

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 14-02
)
The Application of the Guam Power)
Authority Requesting Approval of the) ORDER
Procurement of an Integrated Program)
Management Office (PMO).)

INTRODUCTION

- 1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for Contract Review for Ratification of Additional Charges under the R. W. Armstrong PMO Contract.1

BACKGROUND

- 2. This is the second request filed by GPA in the last two months for PUC approval of additional program management services expenditures under the Armstrong PMO Contract.2 The first request sought \$440,000 for "program management services" for the remainder of this fiscal year; and, at least initially, \$880,000 for FY 2015 for program management services.
3. The history of the PMO program concerns of the PUC have been set forth in prior Orders of the Commission in this Docket.3 The PUC has expressed concerns regarding the accountability of expenditures for PMO services.
4. In the present Petition, GPA requests that PUC approve the implementation of additional program management services under the R.W. Armstrong PMO contract in the amount of \$1,022,500.4
5. On June 3, 2014, the Guam Consolidated Commission on Utilities adopted Resolution No. 2014-28, Approval of Continued Program Management Services for the Resource Implementation Plan and Execution Plan for LNG.5 The Resolution authorizes GPA to amend the existing contract and to use working capital funds,

1 GPA Petition for Contract Review, GPA Docket 14-02, filed June 18, 2014.
2 See also GPA Petition for Contract Review, GPA Docket 14-02, filed April 24, 2014.
3 See PUC Orders dated December 30, 2013 and April 24, 2014, filed in this Docket.
4 GPA Petition for Contract Review, GPA Docket 14-02, filed June 18, 2014, at p. 1.
5 Guam Consolidated Commission on Utilities Resolution No. 2014-28, Approval of Continued Program Management Services for the Resource Implementation Plan and Execution Plan for LNG, adopted June 3, 2014.

which would be reimbursed through the 2014 bond funds, to pay for the program management services related to the Resource Implementation Plan and the LNG Strategy decisions under the PMO contract "subject to PUC approval."⁶

6. CCU indicates that the PMO services are necessary to work on the "execution plan," and that the milestones for such plan are provided in Exhibit A, the IRP Execution Matrix.⁷
7. The Resolution states that "GPA anticipates negotiating additional task orders with the PMO based on this Matrix for work to be conducted from August 2014 to December 2014..."⁸ However, the Matrix also provides additional services to be provided through July of 2015.
8. The Resolution further indicates that "GPA will fund this continuation of services through the working capital fund and reimburse the working capital fund once 2014 bond funds are approved which is anticipated to occur by August 2014..."⁹
9. The final version of the Resolution approved by the CCU Commissioners at the meeting on June 3, 2014, changed the additional amount for PMO services from \$3,000,000 to \$1,022,500.
10. There is a pending docket before the PUC, GPA Docket 14-09, wherein GPA requests approval to issue 2014 Bonds in the total amount of \$94M. Included in GPA's "project listing" for the bond issuance is \$3,000,000 for "LNG Initial Start-up." GPA has indicated that it intends to use such funds to pay Armstrong for PMO services. Thus, although GPA's current request is for \$1,022,500 for PMO services, it intends to use the entire \$3,000,000 in bond funds for PMO expense for Armstrong.

⁶ Id. at pgs. 1-2.

⁷ Exhibit A, IRP Execution Matrix, attached to CCU Resolution No. 2014-28. A true and correct copy thereof is attached hereto as Exhibit "A".

⁸ CCU Resolution No. 2014-28, Id. at p. 2.

⁹ Id.

