

1 **D GRAHAM BOTHA, ESQ.**
2 **Legal Counsel**
3 **Guam Power Authority**
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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

10 The Application of the Guam Power Authority)
11 to Approve the FY2010 GPA Construction)
12 Budget)

DOCKET NO. 94-04

PETITION FOR CONTRACT REVIEW

13 _____)
14
15 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
16 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities
17 Commission of Guam to review and approve GPA's FY2010 Construction Budget, which
18 consists of internally funded Capital Improvement Projects (CIPs) in the amount of \$5,743,000,
19 bond funded projects in the amount of \$4,398,000, and externally funded CIPs in the amount of
20 \$290,000, with a total FY2010 construction budget of \$10,431,000, as follows:

21 **BACKGROUND**

22 The Guam Power Authority is required by the Contract Review Protocol to file its
23 construction budget for the coming fiscal year plus estimates for the subsequent two fiscal years.
24 The FY2010 budget, which includes the construction budget, was approved by the Consolidated
25 Commission on Utilities (CCU) at its meeting on August 18, 2009. The construction budget has
26 internally funded projects of \$5,743,000, externally funded projects consisting of bond projects
27 (\$4,398,000), and externally funded projects (\$290,000). The total projected FY2010 budget for
28 internally and externally funded is \$10,431,000.

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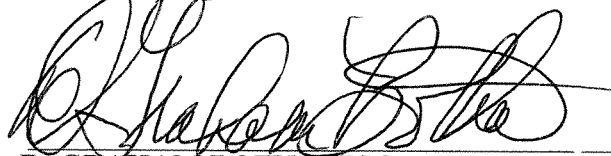
1 **DISCUSSION**

2 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
3 Power Authority, approved by the PUC on May 26, 2007, to review and approve GPA's 2010
4 Construction budget in the amount of \$10,431,000. Specific projects which are projected to
5 individually exceed the \$1.5M review threshold include the Marbo to Pagat 34.5kV project
6 (\$2.32M), the Hagatna 34.5/115 kV Refurbishment and Upgrade project (\$2.45M). In support of
7 this Petition, GPA hereby provides the PUC with the General Manager's letter to the PUC dated
8 September 14, 2009, and attachments detailing the FY2010 construction budget. Said letter and
9 its exhibits are attached herein as Exhibit A and incorporated by reference herein as if fully set
10 forth.

11 **CONCLUSION**

12
13 The PUC should approve GPA's request to approve GPA's FY2010 Construction
14 Budget, which consists of internally funded Capital Improvement Projects (CIPs) in the amount
15 of \$5,743,000, and externally funded CIPs in the amount of \$4,688,000, with a total FY2010
16 construction budget of \$10,431,000, as it is reasonable, prudent, and necessary.

17 **RESPECTFULLY SUBMITTED** this 15th day of September, 2009.

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20 D. GRAHAM BOTHA, ESQ.
21 GPA Legal Counsel
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GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

September 14, 2009

Jeffrey C. Johnson

Chairman
The Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Subject: Docket 94-04 – Contract Review Protocol
RE: FY2010-2012 Construction Budget

Dear Chairman Johnson,

In accordance with Docket 94-04, the Guam Power Authority is submitting the following:

Exhibit A: FY2010-2012 Construction Budget Summary
Exhibit A.1 FY2010-2012 Engineering Projects
Exhibit A.2 FY2010-2012 Bond Funded Projects
Exhibit A.3 FY2010-2012 Externally Funded Projects

Please let me know if you have questions or concerns regarding this transmittal.

