

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 17-05
)
The Application of the Guam Power)
Authority to Award a Contract for) **ORDER**
Environmental Engineering and Technical)
Services, to Leidos, Inc.)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] requesting Approval for Award of a Contract for Environmental and Technical Services to Leidos Engineering LLC.¹

BACKGROUND

2. In its Order dated October 27, 2016, the PUC authorized GPA to issue a procurement for Environmental Engineering & Technical Services.²
3. The PUC authorized GPA to expend a contract amount not to exceed \$1.5M for the 5-year base period of the contract for Environment Engineering & Technical Services, to be funded through revenue funds.³
4. Subsequent to the PUC Order, GPA solicited the services of a firm or consortium of firms to provide Engineering and Technical Services supporting Resource Plans (RFP-17-002).⁴ There were seven bidders, and Leidos was determined to be the most qualified proponent.⁵
5. GPA now requests that PUC approve the award of contract for Engineering and Technical Services to Leidos Engineering LLC.

¹ GPA Petition Requesting Approval for Award of Contract for Environmental Engineering and Technical Services to Leidos, Inc., GPA Docket 17-05, filed July 12, 2017.

² PUC Order, GPA Docket 17-05, Approval of the Procurement of Environmental Engineering & Technical Services, dated October 27, 2016, at p. 4.

³ Id.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2017-20, Authorizing Management of the Guam Power Authority to Award the Contract for Engineering and Technical Services to Support GPA’s Resource Plans (RFP-17-002) to Leidos, Inc., adopted on May 23, 2017.

⁵ Id., at Appendix A.

DETERMINATIONS

6. The PUC previously determined that GPA has a need to procure the Engineering and Technical Services which it now seeks to award to Leidos.⁶
7. GPA attached the proposed Contract with Leidos for Engineering and Technical Services supporting GPA's Resource Plans.⁷
8. Table 1 to GPA's proposed Contract with Leidos indicates certain tasks which GPA has negotiated or plans to negotiate with Leidos. See Attachment 1 to the PUC Counsel Report.⁸
9. GPA's Energy Conversion Agreements for Piti #7 [TEMES], Piti #8 and #9 [MEC] are expiring within the next two years, and ownership of those plants will transfer to GPA.⁹ GPA also plans to seek contractors to provide O & M services for those plants.
10. There is a need for Leidos to assist GPA in the tasks which have been identified as 17-01 and 17-02 concerning transfer of the IPP-owned Units to GPA.
11. GPA estimates that the cost of the assessment and transition to GPA for the IPP Units will be \$601,900.00 (for Leidos). The tasks include: condition assessments, Environmental Site Assessments, preparation of documents related to the procurement process for plant O & M services (including contracts with the providers), and life extension studies for the three plants. See Table 2, attached to the PUC Counsel Report as Attachment 2.
12. The transition of these plants to GPA ownership and the contracting of proficient O & M services are highly important tasks and require the type of expertise that Leidos can provide.¹⁰

⁶ PUC Order, GPA Docket 17-05, Approval of the Procurement of Environmental Engineering & Technical Services, dated October 27, 2016, at p. 3.

⁷ GPA RFP-17-002, Contract for Engineering and Technical Services Supporting GPA's Resource Plans, attached to GPA's Petition herein.

⁸ Table 1 to GPA RFP-17-002, Contract for Engineering and Technical Services supporting GPA's Resource Plans.

⁹ Guam Consolidated Commission on Utilities Resolution No. 2017-20, adopted May 23, 2017, at p. 1.

¹⁰ See Leidos Proposal for GPA-RFP-17-002, Best and Final Offer in Response to GPA Letter dated June 3, 2017, dated June 13, 2017.

13. GPA has listed three additional tasks (17-03 – 17-05), which include a transition plan to ULSD for Piti #8 and #9 and an assessment on a Waste-to-Energy Feasibility Study. It has been suggested that the Waste-to-Energy Study concept may have been dropped.¹¹ However, GPA has not provided any written change to the tasks at present. No details have been provided for these additional tasks. GPA indicates that the scope of work for those projects will be discussed and finalized in FY2018.
14. GPA indicates that it will likely need to seek increased funding levels for its Contract with Leidos for years 2019 through 2021.¹²
15. GPA should, if possible, undertake further efforts to reduce the cost of this contract.
16. GPA should advise the PUC as to what actions it has undertaken to negotiate with USEPA to allow the continued operation of Piti #8 and #9 on RFO, even after 2021. Delay or avoidance of conversion of the Piti plants to RFO could save millions of dollars for the ratepayers.
17. A Waste to Energy plant may not be lawful under the applicable Guam statutes. GPA should further justify this proposal.
18. GPA should be required to submit a report responding to the issues that Counsel has raised.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval for Award of a Contract for Environmental and Technical Services to Leidos Engineering LLC , 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's Petition for Approval for Award of a Contract for Environmental and Technical Services to Leidos Engineering LLC is approved.
2. The total amount which GPA is authorized to award under the 5-year contract

¹¹ Phone conf. between GPA Counsel Graham Botha and PUC Counsel Fred Horecky on July 24, 2017.

¹² Id.

will remain at a not to exceed level of \$1.5M (through 2021), until such time as GPA petitions the PUC for increases in the contract amount and such increases are approved.


3. On or before September 27, 2017, GPA should submit a report to PUC which includes the following:
 - (a) A current listing of the services that GPA expects Leidos to provide under the Contract;
 - (b) A full explanation of a status of GPA's plans to transition the Piti #8 and #9 to ULSD, and explanation of efforts, if any, to persuade the USEPA to allow GPA to continue to run Piti #8 and #9 on RFO for the remaining life of the units or for at least some additional period of time;
 - (c) An explanation of the current legality of Waste-to-Energy units, and why GPA believes that such an assessment should be a priority for tasks assigned to Leidos;
 - (d) An explanation of scope of services and the estimated cost for tasks 17-03, 17-04, and 17-05.
4. 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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure.

Dated this 27th day of July, 2017.



Jeffrey C. Johnson
Chairman


Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner


Peter Montinola
Commissioner

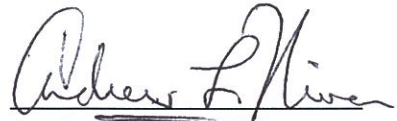
Order
Award of Contract for
Environmental Engineering
& Technical Services to Leidos
July 27, 2017



Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner