.

The Chairperson announced that the next item of business on the agenda is the following GPA matter:

GUAM POWER AUTHORITY

3. GPA Docket No. 26-06 – Petition of the Guam Power Authority to Approve the Funding of Expanded Demand Side Initiatives through Energy Sense Account.

Vice-Chairman Montinola addressed the next Agenda item, GPA Docket No. 26-06, GPA's Petition to Approve the Funding of Expanded Demand Side Initiatives through Energy Sense Account. The Vice-Chairman informed the Commissioners that there is an ALJ Report and a proposed Order and invited CALJ Frederick J. Horecky to present this matter. Thereafter, CALJ Horecky provided an overview and informed the PUC that the Demand Side Management (DSM) program has been before the PUC since 2014, which developed through a cooperative effort of the PUC and GPA. There are 11 initiatives that GPA is proposing for this DSM program. In terms of power, there is the supply side, which involves power plants and the supplying of energy through generation; and, the demand side, which examines the customers' power usage and encourages customers to use more efficient appliances or introduces measures that will encourage customers to be efficient in their use of energy.

In 2015, the PUC approved GPA's plan to implement four DSM programs, which included (1) Central ACs, (2) Ductless ACs, (3) Washers and (4) Dryers. In 2017, the PUC approved 10 additional DSM program initiatives, which included energy audits, certain commercial air conditioning initiatives, commercial lighting and water heating, to name a few. In Docket 20-05, the PUC approved the use of LEAC funding to pay for DSM programs through the Energy Sense account. The PUC found the DSM programs to be beneficial to ratepayers in Guam because it

reduced energy consumption sourced from high-cost fuel or diesel oil. Funding through the LEAC was established in the amount of \$1.5M for each 6-month LEAC period with a per-kW charge of \$0.003 on all meters read on or after July 1, 2020. True-up of the LEAC funding were to be conducted by GPA in every LEAC proceeding. Request for LEAC funding would be subject to approval by the PUC. GPA was required to place all funds obtained for DSM from LEAC in the Energy Sense account.

In this docket, GPA Resolution FY2026-10, the CCU requested the PUC approve these 11 new DSM programs and supporting infrastructure. It has been established through a number of prior decisions that the PUC must approve any funding for DSM initiatives, i.e., (1) electric vehicle managed charging services pilot; (2) hot water controller 100 unit pilot; (3) home area network services; (4) new online home energy assessment; (5) commercial LED expansion; (6) electrical transient analyzer program; (7) PV design and calculation annual software; (8) membership subscription for commercial lighting; (9) generation expansion planning software (Hitachi); (10) home energy audit tools; and, (11) LEAC DSM savings report. All of these were listed in GPA's Exhibit "A" to its Petition and gave a brief explanation of the programs. The total combined cost for these projects for Calendar Years 2026 and 2027 is \$1,293,000.00, with Calendar Year 2026 being \$786,500.00 and Calendar Year 2027 being \$506,500.00.

CALJ Horecky summarized the program and its funding as follows:

- On February 24, 2024, USF, the consultant for GPA, issued its report titled "Demand Side Management Review, reflecting a balance of \$5.3M in the Energy Sense account. Between 2020 and July of 2023, there was an over-collection of the DSM funds from LEAC of \$2,421,399. GPA petitioned to reduce the DSM component of the LEAC to zero charge per kWh in GPA Docket 24-08, based upon the USF report.
- Since February 2024, the ratepayers have not been charged any additional amounts for the DSM program through LEAC. The current balance for DSM funds in the Energy Sense account is \$1.8M. These funds can be used, in part, to fund the initiatives proposed by GPA. The prior charge of \$0.003 per kWh generated approximately \$1.9M per 6-month LEAC period, which was more than the budgeted amount of \$1.5M per LEAC period and a yearly \$3M budget.
- GPA indicates that there will be no increase in budget for these additional initiatives – it will remain at the \$3M annual DSM budget. When GPA proposes to activate a new LEAC charge, the factor can be adjusted by the PUC.
- GPA has provided substantial justifications for these new proposed initiatives. GPA is seeking to expand the DSM offerings to include load shifting, controllable demand, improved forecasting of renewable generation, managed forecasting of renewable generation, managed electrical vehicle charging and analytical tool that share and control energy consumption.
- EV managed charging services – GPA looking to encourage owners of electric vehicles to charge them during the day when there is plenty of solar power rather than at night when the demand is high.
- Water Heater Controller 100-unit pilot – will treat water heaters as a form of thermal energy storage, enabling the shifting of heating load to off-peak hours rather than times of higher renewable generation.
- New online home energy assessment tool – GPA plans to procure a new online energy audit platform to ensure continuity of digital audit services and uninterrupted access for customers seeking to evaluate energy efficiency improvements and participate in rebate programs to

include a commercial LED expansion and automation of rebate application. GPA plans to enhance the online rebate platform to make it easier for customers to process their rebates.

- Electrical Transient Analyzer Program (ETAP) provides analytical capabilities to model grid impacts, assess load shifting strategies and evaluates the system level effects of DSM measures.
- PV System – software support system evaluation, performance, validation and production forecasting for distributed solar installations.
- Design Light Consortium subscription – provides an industry recognized technical standard for high efficiency commercial lighting projects or products.
- Generation Expansion Planning Software Hitachi – software enables comparative analysis of demand side measures versus generation additions, quantifies avoided capacity impacts, and supports optimization of DSM within GPA’s overall resource portfolio.
- Home energy audit tools are already in the DSM program – GPA provides calibrated diagnostic instruments and field equipment needed to evaluate building performance, equipment operation load profiles and the development of accurate energy savings reports.
- LEAC DSM Savings Report – will be prepared by GPA consultant UFS and will gauge the success or effectiveness of the program, which will be submitted during each LEAC period.

GPA has established that payment for these initiatives can be covered within the existing LEAC budget of \$3M per year and the initiatives are fully supported by GPA consultant analysis and prior planning documents. CALJ Horecky recommends that the PUC approve the 11 proposed initiatives, as GPA’s internal and operational evaluation of these initiatives reveal that they will greatly improve the existing DSM program and are reasonable, prudent and necessary. GPA will seek the PUC’s prior approval should it reactivate the \$1.5M DSM funding per LEAC period and GPA should also comply with the reporting requirements of the Order issued in GPA Docket 20-05. The true-up report for each LEAC proceeding should indicate the total amount of funds collected in the prior LEAC period for DSM and the extent to which such amount was an over- or under-recovery of the \$1.5M, with GPA’s report for each LEAC period reflecting a complete account of all amounts expended by GPA during the prior LEAC period for DSM including rebates, program costs, and every expenditure of every nature and contain estimated fuel savings during the prior LEAC period resulting from the DSM program.

