

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF:</b>	)	
	)	<b>GPA Docket 11-02</b>
	)	
<b>The Application of the Guam Power Authority requesting Approval of the Procurement of an Integrated Program Management Office (PMO)</b>	)	<b>ORDER</b>
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**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 contracts for an Integrated Program Management Office ["PMO"] to address planned Capital Improvement Projects, significant Military Build-up requirements, and ongoing operational requirements.<sup>1</sup> GPA seeks to issue awards to R.W. Armstrong for GPA and Brown & Caldwell for GWA as the most qualified proposers.<sup>2</sup>

**BACKGROUND**

2. PUC Counsel has set forth the background facts in his Report dated January 10, 2012, which are incorporated herein.<sup>3</sup>
3. In its Order dated March 21, 2011, the PUC authorized GPA to procure PMOs for GPA and GWA.<sup>4</sup>
4. Subsequently, GPA issued a Request for Proposals for provision of PMO services to GPA and GWA.<sup>5</sup> According to the RFP Evaluation sheets, R.W. Armstrong is the most qualified proposer for the GPA PMO, and Brown & Caldwell is the most qualified proposer for the GWA PMO.<sup>6</sup>

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<sup>1</sup> GPA Petition for Approval of PMO Contracts, GPA Docket 11-02, filed December 13, 2011.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> PUC Counsel Report, GPA Docket 11-02, dated January 10, 2012.

<sup>4</sup> PUC Order, GPA Docket 11-02, dated March 21, 2011.

<sup>5</sup> Letter from GPA General Manager to PUC Administrative Law Judge, GPA Docket 11-02 [Response to GPA/GWA PMO Questions], dated January 6, 2012.

<sup>6</sup> Id., Attachment 1.

5. The Consolidated Commission on Utilities has approved the awards to R.W. Armstrong and Brown & Caldwell for the GPA and GWA PMOs respectively.<sup>7</sup>
6. GPA has negotiated an initial “not to exceed” cost for the initiation of PMO services of \$3.9 Million with R.W. Armstrong; and GWA has negotiated an initial “not to exceed cost” of \$3.2 Million with Brown & Caldwell.<sup>8</sup>
7. GPA has also submitted the proposed Scope of Services for R.W. Armstrong and Brown & Caldwell, as well as the format for the proposed contracts.<sup>9</sup>

### DETERMINATIONS

8. PMO costs of \$3.9M and \$3.2M for the GPA and GWA PMOs are derived as a percentage of the total bond funded project costs that will be funded from bond funds already authorized by the PUC.<sup>10</sup>
9. It is anticipated by GPA that these costs will cover the next 36 months of PMO services.<sup>11</sup>
10. The present PMO funding does not include military build-up projects.<sup>12</sup>
11. If there is additional funding for the PMO’s required, GPA needs specific contract review approval from the PUC for any expenditure of bond funds, and for any expenditure of revenue funds for the PMO contracts in excess of \$1.5M.
12. PUC accepts GPA’s representation that the PMO costs are reflected in its budget as part of existing operational requirements, and there will be no additional ratepayer impact.<sup>13</sup>

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<sup>7</sup> CCU GPA Resolution No. 2011-63 and GWA Resolution No. 11-FY2012.

<sup>8</sup> Id. at p. 1.

<sup>9</sup> See Attachments 2 &3 to Letter from General Manager of GPA to PUC ALJ, GPA Docket 11-02, dated January 6, 2012.

<sup>10</sup> Letter from General Manager of GPA to PUC ALJ, GPA Docket 11-02, dated January 6, 2012, at Attachment 2.

<sup>11</sup> Id. at p. 1.

<sup>12</sup> Letter from General Manager of GPA to PUC ALJ, GPA Docket 11-02, dated January 6, 2012, at p. 2.

<sup>13</sup> Id. at p. 3.

13. GPA and GWA have expressly agreed to closely monitor the contracts and insure that Task Orders are issued with defined scopes of work, defined deliverables, and defined costs as a condition for approving any invoices from the PMO.<sup>14</sup>
14. GPA and GWA agree that, after award of the contracts and a subsequent assessment by the PMOs, they will provide specific staff development and process improvement plans to the PUC.<sup>15</sup>

### ORDERING PROVISIONS

After careful review and consideration of the record herein, the above determinations, the Petition of GPA, the Report of PUC Counsel, the Responses to GPA/GWA PMO Questions and, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for Approval of the PMO awards and contracts with R.W. Armstrong and Brown & Caldwell is hereby approved; however, approval is subject to filing by GPA of the PMO contracts with PUC and affirmance by Legal Counsel that the Contracts comply with the terms and conditions of this Order.
2. GPA and GWA are authorized to expend up to the amounts of \$3.9M and \$3.2M, respectively, for the PMO contracts [i.e. these costs are "not to exceed" values].
3. After award of the contracts and a subsequent assessment by the PMOs, GPA and GWA will provide the specific staff development and process improvement plans of the PMOs to the PUC.
3. GPA shall file a report with the PUC on or before the 15<sup>th</sup> day of June for each year that the PMO contracts are in effect as to what steps the PMOs have taken to develop the skills of GPA and GWA employees, and what actual improvements have occurred in the skill levels of such employees.
4. In the event that GPA or GWA utilize additional bond or revenue funds related to the PMO contracts, they shall comply with the express requirements of the Contract Review Protocol.

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<sup>14</sup> Id. at p. 3.

<sup>15</sup> Id. at p. 3.

5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 11<sup>th</sup> day of January, 2012.

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Jeffrey C. Johnson  
Chairman

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Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

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Filomena M. Cantoria  
Commissioner

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Michael A. Pangelinan  
Commissioner