

.BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GPA Docket 11-01
)	
Guam Power Authority's Request for PUC)	PUC COUNSEL REPORT
Approval for the Construction of the)	
Marbo to Pagat 34.5vK Underground Line)	
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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 Contract Review for Approval of Marbo to Pagat Underground Line Project.¹

BACKGROUND

2. As a part of the 1999 GPA Bond Issuance, the Guam Legislature authorized GPA to apply the proceeds of the bonds to pay the costs for certain capital projects, including the Marbo to Pagat 34.5kV Line.²
3. Pursuant to Public Law 25-04, the authorization for GPA to pay the costs of the capital projects, including the Marbo to Pagat 34.5kV Line, was "*subject* in each case to approval by the PUC of such projects in accordance with Chapter 12 of Title 12 of the Guam Code Annotated."
4. On March 30, 1999, in approving the 1999 GPA Bond Issuance, the PUC specifically authorized GPA to implement certain "New Projects", including the Marbo to Pagat 34.5kV line, in a project amount of \$3,225,000.³
5. In its current Petition, GPA indicates the funds originally approved in the 1999 Bond Issue have not, to date, been expended for the Marbo to Pagat Underground Line Project: "the original project was later reconfigured into an underground project in order to significantly increase system reliability."⁴

¹ GPA Petition for Contract Review for Approval of Marbo to Pagat Underground Line Project, GPA Docket 11-01, filed January 18, 2011.

² Public Law No. 25-04, Section 4(c)(2)(xi), enacted April 30, 1999.

³ PUC Order Approving Long-Term Debt, Docket 99-01, Application of the Guam Power Authority to issue Revenue Bonds, dated March 30, 1999.

⁴ GPA Petition for Contract Review for Approval of Marbo to Pagat Underground Line Project, Id. at p. 1.

6. In addition to the funds originally approved by PUC for the Marbo to Pagat Underground Line Project, GPA also requests that the PUC authorize the use of excess 1999 GPA Bond Funds in the amount of \$2,212,000 to fund the project.⁵
7. In Bid Invitation No. GPA 065-10, GPA issued a procurement for the provision of the required construction services for building of the Marbo to Pagat Underground Line. Nine bids were received, and Helix Electric was found to be the lowest responsible bidder. Helix's Bid for the project was \$5,058,000.⁶
8. The bid of the selected bidder was considerably lower than that of the other competitive bidders.
9. The Consolidated Commission on Utilities determined that the Marbo to Pagat Underground Line is reasonable, prudent and necessary. It concluded that, subsequent to PUC Approval, the General Manager of GPA should be granted expenditure authority up to \$5.058M for the purpose of securing construction services for the Marbo to Pagat 34.5kV Underground Line.⁷

RECOMMENDATION

10. The PUC previously approved the use by GPA of \$3,225,000 from the 1999 GPA Bonds for the Marbo to Pagat Underground Line Project. That GPA "reconfigured" the project to an underground project should not adversely impact its authorization to use such funds for the project.
11. Such use of bond funds for the Marbo to Pagat Underground Line appears to be consistent with the prior Legislative and PUC authorizations; the authorized funds continue to be available for the project.
12. In a Report provided by GPA Counsel to PUC Counsel on February 9, 2011, it indicates that GPA has committed up to the amount of \$5.437M for the Marbo to Pagat Project. These amounts of unused 1999 Bond Funds are still

⁵ Id. at pg. 1-2.

⁶ Consolidated Commission on Utilities Resolution No. 2011-01, Resolution to Obtain PUC Approval and Subsequently Authorize Expenditure for Construction of the Marbo to Pagat 34.5kV Underground Line, issued January 11, 2011; Abstract of Bids attached to Petition.

⁷ CCU Resolution 2011-01.

available for use by GPA for such project. Existing 1999 Bond Funds are available to support the project.

13. In accordance with the Contract Review Protocol for Guam Power Authority, PUC must review any use of bond funds by GPA. Based upon a review of the justification for the Marbo to Pagat Underground Line Project, it is appropriate for the PUC to authorize the use of excess funds for such purpose.
14. The total amount bid for this project by Helix, \$5,058,000 appears to be reasonable for the construction services provided. Helix Electric was approximately \$3.8M less than the highest bid, and approximately \$800,000 less than the next lowest bidder. In addition, Helix's Bid was lower than the GPA estimate for the project, which was \$5.437M.⁸
15. The GPA Procurement process secured a competitive bid for this project.
16. GPA has offered a substantial justification for the project. The project will convert the Pagat Substation to a "loop-feed" system by installation of a new transmission line running from Marbo Substation to Pagat Substation. The line will intercept the existing Marbo to Radio Barrigada 34.5kV line. Two new transmission lines will then serve the Pagat substation.⁹
17. "Loop-feeding the Pagat Substation will improve the substation's reliability by 200% by providing two additional transmission line sources for the Pagat Substation transformer, which serves the villages of Mangilao and Dededo. The installation of an underground system will minimize exposure to hazardous conditions during typhoons."¹⁰
18. For the reasons stated above, Counsel recommends that the PUC approve the award to Helix Electric under IFB GPA-065-10 for the Marbo to Pagat Underground Line Project in the amount of \$5,058,000.

⁸ GPA Cost Estimate Project Description, attached to Petition for Contract Review for Approval of Marbo to Pagat Underground Line Project.

⁹ Id.

¹⁰Id.

PUC Counsel Report
GPA Docket 11-01
Request for Approval for Construction
Of Marbo to Pagat 34.5kV Underground Line
February 14, 2011

19. An order is submitted herewith for the consideration of the Commissioners.

Dated this 14th day of February, 2011.

Frederick J. Horecky
PUC Legal Counsel