Thereafter, Vice-Chairman Montinola solicited for comments and GPA GM John Benavente informed the Commissioners that GPA totally supports the DSM program, as it assists in reducing the consumption of the ratepayers and it keeps the ratepayers happy as reduced consumption ultimately reduces customer rates. GPA has over 30,000 applicants for rebates for renewables. For example, the biggest load user – air conditioners – the island has been rightsizing its efficiency. It’s directly related to the fuel component – our (GPA/CCU/PUC) goal is to reduce our import of oil. When we complete Ukudu, we reduce a million barrels of oil per year. GPA Strategic Planning Manager John Cruz commented that a prior LEAC report evaluated the DSM program and for a cost of \$6M in total rebates, there was \$26M in direct customer savings in terms of energy. There was a deferral of capacity -- a reduction in capacity growth by about 10.1MW. Although GPA’s load does not seem to be going up, it does have a lot of new customers providing the load that is being offset by the DSM program. And, the cost of deferral in terms of deferred capacity is probably in the order of about \$27M. Discussions continued between the Commissioners and GM Benavente and GPA Manager Cruz regarding the digital processing of rebate applications and the timeframe involved, together with numerous additional incentives, activities and opportunities that GPA is currently providing, through the DSM program, and the correlating reduction in consumer consumption and ultimately consumer rates.

There being no further inquiries or comments, Commissioner McDonald moved to approve GPA Docket No. 26-06, which motion was duly seconded by Commissioner Pangelinan, and the motion was carried and unanimously approved.

4. GPA Docket No. 26-08 - Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance.

Vice-Chairman Montinola addressed the next Agenda item, GPA Docket No. 26-08, GPA's Petition for Approval and Authorization to Solicit Casualty Insurance. The Vice-Chairman informed the Commissioners that there is an ALJ Report and a proposed Order and invited ALJ Kristina L. Baird to present this matter. ALJ Baird stated that what is before the PUC is GPA's petition to solicit for casualty insurance for 3 fiscal years, i.e., FY2027 through FY2029. GPA's current casualty insurance will expire on October 31, 2026. The ALJ Report and proposed Order provides background concerning casualty insurance. GPA Docket 24-02 was the last time the PUC approved GPA's casualty insurance contract for FY2024, with two 1-year renewals or a 3-year period. The past line of insurance, back in 2018, combined procurement of both the casualty and property insurance. However, in 2023, GPA opted to issue two separate procurements providing justification that this was done in the event one procurement was delayed, the other could move forward. In GPA Docket 24-02, there was only one bidder who responded to the multi-step bid and that price exceeded GPA's price estimates. Thus, the procurements were cancelled and GPA conducted sole source negotiations. Thereafter, GPA presented the casualty insurance contract to the PUC, who voiced concerns over the increased premiums. GPA opined that the increase was a result of the professional liability insurance, mainly GPA engineers, and confirmed that GPA has not received casualty insurance claims for the past six years. The PUC ordered GPA to conduct an evaluation to ascertain whether self-insurance was viable, at least for the professional liability aspect of the casualty insurance contract. GPA was also ordered to notify the PUC, in writing, before awarding the casualty insurance contract.

In November 2024, GPA filed its report concerning self-insurance professional liability with the PUC. In that report, GPA's risk manager, Mr. Bolton, IMA Financial Group, opined that GPA should look to obtaining higher deductibles, especially with professional liability, instead of self-insuring. Additionally, with regard to the rising insurance premiums, the PUC expressed in GPA Docket 24-01, concerning property insurance coverage, that GPA explore the possible use of self-insurance for matters presently covered by casualty and property insurance.

In GPA Docket 24-02, that contract was for a period of three years, amounting to \$2,064,968.00. In GPA's petition currently before the PUC, GPA states that it anticipates the procurement will exceed the \$1.5M threshold, thus requiring PUC approval. GPA states that this procurement for the casualty insurance is necessary, reasonable and prudent. GPA's Bond Indenture Agreement requires GPA to maintain insurance. The PUC has noted in other dockets that the requirement is for reasonable insurance. GPA further goes on to state that it is necessary to obtain casualty insurance in order to avoid an event of default on the Bond Indenture Agreement. The procurement is also reasonable as it will act as a safety net to protect GPA against lawsuits, accidents and third-party damages that could otherwise cause financial stress. Lastly, GPA asserts that the procurement is prudent because it will insure against risks that are known to be possible in the course of GPA's mission and operations. The PUC has consistently recognized that casualty insurance is necessary mainly due to the Bond Indenture Agreement, and without casualty insurance in place, GPA runs the risk of loss or liability for all matters for which the casualty insurance policy provides coverage. Thus, the PUC has deemed the casualty insurance policy necessary, reasonable and prudent. As such, based on the

ALJ Report and the past history of this contract, ALJ Baird recommends that the PUC approve GPA's Petition in GPA Docket 26-08.

Vice-Chairman Montinola solicited for comments from GPA, and GPA CFO John Kim informed the PUC that ALJ Baird covered the matter very well. Discussion ensued thereafter with the Commissioners and GPA CFO Kim concerning the following:

- The estimated price of the casualty insurance and raising costs of insurance premiums.
- The recommendation of Mr. Bolton, IMA Financial Group, and GPA's cost analysis regarding increasing the insurance deductibles to lower insurance premiums in lieu of self-insurance.
- The lack of professional liability claims (i.e., GPA engineers) made against GPA over the past six years, warranting the increase of insurance deductibles as a cost-saving alternative.
- The casualty insurance requested by GPA encompasses general liability, auto liability, a floater, blanket crime, workers compensation, excess liability, directors and officers, and professional liability. It does not include professional property casualty as that insurance coverage is a separate procurement.

There being no further questions or comments, Commissioner Pangelinan moved to approve GPA Docket No. 26-08, which motion was duly seconded by Commissioner McDonald, and the motion was carried and unanimously approved.

5. GPA Docket No. 26-09 - Petition of the Guam Power Authority to Approve Award Performance Management Contract for Combustion Turbine Power Plants.

Vice-Chairman Montinola addressed the next Agenda item, GPA Docket No. 26-09, GPA's Petition to Approve Award of Performance Management Contract for Combustion Turbine Power Plants. The Vice-Chairman informed the Commissioners that there is a Legal Counsel Report and a proposed Order and invited legal counsel Anthony R. Camacho to present this matter. Legal counsel Camacho stated that what is before the PUC is GPA's amended petition to approve the award of a new Performance Management Contract (PMC) for GPA's CT power plants to Marianas Energy Corporation (MEC) for about \$3M for the contract's 3-year base term and 2 optional 1-year extensions at \$1.2M per year for a total amount of \$6.6M. GPA plans on using its revenue funds to pay those costs. The scope of this PMC is inclusive of Dededo CT, the Macheche CT, the Yigo CT and the Piti CT.

On March 1, 2016, GPA entered into a 5-year PMC with TEMES. The scope of that PMC was for the Dededo CT, Macheche CT, Yigo CT, Piti CT and the Tenjo Vista Talofof and Manenggon power plants. On November 20, 2020, the PUC approved a 5-year extension of that PMC contract but only for the Dededo CT, the Macheche CT and the Yigo CT plants. On September 25, 2025, the PUC approved another 5-month extension of the PMC contract. This time it included the Dededo CT, Macheche CT, Yigo CT, Piti 7 CT and then also the Tenjo Vista Talofof and Manenggon power plants. And, this PMC will expire on or about July 31, 2026. On January 30, 2025, the PUC authorized GPA to solicit for a new PMC but for only the Dededo CT, the Macheche CT, the Yigo CT and the Piti 7 CT plants. GPA subsequently issued the solicitation for that service. Two bidders, TEMES and MEC, submitted bids in Phase 2 of the multi-step bid process. GPA determined that MEC submitted the lowest bid; because for the contract's base term plus extension, which was the basis of the award, TEMES' bid was \$7.8M and MEC's bid was \$6.6M. On February 24, 2026, the

CCU authorized GPA's GM to award the PMC for GPA CT power plants subject to PUC's approval. In accordance with GPA's Contract Review Protocol, GPA has to obtain the PUC's approval because the \$6.6M contract cost exceeds the \$1.5M of GPA's contract review threshold. Legal counsel Camacho has determined that the \$6.6M cost of the PMC is reasonable. Basically, the 5-year extension of the existing PMC contract cost about \$7.3M. Here, the total 5 years inclusive of extensions, is approximately \$642K lower than the existing PMC contract for the same time period. Legal counsel Camacho found that this reduction in cost is likely the result of (1) the existing PMC contract includes Tenjo Vista Talofoto and Manenggon power plants and the new PMC contract does not. However, the biggest factor is price competition. This is what happens when there is competition, that is, more than one bidder for the service. As a result of the actual price competition, MEC's \$6.6M bid was \$1.1M less than TEMES's \$7.8M bid. Legal counsel Camacho found that the price competition, the reduction in the scope of services and the \$6.6M cost of the PMC is reasonable. Legal counsel Camacho also found that the contract is prudent. PUC has previously found that PMCs for GPA CT plants ensure that the CT plants achieve sufficient system capacity and further upgraded capacity, and that PMCs for the CT plants are consistent with GPA's longstanding policy of seeking private contractors to manage GPA's generation assets.

GPA has attached the draft PMC. It does contain all the standard provisions for the protection of GPA and ratepayers, such as bid and performance bond requirements, insurance and indemnification clauses, termination for cause or inconvenience, performance guarantees that requires MEC to take responsibility for the management, operation and maintenance of the CT units. Thus, legal counsel Camacho found the PMC is prudent. The continued operations of the CT plants are still necessary in light of the commissioning of Ukudu Power Plant, as GPA requires a potential 129MW of the CT plants to provide peak support for the production at night, during peak demand periods and during periods of baseload unit outages or lower solar unit production such as prolonged overcast or rainy days. Additionally, the PUC has previously found that the generation capacity of GPA CT plants must be maintained due to anticipated military buildup, commercial and local government projects, which could increase load demand by over 100MW by 2030. Hence, legal counsel Camacho found that the PMC is necessary and recommends that the PUC approve this contract.

Thereafter, Vice-Chairman Montinola solicited for comments from GPA, and GPA GM John Benavente stated that the CTs have been operating the baseload for several years now. GPA's process is to go in, perform the rehabilitation and get the CTs ready. The Ukudu Power Plant has to be overhauled or serviced sometime in 2028 or 2029, so that extra resource is needed. Additional discussions ensued between the Commissioners and GPA GM Benavente regarding:

- The maximum capacity (MW) generated and needed for peak and demand hours.
- The various amounts of MW generated or added from Piti 8 and 9, the CTs, batteries/renewables and Cabras 1 and 2 (and then deducted due to Cabras' retirement).
- The PMC schedules of the individual turbines (once a year or short term) and steam turbine (every 4 years), how they are maintained and overhauled and how the system is supported during the maintenance and overhaul of the turbines.
- The impact on military growth.
- The current oil crisis, possible delays in oil shipments and current cost of oil per barrel.

There being no further questions or comments, Commissioner Pangelinan moved to approve GPA Docket No. 26-08, which motion was duly seconded by Commissioner McDonald, and the motion was carried and unanimously approved.

ADMINISTRATIVE MATTERS

6. PUC Legal Counsel Report on Status of Legislation that may Impact Utility Rates.

The PUC then transitioned to administrative matters, beginning with the PUC Legal Counsel Report on the Status of Legislation that may Impact Utility Rates. Vice-Chairman Montinola invited legal counsel Anthony R. Camacho to present this matter. Legal counsel Camacho stated he has compiled a list of legislative bills introduced by the 38th Guam Legislature that may impact utility rates. Legal counsel Camacho highlighted and addressed only a few laws at this time, one of which is the enacted law that allows the use of electronically published newspapers to satisfy the Open Government Law notices. The PUC utilizes the Guam Daily Post because it is the only newspaper that is physically published. Legal counsel Camacho further commented that the PDN could also be utilized, as it is digitally published, and complies and satisfies the notice requirement of the Open Government Law.

Another passed and enacted law worthy to note is that of the Legislature authorizing the Chamorro Land Trust Commission (CLTC) to allow a change in the use of the Guam Municipal Golf Course as a solar farm. The Guam Municipal Golf Course is one of the government utilities that fall under the PUC's jurisdiction. Approximately a week or two ago, the CLTC, pursuant to that law, approved the use of that land for a solar farm. This will likely dissolve Guam Municipal Golf Course's entity as there will now be a solar farm.

Finally, the Legislature approved the island-wide collection plan for Guam Solid Waste Authority with some exemptions. Legal counsel Camacho submitted, for the Commissioners review and information, a list of 28 legislative bills, introduced by the 38th Guam Legislature, that were either referred to committee, enacted into law or vetoed, which may have an impact on utility rates.

7. FYI – FY2025 Ethics Certification.

Vice-Chairman Montinola announced that the next item of business on the Agenda is PUC's FY2025 Ethics Certification. Legal counsel Anthony R. Camacho stated that this letter is submitted as an informational matter. Legal counsel Camacho reported that all PUC Commissioners and administrative staff, inclusive of himself, are currently in compliance with the Government of Guam's Ethics training requirement.

8. Clarification on Accounting Procedures for Legal Counsel Anthony R. Camacho on Regulatory Matters.

Vice-Chairman Montinola announced that the next item of business on the Agenda is the Clarification on Accounting Procedures for Legal Counsel Anthony R. Camacho on Regulatory Matters. Legal counsel Camacho commenced this discussion by providing the Commissioners with the section of PUC's enabling statute, 12 G.C.A. §12103(b), that authorizes the PUC to appoint an attorney, who shall serve at the pleasure of the PUC, and that duties (which may include services of the PUC ALJs) shall be fixed by the PUC; the current status quo and precedent pertaining to legal services and billings for regulatory and administrative matters; and, the PUC's authority to continue with the current status quo or order whatever changes it deems necessary. Legal counsel Camacho further informed the Commissioners that, pursuant to this statute, as well as legal counsel's employment contract, it has authority to assign the regulatory and administrative tasks. The PUC is also authorized to establish, by rule or order, how each public utility regulated under this chapter shall be assessed. The cost incurred by the PUC for professional services rendered by the PUC's ALJs and/or legal counsel shall be borne by or passed on to each respective PUC-regulated agency. A discussion ensued between the Commissioners and legal counsel with regard to their

understanding of this accounting procedure. Commissioner Flores-Brooks stated that the PUC will bill the respective PUC-regulated agency for in-house legal counsel's regulatory services for a particular docket, with payment for said services deposited to the PUC Administrative account to off-set in-house legal counsel's salary.

Legal counsel Camacho explained that the current status quo is that ALJs/legal counsel would bill the respective PUC-regulated agency for regulatory legal services and that payments for said regulatory services performed would be deposited to the PUC Regulatory account and the PUC Regulatory account will in-turn remit payment to its ALJs/legal counsel. PUC could continue with this status quo. A second option would be, as Commissioner Flores-Brooks recommended, that all payments made for in-house legal counsel's regulatory legal services be deposited to PUC Administrative account to offset in-house legal counsel's salary. A third option the PUC may consider would be, instead of an across-the-board assessment where all costs are equally divided by the number of PUC regulated agencies, the PUC could assess the costs based on the percentage of regulatory services rendered to each PUC-regulated agency, i.e., annual assessments based on percentage of regulatory work performed.

The Commissioners discussed, based on its current demands, PUC's need to hire in-house counsel, with in-house legal counsel handling all administrative legal services and most regulatory legal services for the various PUC-regulated agencies. Legal counsel Camacho stated that prior to coming on board, his regulatory legal services rendered on behalf of the PUC was approximately \$10,000.00 to \$20,000.00 annually. CALJ Horecky stated that he would bill his administrative legal services to the PUC and his regulatory legal services to the various PUC-regulated agencies that he rendered services to.

Vice-Chairman Montinola informed the Commissioners that this matter does not need to be resolved or decided upon at this time, until there is a better understanding and the PUC determines the protocol and orders how billings and payments will be handled for in-house counsel. Commissioner Flores-Brooks stated that she will review and discuss the accounts with the PUC staff and recommends that this matter be tabled.

ADJOURNMENT

There being no further business before the Commission, Commissioner Pangelinan moved to adjourn the meeting, which motion was duly seconded by Commissioner McDonald. The motion passed unanimously and the meeting was adjourned at 8:10 p.m.



Jeffrey C. Johnson, Chairman

ATTACHMENT "A"

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**Suite 807, DNA Bldg.
238 Archbishop F.C. Flores St. Hagatna, Guam**

**REGULAR MEETING
March 26, 2026 at 6:30 p.m.**

AGENDA

- 1. Call to Order**
- 2. Approval of Minutes February 26, 2026.**

GUAM POWER AUTHORITY

- 3. GPA Docket No. 26-06: Petition of the Guam Power Authority to Approve the Funding of Expanded Demand Side Initiatives through Energy Sense Account; ALJ Report and proposed Order. (FJH)**
- 4. GPA Docket No. 26-08: Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance; ALJ Report and proposed Order. (KLB)**
- 5. GPA Docket No. 26-09: Petition of the Guam Power Authority to Approve Award Performance Management Contract for Combustion Turbine Power Plants; Legal Counsel Report and proposed Order. (ARC)**

ADMINISTRATIVE MATTERS

- 6. PUC Legal Counsel Report on Status of Legislation that may Impact Utility Rates**
- 7. FYI - FY2025 Ethics Certification**
- 8. Clarification on Accounting Procedures for Legal Counsel (AC) on Regulatory Matters**

ADJOURNMENT

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 26-06
)
Demand Side Management Initiatives.)
) **ORDER**
)
)
)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] for approval of funding for the expanded list of Demand Side Management (“DSM”) initiatives through the DSM funds held in the Energy Sense Account.¹

BACKGROUND

The DSM program was created in 2014 through the cooperative efforts of the PUC and GPA. On July 31, 2014, the PUC ordered the ALJ to conduct proceedings and work collaboratively with GPA to develop a DSM Program.² On February 26, 2015, the PUC approved GPA’s plan to implement four DSM programs, including Central AC, Ductless AC, Washer, and Dryer.³ On May 25, 2017, the PUC approved 10 additional DSM program initiatives which included Energy Audits, certain Commercial A/C initiatives, Commercial lighting, Water Heating and others.⁴

¹ GPA Petition to Approve the Funding of Expanded Demand Side Initiatives Through Energy Sense Account, GPA Docket 26-06, filed February 6, 2026.
² PUC Order, GPA Docket 13-14, dated July 31, 2014.
³ PUC Order, GPA Docket 13-14 dated February 26, 2015.
⁴ PUC Order, GPA Docket 13-14, dated May 25 2017.

In the early years of the program, PUC and GPA reviewed various funding sources for the DSM Program, including bond funding and the Working Capital Account. In GPA Docket 20-05, the PUC approved the use of LEAC funding to pay for DSM programming through the Energy Sense Account. The PUC found that the DSM program was beneficial to the ratepayers of Guam in that it reduced energy consumption sourced from high-cost fuel or diesel oil.⁵

After further consideration, the Commission determined that the DSM program should be funded by the ratepayers. The most appropriate funding mechanism available to the PUC for the DSM was LEAC.⁶ Funding through LEAC was established in the amount of \$1.5M for each 6-month LEAC period, with a per kilowatt charge of \$0.003 on all meters read on or after July 1, 2020.⁷ True-Ups of the LEAC funding were to be conducted by GPA. Requests for LEAC funding would be subject to approval by the PUC in each LEAC proceeding. GPA was required to place all funds obtained for DSM from LEAC in the Energy Sense account.⁸

In GPA Resolution No. FY2026-10, the Consolidated Commission on Utilities requested that the PUC approve authorization for GPA to use DSM funds for eleven additional Energy Sense programs and supporting infrastructure.⁹

The ALJ filed his Report in this Docket on March 16, 2026.¹⁰ The Commission adopts the recommendations and conclusions in the Report.

⁵ PUC Order, GPA Docket 20-05, dated May 28, 2020, at p. 2.

⁶ Id. at pgs. 3-4.

⁷ Id. at pgs. 6-7.

⁸ Id. at p. 9.

⁹ CCU GPA Resolution No. FY2026-10, Relative to the Authorization of Demand Side Management (DSM) Funds for Approved Energy Sense Programs and Supporting Infrastructure, adopted and approved on January 27, 2026 and attached to the GPA Petition.

¹⁰ ALJ Report, GPA Docket 26-06, dated May 16, 2026.

DETERMINATIONS

A. PUC Approval

The PUC's prior orders "require GPA to obtain prior approval to use DSM funds in the LEAC-Funded Energy Sense account to pay for new DSM program initiatives."¹¹

B. GPA's Proposal for DSM Initiatives

GPA is proposing 11 additional DSM initiatives for adoption and implementation. These include EV Managed Charging Services Pilot, Hot Water Controller 100 Unit Pilot, Home Area Network Services, New Online Home Energy Assessment, Commercial LED Expansion, Electrical Transient Analyzer Program, PV Design and Calculation Annual Software, Membership Subscription for Commercial Lighting, Generation Expansion Planning software (Hitachi), Home Energy Audit Tools, and LEAC DSM Savings report (UFS).¹²

Attachment A, which is Exhibit "1" to this Report, indicates each project initiative, the proposed costs for CY2026 and CY2027, and the justification for each project. The total combined costs for these projects for CY2026 and CY2027 are One Million Two Hundred and Ninety-Three Thousand Dollars (\$1,293,000.00).

C. Funding for the Proposed DSM Initiatives

1. The Current Status of the DSM Energy Sense Account

¹¹ GPA Petition at p. 2.

¹² Attachment A-DSM Additional Budget, GPA Petition at GPA Resolution No. FY2026-10.

On February 4, 2024, Utility Financial Solutions LLC submitted its report to GPA titled "Demand Side Management Review."¹³ As that time, there was a balance of \$5.3 million in the Energy Sense account.¹⁴ Between June 1, 2020 and July 31, 2023, there was an over-collection of DSM funds from LEAC in the amount of \$2,421,399.¹⁵ Based upon the UFS Report, GPA petitioned the PUC in GPA Docket 24-08 to reduce the DSM component of the LEAC to \$0.00 per kWh.¹⁶ Since February 1, 2024, a period of over two years, the ratepayers have not been charged any additional amounts for the DSM program through LEAC.

The current balance for DSM funds in the Energy Sense account is \$1.8 million. These funds can be used in part to fund the initiatives proposed by GPA. At the present time, GPA does not propose any increase in the LEAC rate for DSM initiatives. The prior charge to ratepayers was \$0.003 per kWh, which generated over \$3 million annually. Approximately \$1.9 million was generated per 6-month LEAC period, which was more than the approved \$1.5 million per 6-month LEAC period.¹⁷

2. No Increase in DSM Budget for Additional Initiatives

GPA indicates that the amounts identified for the proposed eleven DSM initiatives for CY2026 and CY2027 will not require funds to be spent which are in addition to the \$3 million annual DSM budget previously authorized through LEAC.¹⁸

¹³ Utility Financial Solutions LLC, Guam Power Authority Demand Side Management Review, dated February 4, 2024.

¹⁴ Id. at p. 6.

¹⁵ Id. at p. 4.

¹⁶ GPA Responses to PUC Request for Information at par. 4.

¹⁷ Id. at par. 4.

¹⁸ DSM Initiatives-GPA Responses to PUC Request for Information, GPA Docket 26-06, dated February 20, 2026, at p. 1.

If GPA proposes to reactivate the LEAC DSM charge, the DSM factor (\$/kWh, which is presently \$0.003), may be adjusted, as necessary and subject to Commission approval to maintain approximately \$3 million in annual DSM funding.¹⁹ For FY2026, GPA's DSM rebate expenditures are projected at approximately \$80k per month. To sustain the DSM program operations beyond the current balance, collections through LEAC will need to resume. Any such resumption will be subject to full review and approval by the PUC.

D. GPA's Justifications for the proposed DSM Initiatives

1. The Additional Initiatives are a continuation and modernization of the existing DSM Program

In addition to the justifications provided in Attachment A for the 11 proposed initiatives, GPA has submitted a substantial number of materials justifying the new initiatives. GPA "wishes to expand the DSM offerings to include load shifting, controllable demand, improved forecasting of renewable generation, managed electrical vehicle charging, and analytical tools that shape and control energy consumption."²⁰ GPA's goal with these proposed initiatives is "establishing grid stability, resilience and affordability."²¹

The initiatives are not "new" initiatives, but a continuation and modernization of that established DSM portfolio."²² Attached hereto as Exhibit "2" are GPA's explanations as to why each of the proposed 11 DSM Initiatives are a continuation of

¹⁹ GPA Responses to PUC Request for Information at par. 5.

²⁰ GPA Petition at p. 2.

²¹ Id.

²² GPA Responses to PUC Request for Information at par. 12.

the established DSM portfolio and fit into the established objectives and goals of the DSM program.²³ These initiatives are all part of a program for “demand response.”

Demand response refers to a range of programs intended to reduce energy consumption during specific times of the day, specific day types, and/or during system peak days. Demand response is achieved through “either incentivized behavioral changes or direct control of end uses and is typically enabled by real-time meter data and two-way, detailed data communications between the customer site and the utility. Common measures include direct load control, dynamic pricing, demand bidding/buyback programs, and dispatchable load shifting.”²⁴

2. Specific Program Initiatives

EV Managed Charging Services Pilot Program

In the EV Managed Charging Services Pilot program, GPA seeks, through managed charging, to use load control strategies and time-of-use price signals to shift EV charging away from system peak period, including charging during daytime solar hours. GPA has FlowEV to implement a pilot study to evaluate load management strategies, customer participation, and grid impacts.²⁵

Water Heater Controller 100 Unit Pilot (Aquanta)

This pilot program will allow GPA to treat each water heater “as a form of thermal energy storage, enabling the shifting of heating load to off-peak periods and times of higher renewable generation.” GPA has already issued a solicitation for this initiative (GPA-RFP-24-003) and has identified a sole-source vendor, pending funding approval by the PUC.²⁶

Home Area Network Devices (HAN)

²³ Id.

²⁴ Leidos, Inc., Final DSM and EE Implementation Plan, dated December 19, 2014, at pgs. 2-12.

²⁵ See Exhibit 2 attached hereto (GPA Responses to PUC Request for Information at par. 12, 1.1)

²⁶ Id. at par. 12, 1.2.

These devices “interface with GPA’s advanced metering infrastructure and allow customers to access near real-time energy usage data.” This infrastructure enables load visibility, customer alerts, peak-time notifications, and potential integration with controllable and used technologies. This initiative will allow demand response deployment.²⁷

New Online Home Energy Assessment Tool (NEX)

GPA plans to procure a new online energy audit platform to ensure continuity of digital audit services and uninterrupted access for customers seeking to evaluate energy efficiency improvements and participate in rebate programs. The online home energy assessment tool supports customer engagement, energy awareness, and participation in DSM programs.²⁸

Commercial LED Expansion & Automation of Rebate Applications

The commercial LED rebate program has been an approved initiative under GPA Docket 13-14. Enhancing the online rebate platform and automating the verification processes improves administrative efficiency, reduces processing time, and lowers program overhead.²⁹

Electrical Transient Analyzer Program (ETAP)

ETAP provides analytical capabilities to model grid impacts, assesses load-shifting strategies, and evaluates the system-level effects of DSM measures. The primary end user for ETAP will be the GPA Engineering department.³⁰

PVsyst

This software supports system evaluation, performance validation, and production forecasting for distributed solar installations. PV modeling informs DSM planning and grid alignment. The software can also analyze customer-

²⁷ Id. at par. 12, 1.3.

²⁸ Id. at par. 12, 2.1.

²⁹ Id. at par. 12, 2.2.

³⁰ Id. at par. 12, 2.3.

owned battery energy storage system incentives, enabling evaluation of solar-plus-storage configurations and their operational impact on the system. DSM funds will be used for future subscription renewals.³¹

DesignLights Consortium (DLC) Subscription

The DesignLights Consortium Qualified Products Lists provide an industry-recognized technical standard for high-efficiency commercial lighting products. Utility membership provides GPA with access to verify product listings, technical specifications, performance criteria updates, and program support resources. The subscription enables faster rebate processing through integration from the DLC product listing into GPA's DSM online portal. DSM funds will be used to cover future membership fees.³²

Generation Expansion Planning Software (Hitachi)

This software enables comparative analysis of demand-side measures versus generation additions, quantifies avoided capacity impacts, and supports optimization of DSM within GPA's overall resource portfolio. GPA maintains a contract for this software and seeks authorization to fund future contract extensions through DSM funds.³³

Home Energy Audit Tools

GPA already has a program of home energy audits. Calibrated diagnostic instruments and field measurement equipment are needed to evaluate building envelope performance, equipment operation, load profiles, and the development of accurate energy savings reports. GPA will procure necessary audit tools to support accurate field measurements and defensible savings calculations.³⁴

LEAC DSM Savings Report

³¹ Id. at par. 12, 2.4.

