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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

DOCKET NO. 08-06

10 GPA INTEGRATED RESOURCE PLAN

11 **PETITION FOR REVIEW AND APPROVAL**
12 **OF USE OF EXCESS BOND FUNDS FOR**
13 **GPA'S INTEGRATED RESOURCE PLAN**
14 **(IRP)**

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 (PUC) to review and approve GPA's use of excess bond funds for GPA's
18 Integrated Resource Plan, as follows:

19 **BACKGROUND**

20 The Guam Power Authority was approved in FY2007 by the PUC to use up to \$250,000
21 in excess bonds funds as a funding source for IRP activities. GPA contracted with R.W. Beck to
22 provide consulting services for various studies, including the development of the IRP. GPA has
23 filed a report detailing the costs associated with the IRP and the use of excess bond funds.

24 **DISCUSSION**

25 GPA hereby petitions the Public Utilities Commission of Guam (PUC) to review and
26 approve GPA's use of excess bond funds for GPA's Integrated Resource Plan. GPA estimates
27 that an additional \$50,000 for additional IRP support will be needed to address issues raised in
28 the review of GPA's Integrated Resource Plan. In support of this Petition, GPA hereby provides
the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2008-24, together
with the supporting attachments, which authorizes the General Manager to petition the PUC to

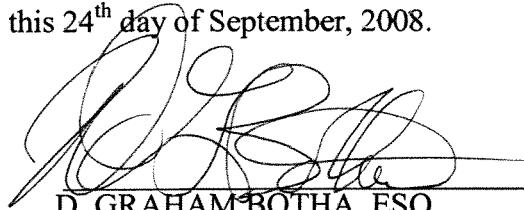
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1 use an additional \$50,000 in excess bond funds for work related to IRP support. To date GPA
2 has expensed all excess bonds funding as indicated in the Excess Bond Funds Quarterly Status
3 Report on the Integrated Resource Plan, dated 6/30/08, as attached herein as Exhibit "A". CCU
4 Resolution 2008-24 and its exhibits are attached herein as Exhibit "B", and incorporated by
5 reference herein as if fully set forth.

6
7 **CONCLUSION**

8 The PUC should approve GPA's use of excess bond funds for GPA's Integrated
9 Resource Plan, as it is reasonable, prudent, and necessary.

10 **RESPECTFULLY SUBMITTED** this 24th day of September, 2008.

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14 D. GRAHAM BOTHA, ESQ.
15 GPA Legal Counsel
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- 1 EXHIBIT A:
- 2 **Excess Bond Funds Quarterly Status Report -**
- 3 **GPA Integrated Resource Plan (6/30/08)**

**QUARTERLY STATUS REPORT
(Excess Bond Funds)**

Report Date: 6/30/08

Project: GPA Integrated Resource Plan Development
(FY 2007-2008 Tasks)

Business Units: 100091

Funding Source: Excess Bond Funds (83%)
O&M Funds (17%)

Project Description: This project involves engineering and technical services for the research of viable generation supply and customer (demand) side options including an analysis on capital costs, operation and maintenance costs, environmental concerns, fuel availability, and siting concerns for generation options and investment costs and savings calculations for demand side programs; evaluating assumptions for current and anticipated regulations (renewable portfolios and emission tax credits); setup of database for cost modeling; and other supporting research to develop an Integrated Resource Plan (IRP).

Contractor: Winzler & Kelly, Main Contractor
(R.W. Beck, Sub-Contractor)

Contract Amount:

\$ 329,000.00	FY 07-08 Total
\$ 50,000.00	FY 07 O&M Funds
\$ 34,441.24	FY 07 Excess Bond Funds
\$ 215,558.76	FY 08 Excess Bond Funds
\$ 29,000.00	FY 07 O&M Funds (in process)

Activities Completed:

- GPA Project management, including tracking and processing of purchase order and invoices, progress update on tasks and schedules, and coordination of meetings;
- An update to generation supply options to include capital costs for liquefied natural gas (LNG) infrastructure upgrade;
- Addressed regulatory and legislative issues regarding

- IRP development including investigating impact on PURPA and EAct of 2005;
- Reviewed and updated customer side programs (Demand Side Management, DSM);
- Completed the setup and review of the modeling software (Strategist);
- Scrutinized the load and fuel forecasts;
- Researched specific environmental concerns for plant siting at the Cabras area;
- Conducted four stakeholder meetings and a PUC briefing for community involvement and update on the IRP development;
- Developed assumptions regarding anticipated emissions and renewable regulations;
- Initiated further research into solar, wind, geothermal and synthetic gas (IGCC) supply side options, review of military studies and load impact, new acquisition options; and
- Review and comment on GPA draft plan.

