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9



10 *For the Guam Power Authority*

11
12 **BEFORE THE PUBLIC UTILITIES COMMISSION**

13
14 IN THE MATTER OF) DOCKET NO. 94-04
15)
16 GUAM POWER AUTHORITY)
17 ALTERNATIVE USE OF EXCESS BOND)
18 FUNDS)
19 _____)
20

21 **COMES NOW**, GUAM POWER AUTHORITY and hereby submits a request
22 for an expedited approval by the Guam Public Utilities Commission of the Authority's
23 additional use of Excess Bond Funds identified below:

- 24 • Load Research & Cost of Service Study
25 • Integrated Resource Plan
26 • Long Range Transmission Study.

27 The Authority's representatives met the week of May 14, 2007 with the
28 Administrative Law Judge, the Georgetown Consulting Group, and Attorney Blair.
29 During these meetings, the Authority discussed the above proposed use of excess bond
30 funds. No party had any objections to the use of these funds for the above projects.

31 Exhibit A is a copy of the Consolidated Commission on Utilities (CCU)
32 Resolution 2007-16 Approval to Use Excess Bond Funds for IRP and Other Critical
33 Studies.

34 Exhibits B, C, and D contains the Scope of Work for each of use of Excess bond

COPY

1 funds.

2 **RESPECTFULLY SUBMITTED** this 28th day of **June**, 2007, by:

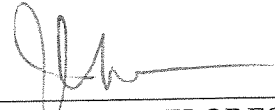
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JOAQUIN C. FLORES, P.E.
Guam Power Authority General Manager

EXHIBIT A:

**CCU Resolution 2007-16 Approval to Use Excess Bond Funds for IRP
and Other Critical Studies**



**CONSOLIDATED
COMMISSION ON UTILITIES**

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

RESOLUTION NO. 2007-16

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**RELATIVE TO THE USE OF EXCESS BOND FUNDS TO ENABLE THE GUAM
POWER AUTHORITY TO COMPLETE ITS INTEGRATED RESOURCE PLAN
AND OTHER CRITICAL STUDIES REQUIRED IN THE NEXT 12 MONTHS**

WHEREAS, the Guam Power Authority (GPA) bond covenants allow funds remaining in its bond construction fund to be deposited into the Authority's Revenue Fund after a certification that the funds are no longer needed for the purposes intended; and

WHEREAS, after removing such funds in 1997 and 1998 the Public Utilities Commission issued an order that the funds could not be expended without the approval of the PUC; and

WHEREAS, due to decreasing budgets and declining revenues GPA has been unable to complete its integrated resource plan needed to provide a foundation for GPA's long range planning and has been unable to conduct a load research study and cost of service study required as part of a rate petition; and

WHEREAS, the integrated resource plan is a critical component of analysis to determine if there are alternative energy technologies that could lessen the Authority's dependence on fossil fuels and reduce costs to ratepayers; and

WHEREAS, the Authority has determined that \$1 million could be withdrawn from the excess bond fund account without jeopardizing any project critical to the authority; and

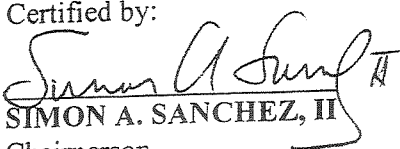
1 WHEREAS, the Consolidated Commission on Utilities has determined that the
2 benefit of completing these studies outweighs the negative financial impact of incurring
3 expenses in excess of the revenues collected by the utility.
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7 NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by
8 the Consolidated Commission on Utilities:
9

- 10 1. The Commission authorizes the GPA General Manager to petition the Public
11 Utilities Commission for the use of up to \$1 million of excess bond funds for
12 purposes of completing critical engineering and financial studies required to
13 facilitate GPA's planning and its next petition for a base rate increase.
14
15 2. At the next regularly scheduled meeting of the CCU, the General Manager shall
16 submit a plan detailing how the funds will be spent.

17 RESOLVED, that the Chairman certifies and the Board Secretary attests to the
18 adoption of this Resolution.
19
20

21 DULY AND REGULARLY ADOPTED AND APPROVED THIS 15th
22 DAY OF May, 2007.
23

24 Certified by:
25 
26 SIMON A. SANCHEZ, II
27 Chairperson
28
29

 Attested by:
 
 GLORIA B. NELSON
 CCU Board Secretary

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SECRETARY'S CERTIFICATE

I, Gloria B. Nelson, Board Secretary for the Consolidated Commission on Utilities, as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, 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:	_____ 4 _____
NAYS:	_____ 0 _____
ABSTENTIONS:	_____ 0 _____



USE OF EXCESS BOND FUNDS (X \$1,000)

A	Excess Bond Funds Available (B + C)⁽¹⁾	\$	5,157
B	Excess Bond Funds as of 01/31/07	\$	657
C	(Balance after withdrawal of \$4.5m for LEAC under recoveries) Payback from LEAC over recoveries	\$	4,500
D	Funds Required for GPA Share of FEMA Underground Projects (E + F)	\$	(4,200)
E	Macheche to San Vitores 34.5 kV Underground Lines Conversion	\$	(1,886)
F	Macheche to GAA 34.5 kV Underground Line Conversion	\$	(2,314)
G	Critical Engineering & Financial Studies (Resolution 2007-16) (H + I + J)	\$	(950)
H	Load Research & Cost of Service Study	\$	(550)
I	Integrated Resource Plan	\$	(250)
J	Transmission Study	\$	(150)
K	Balance of Excess Bond Funds (A + D + G)	\$	7

Prepared by: *Melinda R. Camacho*
Melinda R. Camacho, P.E.
Manager, Engineering

Prepared by: *John J. Cruz*
John J. Cruz, P.E.
Manager, SPORD

Reviewed by: *A.E. Balajadia*
A.E. Balajadia
Assistant General Manager, Operations

Approved by: *Joaquin C. Flores*
Joaquin C. Flores, P.E.
General Manager

⁽¹⁾Data from Cora Montellano 4/06/07 debtrecl1.xls

EXHIBIT B:

**Project Scopes of Work:
Load Research & Cost of Service Study**

ECONOMIST.COM

Load Research Study

Task 1: Full GPA load research study

- 1.1 Research changes in load patterns over past ten years identified by similar utilities (e.g., HECO)
- 1.2 Finalize load study design
- 1.3 Draw customers for load study sample
- 1.4 Complete order of load study meters
- 1.5 Assist GPA in defining meter installation and data collection procedures for load study
- 1.6 Install ~180 load study meters
- 1.7 Read all load study meters on bimonthly basis
- 1.8 Assist GPA in resolving data collection issues
- 1.9 Analyze data collected over first four months of load study; analyze extent of changes in class load characteristics since 1994
- 1.10 Develop interim report on updated estimates of GPA class load characteristics for rate case purposes [if needed]
- 1.11 Analyze full-year load data, statistical results, and estimated load characteristics
- 1.12 Document all assumptions, methods, input data and results in draft and final reports
- 1.13 Prepare an executive presentation summarizing the information contained in the final report.

Deliverables: Interim and final load research reports, executive presentation

ECONOMIST.COM

Cost of Service Study

Task 1: Scoping, planning, preliminary analysis

- 1.1 Finalize outline of rate case filing
- 1.2 Finalize work plan and GPA/consultant roles
- 1.3 Confirm scope of deliverables
- 1.4 Refine project schedule, by task
- 1.5 Analyze GPA projected pro forma statements
- 1.6 Define rate case alternatives
- 1.7 Develop presentation to GPA board on rate case recommendations
- 1.8 Assist in presentation to GPA board [if needed]

Deliverables: Task plans and schedules, presentation on rate case alternatives

Task 2: Develop GPA revenue requirements

- 2.1 Review GPA mission and strategic plan
- 2.2 Review/revise GPA 5-year financial plan for consistency with strategic plan (investments, financing, rates, military requirements, etc.)
- 2.3 Review/revise GPA estimates of test year cost drivers (sales, customers, etc.)
- 2.4 Develop list of standard assumptions for use in revenue requirements forecasts
- 2.5 Incorporate IRP results into near-term and medium-term forecasts of total operating costs, capital costs
- 2.6 Review/revise GPA estimates of O&M, G&A, fuel, CIP expenses
- 2.7 Review/revise GPA estimates of capital-related costs (depreciation, interest, principle)
- 2.8 Review/revise GPA estimates of deferred items, debt service coverage, one-time items, etc.
- 2.9 Consolidate cost projections, develop test year revenue requirements
- 2.10 Identify revenue requirements issues likely to be raised by Guam PUC, develop rate case strategies
- 2.11 Assist GPA in preparing presentation to board and legislature on proposed revenue requirements

[Note: Above scope open to GPA direction; estimate assumes GPA handles forecasts of most of revenue requirement items.]

Deliverables: Test year revenue requirements, executive presentation

Task 3: Cost-of-service studies and rate design

- 3.1 Gather data and calculate test year customer class allocation factors (peak demands, energy usage, weighted customers, etc.)
- 3.2 Functionalize, classify, and allocate GPA revenue requirements at transmission level to wholesale customers (Navy) and GPA retail system

- 3.3 Functionalize, classify, and allocate GPA revenue requirements at retail level to retail customer classes
- 3.4 Analyze profit margin by customer class, assist GPA in decisions on cross-subsidy issues
- 3.5 Assess GPA pricing objectives (e.g., reduced peak demand growth), evaluate viable rate design options
- 3.6 Analyze affordability issues, recommend rate design options relating to low income customers
- 3.7 Recommend rate design, and define implementation requirements
- 3.8 Analyze typical bill impact of rate changes; confirm forecasted revenue with proposed rates
- 3.9 Prepare an executive presentation on results of cost-of-service study and rate design.

[Note: Above scope open to GPA direction; estimate assumes Economists.com takes lead for COSA/rate design tasks.]

Deliverables: Transmission-level and retail cost-of-service studies, recommended rate design, executive presentation

Task 4: Expert testimony

- 4.1 Prepare high-level outlines for all pieces of testimony
- 4.2 Prepare detailed outlines for all pieces of testimony to be drafted or sponsored by Economists.com
- 4.3 Draft assigned written testimony
- 4.4 Develop exhibits to testimony
- 4.5 Review/comment/revise other GPA testimony
- 4.6 Conduct QA review of draft filing package

Deliverables: Written testimony and exhibits.

Task 5: Discovery, settlement support

- 5.1 Review PUC and Navy testimony
- 5.2 Develop data requests on opposing testimony
- 5.3 Draft responses to data requests received
- 5.4 Assist GPA in settlement negotiations

[Note: Above scope assumes rate case is decided through negotiated settlement. Does not include hours for oral testimony at hearings or hearing and briefing support.]

EXHIBIT C:

**Project Scopes of Work:
Integrated Resource Plan**

Guam Power Authority

Consulting Assistance Supporting GPA's 2007-2008 Integrated Resource Plan Process and Related Issues

Scope of Services

The following outlines R. W. Beck, Inc.'s proposal to support Guam Power Authority with its 2007-2008 Integrated Resource Plan (IRP) process and related issues.

Task 1: Review Proposed PURPA Legislation – White Paper

R. W. Beck will:

- Examine if the PURPA legislation as proposed for Guam is appropriate from policy, economic and rate making standpoints.
- Propose an alternative approach that provides policy and economic guidance consistent with current public energy policy and that has been successfully applied in jurisdictions similar to Guam.
- Provide a white paper on the above for review and use by GPA with the Guam legislature.
- At GPA's request, provide testimony related to the above in regulatory or legislative forums. (For the purpose of the current budget estimate, it is assumed that testimony will be provided remotely by R. W. Beck and will not require a trip to Guam.)

Task 2: Review of Current IRP Database

R. W. Beck will:

- Review GPA's current IRP database and output of the *Strategist* model including:
 - Structure and consistency of the database
 - Load forecast and load shape (methodology, assumptions, results)
 - Supply options (characteristics, costs)
 - Fuel price forecasts (modeling methods, assumptions, etc.)
- Provide suggested changes to the model (e.g., proposed applicable sensitivities and scenario cases).
- Provide additional reviews, as necessary, during the course of the IRP process.
- Assist in drafting the assumptions section of the IRP document and develop PowerPoint slides to be presented during the stakeholder process.

Task 3: Provide Demand Side Management (DSM) Parameters for the IRP Model

R. W. Beck will:

- Review the last GPA IRP for applicability to the current IRP process.
- Assist GPA in determining if other DSM programs should be included as candidate options. It is expected that the IRP stakeholder process may suggest the addition or subtraction of certain programs for consideration.
- Research any existing data that would support current penetration levels of key end use targets or existing program implementation.
- Provide an updated set of DSM assumptions to be used for the IRP and stakeholder process.
- Provide a letter report outlining DSM assumptions for use in the IRP process and a PowerPoint presentation for use at the stakeholder meetings.

Task 4: Update of Supply Side Options

R. W. Beck will:

- Provide updates to the existing data that may result from the stakeholder process.
- Provide additional supply side data and assumptions that may be added to the IRP options (solar, biofuels, etc.).
- Develop PowerPoint slides describing the supply side option used in the stakeholder process.
- Review and support of Biofuels Research and their application to existing and future generation by SPORD

Task 5: Facilitation of the Stakeholder Process

R. W. Beck will:

- Participate in conference calls with GPA management, CCU, PUC staff, and others as determined by GPA to define requirements for the stakeholder process. (In light of the issues with the DOD, it may be useful to have that agency involved at this level.)
- Provide a white paper outlining the stakeholder process and expected schedules and deliverables for sign off by GPA management, CCU, PUC staff and any other key stakeholders.
- Help design and facilitate the stakeholder meetings (in coordination with GPA's Strategic Planning and Operations Research Division (SPORD)). This will include assistance in pre-meeting and post-meeting communications and development of materials for the meetings. For purposes of the budget estimate it is assumed that the meetings would include:
 - One meeting with the PUC, CCU and GPA management to review and adopt the stakeholder process. (It is recognized that other stakeholders could be involved at this point.)

- Three stakeholder meetings. While the actual meetings will each take a full day, it is expected the prior and following days will be used to work with the SPORD team on preparation and follow up issues.

It is possible that a technical specialist from R. W. Beck may be required for certain meetings; however, given the uncertainty of this issue, we have not included a budget amount to cover this activity if required.

- Provide assistance and review to the SPORD team as the team takes the lead on communications and documentation of the stakeholder process.

Task 6: Analytical Review and Letter Report

- R. W. Beck will periodically review the ongoing and final analytical results produced by SPORD for the IRP. Feedback will be provided to SPORD.
- Upon completion of the final draft report by SPORD, R. W. Beck will review the IRP report, document the stakeholder process and provide GPA with a letter report outlining our review and opinions on the IRP and the stakeholder process. This letter report would be provided with the submittal of the “final draft” of the IRP, which is currently envisioned to occur during the first quarter of year 2008.

Task 7: White Paper on the Impacts of EAct 2005 on GPA

- R. W. Beck will provide a summary white paper outlining the items in EAct 2005 that may apply to GPA. A brief discussion of implementation issues will also be provided. This task will also include research on any issues or exemptions that may be unique to Guam and GPA.

Task 8: Project Management and Ongoing Support

- R. W. Beck will provide assistance with development of a budget to cover project management requirements.
- R. W. Beck will also assist with development of a contingency budget that will provide funds for unexpected issues, requests by stakeholders and the PUC or other items requested by GPA.

EXHIBIT D:

Project Scopes of Work:

Long Range Transmission Planning Study Proposed Scope

Dates will be revised based on new project kick-off dates. Project was denied because of lack of funding.

**Proposal to
GUAM POWER AUTHORITY**

**SUPPORT OF GPA'S SPORD GROUP
TRANSMISSION PLANNING ACTIVITIES**

The following outlines R. W. Beck, Inc.'s proposal to support Guam Power Authority's Strategic Planning and Operations Research Division's (SPORD's) initial efforts in GPA's 2007 Transmission Planning Study. The cost estimate reflects that R. W. Beck will provide on site hands on support and training in power flow and stability analyses relative to completion of the Planning Study supplemented with a limited amount of on-call remote services with the understanding that GPA is responsible for completion.

Scope Outline

Task A: Transmission Planning – Power Flow

R. W. Beck will provide assistance with the development of GPA's Transmission Plan Update in the support and performance of power flow analyses in the following ways:

- **Subtask A.1.** Prior to the on-site power flow training/support, R. W. Beck will review and comment on the scope of the transmission planning necessary to update the 1997 long-range transmission plan, will support development of a draft report template, and will review the Base Case power flow models and results relative to performance and system losses.
- **Subtask A.2.** Review potential system expansion alternatives developed by GPA and incorporate into hands on power flow training.

These activities will be undertaken in our Phoenix, Arizona office and comments will be provided electronically via e-mail prior to the site visit. We require the power flow cases and associated planning data, a minimum of two weeks prior to the site visit.

Task B: PSLF Software Training

R. W. Beck will provide four days of on-site power flow support/analysis in the form of hands on training of GPA personnel on the GE PSLF software, general information on how to perform and analyze load flow relative to the Transmission Plan as follows:

- Perform in-house modeling training (assumes 4 full days on-site, Tuesday through Friday). In carrying out the hands on analysis, GPA's current model will be used so as to help GPA staff members complete their transmission system study.
- During the course of the hands-on training, the scenarios run and evaluated will be incorporated to the extent possible into the Transmission Plan.

It is expected that additional efforts by GPA staff will be needed to complete the overall Transmission Plan. Task B assumes two R. W. Beck engineers will provide the four day training and support in Guam. To minimize travel cost and coordinate scheduling, three weeks notice is requested prior to the meeting date. As of January 26, 2007,

weeks available are Feb 20-23 (note this is Presidents Day week, which is not a holiday for R. W. Beck), March 12-16, and most weeks after April 15, 2007.

Task C: Professional Assistance and Review of GPA's Transmission Planning Study

As GPA develops and analyzes additional scenarios following the training, R. W. Beck will provide hourly assistance to GPA personnel up to the hours budgeted in the task to answer questions, review the draft of the Transmission Planning Study and provide comments.

To the extent the budget permits, R. W. Beck will work with GPA staff to review the scenarios resulting from the power flow analyses.

Task C assistance is scheduled to take place between the Task B on-site power flow analysis and the Task D hands on stability analysis.

Task D: Transmission Planning– Stability Training and Hands-on Analysis

Stability analyses are best performed after completion of the development and evaluation of the Base Case and generation expansion alternatives using power flow analyses.

Once GPA has completed the power flow analysis, R. W. Beck will provide training, via a sub-consultant, in the form of hands on stability analysis using the GEPSDS software. The budget assumes four full days on-site:

- Perform in-house theoretical and model training by a senior level electrical power engineer (1 day).
- Perform hands-on modeling analysis of the GPA system (assumes up to 3 days).
- In carrying out the training, GPA's current model will be used so as to help GPA staff members examine specific stability issues on the GPA network. It is expected that additional efforts by GPA staff will be needed to complete the overall system stability study.

Task D is tentatively scheduled for the first half of April or May 2007 and must be scheduled with as much notice as possible but at least a month in advance.