³² Id. at par. 12, 2.5.

³³ Id. at par. 12, 2.6.

³⁴ Id. at par. 12, 3.1.

The LEAC DSM Savings Report ensures that measured savings, fuel reductions, and program results are transparently documented and defensibly incorporated into regulatory filings. This Report will be conducted by GPA Consultant UFS.³⁵

For each of the proposed initiatives, GPA has undertaken a considerable amount of work on documenting the validity and usefulness of such initiatives. GPA has submitted Exhibits F and Exhibit G concerning these proposed initiatives, which reflect detailed written analysis and recommendations.

E. Evaluation of the proposed initiatives

The ALJ believes that GPA has met its burden of justifying the adoption of the proposed initiatives. As an important consideration, the cost of the initiatives will not increase the overall DSM Budget. The total cost for the projects for CY2026 and CY2027 is \$1,293,000.

GPA has established that payment for these initiatives can be covered within the existing LEAC budget of \$3M per year for DSM. Collection of the yearly amount of \$3M may have to be continued to fund the DSM program. However, the expense for the LEAC Budget has already been well established in PUC regulatory practice and will not be increased because of these initiatives. When GPA seeks to recommence the collection of funds from LEAC for DSM, any such request will be subject to the full review and approval of the PUC.

The proposed DSM initiatives are fully supported by GPA consultant analysis and prior directed Commission planning documents, such as the Final DSM and EE

³⁵ Id. at par. 12, 4.1.

Implementation Plan and the Energy Sense Program plan. Several of the initiatives such as HAN devices, online assessment tools, and rebate portal automation are operational implementations of the program categories previously identified in the DSM program. These are not new programs, but are based on program categories previously identified in the Plans. These are modernization, technology upgrades, or pilot-scaled deployment of program types that were previously evaluated and contemplated within the DSM portfolio framework. From a due diligence standpoint, GPA has performed internal technical and operational evaluation of the proposed initiatives. These initiatives will greatly improve the existing DSM program and are reasonable, prudent, and necessary.

ORDERING PROVISIONS

After review of the record herein, including GPA Petition to Approve the Funding of Expanded Demand Side Initiatives through Energy Sense Account and the ALJ Report, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The 11 proposed initiatives for the DSM program are approved.
2. Should GPA choose to reactivate the \$1.5M DSM funding for each six-month LEAC period, GPA must obtain the prior approval of the PUC. The DSM factor of \$0.003 per kWh DSM component must be evaluated by the PUC and a determination made as to whether that factor should be changed and possibly reduced.

3. When the collection of DSM funding from LEAC is recommenced, GPA shall thereafter comply with the Reporting Requirements of the PUC Order in GPA Docket 20-05. GPA shall file a true-up report with each LEAC filing thereafter. The following requirements of provision 4 of the Ordering Provisions in the Order in GPA Docket 20-05 must be satisfied:

GPA's "true-up" report will indicate the total amount of funds collected in the prior LEAC period for DSM, and the extent to which such amount was an over or under recovery of the \$1.5M. Each GPA report for each LEAC period will include a complete accounting of all amounts expended by GPA during the prior LEAC period for DSM, including rebates, program costs, and every expenditure of every nature. The report will include estimated fuel savings during the prior LEAC period resulting from the program. The Report will also state the projected price per kWh to arrive at the funding amount of \$1.5M for the LEAC period.

4. 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.

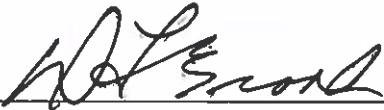
[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 26th day of March, 2026.

Jeffrey C. Johnson
Chairman



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner

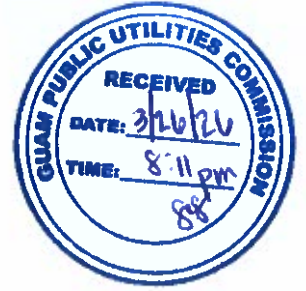


Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket No. 26-08
)
The Petition of the Guam Power Authority)
for Approval and Authorization to Solicit) ORDER
Casualty Insurance)
)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (“PUC”) upon the Petition of the Guam Power Authority (“GPA”) for Approval and Authorization to Solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two (2) additional one (1) year extensions.¹ GPA’s current Casualty Insurance policy will expire on November 1, 2026.

BACKGROUND

In GPA Docket No. 24-02, the PUC approved GPA’s Request for Approval of its Casualty Insurance Contract for FY 2024, with two-one-year renewal options.² GPAs past line of insurance policies, for both property and casualty insurance, was awarded in 2018.³ In July 2023, GPA issued separate requests for proposals for casualty (under multi-step bid MSB GPA-062-23) and property insurance.⁴ GPA’s then justification for separating the insurance policies was to allow the separate bids to move forward with procurement in the event the other bid became “bogged down”.⁵ Only one bidder

¹ Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance, filed March 6, 2026.

² PUC Order, GPA Docket No. 24-02, dated October 26, 2023.

³ PUC Order (unsigned), GPA Docket No. 18-12, dated April 26, 2018.

⁴ GPA Petition, GPA Docket No. 24-02, at pg. 2.

⁵ PUC Order, GPA Docket No. 24-02, dated October 26, 2023, at pg. 2.

responded to MSB GPA-062-23, with a price that exceeded GPA's price estimates, resulting in GPA cancelling the procurement and conducting sole source negotiations.⁶

The PUC, in GPA Docket No. 24-02, expressed concern with the substantial increases in costs for the casualty insurance premiums, noting that the overall increases to be around 13% each year.⁷ At the PUC hearing on GPA Docket No. 24-02, GPA CFO John Kim testified that the cost increase was mainly for Professional Insurance for GPA engineers.⁸ GPA CFO Kim also testified that GPA had not made any insurance casualty claims during the last six-year period.⁹ The PUC ordered that GPA conduct an evaluation of whether GPA can self-insure for professional insurance and notify the PUC in writing before awarding the Casualty Insurance contract.¹⁰

On November 26, 2024, GPA filed GPA's Report RE Self-Insurance for Professional Liability Insurance, with the PUC.¹¹ The report set forth that GPA's risk manager, Bolton of the IMA Financial Group, Inc., recommended that GPA explore a higher deductible option rather than pure self-insurance.¹² The risk manager also pointed out that the professional liability claims for engineering requires a specialized claims adjuster and defense counsel to handle the complex cases that would result from a claim made against a policy.¹³

The PUC also noted in GPA Docket No. 24-01, substantial increases in insurance premiums for Property Insurance.¹⁴ As a result, PUC created a new docket on Self-Insurance to explore the possible use of self-insurance for matters presently covered by casualty or property insurance.¹⁵

⁶ PUC Order, GPA Docket No. 24-02 date October 26, 2023, at pg.2.

