

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
April 29, 2021
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:38 p.m. on April 29, 2021, pursuant to due and lawful notice. Commissioners Johnson, Perez-Camacho, Montinola, Pangelinan, McDonald, Flores-Brooks, and Guerrero were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes

The Chairperson announced that the first item of business on the agenda was approval of the minutes of February 25, 2021. Upon motion duly made, seconded, and unanimously carried, the Commission approved the minutes subject to corrections.

2. Port Authority of Guam

The Chairperson announced that the next item of business on the agenda was Port Authority of Guam [PAG] Docket 21-03, Petition for Removal and Demolition of Cranes and Heavy Equipment, ALJ Report, and Proposed Order. ALJ Alcantara stated that PAG is requesting that the PUC approve its \$2.57 million contract with Guam Industrial Services Incorporated doing business as Guam Shipyard [Guam Shipyard] for the dismantling, and transport to a salvage or disposal facility, of two ship-to-shore gantry cranes, one mobile harbor crane, two rubber tire gantry cranes, and one partially sunken barge. ALJ Alcantara stated that the contract requires Guam Shipyard to prepare a health and safety plan that complies with U.S. federal regulations, engage the services of an environmental hygienist to conduct a hazardous material survey, and restore the areas the cranes and barges are located in to a condition satisfactory to PAG. ALJ Alcantara stated that the contract has a term of one-year and forty-five days and contains a liquidated damage provision, which is a thousand dollars each day that the project goes beyond the contract term. ALJ Alcantara stated that the removal of the cranes and the barge would allow PAG to expand the use of its container yard and free up its waterfront facilities to accept more types of vessels and he recommended that the PUC approve PAG's petition. PAG GM Respicio stated that Guam Shipyard's demolition plan was reviewed and approved by PAG's consultants, that the demolishing of the cranes would generate more revenue because PAG would be able to

charge more dock fees, and he stated that PAG was planning to use a \$30 million federal grant and a \$15 million USDA loan to purchase two replacement gantry cranes.

Commissioner Montinola inquired as to whether the cranes that would be demolished were purchased from Matson and PAG GM Respicio stated they were not and that those cranes were still in operation. Commissioner Flores-Brooks inquired as to who would get the money from the salvage and PAG GM Respicio stated that GSA would get a percent of the value of the scrap metal but has waived any claim they have, and that Guam Shipyard would get the value from the scrap metal, if any. Commissioner Flores-Brooks inquired as to whether the contract price included a 10% contingency and PAG GM Respicio stated that there was no contingency but a provision for liquidated damages instead. Commissioner Perez-Camacho moved to approve the proposed order granting the petition which motion was seconded by Commissioner Montinola, and the motion carried unanimously.

3. Guam Waterworks Authority

The Chairperson announced that the next item of business was Guam Waterworks Authority [GWA] Docket 21-03, Petition for Approval of the Bid and Proposed Contract with Giant Construction Corporation for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, ALJ Report, and Proposed Order. ALJ Horecky stated that GWA has previously indicated to the PUC that the increasing frequency of water outages in the Canada-Toto Loop area justified a fast-track replacement CIP procurement, and GWA issued an IFB in January to provide construction service, lateral upgrade, and replacement of approximately 5,720 linear feet of existing 2-inch and 6-inch asbestos cement ACP, with new polyvinyl chloride PVC pipes ranging from 6-inch to 12-inch diameter and disconnection from an existing 6-inch ACP, and reconnect to an existing 12-inch PVC waterline along Canada-Toto Loop. ALJ Horecky stated that GWA received four bids and that GWA determined that Giant Construction had the lowest responsive and responsible bid for \$1,945,720.00, that GWA added a 10% contingency of \$194,572, and that the total contract amount GWA is asking the PUC to approve is \$2,140,292.00, which GWA will pay using bond funds. ALJ Horecky stated that the CCU approved the proposed contract, that the contract is necessary and prudent, and he recommended that the PUC approve it. GWA GM Bordallo stated that GWA is at the construction end of this project, that GWA got hung up in some areas where the Toto-Canada Loop road runs through private property that required GWA to get easements from the private landowners, and that the winning bidder was \$300,000.00 cheaper than the engineer's estimates.

The Chairperson inquired how GWA would deal with the AC, ACD pipes and GWA GM Bordallo stated that for some of the areas GWA will trench and install the new pipe if the ACP pipe is such that we don't have enough space to go away from it and we have to dig it out, then that will be properly disposed of, and that in most places the

pipes will be abandoned in place. A discussion ensued between Commissioners Perez-Camacho, Montinola, Flores-Brooks, McDonald and GWA GM Bordallo as to where Tai Road was located, the project timeframe, Giant Corporation's ownership, the prices of the bids submitted in response to GWA's IFB, the project's quality control measures, the project timeline, Giant Corporation's previous contract with GWA, and whether Giant Corporation had sufficient resources for the project. Commissioner Guerrero made a motion to approve the proposed order granting the petition which motion was seconded by Commissioner Perez-Camacho, and the motion carried unanimously.

4. Guam Power Authority

The Chairperson announced that the next item of business was Guam Power Authority [GPA] Docket 21-09, Petition to Approve Extension for Diesel Fuel No. 2 Supply Contracts with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC. (IP&E), PUC Counsel Report, and Proposed Order. ALJ Horecky stated that in August of 2019 the PUC had approved the present contracts for the supply of diesel fuel oil for the baseload plants, fast track diesel plants, and combustion turbine plants with both Mobil Oil Guam Inc. [Mobil] for three sites and Isla Petroleum & Energy Holdings [IP&E] for one site, that the contract has a base period and extension periods, and that GPA is requesting that the PUC approve the GPA's exercise of the extension period. ALJ Horecky stated that GPA is concerned about going out for a new bid because the fixed premium price could change and would likely go up due to a new regulation requiring fuel supply ships to use ultra-low sulfur diesel, a more expensive fuel. ALJ Horecky stated that the total cost for the three-year extension would be approximately \$245 million. ALJ Horecky stated that the CCU has approved the contract extension, that the PUC has previously determined that a continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity, and he recommended that the PUC approve the contract extension. GPA GM Benavente stated that GPA's diesel fuel supplies are usually Mobil and IP&E, that the current contract and extension prices are cheaper than the previous contract. Commissioner Guerrero moved to approve the proposed order granting the petition which motion was seconded by Commissioner Montinola, and said motion carried unanimously.

The Chairperson announced that the next item of business was GPA Docket 20-09, Petition for Creation of New Energy Storage Rate, ALJ Report, and Proposed Order. Thank you, Mr. Chairman, Commissioners. ALJ Horecky stated that the PUC has been provided a substantial amount of information concerning this docket in the report of Daymark Energy Advisers and the ALJ Report, and from the statements made from the seven testifying witnesses who appeared at the public hearings in this matter which were concluded in April, 2021, and GPA proposes that this new rate would only apply to new net metering customers who would have the options to: (1) Install frequency

control capability or an energy storage system with the installation of a new solar PV or wind turbine system; or (2) Pay a monthly charge of \$2.43 per kilowatt pursuant to the energy storage rate schedule. ALJ Horecky stated that if this new rate is approved, a customer with a 5kW system would pay approximately \$12.00 per month to GPA and about \$145.00 per year, and that the reports state that the PUC should not address this matter now because GPA should complete an independent study determining the cost of grid and other services used by NEM customers and the specific value of those services to NEM customers and those studies have not been completed at this time, and he recommended that the PUC not approve the new rate until these studies have been completed. ALJ Horecky went through GPA's arguments to consider this new rate now, the testimony of the witnesses at the public hearings, the Daymark Report, and GPA's energy storage proposal and reiterated his recommendation that the PUC deny GPA's petition. GPA GM Benavente stated GPA is trying to help the solar industry or those that are wanting to come under solar and that the proposed rate that is three and a half times cheaper than the old battery rate, that there is a direct correlation between the increase in net metering customers to the number of outages, that GPA needs frequency control to avoid system degradation, that the non-net metering customers are subsidizing the net-metering customers, that GPA has provided enough information to prove these factors, and stated that if GPA's petition is not approved they will work on revising a new one in June.

A discussion ensued between the Chairperson and Commissioners Montinola, Flores-Brooks, Guerrero and GPA GM Benavente, concerning whether completion of the studies were necessary, whether GPA's non-net metering customers were in fact subsidizing GPA's net-metering customers, GPA's timeline for completing the studies, GPA's battery storage facilities and their cost and effect on the system, whether GPA should only apply the rate to new net-metering customers, the potential number of new net-metering customers, the diversification of GPA's energy portfolio, solar battery storage costs, the effect of solar energy on the base power rates, and the effect of more electric cars on the power system. Commissioner Montinola moved to approve the proposed order denying the petition which motion was seconded by Commissioner Perez-Camacho, and the motion carried unanimously.

The Chairperson announced that the next item of business was GPA Docket 21-08, Petition to Approve the Application of GPA for Procurement of Purchase Services, ALJ Report and Proposed Order. ALJ Horecky stated that GPA seeks to procure the processing of credit and debit card payments for GPA, GWA, and the Guam Solid Waste Authority [GSWA] at their payment facilities and online, Visa and Mastercard debit and credit cards and Discover cards, and that the GSWA board and the CCU have approved the proposed procurement. ALJ Horecky stated that GPA's current contract for merchant services expires on May, 2021, and that the proposed solicitation has a contract with an initial term of 1-year and with four additional 1-year extensions, for a

total of 5 years, and that GPA estimates that contract will cost approximately \$1.3 million, and he recommended that the PUC approve the petition. GPA GM Benavente stated that GPA has been able to decrease its contract price for its merchant services for the past several years and he anticipated the same decrease for the new contract. A discussion ensued between Commissioners Montinola, Perez-Camacho, Pangelinan, Flores-Brooks, GPA GM Benavente and GPA's Kim concerning the decreasing costs of merchant services, whether the rate-payers are being charged for using the online payment service, whether GPA should charge a credit card fee to its customers, and the effect of the merchant services on GPA's bad debts. Commissioner Pangelinan moved to approve the proposed order granting the petition which motion was seconded by Commissioner Montinola, and the motion carried unanimously.

5. Administrative Matters

The Chairperson announced that the next item of business was an update on the PUC's website. ALJ Horecky stated that Ideal Advertising has redesigned the PUC's website and that it is more digital, uses Flash Technology, and has implemented a new procedure for inputting dockets into the website and the new materials, and that PUC's staff is receiving training on how to do this.

The Chairperson announced that the next item of business was the Extension of the PUC Contract for Administrative and Bookkeeping Services. ALJ Horecky stated that the existing contract was up in mid-April. PUC's Palomo stated that after the PUC hired an administrative assistant the contractor is not required for 24 hours every two weeks and that the contract should be reduced to looking over the books once a month or once per quarter. A discussion ensued between the Commissioners and PUC's Palomo concerning the services required, the hours for the contract extension, the division of tasks between the PUC staff and the contractor, the PUC's software accounting program, the complexity of the PUC's accounting, and whether to extend the contract or solicit for new bookkeeping services. Commissioner Guerrero moved to authorize the PUC's Palomo to terminate the contractor and solicit for new bookkeeping services which motion was seconded by Commissioner Montinola, and the motion carried unanimously.

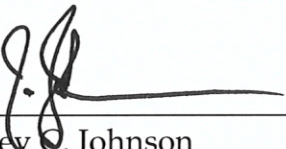
The Chairperson announced that the next item of business was GPA's Filing of Net Metering Annual Data for 2019 and 2020. ALJ Horecky stated that this filing is informational only, and a discussion ensued between the Commissioners concerning the accuracy of the numbers used in the report, the status of solar power on Guam, and various renewable energy initiatives.

The Chairperson announced that the next item of business was Bill No. 102-36, which would require public agencies, including the PUC, to broadcast their meetings. ALJ Horecky stated that this was being presenting to bring the bill to the attention of the Commissioners and that if it passes, the PUC's staff would need more equipment and assistance to broadcast the PUC's meetings.

6. Other Business

The Chairperson announced that the next item of business was which summer month the PUC would not hold a meeting. A discussion ensued between the Commissioners and ALJ Horecky concerning their summer travel plans and schedules, and upcoming dockets. Commissioner Montinola moved that the PUC not hold a meeting in June, 2021 which motion was seconded by Commissioner Perez-Camacho, and the motion carried unanimously.

There being no further administrative matters or business, the Commissioners moved to adjourn the meeting.



Jeffrey C. Johnson
Chairperson

ATTACHMENT A
THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF PUBLIC MEETING

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on April 29, 2021, Suite 202, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

- 1. Approval of Minutes of February 25, 2021**
- 2. Port Authority of Guam**
 - **PAG Docket 21-03, Petition for Removal and Demolition of Cranes and Heavy Equipment, ALJ Report, and Proposed Order**
- 3. Guam Waterworks Authority**
 - **GWA Docket 21-03, Petition for Approval of the Bid and Proposed Contract with Giant Construction Corporation for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, ALJ Report, and Proposed Order**
- 4. Guam Power Authority**
 - **GPA Docket 21-09, Petition to Approve Extension for Diesel Fuel No. 2 Supply Contracts with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC. (IP&E), PUC Counsel Report, and Proposed Order**
 - **GPA Docket 20-09, Petition for Creation of New Energy Storage Rate, ALJ Report, and Proposed Order**
- 5. Administrative Matters**
 - **Website Update**
 - **Extension of PUC Contract for Administrative and Bookkeeping Services**
 - **GPA's Filing of Net Metering Annual Data for 2019 and 2020**
 - **Bill No. 102-36 (which would require public agencies, including the PUC, to broadcast their meetings)**
- 6. Other Business**

Due to the current public health emergency, all persons attending the meeting will be required to wear masks. Social distancing protocols will be observed. Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

This Notice is paid for by the Guam Public Utilities Commission



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**PORT AUTHORITY OF GUAM'S
PETITION FOR REMOVAL AND
DEMOLITION OF CRANES AND
HEAVY EQUIPMENT**

PAG DOCKET 21-03

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the April 9, 2021 Petition for review and approval of the contract related to the demolition and disposal of five (5) inoperable port cranes and removal and disposal of Barge YFN 816 (the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG” or the “Port”).

On April 26, 2021, 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 December 31, 2020, PAG issued Multi-Step Invitation for Bid IFB-PAG-CIP-021-002 (hereinafter referred to as the “IFB”) for the deconstruction, removal and proper disposal of certain Port assets.¹ Based on the IFB, this project is to “safely dismantle” two (2) ship-to-shore gantry cranes, one (1) mobile harbor crane, two (2)

¹ Petition, p. 1 (Apr. 9, 2021).

rubber-tire gantry cranes, and one (1) partially sunken barge, which involves disassembly and transport to an off-site salvage or disposal facility.²

According to PAG, Gantry Crane 2 is a crane currently located dockside on Wharf F-4, and is not operational.³ This crane is a rail-mounted gantry crane, which was installed on the dock back in 1979.⁴ According to the IFB, the boom of the crane is in an upright stowed position and cannot be boomed down.⁵

Gantry Crane 3 is located dockside on Wharf F-4 and is also not operational.⁶ This crane is a Hitachi rail-mounted gantry crane, which was installed on the dock back in 1994.⁷ According to PAG, the boom of the crane is also in an upright stowed position and cannot be boomed down.⁸

The mobile crane is located between the CFS Building and the Port Police Building, and is similarly not operational.⁹ The two rubber-tire gantry cranes (RTG) are currently located at “Area P” on the Port terminal yard, both of which are also not operational.¹⁰ Each RTG crane weighs approximately 90,000 pounds.¹¹ And finally, Barge YFN-816 is partially sunk in the harbor at the end of Wharf F-6.¹²

² IFB, p. 81 (Dec. 31, 2020).

³ IFB, p. 81.

⁴ IFB, p. 81.

⁵ IFB, p. 81.

⁶ IFB, p. 81.

⁷ IFB, p. 81.

⁸ IFB, p. 81.

⁹ IFB, p. 81.

¹⁰ IFB, p. 81.

Subsequently, PAG received one (1) bid submitted by Guam Industrial Services Inc. *dba* Guam Shipyard.¹³ PAG thereafter evaluated Guam Shipyard's bid, specifically its unpriced technical offer, and determined that the bid was "acceptable."¹⁴ Further, upon PAG's evaluation of Guam Shipyard's sealed priced offer, PAG determined that Guam Shipyard's \$2,573,155.00 bid was "fair and reasonable"; and, that Guam Shipyard was a responsible bidder.¹⁵ Accordingly, Guam Shipyard's bid met the standards of responsibility and responsiveness, and that Guam Shipyard was the lowest responsive and responsible bidder.¹⁶

On March 25, 2021, PAG's Board of Directors issued Resolution No. 2021-04, which approved the awarding of the contract to Guam Shipyard, and thereby authorizing the \$2,573,155.00 expense for the demolition, removal and disposal of five (5) inoperable cranes and the removal and disposal of Barge YFN 816.

1. PAG's Contract Review Protocol

Pursuant to 12 G.C.A. §12105, PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. Accordingly, pursuant to PAG's current Contract Review Protocol, "[a]ll professional services contracts in excess of \$1,000,000" and "[a]ll externally funded

¹¹ IFB, p. 81.

¹² IFB, p. 81.

¹³ Petition, p. 1.

¹⁴ Petition, p. 1.

¹⁵ Bid-Analysis, by the General Manager and Assistant Attorney General, p. 2 (undated).

¹⁶ Evaluation, Bid-Analysis and Recommendation of Priced Offer (Part B), by the Contract Management Administrator to the General Manager, p. 2 (Mar. 11, 2021).

loan obligations and other financial obligations, such as lines of credit, bonds, etc., in excess of \$1,000,000,” “shall require prior PUC approval” Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011).

2. Scope of Work and Proposed Contract

a. Scope of Work

Based on the IFB, the scope of work involves the safe dismantling of two (2) ship-to-shore gantry cranes, one (1) mobile harbor crane, two (2) rubber tired gantry cranes, and one partially sunken barge, which includes not only disassembly but the transport of such equipment to a salvage or disposal facility.¹⁷

Aside from mobilization and demobilization, and among other duties and requirements, the contractor must submit a proposed methodology for dismantling and removal of the equipment.¹⁸ In addition, the contractor is further required to prepare a Health and Safety Plan (“HASP”) compliant with U.S. federal regulations.¹⁹ The purpose of the HASP is “to establish site-specific health and safety requirements for protecting the health and safety of personnel during all activities conducted on-site.”²⁰

The contractor will also be responsible for compliance with regulatory requirements pertaining to the disposal of all construction and demolition waste materials.²¹ Further, prior to the demolition activities, the contractor must engage the

¹⁷ IFB, p. 81 (Dec. 31, 2020).

¹⁸ IFB, p. 81.

¹⁹ IFB, p. 98.

²⁰ IFB, p. 98.

²¹ IFB, p. 102.

services from an Environmental Hygienist to conduct a hazardous materials survey for each crane, paying particular attention to, for instance, asbestos, lead, chromium, and PCBs.²²

Pursuant to the terms of the IFB, the contractor must also keep all work and adjacent areas clean and uncluttered by removing all rubbish, surplus materials, and unnecessary construction equipment.²³ Similarly, upon completion of demolition and removal operations, all affected areas must be cleaned of debris and rubbish; and, all affected areas must be restored to some kind of satisfactory condition as determined by PAG.²⁴

b. Contract Term

Based on the proposed contract, the term of the contract includes the following: a term of three hundred sixty-five days (365) for the demolition of the cranes; and one (1) year and forty-five (45) days for the optional bid item, namely the dismantling and disposal of the YFN 816 barge.²⁵ Similar to other PAG construction contracts, the proposed contract contains a liquidated damages provision, requiring \$1,000.00 each day beyond the expiration of these terms.²⁶

²² IFB, p. 104.

²³ IFB, pp. 111.

²⁴ IFB, pp. 111, 117.

²⁵ Proposed Contract, p. 2.

²⁶ Proposed Contract, p. 2.

c. Cost and Funding

According to the Petition, PAG seeks PUC approval of its demolition and disposal project at a cost of \$2,573,155.00.²⁷ Specifically, based on its Price Abstract, Guam Shipyard's bid is comprised of the following: \$175,000.00 for mobilization and demobilization; \$45,655.00 for environmental controls; \$96,474.00 for a demolition and dismantling plan; \$350,580.00 for the demolition of Gantry Crane #2; \$398,680.00 for the demolition of Gantry Crane #3; \$105,515.00 for the demolition of the mobile harbor crane; \$320,132.00 for the demolition of two rubber-tire gantry cranes; and \$783,040.00 for the disposal of materials. In addition, \$298,079.00 for the demolition and disposal of the barge.

Based on answers in response to the April 21, 2021 Request for Information issued by the Administrative Law Judge assigned to this docket (the "RFI"), PAG indicated that it arrived at a government estimate through a market research survey sent to three (3) prospective vendors. According to an estimate provided by one vendor, it would cost \$2.15 million to remove and dispose of five (5) assets. PAG then added an additional \$350,000 for the removal and disposal of Barge YFN 816 to the estimate, totaling \$2.5 million for the entire removal and demolition project. Guam Shipyard's bid is about 3% more than PAG's estimate.

This project will be funded internally by PAG.²⁸

²⁷ Petition, p. 1.

²⁸ Petition, p. 1.

3. **Board Resolution**

Resolution No. 2021-04, issued on March 25, 2021, approved the award to Guam Shipyard, and authorized the payment of \$2,573,155.00 for the demolition, removal and disposal of five (5) inoperable cranes and the removal and disposal of Barge YFN 816.

RECOMMENDATION AND CONCLUSION

According to its Petition, PAG submitted that “removal of these 5 Port inoperable cranes and the partially sunken barge . . . would present the Port with financial opportunities to generate revenue by creating additional berthing space for ships along [the Port’s] wharfs.”²⁹ PAG added that the removal of these inoperable assets will “eliminate the potential for falling objects (crane parts) to damage [the Port’s] wharfs,” and eliminate “unsafe conditions.”³⁰

Further, in response to the RFI issued in this docket, PAG indicated that it “anticipates” an increase in cargo as a result of the “military build-up in 2023.” Accordingly, PAG submitted that the removal of the assets indicated in the subject Petition “will allow the Port to expand the use of its container yard and stage the cargoes without limitations.” Further, such removal of assets would further “allow the Port to conduct relocation of its waterline infrastructure in the terminal yard”; and that “waterfront facilities, especially F4 and F6, would be fully utilized by berthing a domestic vessel, conventional vessel and [Roll-on Roll-off] vessel.”

²⁹ Petition, p. 1.

³⁰ Petition, p. 1.

The ALJ found that the demolition and disposal of five (5) inoperable port cranes and removal and disposal of Barge YFN 816 aligns with PAG's efforts to modernize, and to continue to streamline and expand its operations.

Based on the record before the Commission, the ALJ recommended that the PUC approve the proposed contract with Guam Shipyard, at a cost of \$2,573,155.00.

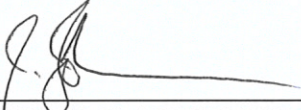
The Commission hereby adopts the findings made in the April 26, 2021 ALJ Report, and therefore, issues the following.

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.
2. PAG is authorized to enter into the proposed contract with Guam Industrial Services Inc. dba Guam Shipyard for the demolition and disposal of five (5) inoperable port cranes and removal and disposal of Barge YFN 816, at a total cost of \$2,573,155.00.
3. PAG 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.

SO ORDERED this 29th day of April, 2021.



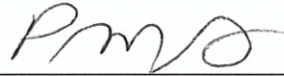
JEFFREY C. JOHNSON
Chairman



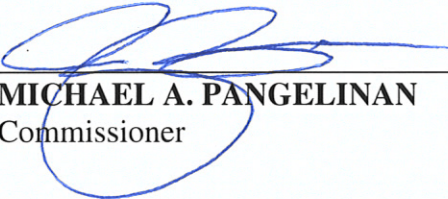
ROWENA E. PEREZ-CAMACHO
Commissioner



JOSEPH M. MCDONALD
Commissioner



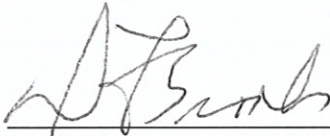
PEDRO GUERRERO
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner



DORIS FLORES BROOKS
Commissioner

P213029.JRA

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: REQUEST BY THE GUAM) GWA Docket 21-03
WATERWORKS AUTHORITY FOR)
APPROVAL OF THE BID AND)
PROPOSED CONTRACT WITH GIANT) **ORDER**
CONSTRUCTION CORPORATION FOR)
THE TAI ROAD/S13 AND CANADA-)
TOTO LOOP/BLAS STREET)
WATERLINE REPLACEMENT PROJECT)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Waterworks Authority [“GWA”] for approval of the Bid and Proposed Contract with Giant Construction Corporation for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project.¹
2. GWA indicates that there has been an increasing frequency of water outages in the Canada-Toto Loop area. To remedy this issue, GWA has put together this fast-track replacement CIP procurement.²
3. Due to the exigent nature of the work to be performed, GWA filed its petition and requested a hearing for this month’s PUC Meeting.³

BACKGROUND

4. On January 7, 2021, GWA advertised the Invitation for Bid IFB-02-ENG-2021 for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline replacement.⁴

¹ GWA Petition for Approval of the Bid and Proposed Contract with Giant Construction Corporation for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, GWA Docket 21-03, filed April 14, 2021.

² Letter from GWA General Counsel Kelly Clark to PUC ALJ Fred Horecky, dated April 13, 2021.

³ Id.

5. The IFB solicited bid proposals to provide construction service lateral upgrade and replacement of approximately 5,720 LF of existing 2-inch and 6-inch asbestos cement pipe (ACP), with new polyvinyl chloride (PVC) pipes ranging from 6-inch to 12-inch diameter and disconnection from an existing 6-inch ACP, and reconnect to an existing 12-inch PVC waterline along Canada-Toto Loop.⁵
 6. On February 26, 2021, GWA received a total of four (4) bid proposals. However, after a voluntary declination of the project by the lowest bidder (“MEGA United”), and the disqualification of the second lowest bidder (“Infra Tech International”), GWA determined that the bid proposal submitted by Giant Construction Corporation was the lowest responsive and responsible bid, meeting all the bid requirements set forth by GWA.⁶
 7. The total bid of Giant Construction is the amount of \$1,945,720.00, which includes the Base Bid, an additive Bid No. 1, and additive Bid No. 2.⁷
 8. GWA has added a ten percent (10%) contingency of \$194,572.00 to the Contract, bringing the total authorized funding amount to \$2,140,292.00. The pricing proposal of Giant Construction (Exhibit D to GWA’s Petition) is attached to the ALJ Report hereto as Exhibit “1”.
-
9. The ALJ filed his Report herein dated April 19, 2021. The PUC adopts the conclusions and recommendations therein.

⁴ GWA Petition, Id., at p. 1.

⁵ Id., at pgs. 1-2.

⁶ Id., at p. 2.

⁷ Id.

DETERMINATIONS

10. As GWA states, the Contract with Giant Construction Corporation must have prior PUC approval because its total price exceeds \$1,000,000.00.⁸
11. GWA indicates that, to resolve the recurring waterline breaks along the Tai Road, S13 and Canada-Toto Loop/Blas Street, the existing meters will need to be disconnected from an existing 6-inch asbestos cement pipe (ACP) and then reconnected to the existing 12-inch PVC waterline. This project will also replace old and persistently leaking 2-inch and 6-inch ACP with new polyvinyl chloride (PVC) pipe ranging from 6-inches to 12-inches in diameter, including upgrade of service laterals of various lengths, along Tai Road, S13, and Blas Street.⁹
12. GWA has established that the increasing frequency of water outages in the Canada-Toto Loop area has caused a “serious issue” to the customers in that area. Expeditious action, in the form of the contract with Giant Construction Corporation, is necessary and prudent.
13. The PUC should approve GWA’s bid and Proposed Contract for the Waterline Replacement Project so that these serious issues can be addressed as soon as possible.

⁸ Contract Review Protocol for Guam Waterworks Authority, Docket 00-04, dated October 27, 2005 at par. 1(a).

⁹ Id., at pgs. 2-3.

14. This project is consistent with GWA's waterline replacement program, which seeks to reduce the non-revenue water rate, as well as to improve the system where service delivery has been below standard.¹⁰

ORDERING PROVISIONS


Upon consideration of the record herein, the Petition of GWA, the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:


1. Invitation for Bid IFB-02-ENG-2021 for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement and the Contract with Giant Construction Corporation for the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project are approved.
2. GWA is authorized to expend up to the amount of \$2,140,292.00 for the Contract with Giant Construction Corporation.
3. GWA should file the final Contract with PUC.
4. GWA 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 before the Public Utilities Commission.


¹⁰Id., at p. 3.

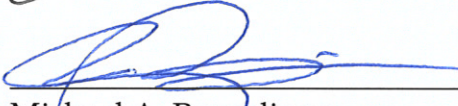
Order
Approval for Water Replacement Project
With Giant Construction Corporation
GWA Docket 21-03
April 29, 2021

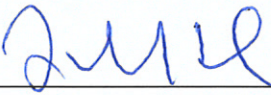
Dated this 29th day of April 2021.

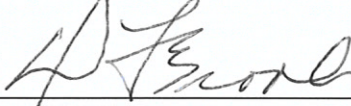



Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Commissioner

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner

Pedro S.N. Guerrero
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 21-09
)
The Application of the Guam Power)
Authority to Exercise Extension Option) **ORDER**
under the Diesel Fuel Supply Contract)
with Mobil Oil Guam, Inc. and Isla)
Petroleum and Energy, LLC (IP&E Guam))
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Guam Power Authority [“GPA”] Petition to Exercise Extension Option under the Diesel Fuel Supply Contract with Mobil Oil Guam, Inc. [“Mobil Oil Guam”] and Isla Petroleum and Energy, LLC [“IP&E Guam”].¹

BACKGROUND

2. On August 29, 2019, the PUC approved the present Contracts for Supply of Diesel Fuel Oil for the Baseload Plants, Fast-Track Diesel Plants, and Combustion Turbine Plants, with the Mobil Oil Guam, Inc. for 3 sites and with Isla Petroleum and Energy Holdings, LLC (IP&E) for 1 site.²
3. Mobil Oil Guam is presently GPA’s diesel fuel supplier for Site 1 (Yigo CT and Aggreko), Site 3 (Piti 7), and Site 4 (Cabras 1 & 2, MEC 8 & 9, Manenggon, and Talofofo).

¹ GPA Petition to Exercise Extension Option under the Diesel Fuel Supply Contract with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC (IP&E Guam), GPA Docket 21-09, filed April 5, 2021.

² PUC Order, GPA Docket 19-12, dated August 29, 2019, at p. 5.

4. IP&E Guam is presently GPA's diesel fuel supplier for Site 2 (Dededo and Macheche CT).
5. The current Diesel Fuel Supply Contracts with Mobil Oil Guam and IP&E Guam expire on December 31, 2021, with an option to extend for three (3) additional one (1) year terms.³
6. GPA has negotiated with Mobil and IP&E for a contract extension of three (3) consecutive years without change to the contract extension Fixed Service Fee schedules.⁴
7. The estimated Fixed Service Fee and Contract Costs are provided in Exhibit A attached to the ALJ Report (Exhibit A to Resolution No. 2021-04).⁵
8. The estimated combined annual Contract Costs for Mobil and IP&E are \$73,484,200 for the first-year extension, \$73,629,400 for the second-year extension, and \$73,781,400 for the third-year extension with an aggregate cost of \$220,895,000 for the 3-year extension period.⁶
9. The estimated combined annual Fixed Service Fee costs for Mobil and IP&E is \$8,047,400 for the first-year extension, \$8,192,600 for the second-year extension, and

³ GPA Petition to Exercise Extension Option under the Diesel Fuel Supply Contract with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC (IP&E Guam), GPA Docket 21-09, filed April 5, 2021, at p. 1.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2021-04, Authorizing the Management of the Guam Power Authority to Petition the Public Utilities Commission for the Extension Diesel Fuel Oil No. 2 Supply Contracts with Mobil Oil Guam Inc. (MOGI) and Isla Petroleum and Energy, LLC (IP&E), adopted and approved March 23, 2021, at p. 1.

⁵ Id. at Exhibit A.

⁶ Id. at p. 2.

\$3,344,600 for the third-year extension with an aggregate cost of \$24,584,600 for the 3-year extension period.⁷

10. The contract value for all the site locations for the 3-year extension period is based upon the estimated fuel price, which is subject to change depending on prevailing market price for diesel.⁸

11. The Fixed Service Fee is the price per gallon, in addition to fuel cost, which the companies will charge for their services.⁹

12. The total estimated quantity of gallons of diesel fuel for the 3-year extension period is 105,600 gallons.¹⁰

13. On March 23, 2021, the Guam Consolidated Commission on Utilities authorized GPA to enter three (3)-year contract extensions with Mobil Oil Guam and IP&E Guam for the supply and delivery of Diesel Fuel Oil No. 2, to commence on January 1, 2022 and to expire on December 31, 2024.¹¹

14. GPA now requests that the PUC authorize it to exercise extension options for three (3) years on the diesel fuel supply contracts. If the options were not exercised, GPA would have to issue a new solicitation.

⁷ Id., at p. 1.

⁸ ALJ Report, GPA Docket 19-12, dated August 25, 2019, at p. 3.

⁹ Id.

¹⁰ See Exhibit "A".

¹¹ CCU Resolution No. 2021-04, *supra*, at p. 2.

15. GPA anticipates that a new solicitation would yield an increase in Fixed Service Fee due to the rising costs for delivery of services.¹²

16. The ALJ filed his Report herein dated April 24, 2021. The PUC adopts the conclusions and recommendations therein.

DETERMINATIONS

17. GPA's decision to exercise its 3-year contract extension period is justified.

Otherwise, procurement of a new diesel fuel contract would likely result in higher Fixed Service Fees.

18. The Fixed Service Fee Cost is slightly higher for the 3-year contract extension period than for the prior 2-year contract base period. However, there are savings in the Fixed Service Fee Cost for the 3-year contract extension period compared to such Cost in GPA's previous contract (roughly \$1,090,600.00).¹³

19. The PUC previously determined that a continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity.¹⁴

20. If the PUC do not approve the current contract extension request, GPA would have to issue a new procurement and could be left with a more expensive supply contract.

¹² Id. at p. 1.

¹³ See Exhibit "A".

¹⁴ PUC Order, GPA Docket 19-12 (Approving the Contract for Supply of Diesel Fuel Oil to GPA), dated August 29, 2019 at p. 4.

21. Diesel fuel assists GPA in providing a stable and uninterrupted supply of electricity to meet the island wide utility power demand.¹⁵
22. Diesel fuel is essential to the operation of the diesel power plants, and the contracts are reasonable, prudent, and necessary.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. GPA's Petition is approved. GPA is authorized to exercise the three (3) additional one-year contract extensions for Supply of Diesel Fuel Oil with Mobil Oil Guam, Inc. and Isla Petroleum and Energy Holdings, LLC (IT&E).
2. GPA is authorized to expend up to the total amount of \$245,479,600.00 for the three (3) additional one-year contract extensions, which includes fuel cost and Fixed Service Fee Costs. Such expenditures shall be in accordance with Exhibit A. Fuel price may be adjusted upward or downward dependent upon market price.
3. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and

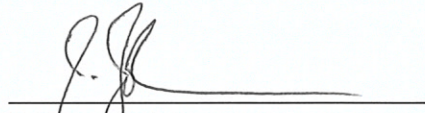
¹⁵ Id.


