

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 12-12
)
The Application of Guam Power Authority) **PUC COUNSEL REPORT**
Requesting Approval of the)
Engineering and Technical Services)
Contract with R.W. Beck (dba SAIC).)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of Guam Power Authority [“GPA”] for contract review and approval of the Engineering and Technical Services Contract with R.W. Beck (dba SAIC).¹

BACKGROUND

2. The Guam Power Authority issued RFP10-010 for Engineering and Technical Services and entered into a contract for Engineering and Technical Services with R.W. Beck in March of 2011.²
3. For the past year and a half, GPA issued task orders to R.W. Beck for various Engineering and Technical Services including Smart Grid Engineering Services, the Integrated Resource Plan, LNG Feasibility Study, and Renewable Acquisition Report. These task orders have already been expended in the total amount of \$1,483,850.00.³
4. The breakdown by fiscal year of the fees and expenses incurred by GPA for engineering and technical services of R.W. Beck are set forth in Exhibits A and B to Consolidated Commission on Utilities Resolution No. 2012-12.⁴The main drivers for these expenditures are costs incurred for the LNG Feasibility Study, the IRP [Integrated Resource Plan], Update, and the Renewable Acquisition Support (Phase 1/Phase II).⁵

¹ GPA Petition for Contract Review, Requesting Approval of Engineering and Technical Service Contract with R.W. Beck, GPA Docket 12-12, filed October 29, 2012.

² Id. at p. 1.

³ Id.; GPA provided Counsel with a Summary of Engineering Planning Services Contract Invoices by Project on November 9, 2012, which indicates obligations in the total amount of \$1,445,599.32.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2012-12, issued February 14, 2012, Exhibit “A” and Exhibit “B”.

⁵ Id.

5. When GPA issued RFP10-010 for Engineering and Technical Services, and entered into a contract with R.W. Beck it did not anticipate at the time that the value of the contract would exceed \$1.5M (i.e. the “Contract threshold”); therefore, it did not seek PUC approval of the contract.⁶
6. Also, GPA wishes to issue task orders to R.W. Beck for years 2012 through 2016 for services including Strategic Planning (\$50,000); Transmission Planning (\$150,000); Integrated Resource Plan (\$840,000); and Regulatory Support (\$75,000), in the total additional amount of \$1,115,000.00.⁷
7. GPA now requests that the PUC approve the additional task orders for R.W. Beck in the amount of \$1,115,000, and including the amount of \$1.483M already expended under the current contract period. GPA submits that the services of R.W. Beck as engineering consultant are necessary to support the additional tasks of strategic planning, transmission planning, Integrated Resource Plan, and regulatory support.⁸

ANALYSIS

8. In CCU Resolution No. 2012-12, the CCU authorized the General Manager to increase the R.W. Beck Contract from the original amount of \$1.483M and the additional amount of \$1.115M, and to petition the PUC for contract review approval of the Engineering Technical Services contract.⁹
9. The Contract Review Protocol for GPA requires it to have prior PUC approval under 12 GCA §12004 for “all professional service procurements in excess of \$1,500,000.”¹⁰

⁶ GPA Petition for Contract Review Requesting Approval of the Engineering and Technical Service Contract with R.W. Beck, GPA Docket 12-12, filed October 29, 2012.

⁷ Id. at p. 1; see also Exhibits A& B to CCU Resolution No. 2012-12.

⁸ Id. at p. 2.

⁹ Consolidated Commission on Utilities Resolution No. 2012-12, issued February 14, 2012; the CCU also issued a number of prior Resolutions which approved various purchase orders under the Engineering Technical Services Contract. See CCU Resolution 2011-23, issued May 10, 2011; CCU Resolution 2011-46, issued September 6, 2011; and CCU Resolution 2012-11, issued February 14, 2012.

¹⁰ Contract Review Protocol for Guam Power Authority, Administrative Docket, filed February 15, 2008 at ¶1(c).

10. With regard to “multi-year contracts”, the test to determine whether a procurement exceeds the \$1,500,000 threshold for PUC review and approval considers expenditures for the entire term of the contract. If, for a multi-year procurement, the total costs over the entire procurement exceed the review threshold, GPA must obtain PUC approval.¹¹
11. It is plausible that, when GPA originally entered into its Engineering Services contract with Beck, it did not know whether the contract would eventually exceed \$1.5M. The Smart Grid Engineering Services activities undertaken by R.W. Beck included data collection, stakeholder meetings, and procurement document development (i.e. Request for Proposal specifications) for Smart Grid projects: Load Control Management System (LCMS), Distribution Management System (DMS), Volt/VAR application for Distribution Automation (DA), Substation Automation (SA) and Communications.¹²
12. The LNG study undertaken by R.W. Beck has apparently proven to be more detailed and costly than originally contemplated. R.W. Beck has now submitted a preliminary draft report on LNG resulting from activities such as onsite stakeholder meetings, potential landing/siting assessments, preliminary design of LNG import terminal and gasification system, evaluation of Federal Emissions Regulations (Boiler MACT Ruling), consideration of Fuel and Load forecasts, and capital costs development for terminal and plant conversions.¹³
13. There were also amendments and revisions to the task orders for services performed on the IRP Update and the Renewable Acquisition. Both necessitated amendments to increase the funding for the original purchase orders.¹⁴
14. Although the requested contract increase in the amount of \$1.115M appears considerable, the amount is for services that will be performed by R.W. Beck over a period of five years (from 2012-2016). Many of these expenses relate to the Update of the Integrated Resource Plan (every 2 years) and expenses related to the study of new generation resource procurement.¹⁵

¹¹ Id. at ¶4(b),(c), and (d).

¹² CCU Resolution No. 2012-12, issued February 14, 2012, at p. 1.

¹³ Id. at p. 2.

¹⁴ Exhibit B to CCU Resolution No. 2012-12, issued February 14, 2012.

¹⁵ Id.

15. GPA has utilized the services of R.W. Beck for many years; it is reasonable to assume that Beck has gained considerable knowledge of GPA's operations and needs.
16. GPA has demonstrated that the services of its Engineering Consultant, R.W. Beck, are necessary to support the additional tasks of strategic planning, transmission planning, Integrated Resource Plan and Regulatory support.

RECOMMENDATION

17. Counsel recommends that the PUC approve the Engineering and Technical Services Contract between GPA and R.W. Beck.
18. The PUC should approve the expenditures incurred to date under the contract in the amount of \$1.483M.
19. In addition, Counsel recommends that the PUC approve the requested additional expenditures for task orders for R.W. Beck under the Engineering and Technical Services Contract for the additional amount of \$1,115,000.
20. An Order is submitted herewith for the consideration of the Commissioners.

Dated this 14th day of November, 2012.

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