

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: PETITION TO INCLUDE) **GWA DOCKET 18-07**
)
UGUM TREATMENT PLANT) **ORDER**
IN SCADA’S UPGRADE)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the July 3, 2018 Petition for Approval of the Change Order to Include Ugum Water Treatment Plan in the SCADA System Wide Upgrade, filed by the Guam Waterworks Authority (“GWA”) (hereinafter referred to as the “Petition”).

On August 27, 2018, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

On October 27, 2016, the PUC authorized GPA and GWA to enter into a contract with Benson for a Supervisory Control and Data Acquisition (“SCADA”) system that would run power, water, and wastewater on a common platform. On December 6, 2016, GPA and GWA executed a contract with Benson Guam Enterprises, Inc. (“Benson”) for the design and installation of the new SCADA system for GPA and GWA.¹ Thereafter, Benson subcontracted to Siemens the performance, development, testing and delivery of a SCADA system to GPA and GWA.²

¹ Petition, p. 2.

² Petition, p. 2.

A. Contract Review Protocol

Pursuant to 12 G.C.A. §12105, GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Additionally, pursuant to GWA’s Contract Review Protocol issued in Administrative Docket 00-04, “[a]ll professional service procurements in excess of \$1,000,000” require “prior PUC approval under 12 G.C.A. § 12004, which shall be obtained before the procurement process is begun”³

B. GWA’s Petition for PUC Approval

1. 2017 Power Glitch at the Ugum Surface Water Treatment Plant

According to GWA, an “electrical power surge in early 2017” resulted in the Ugum Surface Water Treatment Plant (“Ugum”) going “off-line for several days.”⁴ In January of this year, GWA dispatched the services of Benson to have Siemens perform an on-site assessment of Ugum’s Siemens SCADA and main programmable logic controller (“PLC”) system, as well as emergency recovery and other services.⁵

According to GWA, upon completion of the Ugum assessment, Siemens submitted a report to GWA that recommended an upgrade to GWA’s main PLC system and SCADA system with a redundant system (the “Siemens Report”).⁶ Such redundancy, or duplication of critical components of a system, was recommended to presumably increase reliability of the SCADA system. The Siemens Report also recommended an upgrade to the software, integration of raw

³ GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁴ Petition, p. 2.

⁵ Petition, p. 2.

⁶ Petition, p. 2.

water intake pump station to the plant's SCADA system, and replace defective equipment and cabling.⁷

According to GWA, Ernst & Young also performed a vulnerability and cyber security assessment of GWA's facilities and recommended that GWA address certain vulnerabilities with respect to the Ugum SCADA system.⁸

2. Change Order No. 5

In its Petition, GWA requested PUC approval of Task Order No. 5, which will require an additional \$687,506.25 to the existing SCADA contract with Benson. Change Order No. 5 will allow Benson to perform the recommended upgrades to the Ugum SCADA and PLC system, which was described in the Siemens Report.

Specifically, Change Order No. 5 includes the following: Hardware, software, and engineering services, for a total amount of \$455,738.00; and \$119,100.00 for integration services. The costs also include a fifteen percent (15%) mark-up at \$86,225.70, and a four percent (4%) administrative fee at \$26,442.55, totaling \$687,506.25. GWA submitted that the change order will be funded as 2016 Capital Improvement Projects EE 09-08 and EE 09-09.⁹

C. GWA Resolution No. 34-FY2018 and GPA Resolution No. 2018-13

Based on Resolution No. 34-FY2018 and GPA Resolution No. 2018-13, the Consolidated Commission on Utilities (the "CCU") found that the terms of the change order proposal submitted by Benson were fair and reasonable. Accordingly, the CCU authorized

⁷ Petition, p. 2.

⁸ Petition, pp. 2-3.

⁹ Petition, p. 3.

GWA to accept the change order, and thereby authorized the expenditure of an additional \$687,506.25 to the existing contract.

CONCLUSION

This Commission, in prior dockets, has previously highlighted the significance of a SCADA system, and that such system would increase GWA's operational efficiency.¹⁰ The system is supposed to improve the ability of GWA to monitor and control the water and wastewater utility system.¹¹ In addition, the PUC has also been aware that GWA intended on integrating sixty (60) SCADA-ready water and wastewater facilities, with remaining facilities planned and added as funding became available.¹²

Based on the record before this Commission, the need for a properly functioning, and reliable, SCADA system in GWA's facilities is clear. GWA needs the upgrades identified Change Order No. 5 in order to better monitor and control its water and wastewater utility system, especially to keep Ugum safe and reliable. Based on the documents submitted, GWA has demonstrated that the subject Change Order No. 5, which is related to GWA's SCADA system, is reasonable, prudent, and necessary.

Accordingly, based on the record before the PUC, the ALJ recommended that the PUC approve GWA's petition and that GWA should be authorized to proceed with the Change Order No. 5 to the subject contract, at an additional cost of \$687,506.25.

The Commission hereby adopts the findings made in the August 27, 2018 ALJ Report, and therefore, issues the following:

¹⁰ PUC Order, GPA Docket 17-01, p. 4 (Oct. 27, 2016).

¹¹ PUC Order, GPA Docket 17-01, p. 4 (Oct. 27, 2016).

¹² PUC Order, GPA Docket 17-01, p. 2 (Oct. 27, 2016).

ORDERING PROVISIONS

Upon careful consideration of the record herein, 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. That the instant Petition is hereby APPROVED and GWA is authorized to proceed with the Change Order No. 5 to the subject contract, at an additional cost of \$687,506.25.

2. GWA 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 this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 30th day of August, 2018.

JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

P183027.JRA