

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 SUBSTATION)	
AUTOMATION CONTRACT (SMART)	
GRID PROJECT))	
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INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon Guam Power Authority's ["GPA"] Petition for contract review and approval of GPA's Substation Automation Contract with Black Construction Corporation ["BCC"].¹
2. According to the Petition, the implementation of this Contract for Substation Automation is critical to the success of GPA's Smart Grid Project, and is reasonable, prudent and necessary.²
3. The cost of the Contract with Black Construction Corporation is the amount of \$3,195,421.00.³

BACKGROUND

4. The Smart Grid Project has been before the Commission on numerous occasions. Previously, PUC authorized GPA to issue revenue bonds, which included approximately \$17M for the Smart Grid project. PUC further approved the expenditure of funds for Smart Grid under the Contract Review Protocol and the implementation of the Smart Grid Project.⁴

¹ GPA Petition for Review and Approval of Substation Automation Contract under GPA Smart Grid Project, GPA Docket 11-13, filed July 12, 2012.
² Id. at p. 2.
³ Id. at p. 2.
⁴ PUC Order, GPA Docket 10-01, issued July 27, 2010, at p. 2.

5. On December 19, 2011, the PUC approved GPA's intent to proceed with six major contracts for different aspects of the Smart Grid Project, including Substation Automation, and authorized GPA to obligate funds up to the full amount of \$17M.⁵
6. The PUC also approved and implemented measures to assist GPA in rapidly implementing its Smart Grid Program; if expeditious action is not taken by GPA to implement Smart Grid, there is the possibility that its Grant could be terminated by the U.S. Department of Energy.⁶
7. In said Order, the PUC implemented an expedited procedure for Smart Grid projects whereby GPA would not need to obtain prior PUC approval for procurements of Smart Grid Projects, but only to obtain final review and PUC approval of Smart Grid Contracts.⁷
8. On June 11, 2012, the Commission approved the Electric Smart Meter and Advance Meter Infrastructure (AMI) Contract with Landis & Gyr Technologies.⁸

**THE SUBSTATION AUTOMATION CONTRACT WITH
BLACK CONSTRUCTION CORPORATION**

9. In the Request for Proposal (GPA SGIG RFP NO. 007) GPA procured proposals for Substation Automation. The project will upgrade GPA's Substation network through the replacement of electromechanical relays with modern relays, with the upgrading of existing digital relays and relay communication, and system protection practices.⁹
10. The Substation Automation Project includes the implementation of a secure substation LAN infrastructure and convergence of data, network, and voice applications on an IP-based infrastructure. The project also includes substation metering to better account for system losses, and remotely read revenue meters

⁵ PUC Order GPA Docket 11-13, issued December 19, 2011, at p. 2.

⁶ Id. at p. 2.

⁷ Id. at p. 3.

⁸ PUC Order, GPA Docket 11-13, issued April 30, 2012.

⁹ Guam Consolidated Commission on Utilities Resolution No. 2012-38, Authorizing Management of the Guam Power Authority to Contract Services for Substation Automation in support of Smart Grid Initiatives, GPA Docket 11-13, adopted July 10, 2012, at p. 2.

with power quality functions for large industrial customers like the Department of Defense.¹⁰ Five vendors responded to GPA's RFP for Substation Automation.¹¹ After a review by the GPA Evaluation Team (guided by PMO Black & Veatch personnel), the Team concluded that BCC was the most responsible bidder for the project.¹²

11. GPA has also presented its proposed contract with BCC, which has a term of five years (unless extended by mutual agreement of both parties or terminated by either party).¹³ The Contract contains a detailed statement of work. It sets out the duties and responsibilities of the parties in considerable detail.
12. BCC will provide GPA with project management, technical support (system administration and version control), change management services, software installation, gap assessment, software configuration, conversion, interface development, report writing, training, testing, support, and post-live support services to ensure the successful implementation for GPA and its' customers.¹⁴
13. In CCU Resolution No. 2012-28, the GPA General Manager was authorized to enter into a contract with BCC in the amount of \$3,195,421 for the Substation Automation Project, subject to PUC approval.¹⁵
14. BCC provides GPA with licenses for certain software for the project along with maintenance fees.¹⁶ The Substation Automation System will include all necessary hardware, software, development and maintenance tools, as well as design, engineering, integration, configuration, and testing in a fully functional test environment prior to implementing the system as an active substation.¹⁷ The cost breakdown for the project involves seven substations, complete with monitoring, to

¹⁰ Id.

¹¹ Id.

¹² Id.

¹³ Form of Contract between GPA and Black Construction Company, attached to the GPA Petition herein.

¹⁴ Abstract, Award Contract under GPA SGIG RFP NO. 007, Substation Automation [prepared by John J. Cruz, Jr.], attached to GPA Petition herein.

¹⁵ Consolidated Commission on Utilities Resolution No. 2012-38, adopted July 10, 2012, at p. 3.

¹⁶ Form of Contract, Attachment G: Software License and Service Agreement, attached to GPA Petition.

¹⁷ Id. Attachment H: Statement of Work.

meet the requirements for the initial phase of the SA for fiscal year 2012.¹⁸ The substations include Agana, Cabras, Harmon, MEC, Piti, Tamuning, and Tanguisson.¹⁹

RECOMMENDATION

15. Counsel recommends that the PUC approve GPA's award for the Substation Automation Contract to Black Construction Corporation.
16. GPA should be authorized to expend an amount up to \$3,195,421.00 for such contract.
17. The PUC has previously given broad support for the Smart Grid Project, approved funding for the project, and specifically authorized GPA to proceed with the Substation Automation.
18. The Substation Automation is critical for the success of the Smart Grid Project. Without its implementation, GPA will be unable to obtain any of the projected benefits of the Smart Grid Project (SG).
19. A Proposed Order is submitted herewith for the consideration of the Commission.

Dated this 16th day of July, 2012.

Frederick J. Horecky
PUC Legal Counsel

¹⁸ Letter from Leonard K. Kaae, Senior Vice President, Black Construction Corporation, to Chris Flowers, B&V Management Consulting, Black & Veatch, dated July 9, 2012, attached to the GPA Petition filed herein.

¹⁹Id., Attachment thereto.