



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 14-01
)
The Application of Guam Power)
Authority and Guam Waterworks) **ORDER**
Authority to Approve the contract with)
Wipro Technologies for the)
Implementation of the Customer Care and)
Billing (CC&B) software package.)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petitions of the Guam Power Authority ["GPA"] and the Guam Waterworks Authority ["GWA"] for certain amendments to the Contract for implementation of the Customer Care & Billing ["CC&B"] software package with Wipro Technologies.¹

BACKGROUND

2. On October 14, 2013, GPA petitioned the PUC for approval of the replacement of its present Customer Information System (CIS) and for implementation services with Wipro Technologies regarding the Oracle Customer Care & Billing Customer Information System Software.²
3. PUC found that GPA had presented a compelling justification to implement its new CC&B software: "its current software is outdated, renders GPA subject to audit deficiencies, and does not enable GPA to take full advantage of the Smart Grid Project."³
4. PUC approved GPA's application to enter into a contract with Wipro Technologies in the amount of \$2,710,000 for fixed price implementation services for the Oracle Customer Care & Billing Customer Information System Software.⁴

¹ GPA Petition for Contract Review (Application of GPA & GWA to Approve the Contract with Wipro Technologies for the Implementation of the Customer Care & Billing (CC&B) Software Package), GPA Docket 14-01, filed November 6, 2014; GWA Petition for Approval of Customer Information System Contract beyond the One Million Dollar Threshold under the Contract Review Protocol, GPA Docket 14-01, filed October 10, 2014.

² PUC Order, GPA Docket 14-01, dated November 26, 2013, at p. 1.

³ Id. at p. 3.

⁴ Id. at p. 4.

5. The GPA Petition also included a request that the Customer Care & Billing Customer Information System Software be implemented for GWA. However, in its November 26, 2013 Order, PUC did not initially address the implementation of the CC&B project for GWA due to the absence of an identified funding source.⁵
6. PUC subsequently found that GWA was required to replace its aging Customer Information System, as such system was no longer supported by the vendor and was unable to adequately support GWA's mission.⁶ PUC authorized GWA to expend the amount of \$870,000 to Wipro for fixed implementation services for the Oracle Customer Care & Billing Customer Information System Software.⁷

DETERMINATIONS

7. The PUC adopts the findings and recommendations in the PUC Counsel Report, which was filed herein on November 28, 2014.
8. The additional expenses requested by GPA and GWA in the specified Change Orders are justified. According to the Report of PUC Consultant Slater & Nakamura, cost overruns often occur in other jurisdictions for the type of software implementation projects which GPA and GWA are undertaking.⁸
9. GWA should be required to provide additional information before it is authorized to expend amounts for "Archival/recording/Application purchases" and "Miscellaneous costs to cover additional hardware and features relevant to core CC&B Implementation." The GWA Accounting Division should certify that the initial funds approved by the PUC for GWA, \$870,000, have already been expended and are not available for the proposed Change Orders or the other proposed work not delineated in a formal Change Request.
10. GWA should be required to provide more detailed explanations to PUC concerning the specific equipment or items it intends to purchase, the cost for each item, and the justifications therefore. These items should be reduced to written Change

⁵ PUC Supplemental Order, GPA Docket 14-01, dated December 30, 2013, at p. 1.

⁶ Id. at p. 3.

⁷ Id.

⁸ Slater, Nakamura & Co., GPA Docket 14-01, Report on the Review of the Proposed Contract with Wipro Technologies, filed November 20, 2013.

Orders if they are intended to be funded under the Wipro Contract. If explicit Change Orders are not possible, GWA should explain why.

11. GWA should further explain whether it intends to make these purchases through Wipro or other vendors, and why such computer equipment purchases should be made under the Wipro contract as opposed to being made through general plant/budget expenditures.
12. Should GWA provide satisfactory information as detailed above to the PUC, it should be authorized to expend the amounts requested for Archival/reporting/Application Purchases and Hardware Purchases and Other Features Relevant to Core CIS Implementation upon certification by PUC Counsel that GWA has provided such information and otherwise complied with the Order issued herein.
13. The proposed expenditures of both GPA and GWA for "10% Contingency" amounts to be added on to the Wipro Contract should be denied.
14. It is not a desirable practice to allow the Consolidated Commission on Utilities to add in "contingencies" to the amounts requested in contract review proceedings. There is no indication of what the "contingencies" are, whether such contingency funds are presently needed, or what purposes the contingency funds would be used for in the future.
15. The Contract Review Protocols of both GPA and GWA already provide for a 20% contingency on approved contract expenditures.⁹
16. A purpose of the contract review procedure is for the utilities and the CCU to attempt to determine the actual cost of contracts that are proposed to be entered into. Allowing for an additional arbitrary "contingency" to be built in to contract proposals is contrary to principles of cost containment and accuracy in the cost estimation process.