Sincerely,

JOAQUIN C. FLORES, P.E.
General Manager

cc: PUC docket 94-04
CFO 163-09

EXHIBIT A

**GUAM POWER AUTHORITY (GPA)
3-YEAR (FY2010-2012) CONSTRUCTION BUDGET
(INTERNAL AND EXTERNAL FUNDED)**

<u>INTERNALLY FUNDED:</u>	APPROVED FY10	PROJECTED FY11	PROJECTED FY12
ENGINEERING PROJECTS: (EXHIBIT A.1)	\$ 5,743,000	\$ 7,631,000	\$ 7,179,000
TOTAL INTERNALLY FUNDED:	\$ 5,743,000	\$ 7,631,000	\$ 7,179,000
<u>EXTERNALLY FUNDED:</u>			
BOND PROJECTS: (EXHIBIT A.2)	\$ 4,398,000	\$ 2,528,517	\$ 2,906,000
EXTERNAL FUNDED PROJECTS: (EXHIBIT A.3)	\$ 290,000	\$ -	\$ -
TOTAL EXTERNAL CIP:	\$ 4,688,000	\$ 2,528,517	\$ 2,906,000
TOTAL CONSTRUCTION BUDGET	\$ 10,431,000	\$ 10,159,517	\$ 10,085,000

EXHIBIT A.1

**PUC DATA REQUEST:
GUAM POWER AUTHORITY
Engineering Capital Improvement Projects (CIP)
Approved FY 2010 - Projected FY12
* * * Revenue Funded * * ***

Issue Date: 8/18/2009

RBE	Priority	Capital Improvement Project Name	Approved FY10	Projected FY11	Projected FY12
R	1	Upgrade Fire Protection Macheche CT	\$ 350,000		
R	2	USN 8" Above Ground Pipeline Upgrade	\$ 150,000		
R	3	System Stability/Relay Coordination	\$ 393,000	\$ 150,000	
R	4	Underground Fuel Pipeline	\$ 800,000	\$ 600,000	
R	5	Pulantat Substation Grounding Transformer	\$ 200,000		
R	6	Substation and Distribution Capacitor Program	\$ 200,000	\$ 200,000	
R	7	GPA Central Office	\$ 500,000	\$ 500,000	\$ 400,000
R	8	Piti X20 to Orote X35 Line Reconductoring		\$ 400,000	\$ 550,000
R	9	Hagatna 34.5/115 kV Refurbishment and Upgrade *	\$ 2,450,000	\$ 465,000	
R	10	Prepaid Metering Project	\$ 150,000		
R	11	Agana Power Plant Asbestos Removal/New WSD Facility	\$ 200,000		
R	12	PSCC MET Tower Replacement	\$ 250,000		
R	13	PSCC Building Renovations	\$ 100,000		
R	14	Upgrade Fire Protection Yigo CT		\$ 350,000	\$ 100,000
R	15	Upgrade Fire Protection Dededo Diesel		\$ 178,000	\$ 200,000
R	16	Upgrade Fire Protection Tenjo Diesel		\$ 150,000	\$ 300,000
R	17	P003 Underground Extension to Port Authority		\$ 700,000	\$ 650,000
R	18	Tumon Substation Fence		\$ 110,000	\$ 170,000
R	19	Harmon to Tanguisson Underbuilt Conversion - Civil Work		\$ 230,000	
R	20	San Vitores to Macheche Underbuilt Conversion - Civil Work		\$ 150,000	
R	21	Harmon to Andersen Line Reconductoring	\$ 600,000	\$ 605,000	\$ 605,000
R	22	Agana to Radio Barrigada Reconductoring	\$ 360,000	\$ 190,000	
R	23	Hagatna-Tamuning Protection System Upgrade	\$ 264,000	\$ 133,000	
R	24	P-27 U/G Reconstruction		\$ 600,000	\$ 500,000
R	25	Tumon Bay Lateral Conversion		\$ 200,000	\$ 100,000
R	26	Agat Village Pole Hardening Upgrade		\$ 200,000	\$ 200,000
R	27	U/G Reconstruction - Sinajana Phase I, II and III		\$ 799,000	\$ 550,000
R	28	U/G Reconstruction Latte Heights Phase I and II		\$ 425,000	\$ 375,000
R	29	Upgrade Fire Protection Manenggon Diesel			\$ 250,000
R	30	Upgrade Fire Protection Talofofo Diesel			\$ 160,000
R	31	Upgrade Fire Protection Transportation			\$ 75,000
R	32	Harmon to Tumon Underbuilt Conversion - Civil Work			\$ 50,000
R	33	Tamuning to Tumon Underbuilt Conversion - Civil Work			\$ 150,000
R	34	Harmon to Yigo 34.5 KV Line Reconductoring			\$ 520,000
R	35	Talofofo Substation 30 MVA Upgrade			\$ 31,000
R	36	San Vitores to Agana 34.5 KV Line			\$ 50,000
R	37	Tamuning-Tumon Protection System Upgrade			\$ 150,000
R	38	Piti-Anigua-Hagatna Protection System Upgrade			\$ 150,000
R	39	Harmon Substation Switchyard Reconstruction			\$ 170,000
R	40	P223 Truman/Southern UG			\$ 50,000
R	41	P221 Mt. Carmel/Sablan/Ocean View/South Christian UG			\$ 50,000
R	42	P210 & P323 GCC/GW/UOG UG			\$ 100,000
R	43	Upgrade Fire Protection Marbo CT			\$ 200,000

