

1 that it would be asking for a proposed base rate change as fuel market experts were predicting
2 price decreases.

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4 GPA brought this situation before the Consolidated Commission on Utilities and
5 provided some sensitivity analysis as to the impact of various decisions. The CCU determined
6 that the appropriate approach was to petition for no change in the LEAC factor and to carefully
7 monitor the situation on a going forward basis to confirm whether or not the forecast market
8 softening would come to fruition.

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10 Unfortunately, in the last month, rather than softening, the fuel market spot price has
11 continued to increase dramatically. GPA is currently revising its fuel price sensitivity analysis to
12 assist in determining the appropriate course of action moving forward.

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14 **RESPECTFULLY SUBMITTED** this 13th day of July 2007, by:

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20 JOAQUIN C. FLORES
21 Guam Power Authority General Manager
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