

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 16-04
)
The Petition of the Guam Power Authority)
for Approval of the Extension of the TRC) **PUC COUNSEL REPORT**
Contract for Environmental Engineering)
and Technical Services.)
_____)

INTRODUCTION

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

BACKGROUND

2. Pursuant to the Contract Review Protocol for the Guam Power Authority, GPA petitions the PUC to review and approve its Petition for the extension of the TRC Contract for Environmental Engineering and Technical Services.²
3. The present Environmental Engineering Technical Services Contract between TRC Environmental Corporation [“TRC”] and GPA expires on May 31, 2016.³
4. The proposed contract extension would be for an additional period of five (5) years commencing on June 1, 2016 and expiring on May 31, 2021.⁴
5. GPA also seeks to increase the amount of revenue funds available for the TRC Contract to a total of \$1,725,000; the amount of bond funds allocated to the Contract would be increased to a total of \$1,900,000 to continue tasks for the Ambient Air Quality Monitoring (AAQM) Program.⁵

¹ GPA Petition for Approval of the Extension of the TRC Contract for Environmental Engineering and Technical Services, GPA Docket 16-04, filed April 11, 2016.

² Id. at p. 2.

³ Consolidated Commission on Utilities Resolution No. 2015-52, Authorizing the Management of the Guam Power Authority to Increase the Funds and Extend the Contract for Environmental Engineering and Technical Services adopted October 27, 2015, and Exhibit D attached thereto, DRAFT CONTRACT EXTENSION Amendment No. 1 to RFP-11-001.

⁴ Id.

⁵ GPA Petition for Approval of the Extension of the TRC Contract for Environmental Engineering and Technical Services, GPA Docket 16-04, filed April 11, 2016.

6. In July of 2010, the PUC approved the Ambient Air Quality Monitoring Project, a bond funded project, for which \$1,900,000 was available.⁶ Ambient Air Quality Monitoring services are performed by GPA's contractor TRC Environmental Corporation.
7. On December 15, 2010, PUC authorized GPA to procure Environmental Engineering and Technical Services; such procurement was deemed by the PUC to be necessary "to enable GPA to meet USEPA and Guam EPA requirements for the operation of its plants."⁷
8. On June 20, 2011, the PUC authorized GPA Management to award a five year contract to TRC for services including 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 in compliance with plant operations, and other engineering/technical services.⁸
9. On June 11, 2012, PUC authorized GPA to expend bond funds in an amount of up to \$1.5M for the Ambient Air Quality Monitoring Project for the first year contract with TRC.⁹
10. The PUC authorized GPA to expend the negotiated price of \$313,000 for the initial tasks under the contract for the first contract year.¹⁰
11. The Consolidated Commission on Utilities has approved the 5 year extension of the TRC Contract and the increased spending authorization levels for bond and revenue funds.¹¹

ANALYSIS

12. The PUC previously determined that GPA does need the outside services of a qualified contractor to operate and maintain the Ambient Air Quality Monitoring

⁶ PUC Order, GPA Docket 10-01, dated July 27, 2010, at p. 2.

⁷ PUC Order, GPA Docket 10-09, dated December 15, 2010, at p. 3.

⁸ PUC Order, GPA Docket 10-09, dated June 20, 2011, at p. 3.

⁹ PUC Order, GPA Docket 10-09, dated June 11, 2012, at p. 3.

¹⁰ PUC Order, GPA Docket 10-09, dated June 20, 2011, at p. 3.

¹¹ Consolidated Commission on Utilities Resolution No. 2015-52, Authorizing the Management of the Guam Power Authority to Increase the Funds and Extend the Contract for Environmental Engineering and Technical Services, adopted October 27, 2015.

