

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
APRIL 24, 2014
SUITE 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m. on April 24, 2014, pursuant to due and lawful notice. Commissioners Johnson, Perez, McDonald, Pangelinan, Montinola, Cantoria, and Niven 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 31, 2014. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the minutes subject to correction.

2. Guam Waterworks Authority

The Chairman announced that the next item of business was GWA Docket 13-01, Petition for Approval of an Additional \$3.199M increase in GWA's PMO Contract with Brown & Caldwell, and Status Report. Counsel indicated that no action by the Commissioners was required this evening. GWA's request for PMO expenditures indicates that the total amount of such expenditures for years 2012-2014 will be \$9.7M if the Commissioners ultimately approve this present request for \$3.2M. In his Status Report, ALJ Alcantara details the past history of approvals of the amounts for PMO spending. ALJ has referred this matter to Lummus Consultants for an opinion concerning the petition and the necessity for the Commission to approve the current request for \$3.2M.

3. Port Authority of Guam

The Chairman announced that the next item on the agenda was PAG Docket 14-04, Petition for Contract Review of PMC Contract with Marine Technical Services, ALJ Report, and Proposed Order. Counsel indicated that the Port has petitioned the PUC for approval of a Performance Management Contract for the POLA [the Port of Los Angeles] cranes, and in particular maintenance service for those cranes. Pursuant to Public Law 31-145, the Port does not have much choice in this matter. The Legislature mandated the purchase of the POLA cranes.

Furthermore, the Port was required by the Legislature to contract pursuant to the Procurement Act for the services of a Performance Management Contractor to manage the performance, operation, and maintenance of the newly acquired POLA gantry cranes and other cranes used in support of Port operations. The Port went out for a bid,

but only two bids were submitted. After due consideration, the Port decided that Marine Technical Services was the most qualified bidder. In his Report, the ALJ finds that MTS has a substantial amount of background experience in the maintenance of cranes. The General Manager of MTS previously worked with the Port of Los Angeles. The cranes were originally in that port. MTS has also performed work for companies on Guam such as Matson. It has a long history of crane repair with worldwide operations; MTS has its own repair center. If there is any problem with the cranes, MTS has its own service center where parts can be obtained at cost plus a certain percentage.

The annual cost of this contract will be a little over \$1M per year. The ALJ found that the amount will actually result in a reduction from what is currently being paid. The Port's present cost for maintenance of the cranes and related services is approximately \$2.6M. The \$1M is not necessarily a cap, because other services are provided for under the agreement, such as certifications for workers, repair of equipment, the bringing in of parts which could well be beyond the \$1M figure the Port has requested. The proposed Order would provide the PAG is authorized to enter into the PMC Contract with MTS for an estimated annual cost of \$1,020,000.

Under the Contract Review Protocol, the Port will be able to exceed the approved contract amount by up to 20%. This will enable the Port to pay for time billed services or the repair of equipment, so there is some cushion for extra expenditures required. The Proposed Order adopts the findings of the ALJ, and determines that the contract is required by law and is prudent and necessary.

The Chairman noted that Gantry 3 required a large share of the maintenance budget. He asked whether it performed a special mission in addition to the three POLA cranes that was necessary, or whether it could be set aside allowing the other POLA cranes to do the job. General Manager Joann Brown indicated that this issue had been brought up to the PAG Board. Gantry 3 provides additional capacity if any of the other three POLA cranes is down and a vessel comes in to the port. The cost of Gantry 3 almost equals the maintenance cost of three POLA cranes. At some point, the Port will have to reevaluate and address the need for retiring Gantry 3. The care of rust on that crane is constant and goes back as far as 1979 when the crane was brought in from Subic.

The Chairman asked whether MTS would also be maintaining all of the cranes. GM Brown indicated that it would maintain all five cranes. Since 2012, the Port has had an interim agreement with Matson that it would hire the contractor that maintains the cranes for the Port. If the PUC concurs, then the company MTS will now work directly for the Port. The Port will direct said company in terms of operations and working in coordination with the Port employees to maintain the cranes. The actual physical work for the maintenance of cranes will be done by the Port Authority. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the PMC Contract between the Port and Marine Technical Services for the maintenance, repair and associated services regarding the POLA Cranes, and adopted the Order made *Attachment "B"* hereto.

4. Guam Power Authority

The Chairman announced that the next item of business was GPA Docket 14-02, Petition for Contract Review Ratification of Additional Charges under the R.W. Armstrong PMO Contract, PUC Counsel Report, and Proposed Order. Counsel indicated that the matter originally came to the PUC because GPA had expended an additional \$544,000 for its PMO. There was certain work that was done for the Performance Management Contractors at GPA involving the Cabras plants. PMCs hired the PMO, R.W. Armstrong, to do the work. However, the problem was that GPA had already expended most of the \$3.9M cap for the PMO services.

The PUC enacted the cap in 2012, when it first authorized \$3.9M for GPA to expend on its PMO Armstrong. GPA indicated that the PMO Contract was supposed to be good for three years and that the approved amount would satisfy the services for three years. In retrospect, the \$3.9M was exceeded in the second year, and was additionally exceeded by the amount that was paid for the PMO for the Cabras plant work. The total amount expended by GPA in 2012 and 2013 was \$4.44M for the Armstrong PMO Contract-- an excess of \$544,221 over the authorized amount. Although GPA did not have approval to expend this excess amount, it now is requesting PUC approval on the grounds that Armstrong already performed the contract services and GPA has little option other than to pay for such services. Aside from the issue of GPA's exceeding the cap in the PUC Order, it is true that the excess amounts were contracted, purchase orders signed by GPA, and the services for the work performed by Armstrong. GPA has little option at present other than to pay for its contractual obligation. With reservation, Counsel recommends that the Commission authorize GPA to pay the requested amount to the PMO because the services were rendered and do constitute a contractual obligation.

Counsel finds it disturbing that GPA exceeded the Commission's January 2012 expenditure limit of \$3.9M. The Order was specific - the \$3.9M amount was an amount "not to be exceeded." GPA's actions in incurring and authorizing the excess expenditure do constitute a violation of the PUC's Order. Counsel further explored the PMO contract, how much has been expended; how projects have been used by GPA, etc. Counsel obtained all the billings of R.W. Armstrong from the beginning of the PMO project to better understand what was billed and whether ratepayers are getting a sufficient return on this large expenditure.

When created, the PUC intended that the PMO was created for two specific functions: military build-up projects and capital improvement projects. The military build-up rationale has no applicability due to the non-occurrence of the military build-up. Most of the work that the PMO has done does not relate to capital improvement projects. With regard to billing rates, Armstrong unilaterally raised its billing rates seven months into the contract. Top hourly rates were raised from \$319.00 per hour to \$332 per hour. All the rates of all personnel across the board were also increased after seven months. Since the contract budget had already been approved by the PUC and the contract had been entered into, it is not clear what justifies these large increases in PMO charges seven months into the contract.

In addition, seven months into the contract, Armstrong began to charge an administrative fee of 4.16% of the entire billing. It never indicated what justified this increase after the contract had already been entered into. The billings in general do not indicate what services were performed by the contractors – they indicate only hours billed, the person who billed the hours, and the date of service. Projects are assigned to the PMO through task orders and work orders. These indicate a lump sum as to what will be paid for the project; there's no indication of how the amount was determined or what specific tasks were performed. Specific deliverables are frequently not indicated. It is difficult for the PUC to assess at this point if the cost of the services is justified because one cannot determine from the billings alone what GPA got from the consultants for these amounts.

Instead of military build-up or capital improvement projects, the PMO is involved in other areas such as a very large media operation funded through the PMO. Consultants are undertaking internal GPA functions. These include development and execution of a proactive media plan, marketing, communication strategy, public speaking, media and communication training, rapid response to communication issues identified by GPA, development and execution of a strategic communications plan, and development of a rapid response to base rate increase. Administrative support work has also been done for the GPA budget office, internal work on the GPA centrex system, and work related to GPA's new office facility in Fadian. Consultants have also been doing customer service work, including customer contact concerning demand charge issues. Use of consultants for these purposes may not be improper, but it was certainly not the intent of the PMO program originally that the PMO would be performing so many internal services for GPA.

In addition, as the Commission knows, on the LNG side, the PUC has already approved an additional \$1M in the last LEAC rate for the PMO to do work on the LNG Report and the implementation plan. Therefore, the real total authorized to date by the Commission over the three years for the PMO services is about \$5.4M. The issue has been raised as to whether Armstrong has the experience to undertake the LNG Report. It does appear that the present PMO structure may create a new level of management bureaucracy where the PMO charges for managing other consultants that perform the services. In the past, GPA has hired other managers for projects that have directly performed the project such as Black & Veatch with the Smart Grid project. R.W. Beck has performed many services for GPA over the last thirty years. There needs to be a more detailed investigation of this matter. While GPA should be authorized to pay Armstrong for services rendered, the over expenditure indicates a lack of care in the PMO program. The Commission should find that GPA violated the January 10, 2012 Order and should be authorized to engage a PUC consultant to examine the matter further. The PUC can consider different options, such as abolishment of the PMO program, placing a cap on the amount that GPA would be authorized to expend or possible other options.

Commissioner Niven noted that in January 2012, GPA indicated that \$3.9M would be sufficient to cover the next 36 months of PMO services. The next milestone communication from GPA is CCU Resolution on March 11, 2014 identifying the need for an additional \$544,000 over expended. Commissioner Niven asked Counsel whether there had been any other communications in the two year plus period indicating that GPA was getting near to or exceeding the cap. Counsel indicated that he did not recall receiving any such communications. There had only been reports on certain aspects of the PMO projects. Commissioner Cantoria asked whether it was appropriate for another contractor of GPA, the PMC, to be ordering services or work from the PMO. Counsel indicated that GPA is extending some discretion to the PMCs to do work on the plants. Ultimately, it is GPA that pays for the additional work and services. GPA is ultimately liable for the cost of the contractors that the PMC hires. In this case, GPA was aware that the PMCs were hiring Armstrong for these projects.

Commissioner Cantoria then asked whether the over expenditure was not inadvertent. Commissioner Cantoria wondered whether GPA would dismiss the PMO because the funds had been exceeded and there was no military build-up. Counsel believes that there will soon be a request for an additional \$440,000 for PMO services. Commissioner Perez indicated that even though a cap had been set by the PUC, there has been no control. In addition, there is now an additional half million dollar request for services. Commissioner McDonald wondered what deliverables the PMO accomplished in two years with the \$500,000 over expenditure. Counsel indicated that the overall contract is for five years. The three year estimate is what GPA estimated to the Commission when it asked for the original \$3.9M. Commissioner McDonald asked whether the deliverables were met. Counsel responded that he was not sure. Some GPA management officials feel that deliverables were met, but others indicate that there are not sufficient deliverables.

Commissioner Montinola indicated that the additional \$1M for LNG work would be subcontracted out. Counsel stated that he had heard that there were already three contractors working on the LNG project, including Armstrong, HDR, and MEI. The Chairman indicated that Armstrong was acting as an overall contractor to bring in the other entities to plug in the pieces for the LNG plan. Commissioner Pangelinan indicated his concern that GPA does not make an effort in its Petition to explain how the over expenditure occurred. He feels that GPA does not consider this to be significant. The Chairman then offered GPA and Armstrong an opportunity to address these matters in further detail. Ms. Melinda Camacho, the Assistant General Manager of Operations for GPA, explained that the \$500,000 that was spent through the PMC was for the Cabras 3 recovery on the insurance issue and the DCS bond project under Cabras 1 and 2. She indicated that GPA never intended to exceed the \$3.9M and it apologizes. They were looking at work done under separate entities, including the PMC. Commissioner Montinola indicated that it is difficult to understand from the billings where the \$3.9M was spent. Can GPA address that? Ms. Camacho stated that GPA was not looking at time and expense, but at the project level cost. Cost was negotiated to achieve a specific project level work like a field study or particular issue.

The focus was not on hourly billings but on the level of effort. GPA was trying to control the cost by not doing a time and expense project. Commissioner Montinola asked whether the tasks were detailed in the consultant billings or whether the consultants just gave a flat rate indicating hours of work. Ms. Camacho indicated that the consultants billed for a certain amount and indicated their timesheets in support of the billing. Whether they took a hundred or a thousand hours, GPA negotiated a fixed cost for that specific task. So it was not necessarily looking at the number of hours expended. GPA was looking at the deliverable which Armstrong had to bring forth. Commissioner Cantoria wondered if GPA was not both separately paying the consultant and the PMO. GPA was paying the PMC contractor and others to do the Cabras work. GPA Counsel Botha indicated that the PMO was responsible for any of the subcontractors it hires.

Commissioner Montinola asked if there were other fees, like the 4.16% administrative fee, that were being paid to Armstrong to do the work that someone else is doing as well. Is Armstrong tacking on their fees to manage and receive the work from other contractors? Counsel Botha indicated that the administrative fee appeared to be for GRT. Commissioner Cantoria indicated that GPA should have known about the services required for Cabras. Counsel Botha indicated that GPA did receive separate PUC approval for both the Cabras 3 shaft project and the Cabras 1 and 2 DCS repair. The error GPA made was in using the PMC to hire PMO services together with that role. GPA thought that this was a separate issue from the PMO and did not seek approval for exceeding the \$3.9M at that time. Also, GPA thought that the 20% contract review excess could apply. GPA did make every reasonable effort to manage cost and directly paid the cost through the PMC.

The Chairman asked whether the new \$440,000 for PMO services was LNG related. GPA Counsel indicated that it was for PMO services to manage the LNG process. Commissioner Perez asked what type of monitoring GPA does with all the spending that's occurring. In addition to the excess expenditure of \$544,000, GPA is now requesting another \$440,000. The cap was exceeded and after the fact, PUC is asked to approve for the services rendered. What kind of monitoring is GPA doing for accountability to insure that PUC threshold is not exceeded? It is not clear what the deliverables are and there is no breakdown. The PMO is doing internal work that GPA employees can do as well. The PMC must be accountable to the people on how the money is spent. Commissioner Perez's concern is that the monitoring system is not tight to be accountable on every penny spent so that the ratepayers trust that GPA is going to be able to control and honor that trust because of the rates GPA seeks. Counsel Botha indicated that CCU has struggled with making sure that GPA reports on a regular basis and monitors these things. GPA could have done a better job in the past.

There are now five task orders that are tracking the additional \$1.022M that's being expended. AGMO Camacho indicated that the over expenditure wouldn't happen again because GPA is taking responsibility to monitor expenses. The appropriate

approvals are needed when services go through the PMC or the PMO. The Chairman asked whether GPA really had the need to undertake all the media services which Counsel had mentioned with the PMO. Commissioner Cantoria asked whether the investigation indicated in the proposed Order would cover the entire \$3.9M or just the \$544,000 over expenditure. Counsel confirmed the entire \$3.9M would be covered. Commissioner Cantoria offered her services and those of her students to address these billings. Commissioner Cantoria also feels that the PMO should advise GPA if it is exceeding its limit. Chairman Johnson asked whether PUC would be receiving the LNG report. AGMO Camacho indicated that PUC would receive it by mid to end of May.

The Chairman brought up the issue of use of isotainers. A strategy is being pursued in Hawaii and the Caribbean. Isotainers can be used on the ground floor sooner without the large capital expenditure up front for ships and tanks, pipelines, etc. PUC asked that this issue be considered in the LNG study and a cost comparison made. GPA Counsel Botha indicated that the bid hasn't closed in Hawaii for isotainers. He indicated isotainers are expensive along with trailers and the other associated costs. Two vessels a week come to Hawaii whereas only one comes to Guam. Upon motion duly made, and seconded, the Commissioners approved authorization for GPA to pay the excess expenditure to its PMO Armstrong and adopted the Order made *Attachment "C"* hereto. Commissioner McDonald voted "no". Commissioner McDonald would like to know what the September 2012 increase by Armstrong in their rates cost GPA to the present.

The Chairman announced that the next item of business was GPA Docket 13-13, Reliability of the GPA Power System, Lummus Consultants Report, and Proposed Order. Counsel indicated that the reliability of a power system was a significant issue: it concerns the constancy of the provision of power, the number of outages, whether the system reliability is improving or getting worse. The impetus for this docket came from the Chairman who expressed concerns about the large number of outages that GPA had experienced last year. The Chairman felt it would be worthwhile to examine the reliability issue and particularly the type of reporting requirements that GPA has for system outages.

The first phase of this project concerns reporting requirements. It seemed that during last year there were many outages and no information as to the length of the outages, the causes, etc. It was not always reported. The Lummus Report explains some of the terminology involving system reliability and some of those terms include SAIDI (System Average Duration, the total time in a year that an average customer is without power), SAIFI, and CAIDI. In 2013, the average GPA customer was without power for 687 minutes, approximately 11 hours. That figure is high when compared to statistics from the American Public Power Association and the Hawaiian Islands. It is even high with regard to the Pacific Power Association figures.

SAIFI is the total number of times that an average customer is interrupted, the number of interruptions. CAIDI, for those customers that were interrupted, is the sum of the

customer interruption duration. There are other factors such as equivalent availability factor, the percentage of time an electric power generating unit is available for service during a period of time. There is also the equivalent forced outage rate, the hours of unit failure is a percentage of the total hours that the unit was available. System reliability is one of the most important things that a utility can strive for. In 2013, the reliability figures were some of the worst that GPA has had in recent years. For the last three year period, it is disconcerting that there has been no measurable improvement in reliability. There have been a number of bond issues in which GPA has made various plant and system improvements, and replacement of boiler tubes, for the Cabras plants. Unfortunately, system reliability seems not to have improved as much as would be hoped. This is a serious concern.

GPA does not rank well as compared to stateside utilities. The Hawaiian Island Electric Systems are significantly better than GPA in terms of reliability. GPA is average in terms of the Pacific Power Association statistics. Many of GPA's outages relate to equipment failure. That is the most frequent cause of outages, accounting for approximately 68% of the outages during the last year period. Most of the outages for 2013 were generation related. GPA indicated that budgetary austerity measures and new EPA environmental requirements were part of the cause of these problems. But, Lummus Consultants believes that GPA needs to take more proactive action to improve the reliability situation. It is hoped that smart grid will help and enable GPA to monitor reliability. GPA is planning, in its next bond issue, to secure funds for the purchase of battery storage that will assist it with storing renewable power from the solar plants. It is also hope that this will improve the reliability situation.

An aspect of the Lummus report was reporting requirements, to insure that everyone understands the importance of reliability, and that the public is better advised as to when outages occur. Lummus has crafted an Order that imposes a number of reporting requirements on GPA. Requirements in the Order would reinforce the importance of system reliability. There will be monthly reporting requirements to the PUC including SAIDI, SAIFI, and CAIDI statistics. There is also more detailed annual reporting that has all of the past reliability statistics and an explanation as to whether GPA is making progress against its own historical record and in comparison to the American Public Power Association, the Pacific Power Association, and the Hawaiian Systems. For planned outages, GPA will report to the Mayor's office of the affected villages, media outlets, and possibly through text messaging. GPA is developing its mobile app to be able to disseminate unplanned outage information. At present, the app is only used for planned outages. GPA will also report to various government instrumentalities on outage locations, customers affected, time estimated to restoration, and the root cause. A link on the GPA website will include such information. GPA will report back to the PUC on or before August 22, 2014, as to what steps it has taken under the Order.

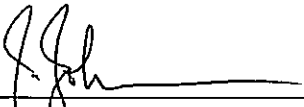
The Chairman indicated that PUC is attempting to assure that information concerning outages is duly disseminated to the public. The two will work together collectively to improve reliability. System reliability is very important in the overall quality of the

system. Commissioner Montinola looks forward to the implementation of the mobile app and the ability to form a text messaging based scenario. Commissioner Niven wished to underline the requirement under annual reporting that if there is no improvement in reliability, GPA should include in its reporting a frank discussion as to why and identify the specifics. System reliability can best be improved with a real frank exchange of views. The Chairman also mentioned that the PUC is looking forward to the large battery system that will be funded under the upcoming bond issue.

Commissioner Perez asked whether GPA was looking in depth at solar energy. Although she has heard a lot about LNG, she wondered whether solar energy and different types of alternative resources were being examined. Counsel Botha indicated that GPA was exploring alternative energy.

Commissioner Joseph Duenas of the Consolidated Commission on Utilities was also present at the meeting and made a few comments. Commissioner Duenas thanked the PUC for approving its earlier Order regarding the GPA PMO. GPA management should develop ways to make improvements without asking for more money. In the next twenty years, there will still be a need for transmission and distribution facilities. There will be people who have photovoltaic cells on the roofs, but there will still be a need for generators at certain times. GPA's sales are going down. It would be a higher penetration of solar. Spinning reserve will be reduced. Battery storage gives GPA the ability to proceed and with combined cycle units. CCU Commissioner Duenas also thanked the PUC for its reliability report. GPA does need to be concerned about reliability. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the recommendations of the Lummus Report on Reliability and adopted the Order 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 602, GCIC BUILDING
414 W. SOLEDAD AVE. HAGATNA, GUAM
6:30 p.m., April 24, 2014**

Agenda

- 1. Approval of Minutes of March 31, 2014**
- 2. Guam Waterworks Authority**
 - **GWA Docket 13-01, Petition for Approval of an Additional \$3.199M Increase in GWA's Program Management Office Contract with Brown & Caldwell, Status Report**
- 3. Port Authority of Guam**
 - **PAG Docket 14-04, Petition for Contract Review of PMC Contract with Marine Technical Services, ALJ Report and Proposed Order**
- 4. Guam Power Authority**
 - **GPA Docket 14-02, Petition for Contract Review Ratification of Additional Charges under the R.W. Armstrong PMO Contract, PUC Counsel Report, and Proposed Order**
 - **GPA Docket 13-13, Reliability of the GPA Power System, Lummus Consultants Report, and Proposed Order**
- 5. Other Business**



BEFORE THE PUBLIC UTILITIES COMMISSION

**IN RE: REQUEST FOR REVIEW)
 AND APPROVAL OF)
 AGREEMENT WITH)
 MARINE TECHNICAL)
 SERVICES, INC. BY PORT)
 AUTHORITY OF GUAM)
_____)**

PAG DOCKET 14-04

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the March 20, 2014 Petition for review and approval of the Marine Technical Services, Inc. (“MTS”) Performance Management Contractor contract related to the management, operation, and maintenance of the Port of Los Angeles cranes (“PoLA” or “POLA” cranes), as well as PAG’s other cranes (hereinafter referred to as the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG” or the “Port”). PAG seeks PUC review and approval of the Performance Management Contract with MTS.

DETERMINATIONS

Pursuant to 12 G.C.A. §12004, PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Additionally, pursuant to PAG’s current Contract Review Protocol, “[a]ll professional services contracts in excess of \$1,000,000” and “[a]ll internally financed contracts utilizing O&M funds in excess of \$1,000,000, whether or not the contract extends over a period of one year or several years” “shall require prior PUC approval under 12 G.C.A. §12004.” Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011). Further, with regard to multi-year

contracts with fixed terms and fixed annual costs, PAG's Contract Review Protocol provides that "PAG must obtain PUC approval if the total costs over the entire procurement term exceed the review threshold."

Public Law 31-145 ("P.L. 31-145"), enacted on November 17, 2011, requires PAG to contract the services of a Performance Management Contractor ("PMC") to manage the performance, operation, and maintenance of the PoLA cranes, as well as the other cranes, utilized in PAG's operations. P.L. 31-145, pp. 6-7 (Nov. 17, 2011).

On June 29, 2012, PAG issued Request for Proposal No. PAG-012-003 for services related to the PMC contract.¹ Two firms submitted proposals in response to the RFP, which were evaluated and ranked by PAG's Evaluation Committee.² Thereafter, the Evaluation Committee identified MTS as the highest ranked offeror.³ MTS, therefore, was invited to negotiate the contract cost with PAG.⁴

After several months, PAG's Cost Negotiations Committee and MTS arrived at mutually agreeable terms and cost with respect to the contract for services.⁵ At the July 25, 2013 Board of Directors Meeting, the Cost Negotiations Committee presented the agreed-upon terms

¹ Petition, p. 1; Executive Summary, Request for Proposal (RFP) No. PAG-012-003, Performance Management Services for Port's Cranes, Board of Directors Regular Meeting ("Executive Summary"), p. 1 (July 25, 2013).

² Executive Summary, p. 1.

³ Executive Summary, p. 1.

⁴ Executive Summary, p. 1.

⁵ Executive Summary, pp. 2-3.

and recommendations to PAG's Board of Directors.⁶ The Board of Directors then approved the PMC contract award to MTS.⁷

On March 20, 2014, PAG filed the instant Petition for review and approval of the PMC contract with MTS. On April 22, 2014, the Administrative Law Judge of the PUC (the "ALJ") issued an ALJ Report detailing his review of the subject contract.

In the April 22, 2014 ALJ Report, the ALJ found that pursuant to P.L. 31-145, PAG is mandated to contract the services of a PMC to manage the performance, operation, and maintenance of the PoLA cranes, as well as the other cranes, utilized in PAG's operations. The ALJ further found that the subject contract will "enable the PAG to effectively manage, plan the operations and the maintenance of the cranes, as well as, fully implement the Structured Maintenance Program for the Cranes"⁸; and that the contract provided other benefits, such as "the ability to have access to a variety of resources, parts inventory and material suppliers through MTS' world-wide network system"; and will allow PAG's CMS team to benefit from the "technical guidance and hands-on training" MTS will provide.⁹ Accordingly, the ALJ agreed that the subject contract "is instrumental to PAG's objectives to maintain an efficient cargo operation in Guam as well as to comply with [P.L. 31-145]."¹⁰

⁶ Executive Summary, pp. 2-4.

⁷ PAG Resolution No. 2014-06 ("Resolution No. 2014-06"), p. 1 (Mar. 27, 2014).

⁸ Petition, p. 2.

⁹ Petition, p. 2.

¹⁰ Petition, p. 2.

Additionally, the ALJ found that the PMC contract may potentially result in a \$1.54 million savings for PAG. Based on information provided by PAG, it appeared that PAG stands to save roughly \$1.54 million through the PMC contract with MTS. In particular, PAG has submitted that annual costs for labor, technical support, and subcontracted labor for four cranes is estimated at \$2,559,012, which includes an annual average cost of \$1,402,012 for Gantry 3, and an annual budget of \$1,157,000 for the three PoLA cranes. It also appeared that the PMC contract would cost less than what PAG has budgeted and expended on maintaining its cranes. For instance, the FY2013 budget for crane maintenance and services was set at \$2,645,500, and that the operating expense for the cranes for FY2013 were estimated at \$2,301,675.¹¹ Matson's estimated annual budget for maintenance of the three PoLA cranes total \$2,089,000.¹² Repairs and maintenance for Gantry 3 in FY2012 totaled \$2,106,646, and \$946,785 for three quarters in FY2013.¹³ PAG also spent \$722,336 for maintenance on the PoLA cranes for two quarters in FY2013.

Further, with respect to MTS, the ALJ found the following. MTS is familiar with, and has the technical and structural knowledge of the PoLA cranes since MTS was a subcontractor for the former owners of the PoLA cranes¹⁴; and MTS presently maintains "a local presence in Guam which will allow smooth transition with current maintenance provider thus

¹¹ Executive Summary, p. 3.

¹² Executive Summary, p. 3.

¹³ Executive Summary, p. 3.

¹⁴ Executive Summary, p. 4.

will minimize disruption of service to Port's cranes or its operations.”¹⁵ Indeed, since 1992, MTS “has provided crane maintenance technical support personnel as requested in support of various shipping lines that have called upon the Port of Guam to provide improved crane reliability and Vessel turnaround times” and “is currently being contracted by Matson to provide one Crane Service Engineer to perform technical assistance and training as directed by Matson.”¹⁶ Interestingly also, the President of MTS has extensive experience as a Crane Mechanic, Foreman, Superintendant, and Manager, over the same Hitachi PoLA cranes while the cranes were owned and operated by APL in the Port of Los Angeles.¹⁷

MTS has a clear history “in container handling crane maintenance and project contracting worldwide” and “serving customers by providing full service maintenance and repair contracting and maintenance management for cargo handling equipment.”¹⁸ Its “[f]ield and maintenance teams are backed by a full service repair facility providing structural repairs, machined parts fabrication, electrical and general engineering contracting services” and, therefore, is able to “perform services worldwide including crane maintenance contracting, retrofitting, relocations, drive upgrades, off-loading and commissioning of new cranes arriving from overseas manufacturers, and the demolition of surplus container handling ship to shore cranes.”¹⁹

¹⁵ Executive Summary, p. 4.

¹⁶ MTS Proposal, p. 13.

¹⁷ MTS Proposal, p. 14.

¹⁸ MTS Proposal, p. 10.

¹⁹ MTS Proposal, p. 10.

MTS has experience providing “full service day to day maintenance of 41 container handling cranes at the Ports of Los Angeles, Oakland, Seattle and Dutch Harbor.”²⁰ MTS also has provided “full service day to day” maintenance and repair services for cranes for the following clients: Stevedoring Services of America, at the Port of Long Beach, California; Pacific Coast Recycling, at the Port of Long Beach, California; Tang Ming Lines, at the Port of Los Angeles, California, to name a few.²¹ Accordingly, the ALJ concluded that MTS is qualified to provide the services required under the PMC contract.

Therefore, based on the documentation and information reviewed by the ALJ, the ALJ found that the subject contract is reasonable and necessary. Accordingly, the ALJ recommended that the PUC approve the proposed PMC contract related to the operations and maintenance of PAG’s cranes at an annual cost of \$1,020,000.00.

The Commission hereby adopts the findings contained in the April 22, 2014 ALJ Report and, therefore, issues the following:

ORDERING PROVISIONS

Upon consideration of the record herein, the April 22, 2014 ALJ Report, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:


1. PAG is authorized to enter into the PMC contract with Marine Technical Services, Inc. for an estimated cost of \$1,020,000.00.

²⁰ MTS Proposal, p. 15.


²¹ MTS Proposal, pp. 15-16.

2. PAG is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with the instant contract review process. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 24th day of April, 2014.




JEFFREY C. JOHNSON
Chairman



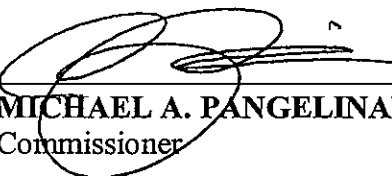
ROWENA E. PEREZ
Commissioner



JOSEPH M. MCDONALD
Commissioner



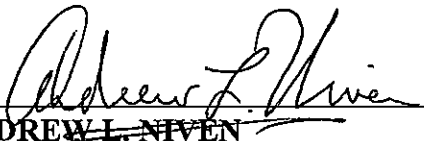
FILOMENA M CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



ANDREW L. NIVEN
Commissioner

P141035.JRA



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 14-02
)
Petition for Contract Review of)
Ratification of Additional Charges under) **ORDER**
the R.W. Armstrong PMO Contract)
)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for Contract Review for Ratification of Additional Charges under the R. W. Armstrong PMO Contract.¹

BACKGROUND

2. On January 11, 2012, the PUC authorized GPA to expend a "not to exceed" amount of \$3.9M for the Program Management Office Contract with R.W. Armstrong.²
3. Notwithstanding the PUC Order, it now appears from the facts set forth in GPA's Petition that GPA expended \$4,444,221.37 for the R.W. Armstrong Contract in 2012 and 2013 (an excess of \$544,221.37 over the authorized amount).³
4. GPA indicates that its own Performance Management Contractors for its Cabras Plants are responsible for the over expenditure; according to GPA, the contract cap of \$3.9M was exceeded by \$544,221.37 "inadvertently" "due to invoices from the Performance Management Contractors."⁴
5. GPA now requests that the PUC ratify the additional charges under the R.W. Armstrong PMO Contract in the amount of \$544,221.37. These additional charges represent work that has already been performed by R.W. Armstrong at the request of GPA.⁵ GPA believes that it has a legal obligation to pay the amounts of the invoices to R.W. Armstrong "since work was performed in good faith and was

¹ GPA Petition for Contract Review, GPA Docket 14-02, filed March 14, 2014.

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

³ GPA Petition for Contract Review, GPA Docket 14-02, filed March 14, 2014, at p. 1-2.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2014-08, Relative to the Ratification of Generation Expenditures, issued March 11, 2014.

⁵ GPA Petition for Contract Review, GPA Docket 14-02, filed March 14, 2014, at p. 2.

consistent with the mission and objectives of the Authority under the direction of GPA personnel.”⁶

DETERMINATIONS

6. R.W. Armstrong has performed the services requested by GPA.⁷ There was an agreement between GPA’s PMCs and Armstrong as to the cost of those services. GPA has a legal obligation to pay the amounts on the invoices for work performed by R.W. Armstrong.
7. PUC should ratify the amount of \$544,221.37 for services performed by R.W. Armstrong. PUC has a duty to assist GPA in meeting its contractual obligations. 12 GCA §12004.
8. GPA is responsible for exceeding the \$3.9M contract cap imposed by the PUC Order.
9. GPA violated the PUC Order dated January 11, 2012, by authorizing payment to PMO R.W. Armstrong of \$544,221.37 in excess of the \$3.9M cap.
10. The failure of GPA to properly monitor its expenditures under the PMO Program raises concerns about a lack of monitoring of PMO expenses. GPA has not taken proper care to assure that PMO expenditures are within the limits established by the PUC.
11. PUC Counsel has submitted his Report dated April 22, 2014. Therein he has raised several concerns about the nature and scope of the PMO program. The program has gone considerably over budget. In January 2012, the General Manager of GPA indicated that GPA’s PMO costs of \$3.9M were anticipated to “cover the next 36 months of PMO services.” Instead, the PMO budget only lasted for two years, and GPA expended a total of \$4,444,221.37 for two years (2012-2013) for its PMO services.
12. The PUC agrees that the concerns raised by PUC Counsel are serious. There has been a lack of accountability in the program. The Program has gone far beyond the military buildup and CIP rationale which was originally used to justify the program

⁶ Guam Consolidated Commission on Utilities Resolution No. 2014-08, at p. 2.

⁷ Id. at Attachment A.

by GPA. The extensive program costs may not be in the best interest of the ratepayers.

13. The PMO billings contain very little indication of what services were performed or what results were achieved by the consultants. There is usually only an indication on the billings of hours worked and amounts billed.
14. Many of the PMO activities relate to internal agency functions of GPA involving media and public information functions, administrative support for the budget office, the GPA Centrex phone system, handling customer service relations, work on customer power/billing issues and implementation of the plans for the new GPA office building. GPA never needed a PMO to handle these internal functions prior to 2012. These types of functions were never considered by the PUC when it approved the creation of the PMO Office.
15. Based upon PUC Counsel's Report, there is a need for the PUC to undertake a more detailed investigation and review of the PMO Office expenditures.

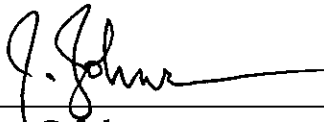
ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA, the 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 ratifies the additional charges under the R.W. Armstrong PMO Contract in the amount of \$544,221.37. GPA should be authorized to expend \$544,221.37 to pay additional charges for services rendered by R.W. Armstrong.
2. GPA's failure to contain its PMO expenditures within the \$3.9M cap established by the PUC is evidence of a lack of care by GPA in monitoring PMO expenditures. PUC should undertake a full investigation and review of the PMO program.
3. GPA violated the PUC Order dated January 11, 2012, by authorizing payment to PMO R.W. Armstrong of \$544,221.37 [in excess of the \$3.9M cap].
4. PUC Counsel is authorized, if he deems it necessary, to engage the services of one of the PUC consultants to perform an investigation/review of the PMO program.

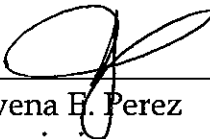
5. PUC Counsel/ Consultant should be authorized to explore such issues as the cost-effectiveness of the PMO program, the PUC's ability to maintain accountability of the program, and options for either eliminating or otherwise carrying out the functions of the PMO program. The PUC Counsel/Consultant shall make recommendations to the PUC as to what course of action it should take.
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 24th day of April, 2014.

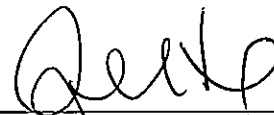


Jeffrey C. Johnson
Chairman

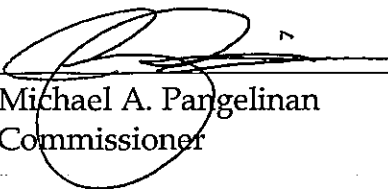
Joseph M. McDonald
Commissioner



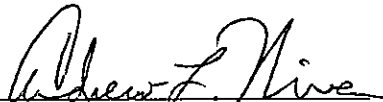
Rowena E. Perez
Commissioner



Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner

Filomena M. Cantoria
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 13-13

Reliability of the GPA Power System) **ORDER**

INTRODUCTION

This matter originated from concerns of the Chairman and the PUC Staff that over the past year there have been an increasing number of outages, that these outages were not all being reported, and that the public wasn't aware during the outages as to cause, location, customers affected, and time to restore power. The continuing frequency of these outages and the apparent lack of improvement raised the issue of overall system reliability such that the Commission initiated this preliminary investigation into GPA's reliability metrics, practices, and reporting.

BACKGROUND

The Commission believes that the need to maintain a reliable system is one of the most important and fundamental responsibilities that a utility has. It is in this context that the Commission directed Lummus Consultants to prepare a report relative to recent outages, including outage cause, GPA's efforts to reduce outages, how outages are currently being tracked and reported and recommendations for enhanced outage reporting protocols.

In preparing its report, Lummus Consultants relied on GPA responses to data requests, teleconferences, and detailed analyses of recent outage information and reliability statistics, as well as reporting of other utility systems. The Lummus Consultants final report was submitted for review to the Commission on March 24, 2014. The main findings, conclusions, and recommendations developed by Lummus Consultants in that report is summarized in Sections I through V below.

I. GPA Reliability Statistics

- A. GPA benchmarks its reliability indices against the American Public Power Association (APPA)¹ reliability indices². GPA has three systems: generation, transmission and distribution. However, APPA reporting is for distribution reliability only.
- a. In terms of the SAIDI³ measure of reliability for the twelve months ended November 2013, GPA's distribution component (213.62 outage minutes per average customer) was significantly greater⁴ than the fourth quartile of APPA responding utilities in 2011 (176.13).
 - b. GPA's distribution SAIFI⁵ for the same period was 2.58 interruptions per average customer served which falls between the third and fourth quartile of APPA utilities.
 - c. GPA's distribution CAIDI⁶ was 82.7 minutes per interrupted customer for the period, which is comparable to the third quartile of APPA utilities.
 - d. APPA distribution reliability indices were comparable with those of North American utilities.
- B. GPA compiles 12-month rolling SAIDI, SAIFI, and CAIDI indices. Over the period September 2009 to November 2013, there have been fluctuations in each of these indices, but there has not been a clear trend towards improvement in these indices. For the twelve months ended November 2013, each of these indices was near their high point since September 2009 for the total system, with SAIDI at 687.58 minutes per average customer; SAIFI at 10.14 interruptions per average customer; and CAIDI at 67.8 outage minutes per customer interrupted.
- C. When GPA system reliability was compared with other Pacific Power Association utilities⁷, the SAIDI measure for GPA was in the range of, but somewhat higher than the average of 11 other responding utilities and SAIFI was equal to the average of 12 other responding utilities.

¹ The American Public Power Association (APPA), based in Washington, D.C., is the service organization for the nation's more than 2,000 community-owned electric utilities. Collectively, these utilities serve more than 47 million Americans. It includes a number of island utilities including Guam.

² The data from this survey offer only a component of the conceptual benchmark/point for comparison and understanding of public power utility distribution system operations and reliability metrics. Source: APPA's 2013 Distribution System Reliability & Operations Survey.

³ System Average Duration Index is a measure that Indicates the total duration of interruption for the average customer during a predefined period of time. It is commonly measured in minutes or hours of interruption.

⁴ Lower is better.

⁵ System Average Interruption Frequency indicates how often the average customer experiences a sustained interruption over a predefined period of time; typically measured annually.

⁶ Customer Average Interruption Duration Index represents the average time required to restore service to customers.

⁷ PPA is an inter-governmental agency and member of the Council of Regional Organizations in the Pacific (CROP) to promote the direct cooperation of the Pacific island power utilities in technical training, exchange of information, sharing of senior management and engineering expertise and other activities of benefit to the members. Pacific Power Benchmarking Report 2012, prepared by the Pacific Power Association.

- D. When GPA was compared with the four Hawaiian utilities, HECO, HELCO, MECO and KIUC, GPA's reliability fared significantly worse than the average of the four and was the least reliable in each measure. The results were: SAIDI – GPA: 688 outage minutes per average customer; Hawaii average: 159; SAIFI – GPA: 10.1 interruptions per average customer; Hawaii average: 2.9; CAIDI – GPA: 67.8 minutes per interrupted customer; Hawaii average: 55.1.

II. Outage Causes

- A. An analysis of 914 outage incidents for the 12-months ended November 2013 shows that equipment failures are by far the most frequent cause of outages, accounting for approximately 68 percent of the outages during this period and contributing to more than 70 percent of the SAIDI and SAIFI values.
- B. In terms of outages attributed to each system component:
- Generation accounted for 550 of the outages (60.0%), of which 500 were equipment-related;
 - Of the 500 equipment-related generation outages: 64.4% were related to auxiliary systems; 27.4% generator; and 8.2% mechanical system fuel leaks.
 - Transmission accounted for 77 of the outages (8.4%), of which 17 were equipment-related; and
 - Distribution accounted for 286 of the outages (31.3%), of which 104 were equipment-related.
- C. Under-frequency load shedding has been a frequent occurrence on the GPA system. During the 12-month period ended November 2013, there have been 467 such occurrences – virtually all related to the loss of generation.

III. GPA Efforts to Improve Reliability

- A. GPA considers reliability to be one of its prime concerns and continues its best efforts, but feels hampered by budgetary constraints. In addition, per discussions with GPA, meeting EPA regulations is expected to require considerable capital expenditures by GPA that is higher priority and will reduce funding needed for system reliability and efficiency improvements.
- B. GPA continues to do vegetation management, albeit on a somewhat smaller scale. Trouble circuits are addressed as they become known. A T&D Maintenance Action Plan was developed to replace old and deteriorated overhead line hardware which includes rotted wood poles. The company has a long-range master plan to invest in its T&D system and based on funding, tries to adhere to the plan as much as possible.

- C. GPA understands that generation outages always have priority over peaking if there are choices that need to be made. After generation, substations and transmission are the next priority for funding. However, not being able to invest in baseload units at appropriate levels, combined with improvements needed for peaking and emergency generators that may need to be deferred, will directly impact GPA's ability to reduce customer outage duration and frequency.
- D. GPA is nearing completion of its Smart Grid system with the expectation that it will allow outage areas to be identified more quickly for crews to respond; help to quickly report outages; automate the computation of reliability statistics; and help reliability overall.

IV. Outage Reporting

- A. When a scheduled outage occurs, GPA issues notices to the various mayors' offices and reaches out to media outlets before the scheduled outage will occur. When an unscheduled outage occurs, GPA dispatchers try to correct the situation and immediately contact GPA's information officer, who then tries to get the message out to the media, radio, television and newspapers regarding what happened.
- B. GPA has a mobile app for use by customers that currently reports scheduled outages but is not updated regularly. In the future, GPA envisions building in real-time outage information in its mobile app as well reporting this information on Facebook and Twitter.
- C. For local outages there is capability for an automatic trouble call recording telling customers that call from a particular area that GPA knows there is an outage and will state the estimated duration of the outage. In Lummus Consultants' discussion of this capability with GPA, they were unsure if it was currently operative.
- D. Reliability reports are provided once a month for the CCU meetings and include one year rolling statistics relative to SAIDI and SAIFI for the reporting month as well as the previous month, graphs depicting the monthly cumulative SAIDI and SAIFI, and the total yearly cause breakdown by frequency and duration. Additionally, a quarterly report is provided to include SAIDI, SAIFI, CAIDI, Storm CAIDI, and CEMI⁸. There is currently no formal reporting relative to outages and reliability to the Commission.

V. Lummus Consultants' Conclusions and Recommendations

- A. Notwithstanding the large amount of reserve capacity on the GPA system, generation, by far, accounts for the leading cause of outages.

⁸ CEMI is Customers Experiencing Multiple Interruptions. CEMI-X is a measure of the percentage of customers who experienced X interruptions.

- B. GPA should strive towards achieving comparable reliability to that of the four Hawaiian electric utilities, but should first focus on demonstrating continuing improvement relative to its own history.
- C. GPA has procedures in place to disseminate scheduled and unscheduled outage information to mayors' offices and to radio and television stations. However, this same type of information is not readily at hand on a real-time basis when a customer experiencing an outage needs it most, especially when that customer does not have power for the radio or television.
- D. GPA should incorporate real-time information on its mobile app to communicate with those areas and number of customers affected along with estimated time to restoration, as well as to provide such information to media and the PUC regularly at the onset of and periodically during the outage.
- E. Although there is some formal reporting to the CCU, there is currently no formal period for specific reporting to the Commission.
- F. Lummus Consultants recommended a set of monthly, quarterly and annual reporting protocols that should be provided to the Commission.

DETERMINATIONS

1. System reliability should be one of the most important objectives of a utility and it is disheartening that after the very significant GPA expenditures over the past few years through bonds and revenue funds on generation, transmission, and distribution that there has not been any measurable effect on improved reliability.
2. With approximately 60% of the outages being generation related, it is disconcerting as to why, with such significant reserve capacity on the GPA system that this figure should not be able to be dramatically reduced.
3. Smart Grid was held out by GPA as a way to improve reliability, but a measurable impact in overall reliability has, so far, not been observed.
4. GPA should be more proactive and focused on the reliability of its electrical system, particularly with respect to generation outages. It should undertake a concerted and prioritized program to determine those measures necessary to realize a significant improvement in reliability. This may involve redirecting some of the efforts, perhaps even against the advice of its consultants, towards improving reliability as its first order of business.
5. There needs to be greater openness and transparency with respect to the timeliness and distribution of unscheduled outage information to the public. The reporting protocols to the PUC that were recommended by Lummus Consultants should be adopted.

Additionally, greater efforts need to be made by GPA relative to immediate reporting of unscheduled outages.

ORDERING PROVISIONS

After careful review and consideration of the Report of Lummus Consultants and consideration of the above determinations, the Guam Public Utilities Commission HEREBY ORDERS that:

1. GPA shall provide regular reporting to the PUC as follows:

Monthly Reporting

Monthly reporting should contain the same metrics that it reports to the CCU and to include, if not already in the CCU report:

- One year number of outage occurrences, SAIDI, SAIFI, CAIDI and ASAI⁹ for the reporting month as well as the previous month
 - Breakdown among generation, transmission and distribution;
 - Number of occurrences, SAIDI, SAIFI and CAIDI that resulted in under frequency load shedding;
 - Information linking the outages to distribution circuits to track potential problem circuits;
- Graphs depicting the monthly cumulative SAIDI, SAIFI, CAIDI and ASAI;
- Reporting of all generator related offline trip events, their causes and duration (whether or not customers lost service);
- Unit specific outage reporting related to Equivalent Availability Factors (EAF) and Equivalent Forced Outage Rate (EFOR) consistent with GADS reporting;
- Graphic representation of historic EAF and EFOR for multiple years; and
- The total yearly outage cause breakdown by frequency and duration.

Quarterly Reporting

For each third month, corresponding with GPA's quarterly reporting to the CCU, the same information contained in the monthly reporting, above, and with the addition of storm CAIDI, CEMI and other metrics contained in GPA's quarterly report.

⁹ ASAI, the Average Service Availability Index, calculated as $1 - \text{SAIDI} / 8760$, is a measure of total customer hours actually served as a percentage of the total customer hours possible during the year.

Annual Reporting

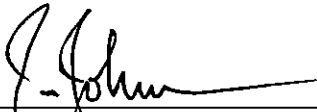
A more comprehensive and detailed report to include the quarterly information in order to facilitate reporting and eliminate duplication of information and be provided at the end of the calendar year in order to facilitate comparison with other utilities. Additional information should include:

- Monthly reliability statistics for each, SAIDI, SAIFI, CAIDI and ASAI, in tabular and graphical form over the most recent five-year period, normalized and not normalized, with Identification of any normalization adjustments, including storms, momentary outages, etc., that have been made to the current year data;
 - Benchmarking of GPA reliability statistics against its own historical performance and discussion of such trends;
 - Benchmarking of GPA reliability statistics against other systems such as those included in APPA, PPA, and Hawaiian systems;
 - Discussion and analysis of significant events during the year that assist in providing insight into the reliability indices of each, generation, transmission and distribution;
 - Discussion and rationale relative to trends in increased, decreased or same level of reliability. If indices show that system, and specifically generation reliability is not improving, GPA should include in its reporting a frank discussion as to why and identify the specific roadblocks impeding the path to significantly improved reliability;
 - Discussion relative to reliability-related maintenance and capital spending during the year; Smart Grid; special studies; or other initiatives undertaken during the year that have influenced or are expected to influence reliability;
 - Discussion relative to actions needed and progress towards mitigating the particularly frequent generation outages;
 - Discussion of proposed maintenance and capital improvements projects, including budgets, for the next fiscal year and beyond and the anticipated effect on reliability;
 - Discussion relative to reporting of scheduled and unscheduled outages to customers and the Commission, including status of real-time reporting of outage information on GPA's mobile app and/or other means.
2. GPA should develop a standardized communications protocol or procedure to contact and provide outage notification to appropriate public entities and the public as identified in this recommendation. As soon as each scheduled and unscheduled outage becomes known, GPA shall immediately report the outage, at a minimum, to the following entities:
- a. The Mayor's Office in the affected Village(s);

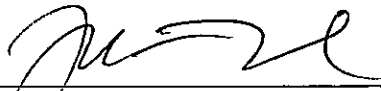
- b. Media outlets including:
 - i. Newspapers [Pacific Daily News, Marianas Variety, and Pacific Voice (Umatuna)]
 - ii. Radio and television stations [Adventist Broadcast, Guam Broadcast KIJL, Joy FM, K-Stereo/KISH, KGTF, KHMG, KTKB, Moy Com (Hit Radio 100), Pacific Telestations (KUAM, i94, Isla 61), Fox 6/ABC 7, KPRG]
 - c. Organizations [Office of the Governor, Office of Civil Defense, Homeland Security, Speaker of the Guam Legislature, Director of the Department of Public Works, Guam Waterworks Authority]
 - d. The PUC, including the Chairman, Legal Counsel, and the Administrator
 - e. Outage communication to the above entities shall be accomplished by the most effective combination of telephone, email, text message and other means, as defined in GPA's communication protocol noted above. PUC understands that GPA now has the ability to send automated messages on AMI capability. The outage information to be communicated shall include:
 - a. Outage location;
 - b. Number of customers affected;
 - c. Estimated time to restoration;
 - d. Root cause of the outage.
3. GPA shall display a prominent link titled "System Status" or "Outage Information" on the home page of its website to link to the most current scheduled and unscheduled outage information with the most recent information displayed first. The information to be reported shall be as above and shall be updated immediately upon knowledge of each scheduled and unscheduled outage. GPA will maintain a 90 day history of outage information on the website.
 4. GPA shall make its best efforts to update its mobile app to readily allow a user to link to the same required outage reporting that is on its website. GPA shall also endeavor to provide the same timely scheduled and unscheduled outage information on other social media such as Facebook, Twitter and others that may gain in popularity in the future.
 5. GPA shall report back to the PUC on or before August 22, 2014, as to what steps it has taken to comply with this Order and what new protocols it has implemented.
 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.

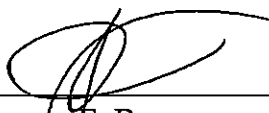
Dated this 24th day of April, 2014.



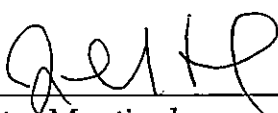
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



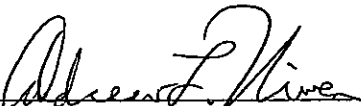
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Commissioner



Andrew L. Niven
Commissioner



Filomena M. Cantoria
Commissioner