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BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

The Application of the Guam Power Authority
for an Increase in the Stanley Engineering,
Procurement and Construction Management
(EPCM) Contract.

GPA DOCKET NO. 21-01

PETITION FOR CONTRACT REVIEW

COMES NOW, the GUAM POWER AUTHORITY (GPA), by and through its counsel of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities Commission of Guam to review and approve GPA's request for an increase in the Stanley EPCM contract, as follows:

BACKGROUND

The Guam Power Authority in March 2017 selected Stanley Consultants through GPA RFP 17-001 as the Engineering, Procurement and Construction Management (EPCM) contractor for the new 180MW power plant. The CCU in Resolution 2018-05 approved GPA's request for an increase for the Stanley EPCM contract in the amount of \$650,000 for a total of \$1.4M for consulting and technical services through September 2018, which was approved by the PUC in the amount of \$600,000. The CCU in Resolution 2018-25 approved GPA's request for an increase for the Stanley EPCM contract in the amount of approximately \$2.6M for consulting and technical services beginning September 2018. The current expenditures are estimated to exceed the current approved budget in January 2021. The CCU in Resolution 2020-20 has approved GPA's request for an increase in the Stanley EPCM contract in the amount of \$2.25M

ORIGINAL

1 for consulting and technical services through March 2022, which the services to be funded by
2 Cabras 3 & 4 insurance proceeds for a contract total of \$6.0M.

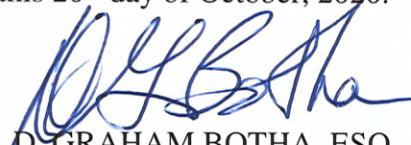
3 **DISCUSSION**

4 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
5 Power Authority, approved by the PUC, to review and approve an increase for the Stanley
6 EPCM contract in the amount of approximately \$2.25M for consulting and technical services
7 through March 2022. In support of this Petition, GPA hereby provides the PUC with
8 Consolidated Commission on Utilities (CCU) Resolution No. 2020-20, which authorizes the
9 General Manager to petition the PUC for approval of an increase of approximately \$2.25M to the
10 Stanley EPCM contract, subject to PUC review and approval. Said resolution and its exhibits are
11 attached herein as Exhibit A, and incorporated by reference herein as if fully set forth.

12 **CONCLUSION**

13 The PUC should approve GPA's request to increase the Stanley EPCM contract for
14 consulting and technical services for GPA. The Stanley EPCM contract will assist GPA with
15 consulting and technical services related to the new generation power plant, and is reasonable,
16 prudent, and necessary.

17 **RESPECTFULLY SUBMITTED** this 20th day of October, 2020.

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20 D. GRAHAM BOTHA, ESQ.
21 GPA General Counsel
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RESOLUTION NO. 2020-20

**RELATIVE TO AUTHORIZATION OF CONTRACT INCREASE FOR ENGINEERING, PROCUREMENT,
AND CONSTRUCTION MANAGEMENT THRU MARCH 2022**

WHEREAS, Stanley Consultants was selected through GPA RFP-17-001 as the Engineering, Procurement and Construction Management (EPCM) Contractor for the New 120-180 MW Power Plant in March 2017; and

WHEREAS, in October 2016 the PUC Docket 17-06¹ approved the initial funding of \$750,000 for the procurement development of the new power plant from 2014 Bond Funds – LNG Startup Bond Project; and

WHEREAS, in March 2018 the PUC Docket 18-09² approved an increase of \$600,000 to the contract to complete procurement document development and solicitation support as well as to initiate land studies of the Ukudu site for bid documents; and

WHEREAS, in November 2018 the PUC Docket 18-09³ approved an increase of \$2.4M projected services to complete procurement support and to provide owner's engineer support during construction and commissioning from 2019 thru 2022; and

WHEREAS, GPA issued the Multi-Step Bid for the 180MW Power Plant on October 1, 2018. Technical and price proposals were received in April 2019. A final selection was made in June 2019. After contract negotiations and CCU and PUC approvals the contract was signed on November 5, 2019; and

WHEREAS, Stanley provided necessary support of the bid process which included providing biological, archaeological and noise studies at the plant site, responding to bidder inquiries and clarifications, evaluating technical and price proposals and addressing protest claims; and

¹ CCU Resolution No. 2015-21, Relative to Approval of Consulting Services for USEPA Compliance Plan, approved on March 24, 2015.