⁷ Id., at pgs. 4-5.

⁸ Id. at pg. 5.

⁹ Id.

¹⁰ Id. at pg. 6.

¹¹ GPA's Report RE Self-Insurance for Professional Liability Insurance, GPA Docket No. 24-02.

¹² Id.

¹³ Id.

¹⁴ PUC Order, GPA Docket No. 24-01, dated October 31, 2023.

¹⁵ Id.

GPA now comes before the PUC seeking approval to solicit for Casualty Insurance. The term of the insurance bid will be for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one year extensions.¹⁶ In the current Petition, GPA sets forth that pursuant to its bond indenture agreement, GPA is required to obtain workers compensation insurance, general and automotive liability insurance and fidelity insurance or bonds on all officers and employees handling or responsible for GPA funds.¹⁷ GPA intends to issue a multi-step bid for Casualty Insurance, including commercial general liability, commercial auto physical damage and liability, crime, excess liability, directors' and officers' insurance, professional liability (errors and omissions), and excess workers compensation.¹⁸

DETERMINATIONS

A. Contract Review

PUC must approve and review any GPA contract or obligation which exceeds \$1,500,000.00.¹⁹ For multi-year contracts, whether the contract exceeds the \$1,500,000.00 threshold for PUC review is determined by the total estimated cost for the entire term(s) of the contract.²⁰ PUC has previously approved GPA's multi-year Casualty Insurance contract for an estimated price of \$2,064,968.00, for a contract of one-year term with two additional one-year options to extend.²¹ In the current Petition, the insurance will be for a three-year period from November 1, 2026 to November 1, 2029, with two options to extend for an additional one-year period.²² GPA expects, based upon past experience,

¹⁶ GPA Resolution No.: FY2026-12, dated February 24, 2026.

¹⁷ GPA Petition, Docket No. 26-08 at pg. 1.

¹⁸ Id.

¹⁹ Contract Review Protocol for Guam Power Authority, Administrative Docket, §1.

²⁰ Contract Review Protocol for Guam Power Authority, Administrative Docket, §§1.e and 4.b.

²¹ PUC Order, GPA Docket No. 24-02, dated October 26, 2023.

²² Id., at pg. 2.

that the total cost of the contract will exceed the PUC threshold review of \$1.5 million.²³ PUC approval is required.

B. GPA's Procurement for Casualty Insurance is Necessary, Reasonable and Prudent.

In the Petition, GPA asserts that the procurement of Casualty Insurance is necessary because it is required by GPA's bond indenture agreement in order to avoid an event of default.²⁴ GPA also presents that the procurement is reasonable since it will act as a financial safety net to protect GPA against lawsuits, accidents, and third-party damages that could otherwise cause financial stress.²⁵ GPA lastly asserts that the procurement is prudent because it will insure against risks that are known to be possible in the course of GPA's mission and operations.²⁶

PUC has consistently recognized that Casualty Insurance, to include commercial general liability, commercial auto physical damage and liability, crime, excess liability, directors' and officers' insurance, professional liability (errors and omissions), and excess workers compensation is necessary.²⁷ PUC has consistently recognized that GPA is required by its Bond Indenture to have this insurance and to request a procurement for the insurance is reasonable, necessary and prudent.²⁸

The proposed Multi Step Bid, attached to the current Petition, are in a standard form and contain the provisions which GPA has ordinarily included in its insurance procurement bids.²⁹

²³ GPA Petition, Docket No. 26-08, at pg. 2.

²⁴ Id.

²⁵ Id.

²⁶ Id.

²⁷ PUC Order, GPA Docket No. 24-02, dated October 26, 2023, at pg. 5 ["Without casualty insurance in place, GPA runs the risk of loss or liability for all matters for which the Casualty Insurance Policy provides coverage."].

²⁸ PUC Order, GPA Docket No. 24-02; PUC Order, GPA Docker No. 18-12, dated April 26, 2018.

²⁹ GPA Petition, Docket No. 26-08, Consolidated Commission on Utilities ("CCU") GPA Resolution No. FY2026-12, dated February 24, 2026.

ORDERING PROVISIONS

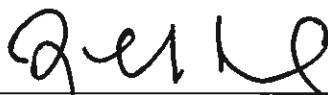
After review of the record herein, including the Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one year extensions, the ALJ Report, the record herein and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA is authorized and approved to solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one-year extensions, beginning November 1, 2026.
2. GPA is authorized to issue a Multi-Step Bid in the form attached to its Petition.
3. GPA shall be required to seek approval from the PUC for the cost of the Casualty Insurance contract before GPA makes a final award.
4. GPA shall file a copy of its Casualty Insurance contract with the PUC, when finalized.
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 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

SO ORDERED this 26th day of March 2026.

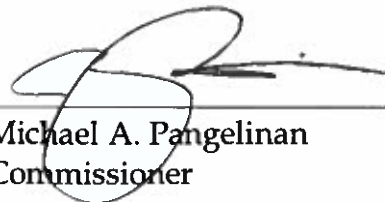
Jeffrey C. Johnson
Chairman



Peter Montinola
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Doris Flores Brooks
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

)
) GPA DOCKET 26-09
)

AMENDED PETITION OF THE GUAM)
POWER AUTHORITY TO APPROVE)
AWARD OF PERFORMANCE)
MANAGEMENT CONTRACT FOR)
COMBUSTION TURBINE POWER)
PLANTS)

)
) ORDER
)
)
)
)
)

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Amended Petition to Approve Award of Performance Management Contract for Combustion Turbine Power Plants.¹
2. The existing extension of the PMC will expire on July 31, 2026.²
3. GPA requests that the PUC approve award of a new PMC contract for GPA's combustion turbine power plants to Marianas Energy Corporation ["MEC"] for \$4,010,207 for the contract's three-year base term, and two optional one-year extensions at \$1,333,845 per year, or \$2,667,691 for both years, for a total amount of \$6,677,898, and GPA will use its revenue funds to pay those costs.³

BACKGROUND

4. The scope of GPA's PMC contract for its Combustion Turbine Units (CT) includes the Dededo CT, Macheche CT, Yigo Ct, and Piti 7 CT.⁴ The Dededo CT Plant is located in Dededo and Dededo CT Unit #1, currently rated at 23 MW, was installed

¹ GPA Amended to Approve Award of Performance Management Contract for Combustion Turbine Power Plants, GPA Docket 26-09, dated March 11, 2026 [GPA Petition]. NOTE: GPA's original petition that was filed on March 6, 2026 had the same title, however, there was a clerical error wherein portions of the petition argued that the existing PMC contract be extended. GPA has since confirmed the clerical error and resolved it by filing the amended petition. Therefore, GPA's original petition will not be considered here. See GPA Responses to PUC Counsel Information Requests, GPA Docket 26-09 at PUC-1-2

² PUC Order dated September 25, 2025 in GPA Docket No. 25-19 at 5.

³ GPA Petition at 2 and GPA Responses to PUC Counsel Information Requests, GPA Docket 26-09 at PUC-4. 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.