DETERMINATIONS

11. The materials submitted by GPA in support of the Petition contain no indication of what specific work will be covered by the \$1,022,500. As is the case with prior PMO funding requests, there is no breakdown of cost as to each category or subcategory of tasks. There are no task orders submitted with the pending Petition.
12. Based upon the few materials presented by GPA in support of the petition, there is no basis upon which the PUC could determine whether the amounts requested are reasonable. An additional problem is the lack of clarity with regard to the period of time for the performance of services which the \$1,022,500 would cover. The attached CCU Resolution indicates that the task orders cover services from August 2014 to December 2014. However, there is no indication of whether the funds sought cover only a six month period, or whether these funds are sufficient to cover the additional services set forth in Exhibit "A", the IRP Execution Matrix, which also covers the period from January to July 2015.
13. GPA cannot expect that the PUC will approve a Petition which is inadequately supported. Given the issues that have arisen with the PMO program, it is imperative now that GPA provide the PUC with a budget for all planned activities of the PMO for the remainder of FY2014 and for FY2015. The sporadic, *ad hoc* approach by which GPA files continuing requests for additional funding is burdensome upon PUC resources and is inefficient. GPA must develop a detailed funding plan and budget for its anticipated future PMO funding.
14. GPA should also provide the specific task orders that are involved in this funding and the amounts that apply for each specific project.
15. If GPA intends to expend \$3,000,000 from its 2014 bond issuance for PMO services, a projected budget, specific tasks, and funding amounts for each category and sub category of services should be clearly set forth.
16. GPA should not be allowed to withdraw funds from the working capital fund for PMO service expenses based upon anticipated future reimbursement from the 2014 bond funds. The Working Capital Fund is not intended to be used for such purpose.

17. If GPA had properly planned for and budgeted PMO services, it would not need to take funds from the WCF to cover these PMO expenses. GPA should be required to justify why the working capital fund should be used, if at all, for such purpose.
18. PUC understands that, on some occasions, GPA is required to access the WCF to pay for needed fuel payments. But, allowing GPA to move funds from the WCF for ordinary consulting services is another matter. GPA should be required to justify the use of WCF funds for this purpose.
19. It is further unclear how GPA arrived at the requested amount of \$1,022,500. Coincidentally, this appears to be the same exact amount that PUC previously approved in LEAC recovery. There should be a reasoned basis upon which GPA determines the amount of funds needed for the PMO. GPA must justify the amounts of funds that it seeks.

ORDERING PROVISIONS

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

20. The Commissioners denies GPA's Petition for Approval of Additional Program Management Services in the amount of \$1,022,500, under the RWA PMO Contract, without prejudice.
21. At a minimum, any supplemental GPA filing for additional PMO services should include the following:
 - (a) A budget, indicating expenditures for PMO services for FY2014 and FY2015, which includes the amount of funds sought for each category and subcategory of services provided;
 - (b) A justification for the expenditure and the amount of funds sought for each category and subcategory of services provided;
 - (c) For each category and subcategory of services, the specific services the PMO will provide, how many hours will be assigned to each project, and how many personnel will be need to work upon each particular project;
 - (d) A scope of work and schedule for services in FY2014 and FY2015;
 - (e) The proposed funding source for all amounts sought;

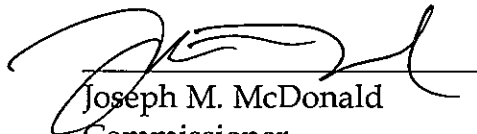
(f) If funds are sought to be used from the Working Capital Fund, a justification for such use.

22. 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 31st day of July, 2014.



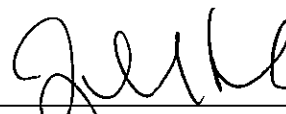
Jeffrey C. Johnson
Chairman



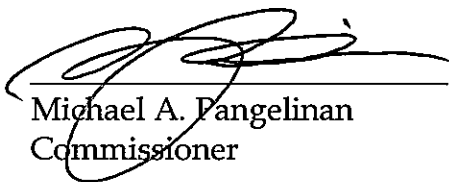
Joseph M. McDonald
Commissioner



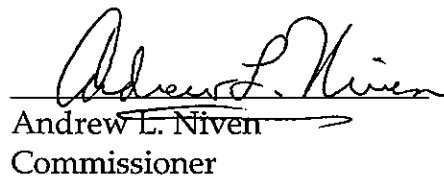
Rowena E. Perez
Commissioner



Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner



Filomena M. Cantoria
Commissioner