² CCU Resolution No. 2018-05, Relative to Authorization of Increase for Engineering, Procurement, and Construction Management Contract Amount, approved on March 29, 2018.

³ CCU Resolution No. 2018-25, Relative to Authorization of Increase for Engineering, Procurement, and Construction Management Contract Amount thru 2022, approved on October 19, 2018.

WHEREAS, upon selection of bidder, Stanley lead contract negotiations which firmed up technical requirements and commercial terms and continues to provide contract management; and

WHEREAS, based on verified average monthly costs estimates for contract services thru March 2022 will exceed the current approved budget in January 2021. A summary of funding and invoices is provided in **Attachment A**; and

WHEREAS, GPA still requires Stanley support to meet key milestones and most especially address technical issues prior to financial close; and

WHEREAS, GPA has projected additional costs for the Stanley EPCM contract thru March 2022 totaling \$2.25M which would increase the total contract amount to \$6M with an allowance for a 20% contingency; and

WHEREAS, the new total contract amount is 1% of the \$600M plant project cost and is within a reasonable percentage (1%-3%) for similar contracts; and

WHEREAS, the funding source for the additional contract costs will be from Cabras 3 & 4 Insurance proceeds; and

WHEREAS, the EPCM contract terminates in March 2022 and as such, GPA will solicit for Construction Management by August 2021 to assist GPA in reviewing and monitoring construction progress of the new power plant; and

WHEREAS, the increased contract cost exceeds the GPA General Manager's approval authority.

NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES, the GOVERNING BODY of the GUAM POWER AUTHORITY and SUBJECT TO THE REVIEW AND APPROVAL OF PUC AS FOLLOWS:

1. The General Manager of GPA is hereby authorized to increase the Stanley EPCM contract by \$2.25M for consulting and technical services through March 2022 to be funded through Cabras 3 & 4 insurance proceeds for a contract total of \$6M.

RESOLVED, that the Chairman of the Commission certifies and the Board Secretary attests the adoption of this Resolution.

DULY and REGULARY ADOPTED AND APPROVED THIS 20th DAY of OCTOBER, 2020

Certified by:

Attested by:



JOSEPH T. DUENAS

Chairperson

Consolidated Commission on Utilities



MICHAEL LIMTIACO

Secretary

Consolidated Commission on
Utilities

I, **Michael Limtiaco**, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at the meeting place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 5

Nays: 0

Absent: 0

Abstain: 0



	Approved Funds	PUC Order	Funding Source
Initial Budget	\$ 750,000.00	Docket 15-05, 10/27/16	2014 Bond Funds (LNG Initial Startup)
Funding Increase #1	\$ 600,000.00	Docket 18-09, 3/29/18	Revenue Funds
Funding Increase #2	\$ 2,400,000.00	Docket 18-09, 11/29/18	Cab3&4 Insurance Proceeds
Total:	\$ 3,750,000.00		

Summary of Invoices & Funding by Year:

Year	Authorized Funding	Invoice Totals	Amount Available	Balance	Notes
2017	2014 Bond Funds (LNG)	\$ 508,936.28	\$ 750,000.00	\$ 241,063.72	
2018	2014 Bond Funds (LNG)	\$ 240,991.32	\$ 241,063.72	\$ 72.40	Balance of Bond Funds
	Revenue Funds	\$ 396,079.81	\$ 600,000.00	\$ 203,920.19	
2019	Revenue Funds	\$ 133,575.34	\$ 203,920.19	\$ 70,344.85	Balance of Revenue Funds
	Cab3&4 Insurance Funds	\$ 823,439.52	\$ 2,400,000.00	\$ 1,576,560.48	
2020*	Cab3&4 Insurance Funds	\$ 1,023,499.89	\$ 1,576,560.48	\$ 553,060.59	Balance of C34 Insurance Funds
Total		\$ 3,126,522.16			

4 Months of Contract Services based on \$125K on Balance of Funds

Summary of Invoices and Funding by Funding Source:

Authorized Funding	Invoice Totals	Amount Available	Balance
2014 Bond Funds (LNG)	\$ 749,927.60	\$ 750,000.00	\$ 72.40
Revenue Funds	\$ 529,655.15	\$ 600,000.00	\$ 70,344.85
Cab3&4 Insurance Funds	\$ 1,846,939.41	\$ 2,400,000.00	\$ 553,060.59
Total	\$ 3,126,522.16		