



RESOLUTION NO.: 2017 - 47

**AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO
PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR A CHANGE IN THE
LEVELIZED ENERGY ADJUSTMENT CLAUSE**

WHEREAS, the Guam Public Utilities Commission (GPUC) has established a Tariff under which the Guam Power Authority (GPA) is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months through the Levelized Energy Adjustment Clause (LEAC); and

WHEREAS, the deadline for the next filing is December 15, 2017; and

WHEREAS, for the LEAC period covered from February 1, 2017 through July 31, 2017, GPA requested for the first time a phased in approach in increasing the secondary LEAC rate of \$0.105051/kWh in anticipation of stabilized prices in the fuel market. During this period, however, GPA recognized a \$14M under-recovery of fuel costs as market fuel prices rose instead; and

WHEREAS, GPA for the second time requested that the LEAC rate be increased by 50% recovery in the latest LEAC period ending January 31, 2018 to \$0.11718/kWh to alleviate the impact on ratepayers, again the fuel under-recovery continued to increase to a total of \$16.0M as of October 31, 2017; and

WHEREAS, the market price of fuel in the initial filing for the current period was projected to be \$55.38/bbl for the (6) six-month period ending January 31, 2018, the current projection for the same period is \$58.19/bbl and the projected price of fuel for the period ending July 31, 2018 is \$65.78/bbl; and

WHEREAS, the recent news that OPEC members and major Non-OPEC producing countries decided to extend production cuts until the end of 2018 resulted in stabilizing the fuel oil market price closer to the \$60/bbl. and projected to continue to be between \$55-\$60/bbl. range in the next several months; and

33 **WHEREAS**, GPA continues to desire the gradual true up of fuel costs by phasing in increases
34 over the next two (2) LEAC periods in order to again alleviate the impact on ratepayers, and therefore
35 recommends the next LEAC rate to recover 75% of the estimated total under recovery; and
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37 **WHEREAS**, for the current LEAC period covered from February 1, 2018 to July 31, 2018,
38 GPA requests the secondary LEAC rate of \$0.150824/kWh which is again 75% of the full recovery
39 rate of \$0.161859; and
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41 **WHEREAS**, GPA has determined that in a phase-in approach the Levelized Energy
42 Adjustment Clause factor for secondary voltage service customers as well as alternative voltage
43 customers will need to be increased from \$0.0.11718/kWh to \$0.150824/kWh for the period of
44 February 1, 2018 to July 31, 2018; and
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46 **WHEREAS**, in the phase-in approach the effect of the change in the LEAC rate will result in
47 an increase in the total bill by 15.6% or about a \$33.11 increase on a 1000 kWh power bill, in order to
48 recover 75% of the projected under-recovery; and
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50 **WHEREAS**, based on the phase-in approach, an under-recovery of about \$7.1M is anticipated
51 by the end of the LEAC period on July 31, 2018 which will not significantly impact working capital
52 and other financial ratios; and
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54 **WHEREAS**, GPA now is requesting the Consolidated Commission on Utilities to authorize
55 the Authority to file such petition with the Guam Public Utilities Commission; and
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57 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities as
58 follows:
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60 The General Manager of the Guam Power Authority is authorized to petition the Guam Public
61 Utilities Commission for an increase in the Levelized Energy Adjustment Clause (LEAC) factor for
62 secondary voltage service customers from \$0.117718/kWh to \$0.150824/kWh to be effective for the
63 period from February 1, 2018 thru July 31, 2018. (LEAC factors for alternative voltage levels are as
64 reflected in the attached spreadsheets in the attached Exhibit A.)
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66 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption of this
67 Resolution.

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69 **DULY AND REGULARLY ADOPTED THIS 7th DAY OF DECEMBER 2017**

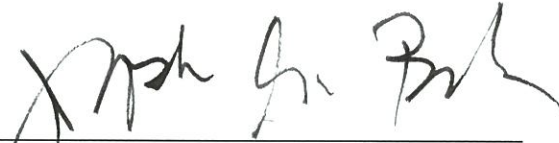
71 Certified by:

Attested by:

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75 **JOSEPH T. DUENAS**

76 Chairperson

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75 **J. GEORGE BAMBA**

76 Secretary

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78 I, **J. George Bamba**, Board Secretary of the Consolidated Commission on Utilities do
79 certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a
80 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
81 noticed and advertised at which meeting a quorum was present and the members who were
82 present voted as follows:

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84 Ayes: 5
85 Nays: 0
86 Abstentions: 0
87 Absent: 0
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