



RESOLUTION NO. 2019 - 08

**AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO
PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR NO 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 June 15, 2019; and

WHEREAS, for the LEAC period covered from February 1, 2019 through July 31, 2019, GPA requested to maintain the LEAC rate of \$0.154242/kWh that was approved by the CCU and GPUC; and

WHEREAS, the average market price of fuel in the initial filing for the current period was approved at \$66.73/bbl for the (6) six-month period ending July 31, 2019, the current projection for the same period is \$72.87/bbl and the projected price of fuel for the period ending January 31, 2020 is \$74.18/bbl; and

WHEREAS, the most recent Morgan Stanley market projections indicate falling fuel prices over the next year and GPA anticipates taking advantage of this market to reduce the current under recovery for fuel; and

WHEREAS, although GPA will file the required LEAC schedules, it has determined that it will not petition for a change in the LEAC factor for secondary voltage service customers as well as alternative voltage customer for the period of August 1, 2019 to January 31, 2020; and

1 **WHEREAS**, based on this status quo approach, an under-recovery of about \$9.7M is
2 anticipated by the end of the LEAC period on January 31, 2020 which will have some impact on
3 the working capital and other financial ratios; however, GPA will be able to manage in the short-
4 term period; and

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6 **WHEREAS**, if the price of fuel continues to increase above the projected \$74.18/bbl, GPA
7 will file a proposed new LEAC rate adjustment if necessary, at that time; and

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9 **WHEREAS**, GPA is requesting the Consolidated Commission on Utilities to authorize the
10 Authority to file such petition with the Guam Public Utilities Commission.

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12 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities
13 as follows:

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16 1. The General Manager of the Guam Power Authority is authorized to petition the Guam
17 Public Utilities Commission for the LEAC rate to remain at \$0.154242/kWh effective for
18 the period from August 1, 2019 thru January 31, 2020. (LEAC factors for alternative
19 voltage levels are as reflected in the attached spreadsheets in the attached **Exhibit A.**)
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1 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
2 of this Resolution.

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4 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 28th DAY OF MAY**
5 **2019.**

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7 Certified by:

Attested by:

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10 **JOSEPH T. DUENAS**

MICHAEL T. LIMTIACO

11 Chairperson

Secretary

12 Consolidated Commission on Utilities

Consolidated Commission on Utilities

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14 **I, Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on Utilities
15 (CCU), as evidenced by my signature above, do hereby certify as follows: The foregoing is a
16 full, true and correct copy of the resolution duly adopted at a regular meeting by the members of
17 the Guam CCU, duly and legally held at a place properly noticed and advertised at which
18 meeting a quorum was present and the members who were present voted as follows:

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20 Ayes:

5

21 Nays:

0

22 Abstentions:

0

23 Absent:

0



GPA

Proposed LEAC Rate (\$000)

	A	B	C
	No Change in LEAC Proposed Eff 8/01/2019	@50 % Recovery Proposed Eff 8/01/2019	@100 % Recovery Proposed Eff 8/01/2019
2 Average Price per Bbl-RFO	\$ 74.18	\$ 74.18	\$ 74.18
2 Average Price per Bbl-Diesel	\$ 95.19	\$ 95.19	\$ 95.19
4 Number 6 (HSFO/LSFO)	\$ 70,309	\$ 70,309	\$ 70,309
5 Number 2 (Diesel)	44,360	44,360	44,360
6 Renewable (Solar)	4,626	4,626	4,626
7 TOTAL COST	\$ 119,296	\$ 119,296	\$ 119,296
8 Handling Costs	5,711	5,711	5,711
9 Total Current Fuel Expense	\$ 125,007	\$ 125,007	\$ 125,007
10 Civilian Allocation	81.53%	81.53%	81.53%
11 LEAC Current Fuel Expense	\$ 101,921	\$ 101,921	\$ 101,921
12 Deferred Fuel Expense at the beginning of the period	9,225	9,225	9,225
13 Total LEAC Expense	\$ 111,146	\$ 111,146	\$ 111,146
14 Less: Trans. Level Costs	(5,837)	(6,117)	(6,396)
15 Distribution Level Costs	\$ 105,309	\$ 105,029	\$ 104,750
16 Under recovery at the end of the period	\$ (9,699)	\$ (4,850)	\$ -
17 Adjusted Distribution Level Costs	\$ 95,610	\$ 100,179	\$ 104,750
18 Distribution Level Sales (mWh)	619,867	619,867	619,867
19 LEAC Factor Distribution	0.154242	0.161614	0.168988
20 Current LEAC Factor Distribution	0.154242	0.154242	0.154242
21 Increase/(Decrease)	0.00000	0.00737	0.01475
22 Monthly Increase/(Decrease) - 1000 kWh	\$ 0.00	\$ 7.37	\$ 14.75
23 % Increase/(Decrease) in LEAC	0.00%	4.78%	9.56%
24 % Increase/(Decrease) in Total Bill	0.00%	2.96%	5.93%
25 Discount (3%) - Primary 13.8 KV	\$ 0.149579	0.156756	\$ 0.163908
26 Discount (4%) - 34.5 KV	\$ 0.149148	0.156305	\$ 0.163436
27 Discount (5%) - 115 KV	\$ 0.147312	0.154381	\$ 0.161424

Notes: This LEAC filing reflects the actual under recovery through April 30, 2019 and the average forward pricing from May 7-13, 2019.