



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

RESOLUTION NO.: 2020-08

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR INTERIM ADJUSTMENT 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, LEAC Clause allows for interim adjustment if over recovery balance is projected to exceed \$2 million during the six-month levelized period; and

WHEREAS, for the LEAC period covered from February 1, 2020 through July 31, 2020, GPA requested to adjust the LEAC rate of \$0.134474/kWh that was approved for meters read on or after February 1, 2020 in anticipation of projected declining prices of black oil in the fuel market and to recover the under-recovery at the end of the period; and

WHEREAS, the average market price of residual fuel oil and diesel to be used in the initial filing for the current period was approved at \$59.14/bbl. for the (6) six-month period ending July 31, 2020, the current projection from April 1, 2020 to July 31, 2020 is \$53.42/bbl.; and

WHEREAS, the world event of the COVID-19 pandemic and the relationship between OPEC and Russia have caused a drop-in fuel price; and

WHEREAS, under this proposal, GPA will fully recover the current under- recovery of about \$1 million based on the Morgan Stanley Asia Morning Call forward pricing for the period

1 of April 1, 2020 to July 31, 2020, the projected LEAC rate for Secondary voltage customers is
2 \$0.110039/kWh or a 18.2% decrease from the current LEAC rate; and
3

4 **WHEREAS**, GPA is now requesting the Consolidated Commission on Utilities to
5 authorize the Authority to file such petition with the Guam Public Utilities Commission.
6

7 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities
8 as follows:
9

10 1. The General Manager of the Guam Power Authority is authorized to petition the Guam
11 Public Utilities Commission for the proposed secondary voltage LEAC rate of \$0.110039/kWh
12 effective for the period from April 1, 2020 to July 31, 2020. (LEAC factors for alternative voltage
13 levels are as reflected in the attached Exhibit A illustration)
14

15 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
16 of this Resolution.
17

18 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 24th DAY OF**
19 **MARCH 2020**
20

21 Certified by:

Attested by:

22
23 
24

22
23 
24

25 **JOSEPH T. DUENAS**

25 **MICHAEL T. LIMTIACO**

26 Chairperson

26 Secretary

27 Consolidated Commission on Utilities

27 Consolidated Commission on Utilities
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I, **Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:

The foregoing is a full, true and correct copy of the resolution duly adopted at a regular meeting by the members of the Guam CCU, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes:	<u>5</u>
Nays:	<u>0</u>
Abstentions:	<u>0</u>
Absent:	<u>0</u>

Exhibit A

LEAC - Proposed

	Full Recovery Current Approved LEAC Rate Eff 2/01/2020	Full Recovery MS Pricing 03.12.20 to 03.18.20 Eff 04/01/20
2 Average Price per Bbl-RFO	\$ 59.14	\$ 53.42
2 Average Price per Bbl-Diesel	\$ 85.56	\$ 65.65
4 Number 6 (HSFO/LSFO)	\$ 57,722	\$ 35,338
5 Number 2 (Diesel)	33,131	13,956
6 Renewable (Solar)	5,575	3,960
7 TOTAL COST	\$ 96,428	\$ 53,255
8 Handling Costs	5,900	3,960
9 Total Current Fuel Expense	\$ 102,328	\$ 57,215
10 Civilian Allocation	81.62%	81.63%
11 LEAC Current Fuel Expense	\$ 83,519	\$ 46,698
12 Estimated DSM for this period	\$ -	\$ -
13 Deferred Fuel Expense at the beginning of the period	2,748	1,103
14 Total LEAC Expense	\$ 86,267	\$ 47,801
15 Less: Trans. Level Costs	(5,093)	(2,809)
16 Distribution Level Costs	\$ 81,175	\$ 44,992
17 Under recovery at the end of the period	\$ -	\$ -
18 Adjusted Distribution Level Costs	\$ 81,175	\$ 44,992
19 Distribution Level Sales (mWh)	603,646	408,873
20 LEAC Factor Distribution	0.134474	0.110039
21 Current LEAC Factor Distribution	0.154242	0.134474
22 Increase/(Decrease)	(0.01977)	(0.02443)
23 Monthly Increase/(Decrease) - 1000 kWh	\$ (19.77)	\$ (24.43)
24 % Increase/(Decrease) in LEAC	-12.82%	-18.17%
25 % Increase/(Decrease) in Total Bill	-7.94%	-10.67%
26 Discount (3%) - Primary 13.8 KV	\$ 0.130425	\$ 0.106727
27 Discount (4%) - 34.5 KV	\$ 0.130050	\$ 0.106420
28 Discount (5%) - 115 KV	\$ 0.128449	\$ 0.105110