Plan, to construct a meteorological Tower, and to undertake various testing and audit functions.¹²

13. The Ambient Air Quality Monitoring Program has been somewhat slow in development due to the need for study data and ongoing discussions with USEPA. However, GPA anticipates that, in the near future, use of the allotted bond funds may be necessary to install and establish the Ambient Air Quality Monitoring Program. This involves the purchase and installation of monitoring devices/equipment at various locations on island.¹³
14. In addition, TRC is assisting GPA with the preparation of various other necessary items, such as the Environmental Strategic Plan, the Integrated Resource Plan, and the State Implementation Plan. The services rendered by TRC are necessary to assist GPA in complying with environmental regulations.
15. To date, GPA has only spent \$159,017.46 for TRC from the Bond Funds allocated through the Ambient Air Quality Monitoring Program.¹⁴ The PUC previously authorized the expenditure of up to \$1.5M in bond funds for this program.
16. GPA is now requesting that it be authorized to increase the amount of bond funds allocated to the TRC Contract up to a total of \$1.9M. The purpose is to continue tasks for Ambient Air Quality Monitoring.
17. \$1.9M was originally approved by PUC for the Ambient Air Quality Monitoring Program in 2010; thus, GPA's request for an increase in authorization for bond funds allocated to the TRC contract up to a total of \$1.9M should be approved. As much as \$1.2M of this amount will be for the construction and installation of air quality monitoring equipment.¹⁵
18. For other tasks such as the Environmental Strategic Plan, IRP, and regulatory support, GPA utilizes revenue funds to pay for such services.

¹² PUC Order, GPA Docket 10-09, dated December 15, 2010.

¹³ Conference between PUC Counsel Frederick Horecky, Special Projects Engineer Paz Tison and Environmental Manager Sylvia Ipanag on April 19, 2016.

¹⁴ Exhibit B to CCU Resolution Consolidated Commission on Utilities Resolution No. 2015-52.

¹⁵ Conference between PUC Counsel Frederick Horecky, Special Projects Engineer Paz Tison and Environmental Manager Sylvia Ipanag on April 19, 2016.

19. To date, from the commencement of the TRC contract, GPA has paid TRC a total of \$840,156.86, including revenue funds.¹⁶
20. For the next five years, GPA proposes a projected annual budget for the TRC contract at \$175,000.00 per year. This includes services for the projects previously mentioned and “Consent Decree Support” in an amount of \$100,000 per year.
21. Thus, in addition to the roughly \$840,150.86 already expended, GPA seeks authorization for the expenditure up to \$1,725,000 in revenue funds for the tasks set forth in its Cost Proposal, Exhibit D to CCU Resolution No. 2015-52.¹⁷
22. A proposed annual budget for five years of \$175,000 per year for the TRC Contract in revenue funds appears reasonable. A major portion of that budget is for “Consent Decree Support.” However, GPA should keep the PUC fully advised before it enters into a Consent Decree.
23. As PUC has previously indicated, GPA cannot assume that any projects it agrees to in a Settlement and Consent Decree will necessarily be funded by PUC unless prior PUC approval is given. GPA should present a draft of any proposed Settlement and Consent Decree to the PUC for prior review and approval before it enters into such Consent Decree.
24. The Contract Review Protocol requires prior PUC approval for any GPA obligation which will exceed \$1.5M.¹⁸

RECOMMENDATION

25. Counsel recommends that the PUC approve GPA’s Petition for Extension of the TRC Contract for Environmental Engineering and Technical Services.
26. The PUC should authorize an increase in the amount of bond funds allocated to the TRC contract up to a total of \$1,900,000.00 to continue tasks for Ambient Air Quality Monitoring.

¹⁶ Exhibit B to Consolidated Commission on Utilities Resolution No. 2015-52.

¹⁷ Exhibit D COST PROPOSAL to Consolidated Commission on Utilities No. 2015-52.

¹⁸ Contract Review Protocol for Guam Power Authority, Administrative Docket, dated February 15, 2008, par. 1(e).

27. The PUC should also authorize GPA to increase the amount of revenue funds allocated to the TRC Contract up to a total of \$1,725,000 to continue the tasks illustrated in Exhibit D attached to the CCU Resolution No. 2015-52.
28. GPA should present a draft of any proposed Settlement and Consent Decree to the PUC for prior review and approval before it enters into such Consent Decree.
29. A Proposed Order is submitted herewith for the consideration of the Commissioners

Dated this 23rd day of April, 2016.

Frederick J. Horecky
PUC Legal Counsel