



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 15-21
)
The Request of the Guam Power)
Authority to Authorize Expenditures for) **ORDER**
the Demolition of the Cabras No. 3&4)
Roof.)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Request of the Guam Power Authority ["GPA"] to Authorize Expenditures for the Demolition of the Cabras No. 3&4 Roof.¹

BACKGROUND

2. On August 31, 2015, Cabras No. 3&4 Plant suffered an explosion, which caused the collapse of the building's roof and rendered both units inoperable.²
3. GPA indicates that the collapsed roof poses an extreme hazard which is hampering investigation efforts into the root cause of the accident, as well as hindering the full damage assessment efforts. GPA cannot determine whether Cabras No. 3&4 will be available for operation in the future until the assessment is done.³
4. In this matter, procurement for the Roof Demolition was done by Korea East West ["KEWP"], the Performance Management Contractor for the Cabras No. 3&4 units for GPA.⁴
5. KEWP, as the PMC for GPA, is authorized to procure required services for the operations and maintenance of the Cabras No. 3&4 plant.⁵ KEWP received quotes

¹ Guam Consolidated Commission on Utilities Resolution No. 2015-55, Relative to Authorizing Expenditures for the Demolition of the Cabras No. 3&4 Roof, at p.1, dated October 27, 2015. The Resolution serves as GPA's "Request" in this matter, as it asks the Guam Public Utility's Commission to review and approve the expenditures for the Roof Demolition and associated work.

² Id. at p. 1.

³ Id.

⁴ Id.

⁵ Id.

for required roof demolition and associated demolition work from three contractors, including Pernix Guam LLC.⁶

6. Pernix Guam LLC proposed to undertake the demolition work for a total lump sum bid of \$4,798,888.00. See **BID SUMMARY**, attached hereto as Exhibit "1".
7. GPA, at the request of Insurers in this matter, has also agreed to certain incentive pay for Pernix if it completes the project early. GPA requests an additional amount, not to exceed \$500,000, to expedite project completion time.⁷
8. GPA is also requesting authorization to use the Self-Insurance Fund for the roof demolition of the Cabras No. 3&4 Plant; it agrees to reimburse the Self-Insurance Fund with any insurance proceeds received from its insurer Dongbu Insurance Ltd.⁸

DETERMINATIONS

9. GPA must undertake a root cause analysis of the Cabras No. 3&4 Power Plant explosion and fire. It must also do an assessment as to whether either Cabras 3 and/or 4 can be repaired and returned to service.
10. GPA has been advised by its consultant BWSC and others, that it cannot undertake such analysis unless the Cabras No. 3&4 roof is demolished and other precautions are taken to avoid injury during the assessment process.
11. For the foregoing reasons, GPA has justified the expenditure of sums for the demolition of the building's roof and the associated civil works.
12. Although the cost of the project appears high, KEWP did receive quotes from the three contractors on Guam which have the capacity to do such work. Pernix LLC was the lowest responsible bidder.⁹
13. GPA presently has little choice but to accept the price bid offered by Pernix Guam LLC.

⁶ Id.

⁷ Guam Consolidated Commission on Utilities, Resolution No. 2015-55, at p.1, adopted October 27, 2015.

⁸ Id.

⁹ Id.

14. GPA has included a provision in its agreement with Pernix for "incentive pay for early project completion" upon the suggestion of its Insurer. Apparently, if Pernix completes the project early, there could be savings on the project in terms of the amount that the Insurers would need to pay.¹⁰

ORDERING PROVISIONS

After review of the record herein, including GPA's Request to Authorize Expenditures for the Demolition of the Cabras 3&4 Roof, the Bid Summary, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA is authorized to expend an amount not to exceed \$5,298,888.00 for construction services with Pernix Guam LLC for the Cabras No. 3&4 Plant Roof Demolition and associated building demolition work.
2. 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 29th day of October, 2015.



Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



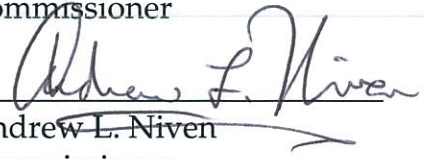
Michael A. Pangelinan
Commissioner



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Andrew L. Niven
Commissioner

¹⁰ Oral Presentation of GPA GM John Benavente to the CCU at its meeting on October 27, 2015, at the GPA Conference Room.

Order
Demolition of Cabras 3&4 Roof
GPA Docket 15-21
October 28, 2015

Filomena M. Cantoria
Commissioner