



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O. BOX 2977 • Agana, Guam 96932

RESOLUTION NO. 2016-61

AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO EXTEND THE (AGGREKO) 40 MW TEMPORARY POWER PLANT LEASE CONTRACT

WHEREAS, the Guam Power Authority (GPA) experienced a major failure of its base load units at the Cabras 3&4 power plant when an explosion and a fire occurred in the Cabras 4 engine on August 31, 2015; and

WHEREAS, Cabras 3&4 power plant is still not available and the power system remains short of 78.6 MW of base load capacity placing GPA in the position of having difficulty meeting system demand upon an additional base load maintenance outage or large emergency unit outage; and

WHEREAS, the Authority is interested in pursuing the extension of the (Aggreko) 40 MW Temporary Power Plant Lease Contract for an additional 4 years with the option to purchase the units to ensure GPA has sufficient and reliable reserves until the commissioning of new baseload units; and

WHEREAS, the Authority plans to use the revenue funds for the lease; and

WHEREAS, the Authority would like to use \$3M from the Cabras 3&4 insurance cash advance for emission compliance costs; and

WHEREAS, the Authority is currently working with Aggreko on the required air permit for operations beyond the initial 1 year period; and

WHEREAS, approval is requested to allow the General Manager to petition the PUC to authorize the extension of the (Aggreko) 40 MW Temporary Power Plant Lease Contract for an additional 4 years.

NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES subject to the review and approval of the Public Utilities Commission as follows:

1. The General Manager is authorized to extend the (Aggreko) 40 MW Temporary Power Plant Lease Contract for an additional 4 years with an option to own the units to ensure sufficient generation capacity reserve to support a loss to two of its largest units.
2. The contract price projected total for the four (4) year extension with a purchase option is \$ 49,732,365 as shown in Exhibit A attached.

30 3. The General Manager is authorized to use \$3M from the Cabras 3&4 insurance cash
31 advance for emission compliance costs.

32

33 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the Commission
34 attests the adoption of this Resolution.

35

36 **DULY and REGULARY ADOPTED this 25th day of October 2016.**

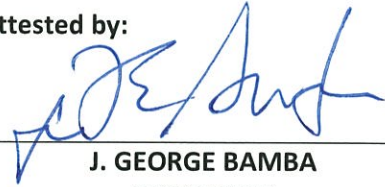
37

Certified by:



JOSEPH T. DUENAS
CHAIRMAN

Attested by:



J. GEORGE BAMBA
SECRETARY

38

39

SECRETARY'S CERTIFICATE

40

41

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held at the meeting place thereof on October 25, 2016, at which meeting of all said members had due notice and at which at least s majority thereof were present, and

46

At said meeting said resolution was adopted by the following vote:

47

Ayes: 3

48

49

Nays: 1

50

51

Absent: 1

52

53

Abstain: 0

54

55


56

As of the date of this certification, said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

57

58

SO CERTIFIED this 25th day of October, 2016.



J. GEORGE BAMBA
Secretary
Consolidated Commission on Utilities

59

EXHIBIT A

REVISED PROPOSAL (10/24):	CURRENT	2017	2018	2019	2020	4 Year TOTAL
Extension for 40 MW Rent to Own (Per Annum Fixed Fees)	\$ 11,789,832	\$ 12,991,952	\$ 9,991,952	\$ 11,291,952	\$ 11,491,952	\$ 45,767,808
<i>Capacity Charge</i>	\$ 8,308,800	\$ 6,979,392	\$ 6,979,392	\$ 6,979,392	\$ 6,979,392	\$ 27,917,568
<i>Shipping Charge</i>	\$ 1,253,472					\$ -
<i>Fixed O&M Charge</i>	\$ 2,227,560	\$ 2,227,560	\$ 2,227,560	\$ 2,227,560	\$ 2,227,560	\$ 8,910,240
<i>Emission Control Charge</i>		\$ 285,000	\$ 285,000	\$ 285,000	\$ 285,000	\$ 1,140,000
<i>Emission Control Mobilization</i>		\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
<i>Rent-To-Own</i>		\$ 500,000	\$ 500,000	\$ 1,800,000	\$ 2,000,000	\$ 4,800,000
Estimated Energy Charge - Per Annum (Based on current average of 97171 MWH per annum @ \$4.4/MWH)		\$ 427,550	\$ 427,550	\$ 427,550	\$ 427,550	\$ 1,710,201
Estimated Urea Cost - Per Annum (Based on current average of 97171 MWH per annum @ \$5.8/MWH)		\$ 563,589	\$ 563,589	\$ 563,589	\$ 563,589	\$ 2,254,356
Total Estimate (Per Annum)		\$ 13,983,091	\$ 10,983,091	\$ 12,283,091	\$ 12,483,091	\$ 49,732,365
Annual Savings *		\$ 9,377,000	\$ 9,377,000	\$ 9,377,000	\$ 9,377,000	\$ 37,508,000
Net Annual Costs		\$ 4,606,091	\$ 1,606,091	\$ 2,906,091	\$ 3,106,091	\$ 12,224,365

**Annual Savings are projected from Cabras 3&4 PMC, CIP, O&M and labor savings. It also includes fuel savings from fuel efficiencies gained over CT operations.*