

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: )  
The Application of the Guam Power ) GPA Docket 10-09  
Authority Requesting Approval of the )  
Procurement of Environmental )  
Engineering and Technical Services. )  
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**PUC COUNSEL REPORT**

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the Application of the Guam Power Authority [GPA] requesting approval of the Contract for Environmental Engineering and Technical Services.<sup>1</sup>
2. On December 15, 2010, the PUC approved GPA’s Application for Approval of the Procurement for Environmental Engineering and Technical Services. There the PUC found that GPA had demonstrated a need to procure services for Ambient Air Quality Monitoring, Air Quality Modeling for purposes related to redesignation of non-attainment areas to attainment areas, evaluation and reporting on fuel switching compliance for plant operations, and other engineering/technical services.<sup>2</sup>
3. However, since the cost of the required contract for Environmental Engineering and Technical Services was not known at that time, and the procurement had not yet been issued, GPA was required to seek prior PUC approval of the Final Contract for Engineering and Technical Services.<sup>3</sup>

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<sup>1</sup> GPA Application Requesting Approval of the Contract for Environmental Engineering and Technical Services, GPA Docket No. 10-09, filed May 13, 2011.

<sup>2</sup> PUC Order, GPA Docket 10-09, filed December 15, 2011.

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

## **BACKGROUND**

4. On May 2011, GPA completed the solicitation of a Multi-Year Contract for Environmental Engineering and Technical Services.<sup>4</sup> GPA received five proposals from qualified firms and reviewed and negotiated the rate for time and materials, as well as an estimate for the first contract year, with the most qualified proponent.
5. GPA now seeks approval from the PUC to allow the Authority to proceed with the award of a multi-year contract for Environmental Engineering and Technical Services to TRC Environmental Corporation.<sup>5</sup>
6. GPA has provided documentation which establishes that TRC was ranked by GPA as the most qualified proposer for the contract.

## **ANALYSIS**

7. GPA has demonstrated a need for these consulting services; the PUC had previously approved the use of bond funds in the amount of \$1,900,000 for Ambient Air Quality Monitoring.<sup>6</sup>
8. From discussions between PUC Counsel and the GPA General Manager and Legal Counsel, it appears that there will also be non-bond, or rate funds, available for this contract. At present, the CCU has authorized GPA management to award the contract to TRC Environmental in the amount of \$313,000 for the first year, and further authorized GPA management an increase in obligating authority from \$250,000 to \$313,000 for services during the first contract year.<sup>7</sup>
9. GPA determined that TRC Environmental Corporation was the most qualified proponent, and negotiated a price of \$313,000 for services during the first Contract Year.<sup>8</sup>

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<sup>4</sup> Consolidated Commission on Utilities Resolution No. 2011-21, adopted May 10, 2011, at p. 1.

<sup>5</sup> Memorandum from Joaquin C. Flores, P.E., General Manager, Guam Power Authority to the Guam Public Utilities Commission, Re: Request for PUC Approval for the Award of a Multi-Year Contract for Environmental Engineering and Technical Services, dated May 11, 2011.

<sup>6</sup> PUC Order, GPA Docket 10-01, dated July 22, 2010 at p. 2.

<sup>7</sup> Id. at pgs. 1-2.

<sup>8</sup> Consolidated Commission on Utilities Resolution No. 2011-21, adopted May 10, 2011, p. 1.

10. The PUC previously approved the proposed form of the Contract. It provides for a base contract of five years and, upon mutual agreement of the parties, a contract extension for an additional five year period.<sup>9</sup>
11. GPA has attached its Proposed Contract for Technical Services with TRC Environmental Corporation to its Application Requesting Approval of the Contract.<sup>10</sup> The contract terms and conditions appear to be standard and include various provisions to protect GPA's rights.
12. The contract includes a delineated SCOPE OF WORK. The task and subtask cost summary provided by TRC indicates that GPA and TRC have negotiated the cost on a specific task by task basis. Certain task costs were reduced upon the request of GPA.<sup>11</sup>

### RECOMMENDATION

13. Counsel recommends that the PUC approve GPA's award of a multi-year contract for Environmental Engineering and Technical Services to TRC Environmental Corporation.
14. GPA has clearly demonstrated the need for such contract, and there are already available rate funds and bond funds for implementation of these contract services without the necessity for a rate increase.
15. At present PUC should approve the requested expenditure of \$313,000 for the first year of the contract. In the event GPA determines that the contract will exceed the contract review threshold of \$1.5M over the five year contract period, or bond funds are to be used for the contract, further review and approval will be required by the PUC.
16. GPA must file an annual cost estimate for the contract in accordance with paragraph 4d) of the Contract Review Protocol for Guam Power Authority.

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<sup>9</sup> Contract for Technical Services, attached to the November 15, 2010, Application of GPA Requesting Approval of the Procurement of Environmental Engineering and Technical Services, at p. 21.

<sup>10</sup> Contract for Technical Services, attached to GPA Application Requesting Approval of the Contract for Environmental Engineering and Technical Services, GPA Docket 10-09, May 13, 2011.

<sup>11</sup> Letter from TRC Environmental to Jamie L.C. Pangelinan, Supply Manager Administrator, dated April 18, 2011.

PUC Counsel Report  
In Re: Application of GPA Requesting Approval  
Of Procurement for Environmental Engineering &  
Technical Services  
GPA Docket 10-09  
June 14, 2011

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17. An Order is submitted herewith for the consideration of the Commissioners.

Dated this 14<sup>th</sup> day of June, 2011.

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Frederick J. Horecky  
PUC Legal Counsel