LEAC – Billing Illustration

	Rate Schedule R			
	Current LEAC Effective 2/1/2020		Proposed LEAC Effective 4/1/2020	
	Rate	Amount	Rate	Amount
KWH		1,000		1,000
Monthly Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Non-Fuel Energy Charge				
First 500 KWH	\$ 0.06955	\$ 34.78	\$ 0.06955	\$ 34.78
Over 500 KWH	\$ 0.08687	\$ 43.44	\$ 0.08687	\$ 43.44
Emergency Water-well charge	\$ 0.00279	\$ 1.40	\$ 0.00279	\$ 1.40
Total Electric Charge before Fuel Recovery Charges		\$ 94.61		\$ 94.61
Fuel Recovery Charge	\$ 0.134474	134.47	\$ 0.110039	110.04
Total Electric Charge		<u>\$229.08</u>		<u>\$204.64</u>
Increase (Decrease) in Total Bill				<u>(\$24.44)</u>
% Increase (Decrease) in Total Bill				-10.7%
% Increase (Decrease) in LEAC				-18.2%



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. 2020-08

Relative to LEAC

What is the project's objective? Is it necessary and urgent?

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). The LEAC Clause allows for interim adjustment if over recovery balance is projected to exceed \$2 million during the six-month levelized period.

The LEAC period covered from February 1, 2020 through July 31, 2020, GPA requested to adjust the LEAC rate of \$0.134474/kWh that was approved for meters read on or after February 1, 2020 in anticipation of projected declining prices of black oil in the fuel market and to recover the under-recovery at the end of the period. The average market price of residual fuel oil and diesel to be used in the initial filing for the current period was approved at \$59.14/bbl. for the (6) six-month period ending July 31, 2020, the current projection from April 1, 2020 to July 31, 2020 is \$53.42/bbl.

The world event of the COVID-19 pandemic and the relationship between OPEC and Russia have caused a drop-in fuel price.

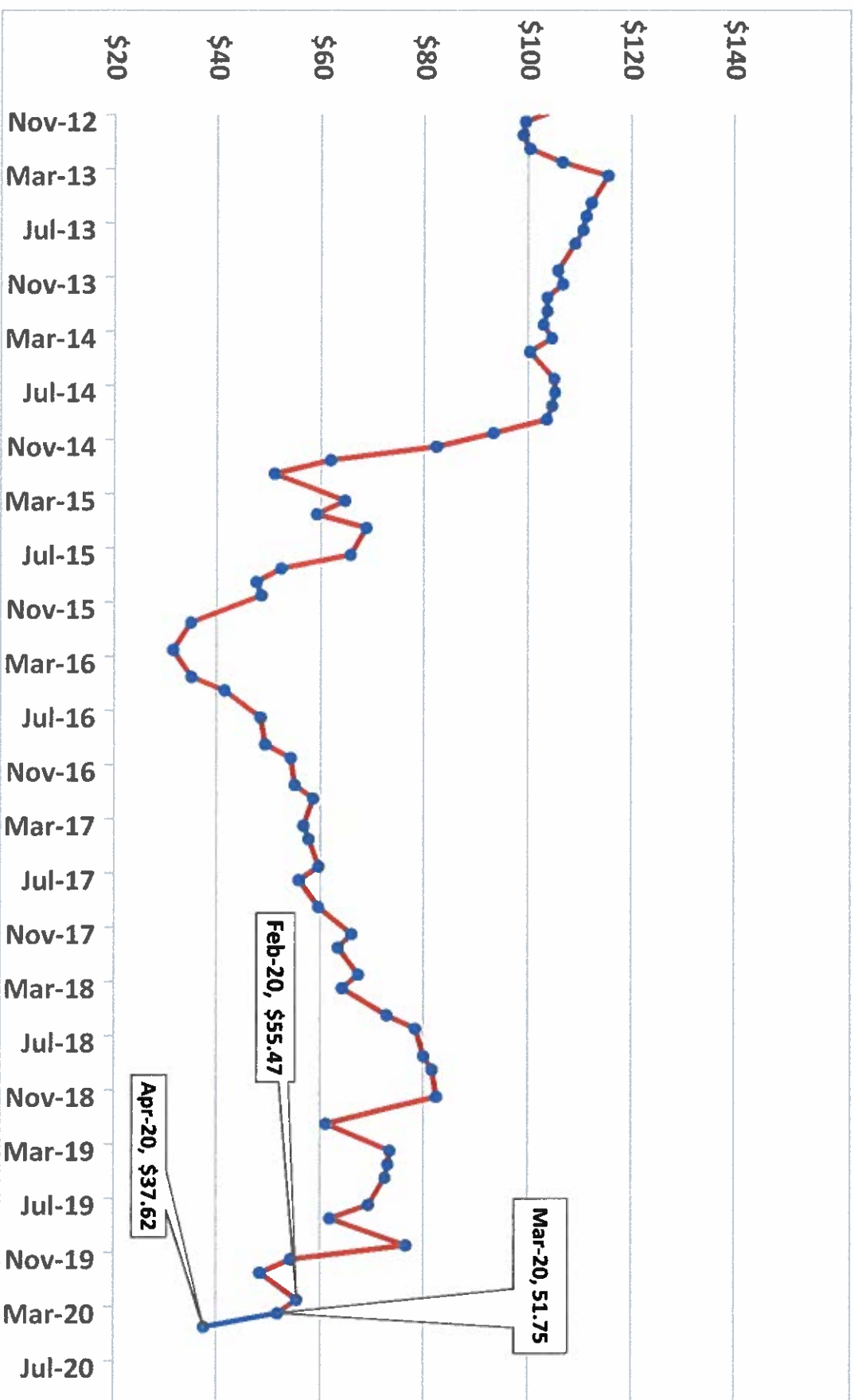
Under this proposal, GPA will fully recover the current under-recovery of about \$1 million based on the Morgan Stanley Asia Morning Call forward pricing for the period of April 1, 2020 to July 31, 2020.

GPA is now requesting the Consolidated Commission on Utilities to authorize the Authority to file such petition with the Guam Public Utilities Commission.

How much will it cost?

The projected LEAC rate for Secondary voltage customers is \$0.110039/kWh or a 18.2% decrease from the current LEAC rate.

LEAC Update -- GPA Fuel Purchases (Per Barrel)