⁴ Id., at 11 and 18.

in 1992 and Dededo CT #2 , currently rated at 22 MW, was installed in 1993.⁵ The Macheche CT Plant is located in Macheche, in the northern part of Guam and was installed in 1993 and had an original capacity of 22 MW. It is currently being dispatched as a peaking unit with a maximum capacity of 20MW.⁶ The Yigo CT Plant is located in Yigo, further north from the Dededo CT Plant and was installed in 1993 with an original capacity of 22MW, and it is currently being dispatched as a peaking unit with a maximum capacity of 19MW.⁷ The Piti 7 CT Plant is located in Piti on the way to the Port Authority of Guam, adjacent to the old Piti Power Plant and MEC 8 and 9. Piti 7 was installed in 1998 with an original capacity of 40MW, it has since been de-rated to 32 MW due to high temperature exhaust alarms currently has a rated capacity of 40MW and is used as a peaking unit only if any of the GPA's baseload generators are down for maintenance.⁸

5. On March 1, 2016, GPA entered into a five-year PMC with Taiwan Electrical and Mechanical Engineering Services, Inc.["TEMES"] for the management, operation, and maintenance of the Dededo CT, Macheche CT, Yigo Ct, Piti 7 Ct, and the Tenjo Vista, Talofofu, and Manenggon power plants.⁹ On November 30, 2020, the PUC approved a five-year extension of the GPA-TEMES PMC Contract for the Dededo CT, the Macheche CT, and the Yigo CT plants.¹⁰ On September 25, 2025, the PUC approved a five-month extension of the GPA-TEMES PMC for the Dededo CT, Macheche Ct, Yigo CT, Piti 7 CT, and the Tenjo Vista, Talofofu, and Manenggon power plants which will expire on or about July 31, 2026¹¹
6. On January 30, 2025, the PUC authorized GPA to solicit for a new PMC for the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT plants.¹² GPA subsequently issued GPA-IFB-015-25 (Performance Management Contract for GPA's Combustion Turbine Power Plants: Dededo CT 1 and 2, Macheche CT, Yigo Ct, and Piti 7 CT (TEMES 7) (Multi-Step)).¹³ Two bidders TEMES and MEC made it to Phase 2 of the multi-step bid process. GPA determined that MEC submitted the

⁵ GPA Petition dated January 7, 2025 in GPA Docket No. 25-06 at 138.

⁶ Id., at 139.

⁷ Id.

⁸ Id., at 140.

⁹ PUC Order dated September 25, 2025 in GPA Docket No. 25-19 at 1.

¹⁰ Id., at 8.

¹¹ Id., at 2 and 5.

¹² PUC Order dated January 30, 2025 in GPA Docket No. 25-06 at 1, 2, and 7.

¹³ GPA Petition at 1-2.

lowest bid because for the PMC Contract's base term plus extensions, which was the basis of the award, TEMES bid \$7,823,190.38 and MEC bid \$6,677,898.¹⁴

7. On February 24, 2026, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. FY2026-13 authorizing GPA's General Manager to award MEC the PMC for GPA's CT Power Plants subject to the review and approval of the PUC.¹⁵
8. On March 13, 2026, Guam PUC Legal Counsel issued his report recommending that the PUC grant GPA's Amended Petition to approve the GPA-MEC PMC Contract for the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT and its \$6,677,898 cost.

DETERMINATIONS

9. GPA must obtain the PUC's approval for the award of the PMC Contract to MEC. GPA's Contract Review Protocol requires GPA to obtain the PUC's prior approval for any contract or obligation which exceeds \$1,500,000.¹⁶ Here, as shown above, the total cost of the GPA-MEC PMC Contract is \$6,677,898 which exceeds the \$1,500,000 review threshold. Therefore, GPA must obtain the PUC's approval for the GPA-MEC PMC Contract.
10. The \$6,677,898 cost of the GPA-MEC PMC Contract is reasonable. The five-year extension of the existing PMC contract cost \$7,320,171.¹⁷ Here, the three-year base term plus the two optional one-year extensions cost \$6,677,898 which is \$642, 273 (\$7,320,171 - \$6,677,898 = \$642, 273) cheaper than the existing PMC contract for the same time period. This reduction in price may be the result of two factors. First, the existing PMC contract includes the Tenjo Vista, Talofofu, and Manenggon power plants and the new PMC contract does not. Second, and most important, is the fact that GPA's solicitation for the new PMC resulted in actual price competition with MEC's \$6,677,898 bid being \$1,145,292.38 lower than TEMES' \$7,823,190.38 bid (\$7,823,190.38 - \$6,677,898 = \$1,145,292.38). Therefore, the \$6,677,898 cost of the GPA-MEC PMC Contract is reasonable.

¹⁴ Id., at 6.

¹⁵ Id., at 4.

¹⁶ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at 1.

¹⁷ GPA Petition in GPA Docket No. 20-03 at 4.

11. The GPA-MEC PMC Contract is prudent. The PUC has previously found that PMCs for GPA's CT plants ensure that the CT plants achieve sufficient system capacity and further upgraded capacity and that PMC's for the CT plants is consistent with GPA's long-standing policy of seeking private contractors for the management of GPA's generation assets.¹⁸ Additionally, GPA attached a draft PMC Contract and it contains standard provisions for the protection of GPA and its ratepayers such as bid and performance bond requirements, insurance and indemnification clauses, termination for cause or convenience, performance guarantees and it requires MEC to take overall responsibility for the management, operations, and maintenance of the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT.¹⁹ Hence, the GPA-MEC PMC Contract is prudent.
12. The GPA-MEC PMC Contract is necessary. Although the Ukudu Power Plant is online, Cabras 1 & 2 are due to be retired on or about March, 2026 and the new Phase IV renewable energy projects are not due to be commissioned until 2028. GPA requires the potential 129MW of its CT plants to provide peak support or production at night during peak demands periods and during periods of baseload unit outages or lower solar unit production, such as prolonged overcast or rainy days.²⁰ Additionally, the PUC has previously found that the generation capacity of GPA's CT plants must be maintained because anticipated military, commercial, and local government projects could increase loads by over 100MW by 2030.²¹ Hence, the GPA-MEC PMC Contract is necessary.
13. Based on the foregoing, the GPA-MEC PMC Contract and its \$6,677,898 cost are reasonable, prudent, and necessary.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, GPA's Amended Petition to Approve Award of Performance Management Contract for Combustion Turbine Power Plants, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY**

¹⁸ PUC Order dated January 30, 2025 in GPA Docket No. 25-6 at 3-4.

¹⁹ GPA Petition at 8-56.

²⁰ PUC Order dated January 30, 2025 in GPA Docket No. 25-6 at 4-5.

²¹ Id., at 4.

ORDERS that:

1. GPA's Amended Petition to approve the GPA-MEC PMC Contract for the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT and its \$6,677,898 cost is hereby granted.
2. GPA is ordered to obtain the PUC's prior approval before exercising any of the GPA-MEC PMC Contract's two optional one-year extensions.
3. 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
Amended Petition of the Guam Power
Authority To Approve The Performance
Management Contract For Combustion
Turbine Power Plants
GPA Docket 26-09
March 26, 2026

Dated this 26th day of March, 2026.


Jeffrey C. Johnson
Chairman



Doris Flores Brooks
Commissioner



Peter Montinola
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner