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# GUAM POWER AUTHORITY

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August 8, 2007



Mr. Harry Boertzel, Esq. ALJ  
Guam Public Utilities Commission  
Suite 207, GCIC Building  
Hagatna, Guam 96932

RE: GCG July 28, 2007 Report on GPA's Integrated Resource Plan (IRP) Process

Dear Mr. Boertzel:

Attached is the response prepared by GPA and its consultant, RW Beck, to GCG Staff Update on GPA's IRP. As you can see we have much in agreement with Georgetown's approach. However, you will also note that we have differences in the level of PUC involvement in the development of the IRP.

We trust this will be of assistance as you work out the approach PUC is to take.

Sincerely,

A handwritten signature in black ink, appearing to read "Balajadia".

Andriano E. Balajadia  
Acting General Manager

cc: GM  
File

## **Guam Power Authority's Integrated Resource Planning Process**

### **Comments and Clarifications on the Staff Update of July 28, 2007**

The Staff Update Report has provided a number of observations and comments that will be helpful in the execution of Guam Power Authority's Integrated Resource Plan (IRP). In addition there are a number of recommendations that in general we are in agreement with, but will require slightly different approaches to be effective in the upcoming IRP activities. Our suggestions and observations are as follows.

#### ***Topics in Agreement***

We concur with Georgetown Consulting Group's (GCG's) assertion that the IRP process should be a collaborative process. In the IRP "White Paper" dated July 20, 2007, the IRP process was described at an overview level, as intended in the document, and details of the stakeholder process were not spelled out. The detailed work schedule that is currently being developed by the project team shows that the stakeholder process is made up of a series of activities designed to convey information, create an environment for thoughtful dialog and provide guidance by the Stakeholder Group. The format of each stakeholder meeting is designed to inform, elicit comments and feedback and to document and distribute findings and comments. The general process for each meeting follows:

- Starting approximately one month prior to each stakeholder meeting, GPA will prepare presentations and white papers providing background information on the topics to be discussed in the upcoming meeting. This would include discussions of assumptions, methods used and initial or interim findings. The information is prepared for dissemination to the Stakeholder Group and to the Commission Staff as an ex officio member of the Stakeholder Group. The information prepared for the Stakeholder Group will include (as is typically the case in IRP processes) the vast majority of the requested items identified on pages 3 and 4 of Staff's Update of July 28, 2007.
- A website will be established to post all of the information presented at the meeting, feedback from stakeholders and GPA's responses to issues raised during the course of the process. This website will be available to the stakeholders, Commission Staff and the general public.
- Approximately one week prior to the stakeholder meeting, the prepared materials will be sent to the participants for review. This meets two goals: (1) an opportunity for participants to review concepts and information prior to the meeting and (2) an opportunity for a participant to ask questions or request a clarification prior to the meeting. This distribution will include Commission Staff.

- The stakeholder meeting is designed to provide the group with background information and an understanding of key issues and to solicit feedback. Typically a topic will be presented by GPA, open discussion will be facilitated with the Stakeholder Group and comments, feedback and requests are recorded. After a series of such presentations and stakeholder discussion sessions, an open comment period for the general public will also be undertaken. By its very nature, a collaborative effort results from the process. As in most other jurisdictions a member of Commission Staff will be present at the meetings.
- Immediately following the stakeholder meeting, the notes, comments and questions raised are recorded. Many of the items discussed may impact the work effort being undertaken by GPA on the IRP and will be incorporated into the work effort. The initial draft of notes will be distributed the Stakeholder Group and Commission Staff for comment prior to posting.
- Subsequent to Stakeholder Group concurrence on the meeting notes and findings, the finalized document(s) will be posted on GPA's IRP website. Changes to the GPA work plan or assumptions will be made as appropriate.

GPA's initial design for a collaborative stakeholder process was undertaken in mid-2006, but as with all of the IRP efforts, it was suspended due to lack of funds available for the effort. Currently the IRP effort is ramping up. A detailed project schedule has been developed and should be available within the next two weeks. This schedule focuses on a detailed listing of the activities to be undertaken in the IRP process, designation of responsibilities and timeframes for execution. The detailed project plan does not address many of the items listed on pages 3 and 4 of Staff's Update. This is by design. Many of the items listed will be the product of the preparations for the stakeholder process or in some cases the result of or dependent on the results of the stakeholder process. It is important, in order to maintain the integrity of the stakeholder process, that conclusion and results not be determined prior to undertaking the process.

### *Topics Requiring Alternative Approaches*

The majority of the work effort and direction setting for the IRP effort will be undertaken by the staff of GPA. R. W. Beck, Inc., has been retained to provide assistance on specialty topics, facilitation of the stakeholder process, certain quality assurance aspects and other consulting. GPA, the jurisdictional utility, is fundamentally responsible for the development of the IRP and its process; as is the case in most, if not all, jurisdictions on the mainland. It should be noted that the process and approach highlighted in the July 20, 2007 IRP White Paper is consistent with the IRP guidance outline described in the PURPA section of the Energy Policies Act of 2005 and is a general framework already utilized by the vast majority of regulated utilities. The large number of IRPs undertaken in the industry in the past 5 years has established a common understanding of the typical components of the process. The facts, issues and history of each, of course, are different.

- There are a number of directives outlined on page 4 of Staff's Update of July 28, 2007 that do not appear to be consistent with the spirit of a collaborative process for

undertaking an IRP process. An example would include the regulatory process specifying what issues to be addressed and how they would be undertaken in the work process. This would circumvent how and why the stakeholder process is undertaken. In addition, the level of direct involvement outlined on page 4 of Staff's Update will create an active role by Commission Staff in the direction (and corresponding results) of the IRP. It is important to all concerned that the draft IRP submitted for filing with the Commission be viewed as a work product of GPA and the stakeholder process with no confusion or concern that the work product submitted for filing is the product, in whole or in part, of Commission Staff.

- Commission Staff's integral participation in the stakeholder process will be vital in the timely review of assumptions, data, approaches and methodology and issues as they are developed and the process is undertaken. In addition, Staff's participation in the meetings themselves is necessary to assure that the Commission's guidance on regulatory requirements and other policy matters are addressed. Participation in the stakeholder process is also necessary to ensure that execution of the IRP process is undertaken in a manner consistent with Commission policy and goals. Commission Staff observing the stakeholder process assures exposure to all aspects of the IRP as the process evolves. An additional aspect that should be considered is Commission Staff participating in bi-weekly project status meetings with the GPA project team. This would allow for closer understanding of the IRP task scheduling and progress. This aspect can be undertaken via conference calls. We believe this approach will create a higher level of collaboration between GPA and Commission Staff as opposed to the unilateral and duplicative framework outlined by Commission Staff on pages 3 and 4 of Staff's Update of July 28, 2007.

### ***Capstone Comment***

The opening discussion of Staff's Update appropriately recites the delay on GPA's execution of the IRP process. No party expected to find itself in this situation. However, there is an unintended consequence of this situation. Perhaps the greatest uncertainties facing the IRP process were the expected events surrounding the Department of Defense's (DOD) expansion on Guam. While the intent of the DOD was known in early 2006 and that a significant change would be made, little was known of the details. Today, we have a much better picture of the DOD's expected changes and likely impacts. Correspondingly, we will have better discussion and analysis of the DOD's impact of the future resources of GPA. This is a very important issue for the greater community of Guam. Correspondingly, the current timing of the IRP process will allow relevant information to be available to the DOD in its Environmental Impact Statement and supporting matters.

The Commission's guidance on these matters related to GPA's Integrated Resource Plan is requested.