



5. On July 30, 2012, the PUC granted GPA's Petition for approval of the Substation Automation Contract with Black Construction Corporation.<sup>5</sup> GPA was authorized to expend up to the amount of \$3,195,421.00 for said Contract.<sup>6</sup>

**THE SUBSTATION AUTOMATION CONTRACT WITH  
BLACK CONSTRUCTION CORPORATION AND CHANGE ORDER**

6. The Substation Automation Project implements a secure substation LAN infrastructure and convergence of data, network, and voice applications on an IP-based infrastructure. The project also includes substation metering to better account for system losses, and remotely read revenue meters with power quality functions for large industrial customers like the Department of Defense.<sup>7</sup>
7. In its Order dated July 30, 2012, the PUC determined that the implementation of the Substation Automation Contract was critical to the success of GPA's Smart Grid Project.<sup>8</sup>
8. In the instant Petition, GPA is seeking approval for a Change Order to the Substation Automation Contract in the amount of \$475,877.00.<sup>9</sup>
9. There were prior change orders to the Substation Automation Contract in the amount of \$205,002.37.<sup>10</sup> These change orders were for additional meter parts, switchgear accessories, materials for meter upgrades, building permit approval, wireless equipment, and cost variance.<sup>11</sup> GPA was not required to seek PUC approval for these prior change orders as the Contract and change orders did not exceed 120% of the cost of the original Substation Automation Contract approved by the PUC.<sup>12</sup>

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<sup>5</sup> PUC Order, GPA Docket 11-13, issued July 30, 2012, at p. 2.

<sup>6</sup> Id. at p. 3.

<sup>7</sup> Guam Consolidated Commission on Utilities Resolution No. 2012-38 [Authorizing Management of the Guam Power Authority to Contract Services for Substation Automation in support of Smart Grid Initiatives] GPA Docket 11-13, adopted July 10, 2012, at p. 2.

<sup>8</sup> PUC Order, GPA Docket 11-13, issued July 30, 2012, at p. 2.

<sup>9</sup> GPA Petition for Contract Review of Change Order to Substation Automation Contract under the Smart Grid Project, GPA Docket 11-13, filed March 14, 2014, at p. 1.

<sup>10</sup> GPA Petition for Contract Review, GPA Docket 11-13, filed March 14, 2014, AIA Document G701-2001.

<sup>11</sup> Email from GPA Counsel Graham Botha to PUC Counsel Frederick J. Horecky, GPA Docket 11-13, dated March 24, 2014 [Chart provided by Engineer Roel A. Cahinhinan].

<sup>12</sup> Contract Review Protocol for the Guam Power Authority, Administrative Docket, issued February 15, 2008, at par. 4(d).

10. The purpose of the new proposed change order is to enable GPA to purchase additional equipment, substation meters, and services to complete the communications and metering to the remaining GPA Substations under the Black Construction Substation Automation Contract.<sup>13</sup>
11. The original Substation Automation Contract was designed to upgrade seven (7) GPA Substations; this Change Order will provide for the upgrading of the remaining GPA Substations under the Substation Automation Contract.<sup>14</sup>
12. In Resolution No. 2014-06, the CCU authorized the GPA General Manager to obligate \$475,877.00 for the purpose of effectuating the Change Order with Black Construction subject to PUC approval.<sup>15</sup> PUC approval is now required because, with the new change order, the cost of the Contract and the change orders will now exceed 120% of the original cost of the Substation Automation Contract approved by the PUC.
13. Funding provided by the Change Order will allow GPA to purchase net routers, switches, and other necessary equipment for the development of Substation Automation.<sup>16</sup>

### RECOMMENDATION

14. Counsel recommends that the PUC approve the Change Order to the Substation Automation Contract with Black Construction Corporation.
15. GPA should be authorized to expend up to the amount of \$3,876,300.37 for said Contract, which includes the new change order and the previously change orders.
16. The Change Order to the Substation Automation Contract will enable GPA to expand the benefits of substation automation to all of GPA's substations, not just the seven substations originally included in the Contract.

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<sup>13</sup> Guam Consolidated Commission on Utilities Resolution No. 2014-06 [Authorizing Management of the Guam Power Authority to Approve the Change Order for Substation Automation in Support of Smart Grid Initiatives], adopted January 14, 2014 at p. 2.

<sup>14</sup> Id. at p. 2.

<sup>15</sup> Id. at p. 3.

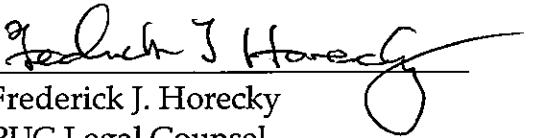
<sup>16</sup> Letter from Black Construction MEP Division Manager Jack Travers to Mr. John J. Cruz, Jr. of the Guam Power Authority, dated December 18, 2013, "Pricing Breakdown."

PUC Counsel Report  
Change Order to Substation Automation  
Contract under Smart Grid Project  
GPA Docket 11-13  
March 25, 2014

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17. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 25<sup>th</sup> day of March, 2014.

  
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Frederick J. Horecky  
PUC Legal Counsel