



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	GPA DOCKET 11-13
)	
GUAM POWER AUTHORITY'S)	
PETITION FOR REVIEW AND)	PUC COUNSEL REPORT
APPROVAL OF ADDITIONAL BLACK)	
& VEATCH CONTRACT SERVICES)	
UNDER THE SMART GRID PROJECT)	
_____)	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for contract review and approval of additional Black & Veatch Contract Services under the Smart Grid Project.¹
2. GPA is requesting additional Black & Veatch contract services under GPA's Smart Grid Project in the amount of \$881,065.50.²
3. According to the Petition, the additional services provided under the Black & Veatch PMO Contract are critical to the success of GPA's Smart Grid Project, and are "reasonable, prudent, and necessary."³

BACKGROUND

4. The Smart Grid Project has been before the Commission on numerous occasions. Previously, PUC authorized GPA to issue revenue bonds, which included approximately \$17M for the Smart Grid Project. PUC further approved the expenditure of funds for Smart Grid under the Contract Review Protocol and the implementation of the Smart Grid Project.⁴
5. On December 19, 2011, the PUC approved GPA's intent to proceed with six major contracts for different aspects of the Smart Grid Project, including Distribution

¹ GPA Petition for Contract Review of Additional Black & Veatch Contract Services under the Smart Grid Project, GPA Docket 11-13, filed July 12, 2013.

² Id. at p. 2.

³ Id.

⁴ PUC Order, GPA Docket 10-01, issued July 27, 2010, at p. 2.

Management System [“DMS”], and authorized GPA to obligate funds up to the full amount of \$17M.⁵

6. The PUC also approved and implemented measures to assist GPA in rapidly implementing its Smart Grid Program; if expeditious action is not taken by GPA to implement Smart Grid, there is the possibility that its Grant could be terminated by the U.S. Department of Energy.⁶
7. In said Order, the PUC implemented an expedited procedure for Smart Grid Projects whereby GPA would not need to obtain prior PUC approval for procurements of Smart Grid Projects, but only to obtain final review and PUC approval of Smart Grid Contracts.⁷
8. The most recent action of the PUC regarding Smart Grid was approval of GPA’s Distribution Management Systems Contract with JMI-Edison on March 26, 2013.⁸

**ADDITIONAL BLACK & VEATCH CONTRACT SERVICES
 UNDER THE SMART GRID PROJECT**

9. In its Petition, GPA is seeking additional funding to continue SGIG project support through December 2013. The services for which GPA seeks support are as follows⁹:

Description	Cost	Comments
Tech Support Services (SME)	\$233,000.00	Required SME support to complete SGIG initiatives
Metrics & Reporting	\$43,200.00	Complete the DOE Summer Impact Metrics report and 3 rd Qtr Build Metrics report.
Meter Box Repair	\$350,000.00	Required to complete meter exchanges
Warehouse	\$144,865.50	Required for SGIG project completion; extension of GPA Warehouse lease and support
Communications	\$60,000.00	Continued support for ePortal Campaign, development of Opt-Out Communication Materials and PrePay

⁵ PUC Order GPA Docket 11-13, issued December 19, 2011, at p. 2.

⁶ Id.

⁷ Id. at p. 3.

⁸ PUC Order, GPA Docket 11-13, issued March 26, 2013 at p. 3.

⁹ Black & Veatch Summary on continued SGIG project support

		Campaign
Network Backhaul & Optimization	\$50,000.00	Required procurement of the broadband circuits, installation services, and IT equipment for substations
	\$881,065.50	Total

10. Technical Support involves coordination with all SGIG field implementation activities as they relate to network backhaul. Activities include identifying and securing GPA's fiber optic requirements into its new office, client monitoring of all SGIG vendor contracts, securing and finalizing fiber projects into GPA's key facilities and substations, overseeing vendor network optimization activities, and assisting in GPA's commercial smart meter deployment to be completed by December 31, 2013.¹⁰
11. Metric & Reporting includes completion of two reports required by the U.S. Department of Energy. Black & Veatch will be responsible for coordinating certain changes proposed by DOE.¹¹
12. Meter Box Repair involves the subcontract with a certified electrical contractor, S.E.T Pacific Inc., to repair and replace damaged or worn out electric meter sockets and meter boxes for the remaining residential, commercial and government customers. The average residential meter repair is \$743.95, and the average Gov. Guam repair is \$892.96.¹²
13. The warehouse expenditure is the cost of leasing a private warehouse where the Black & Veatch team provides the necessary equipment, materials and office space for GPA to undertake SGIG project warehouse activities. This area is used for the storage of the smart meters and for the old Legacy meters. The fee also includes the Black & Veatch PMO Management fee.¹³
14. The Communications services involve the development and implementation of the My Energy ePortal Campaign and Customer Outreach. They include provision of in-house communications training to GPA staff to support the staged deployment

¹⁰ Exhibit 1 to CCU Resolution No. 2013-31 [AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO CONTRACT SERVICES IN SUPPORT OF SGIG PROJECTS], the Black & Veatch X-1/TO7-Technical Support-\$233,000.00.

¹¹ Id., Black & Veatch M-2/TO7-Metric & Reporting-\$43,200.00.

¹² Id., Black & Veatch X-1/TO4-Meter Box Repair-\$350,000.00.

¹³ Id., Black & Veatch W-1/TO3-Warehouse-\$144,865.50; see also Exhibit W-1/Task Order 3.

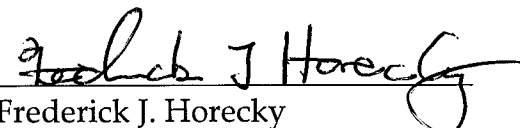
to the public and providing technical review of communication collateral materials. B&V will also provide communication strategy, design and development of a communication campaign for the GPA Opt-Out Program and the GPA Pre-Payment Program.¹⁴

15. The Network Backhaul & Optimization seeks to provide an interim solution to stabilize the Tier 2 Network Backhaul pending the deployment of the Permanent Tier 1 Fiber Network. Black & Veatch will assist GPA with the procurement of the broadband circuits, installation services, and IT equipment for 8 substations.¹⁵
16. In CCU Resolution No. 2013-31, the Consolidated Commission on Utilities authorized the GPA management to contract additional contract services from Black & Veatch in support of SGIG Projects.¹⁶

RECOMMENDATION

17. Counsel recommends that the PUC approve request for additional Black & Veatch contract services under the Smart Grid Project.
18. GPA should be authorized to expend an amount up to \$881,065.50 for such contract.
19. The PUC has previously given broad support for the Smart Grid Project, approved funding for the project, and specifically authorized GPA to proceed with the project.
20. The additional Black & Veatch contract services are critical for the success of the Smart Grid Project. These services will assist GPA in obtaining the projected benefits of the Smart Grid Project.
21. A Proposed Order is submitted herewith for the consideration of the Commission.

Dated this 25th day of July, 2013.


Frederick J. Horecky
PUC Legal Counsel

¹⁴ Id., Black & Veatch F-1/TO2-Communications-60,000.00.

¹⁵ Id., Black & Veatch N-1/TO11-Network Backhaul & Optimization-\$50,000.00.

¹⁶ Consolidated Commission on Utilities Resolution No. 2013-31, adopted July 9, 2013, at p. 5.