

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 20-14)

THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO APPROVE)
THE PROCUREMENT OF A PMC FOR)
THE MANAGEMENT, OPERATION,)
AND MAINTENANCE OF THE 40MW)
AGGREKO POWER PLANT)

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to approve the Procurement of a PMC for the 40MW Aggreko Power Plant [Aggreko Plant].¹
2. GPA's contract for the Aggreko Plant will expire on January 8, 2021 and GPA will take ownership of the plant after that date.
3. GPA is requesting the PUC's authorization to solicit for a PMC Contract to manage, operate, and maintain the Aggreko Plant after it takes ownership of the plant.²

BACKGROUND

4. GPA contracted for the operation of the Aggreko Plant on January 9, 2016 to mitigate the loss of the Cabras 3 and 4.³ The Aggreko Plant consists of 39 portable generator sets enclosed in standard size ISO 20 foot containers with integrated lifting forgings on the corners and each of the units is rated at a 1014KW gross output.⁴

¹ GPA Petition to Approve the Procurement of a PMC for the Aggreko Plant, GPA Docket 20-14, dated May 29, 2020 [GPA's Petition].

² Id. at page 1.

³ Id.

⁴ GPA IFB at 162. NOTE: The following page citations for GPA's Petition refer to the PDF pages due to the pages on GPA's Petition not being contiguous.

5. GPA states that contracting a PMC for the Aggreko Plant and the use of GPA personnel will allow GPA to continue to operate the plant after GPA takes ownership of it on January 9, 2021.⁵
6. GPA will require the 40MW generating capacity of the Aggreko Plant to operate the island-wide power system until GPA's Phase II Renewable Resource Acquisition contracts start in the 3rd Quarter of 2022, and GPA's new power plant begins operations in the 4th Quarter of 2022.⁶
7. GPA has prepared a Multi-Stepped Sealed Bid to solicit for a PMC contract for the Aggreko Plant [IFB].⁷
8. On May 26, 2020, the CCU authorized GPA to issue the solicitation for a PMC contract for the Aggreko Plant subject to the review and approval of the PUC.⁸
9. On June 22, 2020 the PUC Legal Counsel submitted his report.

DETERMINATIONS

10. GPA's Contract Review Protocol states that for multi-year procurements with fixed terms and variable annual costs, GPA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its \$1,500,000 review threshold.⁹
11. The IFB's contract is a fixed annual management fee contract wherein GPA and the PMC will mutually agree as to the contract deliverables and guarantees, and the contract will include provisions for operations, maintenance supplies and services, and inventory management and control.¹⁰ Hence, the total amount of the future

⁵ Consolidated Commission on Utilities [CCU] Resolution No. GPA Resolution No. 2020-10, attached to GPA's Petition at 3.

⁶ Id.

⁷ GPA IFB, attached as Exhibit to CCU Resolution at 5.

⁸ CCU Resolution at 4.

⁹ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at 2.

¹⁰ GPA IFB at 45, attached as an Exhibit to CCU Resolution.

contract is not known at this time. However, GPA's IFB states that total O&M Budget for the PMC contract for the Aggreko Plant is \$1,350,000 per year, and that the contractor is responsible for funding the O&M Budget up to this amount annually.¹¹ The IFB's contract has an initial term of thirty-six months with two optional twelve-month periods.¹² Thus, the IFB's initial three year contract term exceeds the \$1,500,000 review threshold and GPA must obtain the PUC's approval of the IFB prior to issuing it.

12. The IFB's contract provisions are those that have previously been used by GPA in its performance management contracts and approved by the PUC, which include the operation of Aggreko Plant, staff management and augmentation, budget management, procurement inventory management and control, plant engineering, environmental compliance, completion of critical repairs and major maintenance projects.¹³
13. However, there is a provision wherein GPA may request the PMC for the Aggreko Plant to relocate some of its diesel units to ensure the efficient distribution of capacity at other GPA sites and the PMC may have to develop of cost-effective Relocation and Clean-Up Plan that will be subject to the approval of the CCU and the PUC.¹⁴ This additional provision will give GPA greater flexibility as to its use of the 39 portable generator sets at the Aggreko Plant after additional renewable energy resources and the new northern power plant begin operating.
14. GPA's request to issue the IFB for a PMC for the Aggreko Plant is reasonable, prudent and necessary.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, GPA's Petition to approve the Procurement of a PMC for the Aggreko Plant, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made,

¹¹ Id., at 161.

¹² Id., at 7.

¹³ GPA IFB at 86, .

¹⁴ Id., at 56.

seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Procurement of a PMC for the Aggreko Plant is approved.
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.

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Order
THE APPLICATION OF THE
GUAM POWER AUTHORITY
TO APPROVE THE PROCUREMENT
OF A PMC FOR THE AGGREKO PLANT
GPA Docket 20-14
June 25, 2020

Dated this 25th day of June, 2020.



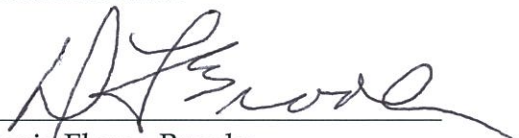
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



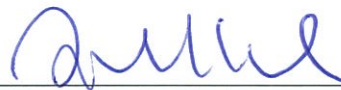
Rowena E. Perez-Camacho
Commissioner



Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

Pete Guerrero
Commissioner