Purchased

Ordered



LEAC Update -- Morgan Stanley Asian Morning Call

Sing HSFO 180 CST

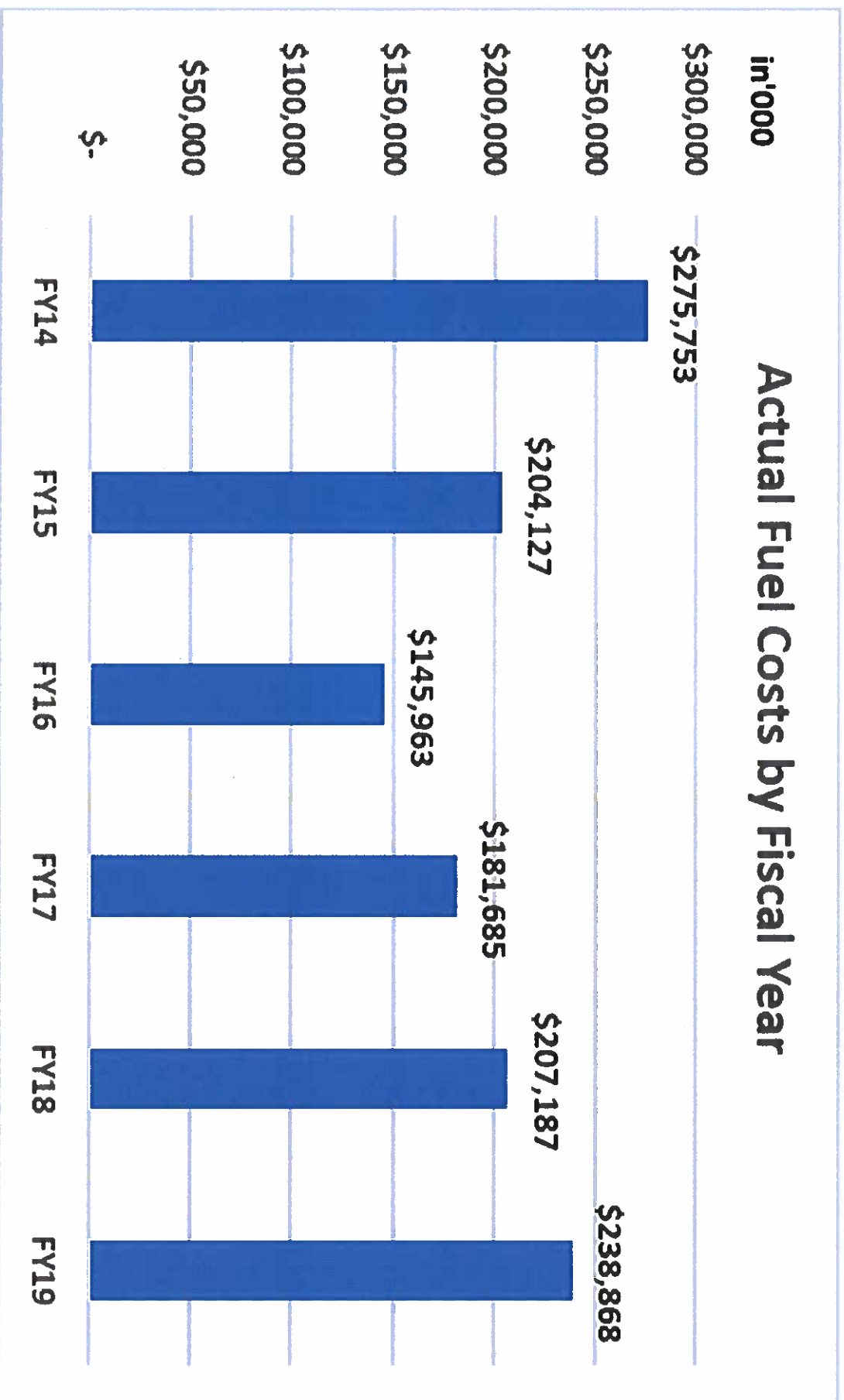
Date	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
3/12/2020	\$ 182.12	\$ 183.62	\$ 190.87	\$ 198.12	\$ 208.79	\$ 208.79	\$ 208.79	\$ 223.04	\$ 223.04	\$ 223.04	\$ 235.29
3/13/2020	\$ 184.24	\$ 185.74	\$ 190.49	\$ 196.49	\$ 207.74	\$ 207.74	\$ 207.74	\$ 225.65	\$ 225.65	\$ 225.65	\$ 240.32
3/16/2020	\$ 184.48	\$ 185.98	\$ 188.48	\$ 192.48	\$ 201.48	\$ 201.48	\$ 201.48	\$ 215.15	\$ 215.15	\$ 215.15	\$ 227.98
3/17/2020	\$ 186.65	\$ 188.15	\$ 189.65	\$ 192.65	\$ 197.81	\$ 197.81	\$ 197.81	\$ 210.81	\$ 210.81	\$ 210.81	\$ 224.65
3/18/2020	\$ 173.40	\$ 174.90	\$ 176.40	\$ 179.40	\$ 184.57	\$ 184.57	\$ 184.57	\$ 197.57	\$ 197.57	\$ 197.57	\$ 211.40
Five-day average	\$ 182.18	\$ 183.68	\$ 187.18	\$ 191.83	\$ 200.08	\$ 200.08	\$ 200.08	\$ 214.44	\$ 214.44	\$ 214.44	\$ 227.93

Gassoil 10ppm

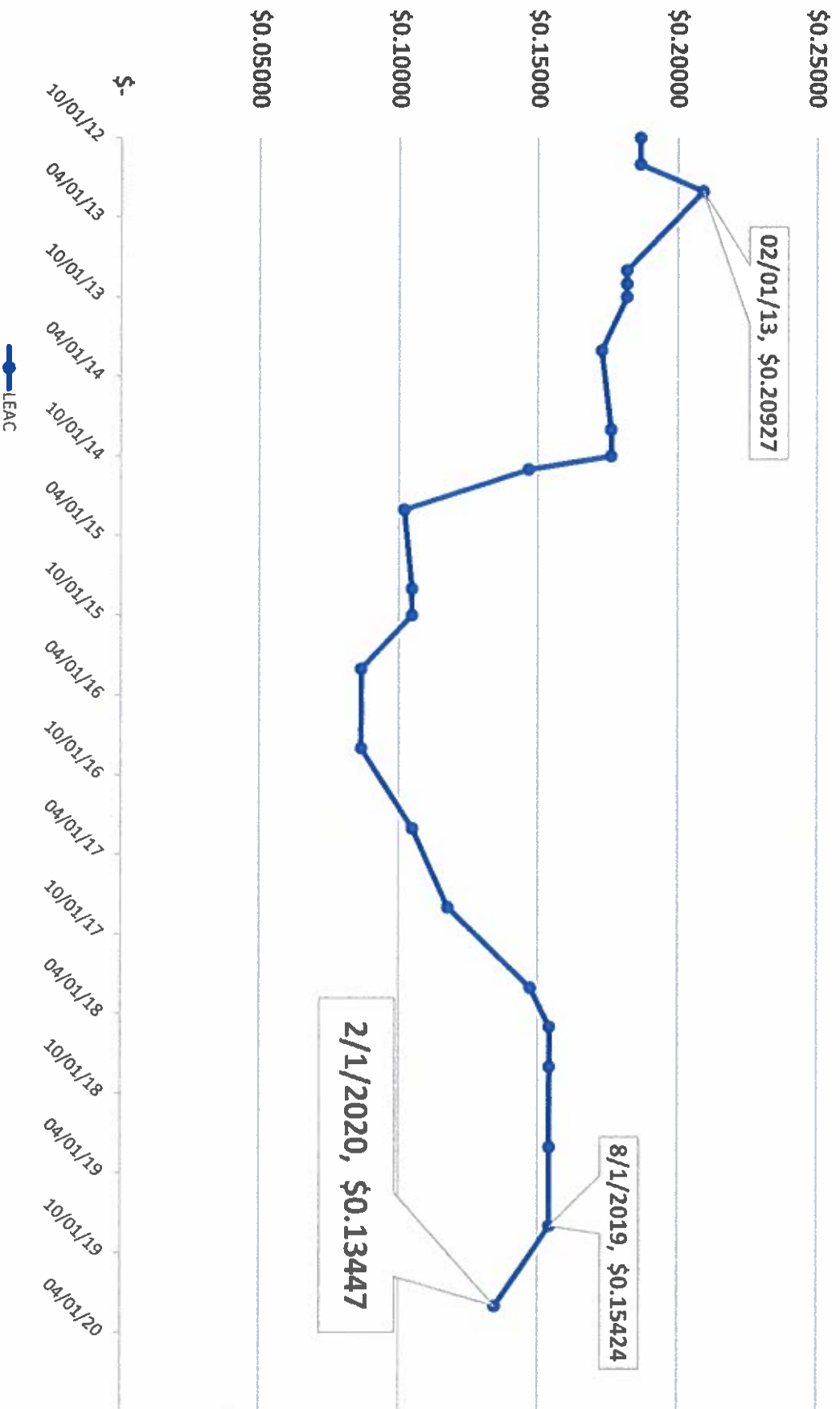
3/12/2020	\$ 46.41	\$ 46.36	\$ 46.66	\$ 47.06	\$ 48.18	\$ 48.18	\$ 48.18	\$ 49.70	\$ 49.70	\$ 49.70	\$ 51.31
3/13/2020	\$ 44.55	\$ 44.45	\$ 45.00	\$ 45.65	\$ 47.25	\$ 47.25	\$ 47.25	\$ 49.16	\$ 49.16	\$ 49.16	\$ 50.90
3/16/2020	\$ 42.80	\$ 42.70	\$ 43.05	\$ 43.65	\$ 45.33	\$ 45.33	\$ 45.33	\$ 47.45	\$ 47.45	\$ 47.45	\$ 49.31
3/17/2020	\$ 41.21	\$ 41.11	\$ 41.46	\$ 42.26	\$ 44.11	\$ 44.11	\$ 44.11	\$ 46.23	\$ 46.23	\$ 46.23	\$ 48.05
3/18/2020	\$ 40.27	\$ 40.22	\$ 40.55	\$ 41.30	\$ 43.18	\$ 43.18	\$ 43.18	\$ 45.26	\$ 45.26	\$ 45.26	\$ 46.93
Five-day average	\$ 43.05	\$ 42.97	\$ 43.34	\$ 43.98	\$ 45.61	\$ 45.61	\$ 45.61	\$ 47.56	\$ 47.56	\$ 47.56	\$ 49.30



