

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 17-05
)
The Application of the Guam Power)
Authority Requesting Approval of the) **PUC COUNSEL REPORT**
Procurement of Environmental)
Engineering & Technical Services.)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] Requesting for Approval of the Procurement of Environmental Engineering and Technical Services.¹

BACKGROUND

2. GPA seeks to issue a procurement for Consulting Services and assistance with environmental issues, including the areas of Engineering Planning, Environmental Engineering, Feasibility Studies, and Design and Construction Management Services.²
3. GPA requests approval to solicit engineering and technical services through an RFP for a contract with a base period of five (5) years with an option to extend for an additional five (5) years.³
4. The proposed contract amount, not to exceed \$1.5M for the five-year base period, would be funded through revenue funds.⁴
5. On June 20, 2011, the PUC approved a five-year contract with TRC Environmental Corporation for the provision of Environmental Engineering & Technical Services, with a five-year option to extend.⁵
6. On April 28, 2016, the PUC approved the extension of the TRC contract for an additional five year period, until May 31, 2021.⁶

¹ GPA Petition Requesting Approval of the Procurement of Environmental Engineering and Technical Services, GPA Docket 17-05, filed October 7, 2016.

² Id. at p. 1.

³ Id.

⁴ Id.

⁵ PUC Order, GPA Docket 10-09, dated June 21, 2011, at p. 2-3.

7. GPA Counsel informed PUC Counsel that TRC's services are limited strictly "to the modeling required by USEPA and Guam EPA" under the Ambient Air Quality Program. "Monitoring" is no longer a part of the TRC Contract.⁷
8. GPA Counsel further informed PUC Counsel that the RFP in GPA Docket 17-05 is designed to "allow the selected firm to provide Engineering Planning, Environmental Engineering, Feasibility Studies, and Design and Construction Management Services. This firm should have the ability to be an EPCM and handle the construction management services related to a new IPP plant."⁸
9. In other words, GPA has kept TRC under its original Environmental Engineering & Technical Services Contract, but now intends to issue a separate contract for other services, including Engineering, Procurement, Construction and Management services for procuring new combined cycle plants and generation.
10. GPA has submitted a proposed RFP along with its Petition, which includes a proposed Contract for Engineering & Technical Services supporting GPA Resource Plans.⁹
11. In the "scope of work", GPA more fully defines the type of services that it is seeking. It includes such matters as power plant life extension studies, examination of the Fuel Bulk Storage Facility, preparation of design specifications, engineering work and construction/project management for various improvement projects for various GPA power plants, and power plant control system design, specifications and engineering work etc.¹⁰
12. It also includes engineering and technical services for environmental/regulatory and compliance processes, "Engineering, Design, Construction and Project Management".¹¹

⁶ PUC Order, GPA Docket 16-04, dated April 28, 2016

⁷ Email from GPA Counsel Graham Botha to PUC Counsel Fred Horecky, dated October 12, 2016, Re: GPA Docket 17-05, Procurement of Environmental Engineering & Technical Services.

⁸ Id.

⁹ Attachment to GPA Petition, Request for Proposal No.: GPA-RFP-17-xxx for Engineering & Technical Services Supporting Environmental Engineering, Feasibility Studies, Design and Construction Management.

¹⁰ Id.

¹¹ Id.

13. GPA apparently intends that the selected contractor could perform all of the work or services that the EPCM would provide upon any new base-load combined cycle plants.
14. The Guam Consolidated Commission on Utilities, in Resolution No. 2016-58, authorized the General Manager to proceed with the solicitation for Engineering and Technical Services to Support Environmental Engineering Feasibility Studies, Design and Construction Management.¹²

ANALYSIS

15. Counsel has no concerns with the proposed form of the Request for Proposals. GPA has a need to procure engineering and technical services.
16. However, it appears that GPA has included contract functions in this contract which are already separately funded. Including functions which are separately bond funded and revenue funded in one contract could lead to confusion.
17. In the Public Hearings on new generation and combined cycle units conducted on October 4, 5, and 6, 2016, GM Benavente indicated the plan of GPA to contract for an Engineering Procurement, Construction, and Management Contractor (EPCM) to assist it with the procurement for new combined cycle units. He indicated that the cost of such contract would be \$750,000, and would be a onetime expense. The \$750,000 will be funded from the 2014 Bond Funds.
18. GPA intends to fund the engineering and technical services under the present procurement for three years, at \$1.5M, from revenue bonds.
19. Since the EPCM Contract would be a onetime expense, and funded fully from Bond Funds, Counsel believes that such services related to the new generation and combined cycle plants should be bid out separate and apart from this present contract. Separate funding and contracts will also assist PUC in monitoring the cost of the EPCM and the combined cycle plants.

¹² CCU Resolution No. 2016-58, Authorizing Management of the Guam Power Authority to Solicit the Services of a Firm or Consortium of Firms to provide engineering and technical services to support GPA's resource plans in the areas of engineering planning, environmental engineering, feasibility studies, design and construction management, adopted September 27, 2016.

20. Although this will mean that there are three separate contracts for engineering and technical services, the EPCM Contract is specifically related to the procurement, construction and development of the new combined cycle plants. Those tasks should be the separate focus of the EPCM Contractor.
21. GPA has demonstrated a need for a separate contract for engineering and technical services distinct and apart from the scope now performed by TRC Corporation (related to environmental modeling required by USEPA and Guam EPA).
22. Therefore, it is reasonable, prudent, and necessary that GPA be allowed to issue a procurement for the engineering and technical services indicated in the scope of work, but without the EPCM services for the new combined cycle plants.
23. EPCM services, which are funded entirely by Bond Funds and for a onetime/one year expense, should be handled in a separate contract and through separate funding.

RECOMMENDATION

24. Counsel recommends that the Commission approve GPA's Petition for procurement of Environmental Engineering & Technical Services.
25. However, Counsel recommends that GPA remove any of the tasks from this contract for Engineering, Procurement, Construction, and Management Services related to new generation and the combined cycle plants. The EPCM should be procured separately. It will already be funded separately by Bond Funds and is only a one time/one year contract.
26. GPA should be authorized to expend a contract amount by not to exceed \$1.5M for the five-year base period of the contract for Environmental Engineering & Technical Services, to be funded through revenue funds.
27. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 22nd day of October, 2016.

Frederick J. Horecky
PUC Legal Counsel