

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) **GPA DOCKET 11-13**
)
GUAM POWER AUTHORITY'S)
PETITION FOR REVIEW AND) **ORDER**
APPROVAL OF THE EXTENSION OF)
THE BLACK & VEATCH PMO)
CONTRACT [SMART GRID PROJECT])
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for review and approval of the extension of the Black & Veatch ["B & V"] Program Management Office ["PMO"] Contract under the Smart Grid Project.¹
2. Black & Veatch provides program management services to assist GPA in the implementation of the Smart Grid Project.²
3. The cost for the proposed extension of the Black & Veatch PMO Contract, for the period from August 2012 through December 2013, is \$1.55 Million.³

BACKGROUND

4. The PUC Counsel Report filed herein, dated October 23, 2012, sets forth the background of the Program Management Office and the Black & Veatch PMO Contract; the PUC adopts the background statement therein, and the recommendations of Counsel.

¹ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

² Guam Consolidated Commission on Utilities Resolution No. 2012-55, Authorizing Management of the Guam Power Authority to Extend Contractual Services for Program Management for Smart Grid Initiatives, issued August 28, 2012.

³ E-mail from GPA Legal Counsel Graham Botha to PUC Counsel Fred Horecky, dated October 12, 2012.

5. On July 27, 2012, the PUC authorized GPA to expend bond funds up to \$3,277,902 for the Strategic Planning Stage of the Smart Grid Project, which included the development of the Project Management Office⁴
6. The original Consulting Services Agreement entered into between GPA and Black & Veatch dated February 24, 2011, provided total estimated charges of \$2.33M.⁵
7. To date GPA has processed payments to B&V in the amount of \$2.33M, with additional invoices on hold for processing.⁶
8. Of the original amount of \$3.2M approved by the PUC for GPA expenditure on the PMO office, approximately \$750,000 of such amount was allocated to SAIC and Baker Tilley, and such amount have been paid to SAIC and Baker Tilley.⁷
9. Thus, at present, all of the funds previously authorized by the PUC for PMO services have already been committed. The \$1.55M request by GPA is in addition to the original request for PMO services.⁸
10. The new Task Order which GPA proposes for Black & Veatch is on a fixed fee basis for \$1.55M; it will extend from August 1, 2012 through December 31, 2013. The extension for this period is based upon the U.S. Department of Energy approval of GPA's request to extend the Smart Grid Project Completion date. This contract extension will be financed within the scope of the original \$33.4M Smart Grid Project.⁹
11. GPA submits that the extension of the Black & Veatch PMO Contract is critical to the success of GPA's Smart Grid Project, and is "reasonable, prudent and necessary."¹⁰

⁴ PUC Order, GPA Docket 10-01, at p. 2, dated July 27, 2010.

⁵ Consulting Services Agreement, effective February 24, 2011, between GPA and Black & Veatch, at p. 8.

⁶ E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012; see also Detail of Charges-Black & Veatch (PO#16246) dated October 9, 2012.

⁷ Id.

⁸ Email from GPA Asst. CFO Cora Montellano to PUC Counsel Frederick J. Horecky, with Breakout of Smart Grid Planning Costs attached.

⁹ E-mail from GPA Legal Counsel Graham Botha to PUC Legal Counsel Fred Horecky dated October 12, 2012.

¹⁰ GPA Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket 11-13, filed October 1, 2012.

DETERMINATIONS

12. Black & Veatch has provided substantial assistance to the Guam Power Authority to expeditiously implement the Smart Grid Project. GPA needs the assistance of B&V to develop and implement the Smart Grid Project.
13. Unless the PUC approves the B & V Contract extension, GPA will not have sufficient funds to continue the PMO services.
14. The extension of the Black & Veatch PMO Contract is critical to the success of GPA's Smart Grid Project.
15. GPA's contract extension of the Black & Veatch PMO Contract, for the period of August 1, 2012 through December 31, 2013, should be approved, in accordance with Exhibit A-1/Task Order 2 [REQUEST FOR SERVICES, CONSULTING SERVICES AGREEMENT BETWEEN GUAM POWER AUTHORITY AND BLACK & VEATCH INTERNATIONAL COMPANY].¹¹

ORDERING PROVISIONS

After a careful review of the record herein, GPA's Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, and the PUC Counsel Report, for good cause shown, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for review and approval of the extension of the Black & Veatch PMO Contract is hereby approved.
2. GPA is authorized to expend up to the amount of \$1.55M for the contract extension.
3. Exhibit A-1/Task Order 2 [REQUEST FOR SERVICES-CONSULTING SERVICES AGREEMENT BETWEEN GPA AND BLACK & VEATCH] is also approved. The parties shall comply with their duties and obligations thereunder.
4. GPA shall continue to comply with its monthly reporting requirements to the PUC as set forth in the Order dated July 27, 2011. GPA shall submit ongoing progress reports to the PUC concerning this contract and other ongoing Smart Grid Projects.

¹¹ Exhibit A-1/Task Order 2, attached to GPA's Petition for Contract Review of Extension of Black & Veatch PMO Contract under the Smart Grid Project, GPA Docket No. 11-13, filed October 1, 2012.

5. 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 the 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 October, 2012.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner