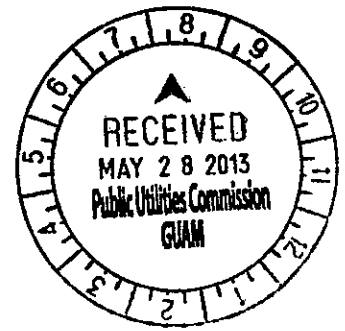


GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
APRIL 30, 2013
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 7:05 p.m. on April 30, 2013, pursuant to due and lawful notice. Commissioners Johnson, Perez, Pangelinan, McDonald, Cantoria, and Montinola were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Chairman announced that the first item of business on the agenda was approval of the minutes of March 26, 2013. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the minutes subject to technical corrections by the Commissioners.

2. Guam Power Authority

The Chairman announced that the next item of business was GPA Docket 13-03, Petition for Contract Review of GPA's Request to Finance Maintenance Work at Cabras #1 and to use the 1999 Bond Funds for Capital Projects, PUC Counsel Report and Proposed Order. Counsel indicated that there were two elements of GPA's request. First, GPA seeks to expend \$1.4M for the Cabras #1 Overhaul. The overhaul was overdue. It involves various aspects such as the fixing of valves, installing new piping for the water cooling system, repairing the air fans and cooling system, and performing general maintenance. To pay for the overhaul, GPA proposes that it enter into a financing agreement with its PMC TEMES whereby GPA would pay back the \$1.4M for the overhaul to TEMES at 5% interest over a period of two years. The overhaul work is necessary to maintain the functioning of the Cabras #1 unit. GPA's request is reasonable, prudent and necessary.

The second element of the request involves Improvement projects for the Cabras plants. A detailed listing of the improvements is set forth in Exhibit "1" to the Counsel Report. One project is to replace the traveling screen assemblies. A second project is boiler re-heater tube replacement. A third is secondary superheater tube replacement. The tubes are over 37 years old and have not previously been replaced. It is necessary to replace the tubes to improve the efficiency of the Cabras #1 plant. Based upon the GPA Report, these three additional Improvement projects are reasonable and necessary. GPA has submitted a detailed cost benefit analysis. It indicates that the proposed expenditures are cost effective.

Counsel next addressed certain financing issues concerning the use of the 1999 Bond Funds for funding of the Improvement projects. Information submitted by GPA shows that there is a balance in the 1999 Bond Funds of \$3.486M. Here, GPA seeks \$2.9M for funding these Cabras projects. There are sufficient 1999 Bond Funds for these projects. Counsel has also determined that use of these Bond Funds is authorized by law. Public Law 25-04 authorized the use of bond funds for the Cabras Refurbishment Project. Funding protocols for the project have a category for Cabras Miscellaneous. Thus, the proposed Projects fall within the intent of the law; the PUC can authorize the use of bond funds for the proposed purposes.

In the proposed Order, PUC would approve the Cabras #1 Overhaul and expenditure in the amount of \$1.4M; GPA would also be authorized to enter into the financing agreement with TEMES on the terms indicated: 5% interest and 24 months repayment. As to the second part of the request, GPA would be authorized in the proposed Order to undertake the three Improvement projects at a cost of \$2.9M and to use the 1999 Bond Funds to pay for these projects.

Commissioner Montinola asked whether any of the Cabras boiler units were down, and whether these upgrades were part of the LNG process. GPA's General Manager of Operations Melinda Camacho indicated that the units were available, and that these repairs were not a part of the LNG process. The overhaul and repairs were designed to maintain unit availability and efficiency. Commissioner McDonald asked how long the overhaul process takes. Ms. Camacho indicated that it was usually 45 days. The Chairman asked how the Cabras #3 repair process was going. Ms. Camacho indicated that the repairs were on schedule and that the new shaft should arrive in July. Insurance studies are delayed, and it took a while to cut a sample from the shaft. The actual manufacturing of the new shaft is on schedule. Ms. Camacho indicated that the disk is okay. Commissioner Montinola clarified that Cabras #3 should be back online by the end of September.

Commissioner Perez asked when the parts would be ordered. Ms. Camacho indicated that that would be done soon in anticipation of the new overhaul. Commissioner Perez asked whether there was a possibility of insurance coverage for the Cabras #3 repairs. Ms. Camacho was hopeful that there would be coverage, including business interruption coverage. Commissioner Perez asked what would happen to the monies expended for the repairs, or whether GPA would wait for the insurance decision. Ms. Camacho indicated that GPA pays as it is invoiced. There would be reimbursement where the capital is used. Ms. Camacho clarified that the projected repair cost for Cabras #3 is \$4.5M, and that GPA employees would be working together with TEMES. Commissioner Perez asked whether GPA employees were involved in the learning process. Ms. Camacho indicated that they were; GPA is intimately involved in the whole process. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Cabras #1 Overhaul and the Expenditure of Bond Funds for Capital Projects and adopted the Order made *Attachment "B"* hereto.

The Chairman stated that the next item on the agenda was GPA Docket 11-09, GPA's 2011 Multi-Year Base Rate Filing, Phase II Issues. Counsel indicated that this matter was on hold, but that he would give a status report. On this matter the parties are still discussing two issues: one on the debt service coverage ratio and the other on the self-insurance fund cap and the applicable protocols. There will be a conference on this matter towards the end of the month. Counsel also announced that GPA has filed its Petition for a Rate Increase in FY2014. The Commission will now commence proceedings to consider that rate request. Binders with the rate petition have been provided for the Commissioners' consideration.

3. Port Authority of Guam

The Chairman announced that the next item on the agenda was PAG Docket 11-01, Tariff Rate Relief and ALJ Status Report. Counsel indicated that he was reporting on ALJ Mair's report on the Port Authority proceedings. The Report indicates that there was a meeting on April 13 involving the Port's consultants, Parsons, members of the Board Management, and the ALJ. There was an effort to work out the timing of the rate case and how the rate case will proceed. The Port had previously submitted a five-year rate plan; however, changes are now being considered. One change is the slow pace of the military build-up. This slow pace of the build-up has affected the Port Authority's original 2007 Modernization Plan. The Port consultants indicated to the ALJ that presently the Port is still looking at a five-year rate plan and what that might entail.

The plan is obviously affected by considerations of the slower pace of the build-up. Also being considered are issues concerning the cost of the POLA cranes and other factors that will go into the rate case. The bottom line is that, at present, the Port is not ready to proceed with a five-year rate case. However, the Port may petition the PUC for an interim rate case for 2014. After an update on the modernization and finance plans, the Port will be in a better position to know when the five-year rate case can be filed. Different growth scenarios are being considered. No final conclusions have been reached at the present time. Update to the Port Modernization Plan will likely reflect a downsizing from the former blueprint. When the Port comes back to the PUC, the PUC is in a holding pattern on this matter.

4. Guam Waterworks Authority

The Chairman announced that the next item for consideration by the Commissioners was GWA Docket 11-02, Request by GWA for Approval of \$1.2M Increase in GWA's Program Management Office Contract with Brown & Caldwell, PUC Counsel Report, and Proposed Order. Counsel indicated that this matter had been before the Commissioners in December 2012. At that time the Commission conditionally approved an increase to the Brown & Caldwell contract in the amount of \$1.2M. The original contract was approved in February of 2012. The additional \$1.2M was primarily requested for new projects that GWA wishes to undertake. During the December meeting, however, GWA had not provided justification for the new projects, including southern sewer project, I & I projects and a few other projects. Scopes of work, work authorizations, and proposed budgets had not been provided. In the PUC

December Order, GWA was required to submit materials which would justify those projects. Once the appropriate documentation was submitted, Counsel was to file a certification with the Commission establishing that GWA had provided the required information.

On February 18, 2013, GWA submitted work authorizations for the PMO Brown & Caldwell's projects. Those included authorizations for general program management support, an archaeology survey project for the Chaot and Agana Heights design build package, Phase I Facility Evaluation for the Umatac project, Phase I Merizo Wastewater System Evaluation, Phase I Project Management for the Agana Wastewater Treatment Plant Primary Upgrade Improvements, and the Southern Sewer Basin Sanitary Sewer Evaluation Survey. These work authorizations contained the materials that the Commission would normally want when it reviews a project. Evaluations described the scope of the projects, the costs, the number of man hours that the projects will take, and other types of required information. Subsequently, in March GWA provided an amendment to one of the work authorizations and an updated summary of the GWA PMO Budget Allocation.

The original Budget Allocation was \$3.2M. As of a few months ago, at least \$2.2M had already been expended. \$3.2M has been allocated to the original work authorizations that were approved. However, new work authorizations for this year are essentially those for which the \$1.2M is being requested. Counsel finds that there is a basic justification for the increase, and he has recommended approval, although he notes a lot of questions about the PMO project and the costs. He understands that, in its five year plan, GWA intends to maintain this type of level of consulting fees for the next five years in the approximate amount of \$4M a year. The PMO assists GWA in meeting District Court ordered deadlines on water and sewer projects. Although the increase has been justified, there are still a lot of questions that remain about the PMO project and about the levels of spending that are anticipated. Counsel has not taken a position against the PMO; however, the PUC must ensure that all expenses of the utility are reasonable and prudent – these expenses will be reflected in the rate case.

Counsel has prepared an Order for the Commissioners which will require GWA, within 60 days of the Order, to file a detailed report with the PUC concerning its long range plans for the use of the PMO, the scope of projects, the projects that have to be performed, etc. The original justification for the PMO was the military build-up. GWA needs to address whether the absence of the military build-up affects the need to invest this type of funding in a PMO. Also, the Commission does not presently have a good idea of exactly what steps the PMO and GWA have taken to pass on the PMO's skills to the GWA employees, or the type of training provided. The proposed Order submitted by Counsel would approve the \$1.2M increase, but require GWA, within 60 days, to submit a detailed Report to the Commission.

Commissioner Perez asked how the rental car per diem fees, overseas housing allowance, utility recurring maintenance, and lease car allowances were determined. To her, they seem exceptionally high. GWA General Manager Roush indicated that the

fees were negotiated. Commissioner Perez wondered whether \$250 per diem was the standard government rate. GM Roush said that that sounded fairly reasonable. Mr. Roush stated that Brown & Caldwell has an office on Guam, are hiring locally, and have three employees. Three people from the firm live on Guam and are residents of Guam. Commissioner Perez asked whether the housing allowance was going to employees that are hired locally. Commissioner Perez asked whether travel was for employees hired locally going to the mainland, or for bringing talent from the mainland to Guam. GM Roush stated that it's for bringing talent through the mainland here. While GWA didn't previously use the PMO for the Stipulated Order, GWA did not meet the Stipulated Order guidelines either. This year, 53 out of 54 deadlines were met. Mr. Roush then explained that it was difficult to find the necessary expertise for GWA in a small geographic area such as Guam. GWA needs experts in the industry; unless it has them it will not be able to solve the well and water production problems on Guam. A population base of 170,000 cannot support the type of technical expertise that is needed. GWA is still trying to maximize the use of local firms where possible. We simply can't expect the technical expertise necessary from the local market. We need to use off island help.

While not disagreeing with Mr. Roush, Commissioner Perez indicated her concern about the negotiation of these fees and paying for two employees to have housing here. She wonders whether some of the talents, such as "lead drafter" are not available on Guam. The rate payers are paying for this. Fees add up at \$70 per day, \$1,000 monthly for rental car, \$250 for per diem. GWA needs to be upgrading the skills of its employees. GM Roush indicated that the PMO was bringing costs in for projects for a lot less than the PMCs for the same engineering services, at a lot higher quality. GWA did a better job at prices with the PMO than it did with its PMCs. Of the \$2.4M in the first year, 25% went to local firms, not all to the PMO. GWA will do a better job in the future of making sure that jobs are bid out competitively. A lot of design works will go to local firms. If we don't bring in proper talent, it will cost us many more times the money. GWA is now building up its in house engineering staff. GWA is turning its finances around. Mr. Roush is proud of what GWA has accomplished with the PMO, relative to other engineering contracts. GWA is seeking to have the PMO train its local staff. Within two weeks, GWA will submit its Report to the PUC. The PMO is something the GM needs to have to be successful as a General Manager. No one has done more development of staff in the Government of Guam than GWA over the last year. GWA is in a crisis - a perfect storm. In five years GWA will have staff and Brown & Caldwell can be "squeezed" out.

Commissioner McDonald asked whether Shaw was reviewing this PMO contract.

Counsel indicated that it was. Commissioner McDonald asked when its report could be obtained. Counsel indicated deadlines hadn't been set yet, but he would speak with Shaw further about this on Thursday. GM Roush reiterated that he would provide his response to the PUC in two weeks. Commissioner McDonald asked that Shaw complete its work within the month of May, before the next meeting. Commissioner Pangelinan indicated that Mr. Roush's explanation was compelling and helpful to the Commissioners. Various Commissioners then asked about a possible presentation by

GWA of a site tour. Commissioner Montinola indicated that such a tour would be helpful to the Commissioners. The Chairman indicated that the PUC would work on scheduling a date way before the PUC's next meeting. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the \$1.2M increase for the Brown & Caldwell PMO Contract and adopted the Order made *Attachment "C"* hereto.

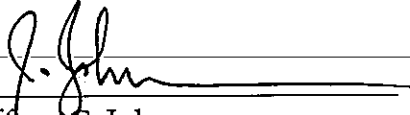
5. PUC Website

The Chairman indicated that the next matter for discussion was the PUC Website. The Chairman was happy to report that this may be the last meeting that we need to talk about the PUC Website. Counsel indicated that his report tonight was very short. Three words: "Website Has Launched!" There was applause by the Commissioners. Counsel furthered promised that henceforth, the PUC Website matter would not, absent extraordinary circumstances, appear on the monthly agenda. Commissioner Montinola indicated a suggestion concerning the photos. If you click on the photos, it is confusing. He had clicked "GPA" and the Port photo came on. Commissioner Pangelinan indicated that the Port was always the first page. He wondered whether it could just be GPA's picture when GPA was clicked on. Counsel also indicated that none of the photos at present are local photos. That could be changed later. The Chairman thanked Legal Counsel and the PUC Administrator for their efforts in working on the website.

6. Administrative Matters

The Counsel explained that the PUC Consulting agreement with Shaw Consultants was entered into in February of 2012. The Consultant Agreement provides for services up to five years, but the one year terms are renewable annually. The proposed Resolution would extend the Shaw Agreement for another year. It would start in February of 2013 and continue until February of next year. Counsel indicated that Shaw has provided good services, and that their costs have been reasonable. Shaw is willing to negotiate on prices. Commissioner Perez noted that that this is the crux of the management of the consultants. The Chairman remarked that matters will change with the consulting relationship with such management. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the Resolution extending the Shaw Consultants International Consulting Agreement for one year, which resolution is made *Attachment "D"* hereto.

There being no further business, the Commissioners moved to adjourn the meeting.



Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 202, GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
7:00 p.m., April 30, 2013**

Agenda

- 1. Approval of Minutes of March 26, 2013**
- 2. Guam Power Authority**
 - **GPA Docket 13-03, Petition for Contract Review of GPA's Request to Finance Maintenance Work at Cabras #1 and to Use 1999 Bond Funds for Capital Projects, PUC Counsel Report, Proposed Order**
 - **GPA Docket 11-09, GPA's 2011 Multi Year Base Rate Filing, Phase II Issues (Self Insurance Fund Protocols/Debt Service Coverage Ratios), ALJ Report, Proposed Order**
- 3. Port Authority of Guam**
 - **PAG Docket 11-01, Tariff Rate Relief, ALJ Status Report
Guam Waterworks Authority**
- 4. Guam Waterworks Authority**
 - **GPA Docket 11-02, Request by GWA for Approval of a \$1.2M Increase in GWA's Program Management Office Contract with Brown & Caldwell, PUC Counsel Report, Proposed Order**
- 5. PUC Website**
 - **Report by Administrator and Legal Counsel on website launch**
- 6. Other Business**

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)	GPA DOCKET 13-03
)	
GUAM POWER AUTHORITY'S)	
REQUEST TO FINANCE)	ORDER
MAINTENANCE WORK AT CABRAS)	
#1 AND TO USE 1999 BOND FUNDS)	
FOR CAPITAL PROJECTS)	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Guam Power Authority ["GPA"] for Contract Review of GPA's Request to Finance Maintenance Work at Cabras #1 and to Use 1999 Bond Funds for Capital Projects.¹

BACKGROUND

2. In its Petition, GPA is seeking PUC approval for two projects: (1) a major overhaul of the Cabras #1 plant scheduled for May 2013, which will cost \$1.4M, to be financed by TEMES; and (2) the undertaking of capital projects to be conducted at the same time as the overhaul, to replace superheater tubes, reheater tubes, and traveling screens (which would be paid for from 1999 Bond Funds).²
3. For the Cabras #1 Overhaul, GPA proposes to enter into a financing agreement with TEMES in the amount of \$1.4M at 5% annual interest rate for a period of 24 months. The installation of the superheater tubes, reheater tubes, and traveling screens will cost \$2.990M; GPA requests that it be authorized to use 1999 Bond Funds for this project.³
4. A detailed listing of the projects involved for both the overhaul and the capital improvement projects is attached to the PUC Counsel Report issued herein as Exhibit "1".
5. On December 12, 2012, the Guam Consolidated Commission on Utilities adopted Resolution No. 2012-82, which found that the major Cabras overhaul was necessary and authorized GPA to seek approval from the PUC to finance the major operations and overhaul work, and to use 1999 Series Bond Funds for Capital Projects at Cabras #1.⁴

6. PUC Legal Counsel issued his Report herein on April 23, 2013.⁵

¹ GPA Petition for Contract Review of GPA's Request to Finance Maintenance Work at Cabras #1 and to Use 1999 Bond Funds for Capital Projects, filed March 26, 2013.
² Id. at p. 1.
³ Id. at p. 1.
⁴ CCU Resolution No. 2012-82, adopted December 12, 2012.
⁵ PUC Counsel Report, GPA Docket 13-03, issued April 23, 2013.

DETERMINATIONS

7. The last major overhaul of Cabras Unit #1 was in July 2011; the unit has been in operation for 16 months without any major overhaul and will be running for 23 months before the scheduled overhaul.⁶
8. Major projects for the overhaul include refurbishment of the air heater rotors and pin racks.⁷ Replacements of the rotor and pin racks on each of the two air preheaters on Cabras #1 should help to maintain the reliability, availability and efficiency of the boiler.⁸
9. Included in the overhaul is the replacement of the current metal Circulating Water Pump discharge pipes with non-metallic material (HDPE). The project should promote the reliability and availability of the unit by improving the condition of the circulating water system.⁹
10. For the overhaul work, the cost-benefit analyses indicate that the expenditures for the overhaul projects are justified and cost effective.¹⁰
11. The Overhaul projects are reasonable, prudent and necessary.
12. There are three major necessary capital improvement projects proposed: Unit #1 CWP Traveling Screen Assembly Replacement, Boiler Reheater Tube Replacement, and Secondary Super Heater (SSH) Tube Replacement. The cost of these three projects is \$2.9M. GPA proposes to finance such projects through the 1999 Bond Funds.
13. For each of the three CIP projects, GPA has provided detailed justifications and cost-benefit analyses. These improvements should all help to improve the overall unit efficiency of Cabras #1, and should also improve the unit's Equivalent Availability and reduce the Equivalent Forced Outage Rate on the unit.¹¹
14. The cost benefit justifications provided by GPA also establish that the proposed capital improvement projects are reasonable, prudent and necessary.

⁶ Id. at p. 1.

⁷ Id.

⁸ Attachment-1 to Petition for Contract Review: Air Preheater 1A & 1B Rotor Refurbishment (2013 Major Maintenance).

⁹ Attachment-2 to the Petition for Contract Review: Cabras Units 1 & 2 Circulating Water Pump Discharge Piping Replacement with Non-Metallic (HDPE) material 2013 Major Maintenance.

¹⁰ Id. at Attachments-1&2.

¹¹ Attachment -4 to the Petition for Contract Review: Cabras Unit #1 Reheater Tube Replacement (2013 Capital Improvement Project).

15. GPA proposes to finance the Cabras Overhaul through a financing agreement with TEMES for \$1,400,000 at 5% annual interest rate for a period of 24 months. Such a financing vehicle is well established. GPA has often financed the construction of plant improvements through its Performance Management Contractors. The borrowing of such construction funds at a reasonable interest rate conserves GPA's financial resources and improves its liquidity.
16. GPA also asks that PUC approve the use of 1999 Bond Funds in the amount of \$2.9M for the capital improvement projects. In GPA's Response to PUC Requests for Information,¹² GPA has demonstrated that it has a Construction Fund Balance from the 1999 Bonds available in the amount of \$3.486M. Thus, there are sufficient bond funds available for the completion of the CIP projects listed in the instant petition.
17. There is legal authority for the PUC to approve the use of such bond funds for the projects requested. Public Law 25-04 Section 4(c) set forth the terms and conditions for the approval of the issuance of GPA revenue bonds [the 1999 bonds]. Therein, one of the specifically approved projects for the use of such bonds is the "Cabras Refurbishment Project." "Cabras Miscellaneous" is furthermore an approved project category for the expenditure of the 1999 bonds.
18. The authorization requested by GPA herein would appear to fall within the categories of Cabras Refurbishment and Cabras Miscellaneous expenditures. Cabras Refurbishment is an appropriate use for the expenditure of such funds.

ORDERING PROVISIONS

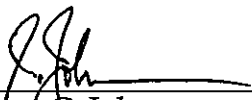
Upon consideration of the record herein, the GPA Petition for Approval of GPA's Request to Finance Maintenance Work at Cabras #1 and to Use 1999 Bond Funds for Capital Projects, and the PUC Counsel Report, for good cause shown and on motion duly made, seconded and unanimously carried by the undersigned Commissioners the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA is hereby authorized to proceed with the scheduled Cabras #1 major overhaul scheduled for May 2013.
2. GPA is authorized to expend the sum of \$1.4M for the Cabras Overhaul.
3. GPA may finance the Cabras Overhaul through a financing agreement with TEMES in the amount of \$1.4M at an annual interest rate of 5% over 24 months.
4. GPA is authorized to undertake the capital projects set forth in its Petition, including the replacement of superheater tubes, reheater tubes and traveling screens.

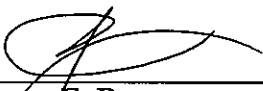
¹² GPA's Response to PUC Requests for Information, GPA Docket 13-03, filed April 22, 2013.

5. GPA is authorized to expend the amount of \$2.990M for the capital projects indicated in the Petition, and to use 1999 Bond fund proceeds for the funding of such projects.
6. 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 30th day of April, 2013.




Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner




Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner



Peter Montinola
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:

REQUEST BY GUAM WATERWORKS
AUTHORITY FOR APPROVAL OF A
\$1.2M INCREASE IN GWA'S
PROGRAM MANAGEMENT OFFICE
CONTRACT WITH BROWN &
CALDWELL

GPA Docket 11-02

ORDER



INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Guam Waterworks Authority ["GWA"] for approval of a \$1.2M increase in GWA's Program Management Office ["PMO"] Contract with Brown & Caldwell.¹

BACKGROUND

2. In its Order dated December 11, 2012, issued herein, the PUC "conditionally" approved GWA's request for a \$1.2M increase in GWA's PMO Contract with Brown & Caldwell.²
3. The PUC found that GWA had failed to submit proper work authorizations and other documentation required by Paragraph 6 of the Contract Review Protocol between GWA and PUC.³ The request for the increase in PMO funding was not properly justified.
4. PUC Legal Counsel was instructed to certify compliance when GWA had filed appropriate documentation pursuant to Paragraph 14 of the order, which included Work Authorizations for the additional projects with appropriate descriptions of the projects, including timeframes and deadlines, and cost estimates with explanations.⁴

¹ GWA Petition for Approval of a \$1.2M Increase in GWA's Program Management Office Contract with Brown & Caldwell, GPA Docket 11-02, filed November 13, 2012.

² PUC Order, GPA Docket 11-02, dated December 11, 2012.

³ Id. at p. 4.

⁴ Id. at p. 3.

5. On April 23, 2013, PUC Legal Counsel submitted his CERTIFICATION OF COMPLIANCE BY PUC LEGAL COUNSEL, certifying that GWA had produced the appropriate documentation required by the December 11, 2012 Order.

DETERMINATIONS

6. In accordance with the CERTIFICATION OF COMPLIANCE filed by PUC Legal Counsel, the Commission finds that GWA has submitted the appropriate Work Authorizations and other documentation in accordance with the December 11, 2012 Order.
7. Since appropriate project descriptions, timeframes and deadlines, and cost estimates have now been provided, final approval should be granted for the requested \$1.2M increase in the PMO Contract of Brown & Caldwell, as well as the proposed projects.
8. However, the PUC in accordance with prior Orders, should require a further report and explanation from GWA as to its long range plans for utilization of the PMO and efforts to date PMO has taken to develop the skills of GWA employees for performance of the tasks and duties presently performed by the PMO.

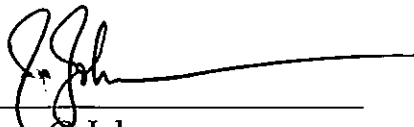
ORDERING PROVISIONS

After careful review and consideration of the record herein, the above determinations, the Work Authorizations submitted by GWA, the PUC COUNSEL CERTIFICATION OF COMPLIANCE, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GWA's Petition for Approval of a \$1.2M increase in GWA's Program Management Office Contract with Brown & Caldwell is hereby approved.
 2. Within 60 days from the date of issuance of this Order, GWA shall submit to the PUC a detailed report which includes the following information:
 - (a) A detailed explanation of GWA's proposed immediate and long range plans for use of the PMO, including the remainder of this fiscal year and over the next five years and beyond. Such explanation should include general tasks proposed and general scopes of work;
-

- (b) A discussion of the need for a PMO; a PMO was not utilized by GWA to handle Stipulated Order Projects from 2003 through 2011; what is the justification for the use of a PMO now? When the PMOs were approved by the PUC initially, the justification was the need created by the large number of military buildup projects. Is a PMO necessary in light of the delay in the military buildup? It now appears that the PMO is intended to perform the ongoing sewer and water projects of GWA;
 - (c) A discussion of how the PMO plans to institutionalize and pass on its skills to employees, what has been done to date, and what specific staff development and process improvement plan there are in effect;
 - (d) Provision by GWA to the PUC of copies of staff development and process improvement plan proposed and executed by PMO Brown & Caldwell, and portions of the GWA-Brown & Caldwell contract which specifies in detail precisely how the PMO will optimize the skills of GWA employees;
 - (e) A brief Outline of the major accomplishments of the PMO; and
 - (f) A description of the steps to date that the PMO taken to develop the skills of GWA employees.
3. 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 30th day of April, 2013.

