

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) **GPA DOCKET 11-13**
)
GUAM POWER AUTHORITY'S)
PETITION FOR REVIEW AND) PUC COUNSEL REPORT
APPROVAL OF THE EXTENSION OF)
THE BLACK & VEATCH PMO)
CONTRACT [SMART GRID PROJECT])
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for review and approval of the extension of the Black & Veatch ["B & V"] Program Management Office ["PMO"] Contract under the Smart Grid Project.¹
2. Black & Veatch provides program management services to assist GPA in the implementation of the Smart Grid Project.²
3. The cost for the proposed extension of the Black & Veatch PMO Contract, for the period from August 2012 through December 2013, is \$1.55 Million.³

BACKGROUND

4. On July 27, 2012, the PUC authorized GPA to expend bond funds up to \$3,277,902 for the Strategic Planning Stage of the Smart Grid Project, which includes development of the Project Management Office, creation of the PMO infrastructure, development of Process Roadmaps, establishment of project reporting requirements and guidelines, grant reporting and change management.⁴

¹ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

² Guam Consolidated Commission on Utilities Resolution No. 2012-55, Authorizing Management of the Guam Power Authority to Extend Contractual Services for Program Management for Smart Grid Initiatives, issued August 28, 2012.

³ E-mail from GPA Legal Counsel Graham Botha to PUC Counsel Fred Horecky, dated October 12, 2012.

⁴ PUC Order, GPA Docket 10-01, at p. 2, dated July 27, 2010.

5. Black & Veatch, as the Project Management Office, provides “project leadership and oversight, direction and approach coordination, methodology, tools and templates and governance/reporting for this initiative. The SGI-PMO facilitates effective portfolio decision making and efficient tracking and management of program performance through execution.”⁵
6. The original Consulting Services Agreement entered into between GPA and Black & Veatch dated February 24, 2011, provided total estimated charges of \$2.33M.⁶
7. To date GPA has processed payments to B&V in the amount of \$2.33M, with additional invoices on hold for processing.⁷
8. Of the original amount of \$3.2M approved by the PUC for GPA expenditure on the PMO office, approximately \$750,000 of such amount was allocated to SAIC and Baker Tilley, and such amount have been paid to SAIC and Baker Tilley.⁸
9. Thus, at present, all of the funds previously authorized by the PUC for PMO services have already been committed. The \$1.55M request by GPA is in addition to the original request for PMO services.⁹
10. The new Task Order which GPA proposes for Black & Veatch is on a fixed fee basis for \$1.55M; it will extend from August 1, 2012 through December 31, 2013. The extension for this period is based upon the U.S. Department of Energy approval of GPA’s request to extend the Smart Grid Project Completion date. This contract extension will be financed within the scope of the original \$33.4M Smart Grid Project.¹⁰
11. GPA submits that the extension of the Black & Veatch PMO Contract is critical to the success of GPA’s Smart Grid Project, and is “reasonable, prudent and necessary.”¹¹

⁵ PUC Legal Counsel Report, Contract Review of GPA 2010 Bond Projects, GPA Docket 10-01, dated July 27, 2010.

⁶ Consulting Services Agreement, effective February 24, 2011, between GPA and Black & Veatch, at p. 8.

⁷ E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012; see also Detail of Charges-Black & Veatch (PO#16246) dated October 9, 2012.

⁸ Id.

⁹ Email from GPA Asst. CFO Cora Montellano to PUC Counsel Frederick J. Horecky, with Breakout of Smart Grid Planning Costs attached.

¹⁰E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012.

¹¹ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

RECOMMENDATION

12. Black & Veatch has provided substantial assistance to the Guam Power Authority to expeditiously implement the Smart Grid Project. B&V has been directly and extensively involved in procurement of the major components of the program, including, but not limited to, purchase of the electric smart meters, execution of the Substation Automation Contract, implementation of the communications infrastructure, and numerous other aspects of the program. It is reasonable to assume that GPA would have had great difficulty in developing and implementing the Smart Grid Project without the assistance of Black & Veatch.
13. Unless the PUC approves the B & V Contract extension, GPA will not have sufficient funds to continue the PMO services.
14. Counsel accepts GPA's contention that the extension of the Black & Veatch PMO Contract is critical to the success of GPA's Smart Grid Project.
15. Counsel recommends that the PUC approve GPA's contract extension of the Black & Veatch PMO Contract, for the period of August 1, 2012 through December 31, 2013, in accordance with Exhibit A-1/Task Order 2 [REQUEST FOR SERVICES, CONSULTING SERVICES AGREEMENT BETWEEN GUAM POWER AUTHORITY AND BLACK & VEATCH INTERNATIONAL COMPANY].¹²
16. A proposed Order is submitted herewith for the consideration of the Commission.

Dated this 23rd day of October, 2012.

Frederick J. Horecky
PUC Legal Counsel

¹² Exhibit A-1/Task Order 2, attached to GPA's Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket No. 11-13, filed October 1, 2012.