Project Schedule:

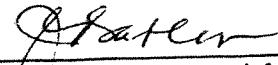
Actual Start	July 9, 2007
Excess Bond Use Approval:	August 13, 2007
Planned Draft Completion:	March 2008
Actual Draft Completion:	June 12 2008
	<i>(Draft submitted to PUC)</i>
Planned Final Completion:	June 2008
Actual Draft Completion	

Completed to Date: 99%


Progress Payment:

\$ 50,000.00	O&M Funds
\$ 231,821.01	Excess Bond Funds*

**Includes invoices approved for payment on June 25, 2008 for services through March 30, 2008. See summary spreadsheet attached.*

Prepared By: 

 J. G. Sablan – Special Projects Engineer, SPORD

Approved By: 

 J. J. Cruz, Jr., P.E. – Manager, SPORD

BOND FUNDS QUARTERLY REPORT

Integrated Resource Plan - Project Costs Summary (FY07-08)
Vendor: Winzler Kelly

Updated 6/30/08

Task	Description	Project Original Est. (FY07-FY08)	FY 2007 Invoices ⁽¹⁾			Updated Total Project Est. (FY07-FY08)	Amended FY 2008 Budget Amount	FY 2008 Invoices		PERCENT COMPLETE
			Invoices (O&M Funds)	Invoices (Excess Bond Funds)	Total Invoices			Paid to Date (Approved thru 06/25/08)	Anticipated Costs (Balance)	
101	Review of Proposed PURPA Legislation	15,132.70	12,010.80	-	12,010.80	12,010.80	-	-	-	100%
102	Review Current IRP Database	19,192.80	2,666.40	-	2,666.40	31,323.60	1,386.00	31,323.60	32,709.60	100%
103	Provide DSM Parameters	37,984.10	17,510.90	-	17,510.90	55,298.10	37,787.20	37,336.20	37,336.20	100%
104	Update Supply Side Options	9,528.20	-	-	-	13,483.80	13,483.80	13,114.20	13,864.40	100%
105	Facilitate Stakeholder Process	80,676.20	15,961.28	-	15,961.28	105,517.98	86,622.74	87,240.62	105,317.03	100%
106	Review Letter Report	15,037.00	-	-	-	5,500.00	-	-	2,965.60	99%
107	White Paper on Impacts of 2005	17,278.80	1,850.62	1,261.83	3,112.45	10,841.67	7,729.22	2,666.40	3,317.60	100%
108	Project Management	17,770.80	-	13,473.46	13,473.46	32,469.91	18,996.45	20,062.35	1,763.18	100%
109	Regulatory and Legislative Support	18,000.40	-	19,705.95	19,705.95	25,342.35	5,636.40	5,636.40	-	100%
110	Environmental Issues	19,213.00	-	-	-	13,979.35	13,979.35	-	- ⁽⁴⁾	100%
113	Wind Study Discussion & Development	-	-	-	-	976.80	-	-	976.80	100% ⁽⁶⁾
114	Integrated Gasification Combined Cycle (IGCC) Research	-	-	-	-	2,505.80	-	-	2,505.80	100%
115	Central Stat PV Power Plant Research	-	-	-	-	4,001.80	-	-	4,001.80	100%
116	Review Military Planning Impacts	-	-	-	-	6,520.80	-	-	6,520.80	100%
117	New Acquisition Discussion	-	-	-	-	7,581.20	-	-	7,581.20	100%
		249,814.00	50,000.00	34,441.24	84,441.24	330,020.36	215,558.76 ⁽³⁾	197,379.77	47,178.99	244,558.76 ⁽⁵⁾

TOTAL: \$ 329,000.00

NOTES:

