



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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

RESOLUTION NO. 2020-24

**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 December 15, 2020; and

WHEREAS, for the LEAC period covered from February 1, 2020 through July 31, 2020, GPA requested and was approved for an adjustment to 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 balance of fuel cost at the end of the period. At the time of original the original filing, the average projected cost for black oil and diesel was \$62.05/bbl; and

WHEREAS, on March 24, 2020, GPA filed for an Interim LEAC Factor of \$0.110039/kWh as the projected price of diesel dropped about \$24/bbl bringing the average projected cost for both types of fuel down to \$53.36/bbl. The interim LEAC factor was approved for meters read on or after April 1, 2020; and

WHEREAS, in May 2020, the Interim LEAC Factor of \$0.086800/kWh effective June 1, 2020, as ordered by the Public Utilities Commission, included the additional rate of \$0.003109/kWh establishing the funding source for the Demand Side Management (DSM) Program that would provide roughly \$1.5M for a six-month period.

1 Total revenues collected for the DSM Program between the five-month period of June through
2 October 2020 is \$1.6M, or an average of \$320 thousand per month; and

3
4 **WHEREAS**, for the regular biannual LEAC period of August 1, 2020 thru January 31,
5 2021, the Public Utilities Commission ordered to maintain the Interim LEAC Factor of
6 \$0.086800/kWh and the rates for the alternative voltage levels effective June 1, 2020, including
7 the imbedded rate of \$0.003109/kWh for the Demand Side Management (DSM) Program; and

8
9 **WHEREAS**, the average market price of residual fuel oil and diesel used in the initial
10 filing for the current period was approved at \$39.30/bbl for the (6) six-month period ending
11 January 31, 2021, the current projection for the same period is \$48.50/bbl. The projected average
12 price of residual fuel oil and diesel for the period ending July 31, 2021 is expected to reach
13 \$53.82/bbl; and

14
15 **WHEREAS**, the most recent Morgan Stanley market projections indicate rising fuel prices
16 and projected under-recovery for the period ending July 31, 2021 at the current LEAC rate of
17 \$.08680000/kWh is \$30.3M; and

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19 **WHEREAS**, GPA initially proposed a gradual true up of fuel cost by increasing the LEAC
20 rate to recover 50% of the total projected under recovery from \$0.08680000/kWh to
21 \$0.111653/kWh or a 28.63% increase from the current LEAC rate for secondary voltage customers
22 for the periods of February 1, 2021 through July 31, 2021; and

23
24 **WHEREAS**, at the bequest of the CCU, GPA was ordered to seek ways to mitigate LEAC
25 increase in order to further assist ratepayers during this pandemic period; and

26
27 **WHEREAS**, GPA has identified \$5M in internally funded CIP to be delayed in FY'2021
28 and used to off-set the projected LEAC under recovery; and

29
30 **WHEREAS**, GPA has \$20M in the self-insurance fund reserve for typhoons and other
31 disasters and if approved by the Guam Public Utilities Commission could be utilized to mitigate a
32 LEAC increase at this time; and

1 **WHEREAS**, a \$10M withdrawal from the self-insurance fund could be refunded by
2 activating the surcharge beginning August 1, 2021 to fully restore the fund back to \$20M over a
3 five-year period; and
4

5 **WHEREAS**, the use of the fund will be in the best interest of the ratepayers; and
6

7 **WHEREAS**, GPA now is requesting the Consolidated Commission on Utilities to
8 authorize the Authority to file such petition with the Guam Public Utilities Commission; and
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10
11 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities
12 as follows:
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14 The General Manager is authorized to petition the Guam Public Utilities Commission to
15 maintain the current LEAC rate of \$0.086800/kWh, and to use \$10M of the self-insurance fund to
16 off-set the projected LEAC under recovery, and therefore maintain the current LEAC rate of
17 \$0.086800/kWh effective for the period from February 1, 2021 to July 31, 2021.
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19 The General Manager is further authorized to reduce the internally funded CIP budget by
20 \$5M in FY'2021 to be used to off-set the projected LEAC under recovery.
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22 The General Manager is further authorized to petition the Guam Public Utilities
23 Commission to pay back the \$10M withdrawal from the self-insurance fund over a five-year period
24 beginning August 1, 2021.
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26 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
27 of this Resolution.
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2 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 24th DAY OF**
3 **NOVEMBER 2020**

4
5 Certified by:

Attested by:

6
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9 **JOSEPH T. DUENAS**

MICHAEL T. LIMTIACO

10 Chairperson

Secretary

11 Consolidated Commission on Utilities

Consolidated Commission on Utilities

12
13 I, **Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on
14 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:

15
16 The foregoing is a full, true and correct copy of the resolution duly adopted at a
17 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
18 noticed and advertised at which meeting a quorum was present and the members who were
19 present voted as follows:

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21 Ayes: 5

22
23 Nays: Ø

24
25 Abstentions: Ø

26
27 Absent: Ø