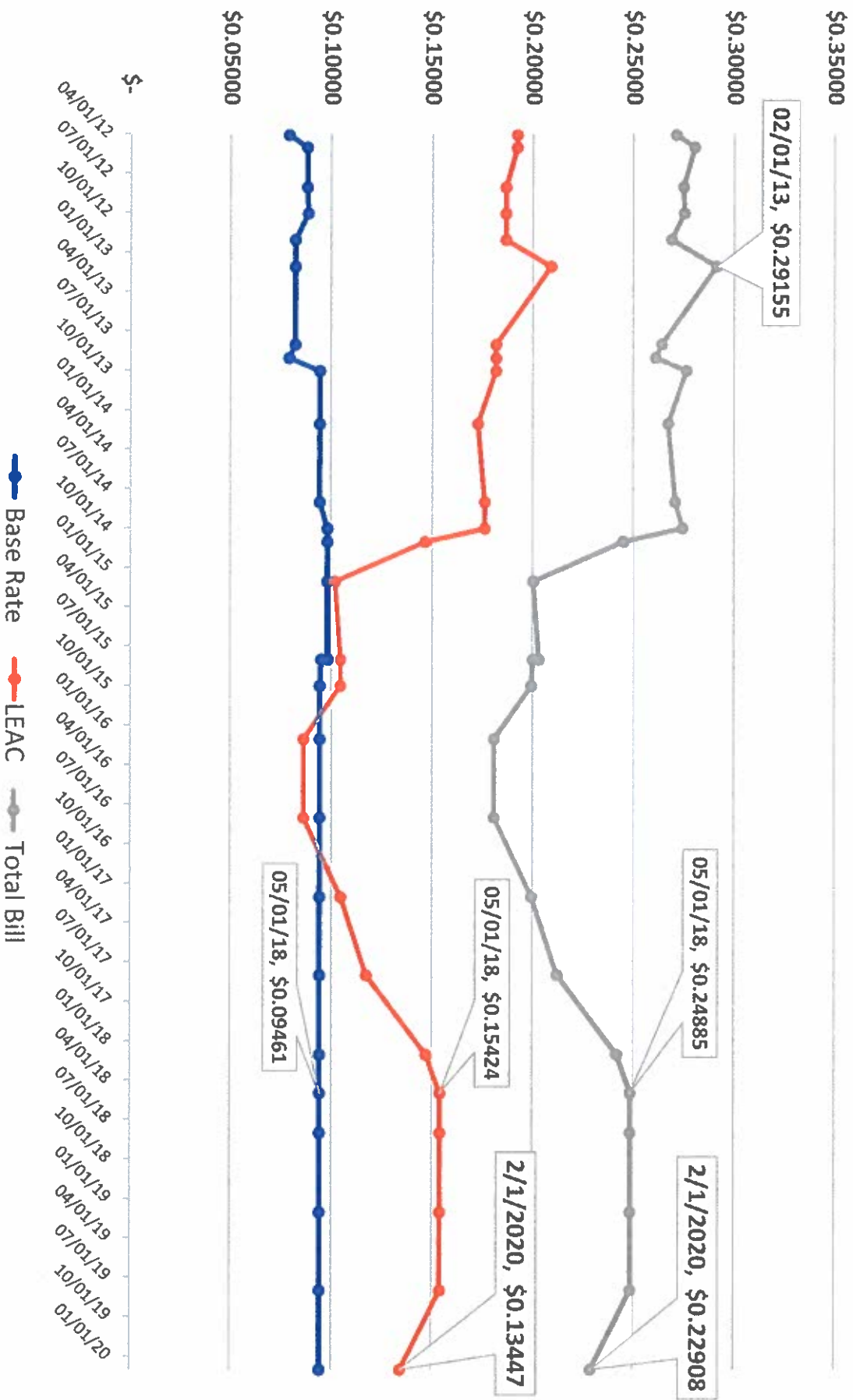
LEAC Update – Fuel Cost by Fiscal Year



Historical Residential LEAC Rate



Historical Residential Rate



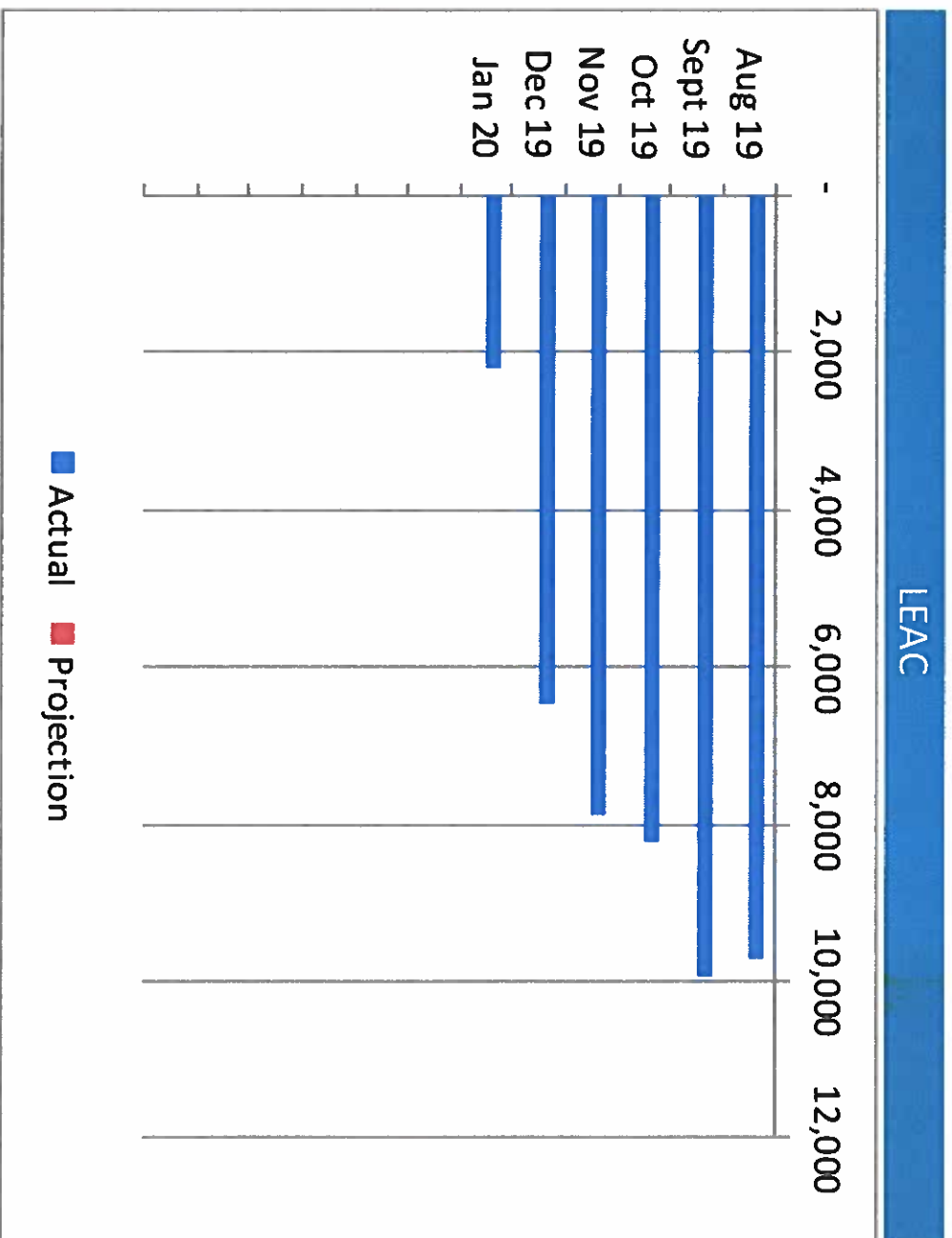
Historical LEAC Over (Under) Recovery

LEAC Period	LEAC Period		Approved LEAC	Actual Over
	From	To		
4/1/2012	7/31/2012	\$	0.192310	\$ (3,040,418)
8/1/2012	1/31/2013	\$	0.186834	\$ (2,494,052)
2/1/2013	7/31/2013	\$	0.209271	\$ 1,345,259
8/1/2013	10/31/2013	\$	0.182054	\$ 1,300,093
2/1/2014	7/31/2014	\$	0.172986	\$ (1,137,034)
8/1/2014	10/31/2014	\$	0.176441	\$ (4,646,872)
11/1/2014	1/31/2015	\$	0.146666	\$ 661,428
2/1/2015	7/31/2015	\$	0.102054	\$ 1,757,878
8/1/2015	1/31/2016	\$	0.104871	\$ (2,467,151)
2/1/2016	7/31/2016	\$	0.086613	\$ (2,668,603)
8/1/2016	1/31/2017	\$	0.086613	\$ (9,915,360)
				\$ (5,315,360) (a)
2/1/2017	7/31/2017	\$	0.105051	\$ (14,050,504)
8/1/2017	01/31/1018	\$	0.117718	\$ (16,775,982)
2/1/2018	4/30/2018	\$	0.147266	\$ (13,005,689)
5/1/2018	7/31/2018	\$	0.154242	\$ (8,422,674)
8/1/2018	1/31/2019	\$	0.154242	\$ (13,336,698)
2/1/2019	7/31/2019	\$	0.154242	\$ (10,225,349)
8/1/2019	1/31/2020	\$	0.154242	\$ (2,193,618)

a) Under-recovery Balance after applying the \$4.6 million from the Cabras 3&4 Extra Expense claim



LEAC Under Recovery Balances



LEAC	
(Unearned)/ Under Recovered	'000
Aug 19	9,722
Sept 19	9,944
Oct 19	8,210
Nov 19	7,887
Dec 19	6,473
Jan 20	2,194



LEAC - Proposed

- 2 Average Price per Bbl-RFO
- 2 Average Price per Bbl-Diesel
- 4 Number 6 (HSFO/LSFO)
- 5 Number 2 (Diesel)
- 6 Renewable (Solar)
- 7 TOTAL COST
- 8 Handling Costs
- 9 Total Current Fuel Expense
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LEAC – Billing Illustration

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	Rate	Amount	Rate	Amount
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