- (1) GPA initiated the IRP tasks above in July 2007 using O&M Funds totaling \$50K. Public Utility Commission approval for use of Excess Bond Funds was granted on August 13, 2007. The FY 2007 purchase order was increased by \$35K using Excess Bond Funds (only \$34,441.24 of Bond Funds was invoiced and paid in FY 2007)
- (2) In Feb 2008 the project estimates were updated to reflect additional costs associated with ongoing work in addressing stakeholder concerns, additional research into Liquefied Natural/Synthetic Gas options, database review and development that were near or exceed initial estimates. The costs were again updated in May 2008 to include the initial research and technical review of Tasks 113 - 118. (Further Wind Study work will be done in another purchase order). The final cost for this project exceeded the approved Bond Funds by \$29,000. An amendment to this purchase order is being processed using O&M funds.
- (3) The current approved purchase order amount for FY 2008 is \$215,558.76.
- (4) This portion of the tasks is being paid through a Memorandum of Understanding with Marianas Electric Company.
- (5) This total is pending an amendment for \$29,000 to cover anticipated costs for remaining work. This will be funding through O&M funds.
- (6) This includes the initial discussions for wind farm siting requirements and vertical axis turbines review. The Wind Monitoring Station is a new task that will be tracked separately as Wind Study.
- (7) These tasks were to provide support relative to the completion of Integrated Resource Plan. The document was submitted to Guam Public Utilities Commission on June 12, 2008.

- 1 EXHIBIT B:
- 2 **CCU Resolution 2008-24**
- 3 **Approval to Petition the PUC for Additional Excess Bond Funds for**
- 4 **GPA's Integrated Resource Plan Consultant Support**



**CONSOLIDATED
COMMISSION ON UTILITIES**

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

RESOLUTION NO. 2008 - 24

**RESOLUTION RELATIVE TO THE APPROVAL TO PETITION THE PUBLIC
UTILITIES COMMISSION FOR ADDITIONAL EXCESS BOND FUNDS FOR GPA'S
INTEGRATED RESOURCE PLAN CONSULTANT SUPPORT**

WHEREAS, GPA contracted the Engineering and Technical Services team of Winzler & Kelly and R.W. Beck, under a multi-year contract in FY 2006, to provide the consulting services and technical expertise for various studies including assisting GPA in developing the FY 2008 Integrated Resource Plan (IRP); and

WHEREAS, in FY 2007, GPA requested the Public Utilities Commission (PUC) and was approved use of up to \$250,000 of excess bond funds as funding source for IRP activities and that GPA has expensed this entire amount with contractor billings for services through May 2008; and

WHEREAS, GPA submitted the IRP draft document to the PUC on June 12, 2008 and received comments from PUC consultants on September 17, 2008; and

WHEREAS, GPA requires additional assistance from its IRP consultants to address PUC concerns which is not presently funded; and

WHEREAS, GPA estimates the total Winzler & Kelly contract costs for all tasks (inclusive of Strategic Plan, Training, Transmission Study and IRP) and revised budgetary estimates for Wind Study activities is \$ 1,032,370.87 (*Exhibit A*); and

WHEREAS, GPA estimates \$50,000 for additional IRP support to address PUC concerns which will increase the total Winzler & Kelly contract costs to \$ 1,082,370.87;

WHEREAS, GPA has sufficient excess bond funds to fund this request (*Exhibit B*).

NOW, THEREFORE, **BE IT RESOLVED**, by the CONSOLIDATED COMMISSION ON UTILITIES, the GOVERNING BODY of the GUAM POWER AUTHORITY as FOLLOWS:

1. The GPA General Manager is authorized to petition the Public Utilities Commission for Excess Bond Funds use, up to \$50,000, to obtain additional services from Winzler & Kelly/R.W. Beck engineering and technical consulting team for IRP support in addressing PUC comments and finalization of the IRP.

1 RESOLVED, THAT THE CHAIRMAN OF THE COMMISSION CERTIFIES AND
2 THE SECRETARY OF THE COMMISSION ATTESTS THE ADOPTION OF THIS
3 RESOLUTION.

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5 DULY AND REGULARLY ADOPTED THIS 23th DAY OF September 2008.

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7 Certified by:

Attested by:

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SIMON A. SANCHEZ II


GLORIA B. NELSON

CHAIRMAN

SECRETARY

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SECRETARY'S CERTIFICATION

I, GLORIA B. NELSON, Secretary, Consolidated Commission on Utilities, hereby certifies as follows;

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the members of the Consolidated Commission on Utilities of the Guam Power Authority duly and legally held at the meeting place thereof on 9/23/08, at which meeting all of the said members had due notice and at which at least a majority thereof were present.

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

Ayes	<u>5</u>
Nays	<u>0</u>
Abstain	<u>0</u>
Absent	<u>0</u>

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 in effect.

SO CERTIFIED this 23th day of September 2008.



Gloria B. Nelson

 GLORIA B. NELSON
 Secretary, Consolidated Commission on Utilities

RESOLUTION NO: 2008 – 24

- 1 **EXHIBIT A**
- 2 **Summary of Winzler & Kelly/R.W. Beck Contract Costs (RFP-05-005)**

RFP-05-005: Engineering and Technical Services

Vendor: Winzler & Kelly (R.W. Beck)

Task	FY	Project Costs	Invoiced To Date	Work Description
Strategic Plan	2006	\$ 139,850.00	\$ 139,850.00	Strategic Plan development and facilitation of work sessions, review and compilation of strategies and tactics.
Training (Distribution & Transmission Planning and IRP)	2006 - 2008	\$ 113,353.09	\$ 113,353.09	On site training on Strategist for IRP optimization modeling and on General Electric Positive Sequence Load Flow Software (PSLF) and Dynamic Simulation(PSDS) for power flow support/analysis. (Excess Bond Funds* - \$78,016.68)
Distribution & Transmission Plan	2007 - 2008	\$ 51,983.32	\$ -	Excess Bond Funds*
IRP Support	2006 - 2008	\$ 529,561.36	\$ 522,722.45	Initial supply side options research; PUC/Legislation support regarding IRP process, Public Utility Regulatory Policy Act (PURPA), Energy Policy Act of 2005 (EPAAct 2005), development and facilitation of stakeholder meetings; Testimony Support; supply sid
IRP Support	2008 - 2009	\$ 197,623.10	\$ -	Wind Study / Alternative Resource Acquisition RFP (Excess Bond Funds*) - Estimates updated Sept 08
GRAND TOTAL (2006 - 2009) :		\$ 1,032,370.87	\$ 775,925.54	Includes \$ 542,000 of Approved Excess Bond Projects

Pending Approval:

IRP Support	2008	\$ 50,000.00	\$ -	PENDING CCU Resolution & PUC Petition/Approval (Excess Bond Funds*) - To assist in addressing PUC concerns and finalizing IRP after PUC review.
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Revised Total (2006-2009) : \$ 1,082,370.87 \$ 775,925.54

*** NOTE: PUC approval for Initial Excess Bond Fund use was granted in August 2007 (GPA petitioned in June 2007). PUC approves additional Excess Bond Fund use in May 2008 (GPA letter in May 2008) to support wind study and related activities.**

- 1 **EXHIBIT B**
- 2 **Excess Bond Funds Summary**

**GPA
Excess Bond Fund Balance**

	PUC	
	Approval	Amount
Fund Balance @ 9/30/06		\$ 4,932,664
FY 07 Interest earnings		\$ 92,311
Transfer for Fuel		\$ (4,500,000)
LEAC reimbursement		<u>\$ 2,674,000</u>
Fund Balance @ 9/30/07		\$ 3,198,975
FY 08 Interest earnings		\$ 92,736
LEAC reimbursement		\$ 1,826,000
Bank of Guam remaining excess bond fund		<u>\$ 201,355</u>
Estimated Fund Balance @ 9/30/08		<u>\$ 5,319,066</u>
 Uses:		
Integrated Resource Plan	Yes	\$ 250,000
Transmission Study	Yes	\$ 150,000
Load Research & Cost of Service Study	Yes	\$ 550,000
Wind Study (1)	Yes	\$ 400,000
Macheche to San Vitores	Yes	\$ 1,886,000
Macheche to GAA	Yes	<u>\$ 2,314,000</u>
Total Uses		<u>\$ 5,550,000</u>
 Fund Surplus/(Deficit)		 <u>\$ (230,934)</u>
 Fund Surplus/(Deficit) after Wind Study reimbursement from LEAC		 <u>\$ 169,066</u>

Note (1) To be reimbursed from LEAC over recovery in Oct 2008 to March 2009 period.