TOTAL REVENUE FUNDED ENGINEERING PROJECTS: \$ 5,743,000 \$ 7,631,000 \$ 7,179,000

*** PUC Approved 12/29/08 Docket 94-04**

EXHIBIT A.3

PUC DATA REQUEST:

Issue Date: 8/18/2009

GUAM POWER AUTHORITY

Engineering Capital Improvement Projects (CIP)

Approved FY 2010 - Projected FY12

***** Externally Funded *****

RBE	Priority	Capital Improvement Project Name	Approved FY10	Projected FY11	Projected FY12
E	1	Orote/Cold Storage/SRF Substations (Navy)	\$ 140,000		
E	2	Controlled Vehicle Gate Entry System @ Harmon Substation	\$ 150,000		
TOTAL EXTERNALLY FUNDED PROJECTS:			\$ 290,000	\$ -	\$ -



**CONSOLIDATED
COMMISSION ON UTILITIES**

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

1 **Resolution on the Guam Power Authority Budget for Fiscal Year 2010**

2
3 **RESOLUTION NO.: 2009-35**

4
5 **WHEREAS**, the Guam Power Authority is a Public Corporation of the
6 Government of Guam; and

7
8 **WHEREAS**, Section 8117 of Chapter 8 of Title 12 of Guam Code Annotated
9 authorizes the Consolidated Commission on Utilities (CCU) to adopt an annual budget
10 for the Authority; and

11
12 **WHEREAS**, Section 6.11 of the GPA bond indenture agreement requires the
13 Authority to provide a copy of an approved budget to the bond trustee prior to the
14 beginning of each fiscal year; and

15
16 **WHEREAS**, the General Manager of the Guam Power Authority has approved
17 and thoroughly reviewed the total budget for Fiscal Year 2010 based on a revenue
18 forecast of \$386,072,000 as summarized in the Revenue Requirement report dated
19 August 13, 2009; and

20
21 **WHEREAS**, the General Manager has carefully scrutinized each line item of the
22 Operations and Maintenance budget as well as the Capital Improvement Projects and
23 made substantial and significant reductions to the budget request as a whole; and

24
25 **WHEREAS**, the Authority has undertaken a number of measures such as
26 overtime reductions and hiring deferrals, but the General Manager has determined that
27 further austerity measures would jeopardize the long term health of the utility; and

28
29

1 **WHEREAS**, the Consolidated Commission on Utilities has held a working
2 session in which budget items were reviewed and discussed on a high level with the
3 General Manager and his staff; and
4

5 **WHEREAS**, the Guam Power Authority determined in 2007 that it had a
6 funding shortfall of \$26.9 million and petitioned the Public Utilities Commission for a
7 rate increase in that amount broken into two phases;
8

9 **WHEREAS**, GPA received the equivalent of \$16.3 million during the Phase I
10 rate process; and
11