⁹ Contract Review Protocol for Guam Waterworks Authority, Administrative Docket 00-04, dated October 27, 2005, at p. 9; Contract Review Protocol for Guam Power Authority, Administrative Docket, dated February 15, 2008, at p. 4.

17. In addition, allowing CCU to add in a "contingency" would then allow for a "contingency upon a contingency" under the Contract Review Protocol. The 20% Contract Review Protocol Contingency would then be based upon the 10% contingency already built into the Contract.
18. Upon PUC approval of GPA's additional authorization of \$88,000 (the "additional Authorization required of \$148,000 minus the 10% contingency of \$60,000, as set forth in Exhibit "C"). GPA will have the PUC 20% contingency under the Contract Review Protocol of \$17,600 on the additional authorization required. See Exhibit "C".
19. If that 20% contingency is exceeded, GPA will be required to seek further approval from the PUC.
20. The 20% contingency available to GWA should be determined after GWA provides the information required hereunder and when PUC Counsel issues the certification provided for herein.

ORDERING PROVISIONS

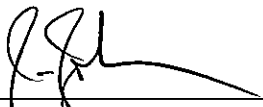
After careful review and consideration of the above determinations, the Petitions of GPA and GWA, PUC Counsel Report, and the record herein, for good cause shown and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The PUC hereby authorizes GPA to expend up to \$3,340,000 in task orders for completion of the Customer Care & Billing (CC&B) software implementation.
2. At present, GWA is authorized to expend up to \$1,011,765 in change orders for the Customer Care & Billing (CC&B) software implementation.
3. The contingency for GWA shall be determined after it provides the information set forth herein.
4. Before GWA expends any amounts for "Archival/reporting/ Application purchases (\$82,735)" or Miscellaneous Costs to cover additional hardware and features relevant to core CC&B implementation (\$255,500), the GWA Accounting Division

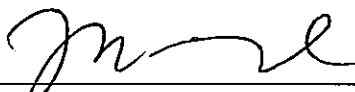
relevant to core CC&B implementation (\$255,500), the GWA Accounting Division shall certify that the initial funds approved by the PUC for GWA, \$870,000, have already been expended and are not available for the proposed Change Orders or the other proposed work not delineated in a formal Change Request.

6. GWA is be required to provide more detailed explanations to PUC concerning the specific equipment or items it intends to purchase, the cost for each item, and the justifications therefore. These items should be reduced to written Change Orders if they are intended to be funded under the Wipro Contract. If explicit Change Orders are not possible, GWA should explain why.
7. GWA is further to explain whether it intends to make these purchases through Wipro or other vendors, and why such computer equipment purchases should be made under the Wipro contract as opposed to being made through general plant/budget expenditures. GWA shall provide a written explanation to the PUC setting forth specific purchases to be made, "additional interface solutions", as well as terminals, servers, and work stations necessary to operate the CIS. Pricing for each item to be purchased shall be provided along with justifications therefore.
8. If GWA provides sufficient cost breakdowns, justifications, and the other information set forth in this Report for these additional expenditures, Counsel shall provide written certification that GWA has complied with this requirement and is authorized to expend amounts for those two categories for which no formal Change Orders have been submitted.
9. 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 1st day of December, 2014.



Jeffrey C. Johnson
Chairman

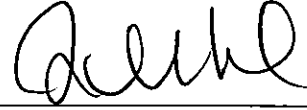


Joseph M. McDonald
Commissioner

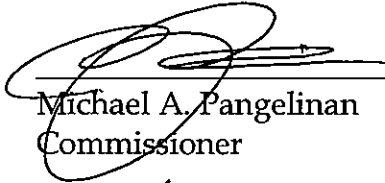
Order
GPA and GWA Applications
To Approve Contract with
Wipro Technologies
GPA Docket 14-01
December 1, 2014



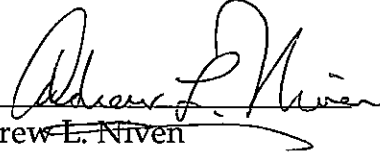
Rowena E. Perez
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Peter Montinola
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Filomena M. Cantoria
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