

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF THE GUAM POWER)
AUTHORITY TO APPROVE THE)
CONTRACT OPTION FOR UNARMED)
UNIFORMED SECURITY SERVICES.)
_____)
)

GPA DOCKET 21-02

ALJ REPORT

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the October 20, 2020 Application to Approve the Contract Option for Unarmed Uniformed Security Services (the “Petition”), filed by the Guam Power Authority (“GPA”). GPA seeks PUC approval to continue services with Pacific Island Security Agency (“PISA”), so it may exercise the option for renewal for the remaining eight (8) months, and the second year option for renewal through May 31, 2022, at a cost of \$2,046,701.80.

BACKGROUND

In April 2019, GPA issued Invitation for Bid (“IFB”) GPA-051-19, which sought services for unarmed, uniformed security guard services for key assets and locations, with options to enhance security measures.¹ GPA later made an award to the winning lowest bidder, PISA.² The agreement consisted of a year-long initial term, with two (2) year-long options for renewal.

¹ Consolidated Commission on Utilities (“CCU”) Resolution No. 2020-22, p. 1 (Oct. 20, 2020).

² See CCU Resolution No. 2020-22, p. 1.

On June 5, 2019, the Consolidated Commission on Utilities (the “CCU”), through CCU Resolution No. 2019-09, approved a \$1.2 million spending authorization for the purchase order related to the unarmed, uniformed security guard services.³ Specifically, this approval authorized the expenditure of \$806,916.60 for services rendered between June 1, 2019 and May 31, 2020; and \$351,394.65 for services rendered between June 1, 2020 and October 31, 2020, which included a portion of the first renewal option year.⁴

On October 20, 2020, the CCU issued Resolution No. 2020-22, which authorized GPA to exercise its remaining options for renewal, specifically for services rendered between November 1, 2020 and May 31, 2021 (to finish the first renewal term), and between June 1, 2021 and May 31, 2022 (for the second renewal term), at an additional cost of \$2,046,702.00.

DISCUSSION

A. Contract Review Protocol

Pursuant to 12 G.C.A. § 12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Furthermore, GPA’s Contract Review Protocol requires that “[a]ll professional service procurements in excess of \$1,500,000” require “prior PUC approval . . . which shall be obtained before the procurement process is begun.”⁵ The instant

³ CCU Resolution No. 2020-22, p. 1.

⁴ CCU Resolution No. 2020-22, pp. 1-2.

⁵ GPA’s Contract Review Protocol (“GPA CRP”), Administrative Docket 00-04, p. 1 (Feb. 15, 2008).

contract is now before the PUC since GPA has already expended a total of \$1.2 million on the contract.

B. Invitation for Bids GPA-051-19

Based on the corresponding bid documents, and purchase orders, PISA is responsible for providing the following services. According to the purchase orders submitted by GPA, PISA is required to provide unarmed security guards, both posted and roving, at the following locations: the Gloria B. Nelson Public Service Building in Fadian; GPA's Supply Warehouses and Storage Yards; the Aggreko/Yigo Combustion Turbine Power Plant Compound in Yigo; the Tanguisson Power Plant Compound; the Cabras Power Plant Compound in Piti; the Dededo Combustion Turbine Power Plant Compound.

With regard to the security guard services, a few requirements include that such security guards wear proper uniforms; have a minimum six (6) months of experience; no felonious records; facilitate authorized entrance onto the premises; enforce access control; maintain and secure entrance gates; and maintain an hourly Guard Log. The security guards must also conduct and log security patrol and checks of the facilities; respond to and report security threats; respond and report suspicious activities; prepare incident reports when necessary; and provide immediate response and assistance during an emergency, just to name a few responsibilities.

With regard to contractual obligations, the purchase orders have required that PISA assume responsibility for all damages or injuries to persons or property occasioned by the operation of PISA's employees. In addition, the purchase orders contain a standard indemnity provision, which protects GPA from lawsuit arising from the

contractor's negligence. The contractor is also required to maintain insurance. Moreover, GPA can terminate the contract upon thirty (30) days written notice.

C. Cost

In this instance, GPA seeks authorization for \$2,046,702, which will fund the remainder of the first option year and the entire second option year (November 1, 2020 through May 31, 2022). According to GPA, the total cost of the contract after the initial year and the exercise of two year renewals, is \$3,684,063.00. GPA submits that the funding source for the entire project will be drawn from its Operations and Maintenance account.

D. CCU Resolution No. 2020-22

The Petition is supported by Resolution No. 2020-22 issued by the CCU on October 20, 2020 (the "Resolution"). In the Resolution, the CCU found that "Guam's Island-Wide Power System is critical infrastructure, whose assets, systems, and networks, whether physical or virtual, are considered so vital to the island community, military and nation that the incapacitation or destruction thereof would have a debilitating effect on readiness, economic security, public health or safety, or any combination thereof"⁶ The CCU further found that to help protect such assets, infrastructure, employees, and patrons, GPA must utilize unarmed security guard services during work and after hours.⁷

The CCU indicated that for FY2021, a budget of \$1,147,500.00 has already been approved for such security guard services.⁸ The CCU also indicated that "the option

⁶ CCU Resolution No. 2020-22, p. 1.

⁷ CCU Resolution No. 2020-22, p. 1.

⁸ CCU Resolution No. 2020-22, p. 2.

to extend the security services under the current contract is advantageous to GPA as the demand for unarmed, uniformed security services are increased” during the current COVID-19 pandemic.⁹

Accordingly, the CCU found that the exercise of the options to renew the subject contract was reasonable, prudent, and necessary.¹⁰ Therefore, the CCU authorized GPA to exercise the renewal options, specifically for a term beginning November 1, 2020 through May 31, 2021, and another term beginning June 1, 2021 through May 31, 2022, at a cost of \$2,046,702.00.¹¹

CONCLUSION

In GWA Docket 19-09, the PUC found that security services were “an important safeguard” that protects “facilities, employees, and customers.” PUC Order, GWA Docket 19-09, p. 2 (May 30, 2019). Indeed, this Commission found that a “security services contract is a necessary one,” and that it was reasonable “to require security guards to be present whenever its customer service centers are open to the public”, and even where such services would result in an increase in costs. *Id.*, p. 3.

In this instance, the PUC is again asked to place value on the protection of key assets and infrastructure, and the protection of personnel and utility customers. Based on the documentation provided by GPA, along with the record before the Commission, the ALJ finds that there is a clear need for a utility’s security services, one that safeguards facilities, employees, and customers. And indeed, any threat to GPA’s infrastructure could

⁹ CCU Resolution No. 2020-22, p. 2.

¹⁰ CCU Resolution No. 2020-22, p. 2.

¹¹ CCU Resolution No. 2020-22, p. 2.

potentially undermine, and have a debilitating affect, on our island community and the readiness and vitality of the U.S. military on the island; so much so that even greater measures of protection should likely be considered.

Based on a review of the purchase order, the ALJ further finds that the subject agreement between PISA and GPA contains standard protections for GPA, which include indemnity protecting GPA from lawsuit arising from contractor's negligence, and insurance. Accordingly, the agreement adequately protects the interests of GPA and its ratepayers. The ALJ, therefore, finds the subject agreement to be reasonable, prudent, and necessary.

RECOMMENDATION

Based on the documentation provided by GPA in this docket, and for the other reasons set forth herein, the ALJ recommends that the PUC approve GPA's Petition. Accordingly, the PUC should authorize the expenditure of \$2,046,702 for GPA's security services purchase order agreement with Pacific Island Security Agency; in particular, \$818,681 for the remainder of the first option renewal period, and \$1,228,021 for the second option renewal year. A proposed Order for the PUC is attached hereto for the PUC's consideration.

Dated this 26th day of October, 2020.



JOEPHET R. ALCANTARA
Administrative Law Judge