



## CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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

### RESOLUTION NO.: 2021 - 12

#### **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 July 15, 2021; 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 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 \$56.73/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)

1 Program that would provide roughly \$1.5M for a six-month period. Total revenues collected for  
2 the DSM Program between the five-month period of June through October 2020 is \$1.6M, or an  
3 average of \$320 thousand per month; and  
4

5 **WHEREAS**, for the regular biannual LEAC period of August 1, 2020 thru January 31,  
6 2021, the Public Utilities Commission ordered to maintain the Interim LEAC Factor of  
7 \$0.086800/kWh and the rates for the alternative voltage levels effective June 1, 2020, including  
8 the imbedded rate of \$0.003109/kWh for the Demand Side Management (DSM) Program; and  
9

10 **WHEREAS**, for the regular biannual LEAC period of January 31, 2021 thru August 31,  
11 2021, the Public Utilities Commission ordered the Interim LEAC Factor of \$0.11000/kWh and the  
12 rates for the alternative voltage levels effective June 1, 2020, including the imbedded rate of  
13 \$0.003109/kWh for the Demand Side Management (DSM) Program; and  
14

15 **WHEREAS**, due to the increases in fuel prices, the PUC authorized the withdrawal of \$10  
16 million from self insurance fund and application of \$5 million from GPA capital budget to offset  
17 the increases in under recovery of LEAC; and  
18

19 **WHEREAS**, the average market price of residual fuel oil and diesel used in the initial  
20 filing for the current period was approved at \$53.82/bbl for the (6) six-month period ending  
21 January 31, 2021, the current projection for the same period is \$68.62/bbl. The projected average  
22 price of residual fuel oil and diesel for the period ending January 31, 2022 is expected to reach  
23 \$77.36/bbl; and  
24

25 **WHEREAS**, the most recent Morgan Stanley market projections indicate steady black oil  
26 fuel prices and steady diesel prices. The projected under-recovery for the period ending January  
27 31, 2022 at the proposed LEAC rate of \$.167564/kWh is \$7.5M after the application of \$10 million  
28 from self-insurance fund and from GPA's \$5 million capital budget ; and  
29

30 **WHEREAS**, GPA proposes a gradual true up of fuel cost by increasing the LEAC rate to  
31 recover 50% of the total projected under recovery from \$0.11000/kWh to \$0.167564/kWh or a  
32 28.13% increase in a 1,000 kWh bill for secondary voltage customers for the periods of August 1,  
33 2021 through January 31, 2022; and  
34

1           **WHEREAS**, an estimated \$1.5 million is included for costs associated with the Demand  
2 Side Management rebate program for the anticipated LEAC period; and

3  
4           **WHEREAS**, GPA now is requesting the Consolidated Commission on Utilities to  
5 authorize the Authority to file such petition with the Guam Public Utilities Commission; and

6  
7           **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on Utilities  
8 as follows:

9  
10 The General Manager of the Guam Power Authority is authorized to petition the Guam Public  
11 Utilities Commission for the proposed secondary voltage LEAC rate of \$0.167564/kWh effective  
12 for the period from August 1, 2021 to January 31, 2021. (LEAC factors for alternative voltage  
13 levels are as reflected in the attached spreadsheets in the attached Exhibit A.)

1  
2 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption  
3 of this Resolution.

4  
5 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 25<sup>th</sup> DAY OF MAY**  
6 **2021**

7  
8 Certified by:

Attested by:

9  
10  
11 

10  
11 

12 **JOSEPH T. DUENAS**

**MICHAEL T. LIMTIACO**

13 Chairperson

Secretary

14 Consolidated Commission on Utilities

Consolidated Commission on Utilities

15  
16  
17  
18 I, **Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on  
19 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:

20  
21 The foregoing is a full, true and correct copy of the resolution duly adopted at a  
22 regular meeting by the members of the Guam CCU, duly and legally held at a place properly  
23 noticed and advertised at which meeting a quorum was present and the members who were  
24 present voted as follows:

25  
26 Ayes: 4

Nays: 0

28 Abstentions: 0

29 Absent: 1



## GPA

## Proposed LEAC Rate (\$000)

7.5M Under Recovery as of 01.31.22	
MS Pricing 05.06.21 to 05.12.21 Aug 21- Jan 22	
Average Price per Bbl-RFO	\$ 75.14
Average Price per Bbl-Diesel	\$ 83.93
Number 6 (HSFO/LSFO)	\$ 76,604
Number 2 (Diesel)	29,011
Renewable (Solar)	4,407
TOTAL COST	\$ 110,022
Handling Costs	6,453
Total Current Fuel Expense	\$ 116,476
Civilian Allocation	80.328%
LEAC Current Fuel Expense	\$ 93,563
Estimated DSM for this period	\$ 1,500
Deferred Fuel Expense at the beginning of the period	15,379
Total LEAC Expense	\$ 110,442
Less: Trans. Level Costs	(5,426)
Distribution Level Costs	\$ 105,017
Over recovery/(Under) at the end of the period	\$ (7,500)
Adjusted Distribution Level Costs	\$ 97,517
Distribution Level Sales (mWh)	581,966
LEAC Factor Distribution	0.167564
Current LEAC Factor Distribution	0.110000
Increase/(Decrease)	0.05756
Monthly Increase/(Decrease) - 1000 kWh	\$ 57.56
% Increase/(Decrease) in LEAC	52.33%
% Increase/(Decrease) in Total Bill	28.13%
Discount (3%) - Primary 13.8 KV	\$ 0.162554
Discount (4%) - 34.5 KV	\$ 0.162086
Discount (5%) - 115 KV	\$ 0.160091