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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

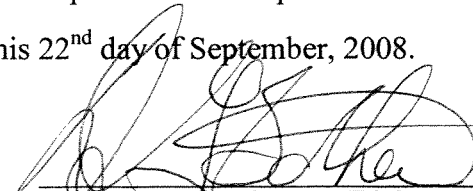
10 GPA INTEGRATED RESOURCE PLAN

11 **DOCKET NO. 08-06**

12 **FILING OF GPA'S RESPONSE TO GCG**
13 **IRP REPORT**

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15 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
16 of record, D. GRAHAM BOTHA, ESQ., and hereby submits GPA's response to the GCG report
17 on the GPA Draft Integrated Resource Plan (IRP). GPA's Integrated Resource Plan intends to
18 provide the lowest cost power for customers, fuel diversity, in an environmentally responsible
19 manner. GPA agrees with most of the recommendations contained in the GCG report, but
20 believes that additional studies are needed to determine the appropriate LNG strategy, and that
21 other renewal energy projects could be completed prior to the completion of wind siting studies.

22 **RESPECTFULLY SUBMITTED** this 22nd day of September, 2008.

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25 **D. GRAHAM BOTHA, ESQ.**
26 **GPA Legal Counsel**



GUAM POWER AUTHORITY

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

September 22, 2008

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

RE: Response to GCG Staff Report on "Draft" Integrated Resource Plan (dated 9/15/08)

Dear Mr. Boertzel,

The Authority has reviewed the staff report and summarizes below the topics requiring action from GPA as recommended by Georgetown Consulting Group (GCG):

- Undertake, at the earliest date possible, all activities required to expedite the use of wind energy for the purpose of integrating into GPA's generation resource mix.
- Formally petition expedited RFP process for the purpose of potentially acquiring other renewable energy at an earlier date than it believes it can acquire wind energy.
- Prior to proceeding with the development of its LNG strategy, provide the PUC with a report indicating the economic and financial viability of proceeding with a single unit (TEMES) strategy, inclusive of any consideration to supply natural gas to industrial, commercial, and residential consumers.
- Restrict activities to develop the Guam Sea Water Air Conditioning Project to serving in a facilitator role.
- Present a table showing the average consumer rates for each scenario by year for the period 2008-2020 during IRP presentation at September 29, 2008 public hearing.
- In addition GCG recommends a process to guide regulatory involvement in implementing the IRP including using competitive bids, requiring PUC review and approval of procurement documents for power supply and demand-side management resources or services and all resource development contracts, and complying with PUC contract review protocol. GCG further recommends quarterly project schedule updates for all resources and two-week notifications of anticipated delays to the ALJ.

GPA initiated the contract for siting wind monitoring stations since PUC's order dated May 30, 2008 authorizing use of excess bond funds. However, progress on this project was slowed due to candidate areas falling on private or other government agency owned properties. Although GPA has concentrated efforts on obtaining access to the government agency owned properties to minimize property acquisition delays, GPA has only recently received approval to access property for site evaluation. GPA now anticipates a site evaluation with Global Energy Concept consultant during week of October 13, 2008.

GPA believes its customers could see more immediate relief if an "other than wind" renewable acquisition is done in advance of a wind resource acquisition. GPA has prepared a resolution for its next Consolidated Commission on Utilities meeting to formally petition this request.

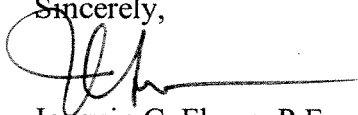
GPA has discussed the LNG strategy with its consultants on the IRP and will conduct further modeling as well as firming of capital costs required to convert existing GPA units. GPA believes that the conversion of existing units and an update of the TEMES plant to a combined cycle will improve the LNG facility throughput which will justify LNG fuel costs. GPA requests some time to complete this.

In regards to the Guam Sea Water Air Conditioning (GSWAC) Projects, GPA would like to further evaluate the impact of revenue loss if PUC requires GSWAC be independent of GPA. Existing debts may have to be reallocated which may impact other GPA customers. GPA had also hoped that this type of project may be counted towards renewable policy goals as required by Public Law 29-62.

GPA will make every effort to present the IRP customer impact which will be the \$/MWh rate impacts associated with the IRP as compared to the total GPA historical \$/MWh (CY 2007 actual retail \$/MWh to be was used for comparison). This impact evaluation considers only the incremental costs of the new resource additions and variable operating costs of generation supply and does not represent rates fully allocated by customer class. GPA will work with its consultant to evaluate and prepare this request.

Finally, GPA concurs with the recommended procedures from GCG on the IRP implementation and project monitoring. GPA would like to work with the ALJ and GCG to develop a timeframe to meet fuel diversification objectives.

Sincerely,



Joaquin C. Flores, P.E.
General Manager