12 **WHEREAS**, the Public Utilities Commission ordered that the Phase II rate relief
13 will not be provided to the Authority until the completion of a management and
14 organizational assessment; and
15

16 **WHEREAS**, the completion of the management and organizational assessment
17 is imminent; and
18

19 **WHEREAS**, the delay in the Phase II rate relief has contributed to a backlog of
20 some critical projects at the Authority; and
21

22 **WHEREAS**, GPA's ability to fund such projects is compounded by the decrease
23 in sales experienced by the Authority in Fiscal Year 2009;
24

25 **WHEREAS**, the GPA General Manager is recommending that in addition to
26 petitioning for the Phase II portion of the ongoing rate case, a loan is the best solution
27 funding the projects that have been backlogged during what is believed to be an isolated
28 period of negative sales growth of approximately 1% which is approximately 3% under
29 the 2009 revenue forecast which represents a shortfall of approximately \$5 million.
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1 **NOW THEREFORE BE IT RESOLVED**, the following policy is adopted by
2 the Commission:
3

4 1. The Fiscal Year 2009 budget (\$000) are as follows:
5

- | | |
|--|---------------|
| 6 a) Fuel Cost | \$236,374,000 |
| 7 | |
| 8 b) Total Operations and Maintenance Expenses | \$ 77,686,000 |
| 9 | |
| 10 c) Independent Power Producers Costs | \$42,742,000 |
| 11 | |
| 12 d) Revenue funded Capital Improvement Projects | \$19,890,000. |

13
14 2. The General Manager is authorized to operate within the total amount of this
15 budget approval and to transfer funds between major¹ and minor categories²
16 as necessary to meet the mission of the Authority.
17

18 3. The General Manager's delegated contract approval authority remains at
19 \$250,000.
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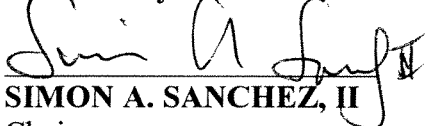
21 4. The General Manager is authorized to petition the Public Utilities
22 Commission for the Phase II rate increase for which GPA initially petitioned
23 in October 2007 in the annual amount of \$10.6 million or approximately
24 2.8% in the total bill.
25

26 5. The General Manager is authorized to petition the Public Utilities
27 Commission for a loan not to exceed \$15 million for the purpose of
28 providing bridge financing while GPA is completing backlogged projects
29 during this period where GPA sales have dipped. The General Manager is
30 further authorized to request the Guam Economic Development Authority to
31 initiate a Request for Proposals for this loan.
32
33

34 **RESOLVED**, that the Chairman certifies and the Secretary attests to the adoption of this
35 Resolution.
36

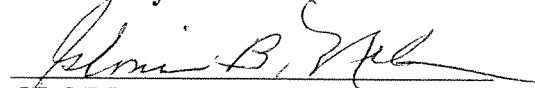
37 **DULY AND REGULARLY ADOPTED NUNC PRO TUNC** this 18th day of August,
38 2009.
39

40 **Certified by:**

41 
42

43 **SIMON A. SANCHEZ, II**
44 Chairperson
45 Consolidated Commission on Utilities
46

Attested by:



GLORIA B. NELSON
Secretary
Consolidated Commission on Utilities

¹ Major categories are labor, non-labor, and Capital Improvement Projects.

² Minor categories for labor include regular pay, overtime, premium pay, and benefits, etc. Minor categories for non-labor projects include contracts, operating supplies, office supplies, insurance, business units, FERC accounts, etc. Minor categories for Capital Improvement projects are FERC accounts.

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SECRETARY'S CERTIFICATE

I, Gloria B. Nelson, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting by the members of 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:

At said meeting said resolution was adopted by the following vote:

- AYES: 5
- NAYES: 0
- ABSENT: 0
- ABSTAINED: 0

Said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

SO CERTIFIED this 18th day of August, 2009.



Gloria B. Nelson
GLORIA B. NELSON
Secretary
Consolidated Commission on Utilities