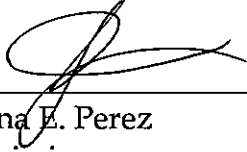


Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner

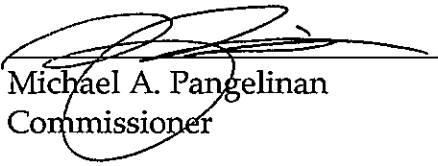
Order
GWA Request for
Increase in PMO Contract
GPA Docket 11-02
April 30, 2013



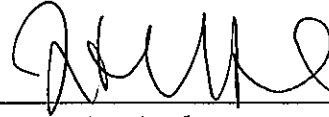
Rowena E. Perez
Commissioner



Filomena M. Cantoria
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

**PUBLIC UTILITIES COMMISSION
OF GUAM**

Jeffrey C. Johnson

Suite 207, GCIC Building
Post Office Box 862
Hagatna, Guam 96932

David A Mair
Administrative Law Judge

Joseph M. McDonald
Filomena M. Cantoria
Rowena E. Perez
Michael A. Pangelinan

Telephone: (671) 472-1907
Fax: (671) 472-1917
Email: info@guampuc.com

Lourdes R. Palomo
Administrator



RESOLUTION NO. 13-01

**RE: EXTENSION OF PROFESSIONAL SERVICES AGREEMENT FOR
WATER AND POWER CONSULTANT FOR FY2013-14**

Whereas, the Guam Public Utilities Commission ("PUC") is an autonomous instrumentality within the Government of Guam;

Whereas, pursuant to 12 GCA §12002(a), the PUC has the authority to retain consultants;

Whereas, on or about February 22, 2012, the PUC approved a Professional Services Agreement with Shaw Consultants International Inc. for the purpose of advising the PUC with regard to regulatory oversight supervision of the Guam Waterworks Authority and the Guam Power Authority; and

Whereas, the above-referenced Professional Services Agreement provided for a maximum total term of five years, with four one year options to extend;

Whereas, Shaw Consultants International has now provided consulting services to the PUC for a year; and

Whereas, the Commission is satisfied with the services rendered by its Consultant on water and power matters; and

Whereas, the PUC hereby desires to exercise its option to extend the Professional Service Agreements of its water and power Consultant for an additional one year period;

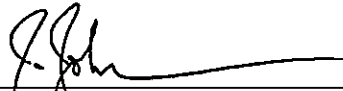
NOW THEREFORE, in due consideration of the above recitals and for good cause shown, the PUC hereby resolves that:

1. The Professional Services Agreement retaining Shaw Consultants International Inc., for the PUC is hereby extended for a period of one year;

ATTACHMENT D

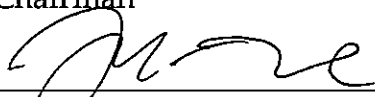
3. During the period of the one year extension, all terms and conditions of said Agreement between the PUC and the above referenced Consultant shall fully remain in effect and shall govern the respective relations of the parties.
4. The Chairman is authorized to sign all documents necessary to effectuate the above referenced professional services agreement.

Dated: April 30, 2013




JEFFREY C. JOHNSON
PUBLIC UTILITIES COMMISSION
Chairman

Dated: April 30, 2013




JOSEPH M. MCDONALD
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: April 30, 2013



FILOMENA M. CANTORIA
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: April 30, 2013



ROWENA E. PEREZ
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: April 30, 2013



MICHAEL A. PANGELINAN
PUBLIC UTILITIES COMMISSION
Commissioner

Dated: April 30, 2013



PETER MONTINOLA
PUBLIC UTILITIES COMMISSION
Commissioner