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 before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]


Order
Exercise of Extension Option under
Diesel Fuel Supply Contracts
GPA Docket 21-09
April 29, 2021

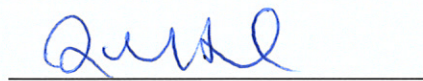
Dated this 29th day of April 2021.

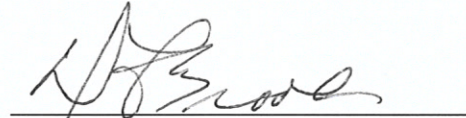


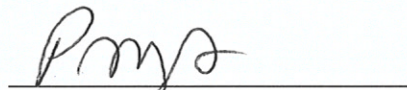
Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Commissioner

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner

Pedro S.N. Guerrero
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) **GPA DOCKET 20-09**
)
GUAM POWER AUTHORITY)
PETITION FOR THE CREATION OF AN) **ORDER**
ENERGY STORAGE RATE SCHEDULE)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (“PUC”) upon the Guam Power Authority (“GPA”) Petition for the Creation of a new Energy Storage Rate Schedule.¹

GPA seeks approval to create a new Energy Storage Rate schedule for Net Metering (NM) customers. Under GPA’s petition, new NM customers would have the option to either install frequency control capability or an Energy Storage System (ESS) on any new solar photovoltaic (“PV”) or wind turbine installation or opt to pay the Energy Storage Rate. GPA proposes the initial Energy Storage Rate to be set at \$2.43 per kW per month.²

BACKGROUND

On December 29, 2008, the PUC approved and adopted the current Interim Rider for Customer-Generator Energy Facilities, developed by both GPA and the Georgetown Consulting Group, Inc.³ On February 27, 2009, the PUC approved and adopted GPA’s Standard Interconnection Agreement for Net Metering Facilities, as well as GPA’s Net Metering Program Interconnection Policy.⁴ On December 10, 2015, the PUC approved and adopted a language change to the Net Metering Rider (“NM Rider”) under “MONTHLY BILLING” to allow unused kWh credits to be carried forward each month until the end of a twelve (12) month period where the account would be “trued-up” and the customer could elect to have the credits carry forward or have GPA purchase the remaining credits at a one-to-one retail rate; if no election was made, GPA must credit the customer’s account with any and all unused kWh credits.⁵

¹ GPA Petition for the Creation of a new Energy Storage Rate Schedule, GPA Docket 20-09, filed March 10, 2020.

² Id. at p. 5.

³ PUC Decision and Order, GPA Docket 08-10, p. 2 (Dec. 29, 2008).

⁴ PUC Decision and Order, GPA Docket 08-10, p. 1 (Feb. 27, 2009).

⁵ PUC Decision and Order, GPA Docket 08-10, p. 7 (Dec. 10, 2015).

In the December 29, 2008 Order, the PUC stated that “The NM Rider may be amended or modified in the future by GPA, with the approval of the Guam Public Utilities Commission (PUC).”⁶ The Order also stated that “The NM Rider is available to all customers without limitation as to the aggregate capacity of Customer-Generator installations on the GPA System. However, at the time the number of Customer-Generators exceeds one-thousand (1000) customers this issue will be reviewed by the PUC and a determination made as to the continued offering of the NM Rider for new ‘net metering’ customers.”⁷

GPA reached 1,000 NM customers in June 2016.⁸ As of August 2018, GPA’s NM customer total reached 1,764, which GPA calculated would result in an approximate annual subsidy of \$3,456,653.00.⁹

On October 4, 2018, GPA filed a petition for Modification of Current NM Rider. GPA recommended a Value of Solar (“VOS”) rate replace the current NM Rider¹⁰. GPA proposed there be a five-year phase in period, where the NM subsidy would be decreased until the new VOS rates would be in place. Per GPA, VOS rates would be established through the following process: “1) Reassess VOS rates each LEAC for Avoided Energy Value; 2) Reassess VOS rates for other VOS components as applies on a) an annual basis; b) periodic basis over a set number of years; and 3) whenever there are material changes to GPA’s generation mix.”¹¹

After receiving GPA’s petition on October 4, 2018, on behalf of the PUC, the Administrative Law Judge (“ALJ”) of the PUC retained Daymark Energy Advisors (“Daymark”) to conduct an independent review of GPA’s application, review NM tariffs across the United States, and provide a report of findings and recommendations regarding whether GPA’s proposed NM credit change should be approved. On May 30, 2019, the PUC issued the following ordering provisions¹²:

1. GPA’s request to modify the current Net Metering Rider from providing retail rate for net metering credits to avoided cost for net metering credits, with a five-year phase-in approach, as set forth in its Petition, is denied.
2. The NM Rider cap is hereby amended to be changed from a customer cap of 1000

⁶ PUC Order, GPA Docket 08-10, dated December 29, 2008, at Exhibit A, Paragraph 1.

⁷ PUC Order, GPA Docket 08-10, dated December 29, 2008, at Exhibit A, Paragraph 3.

⁸ Guam Consolidated Commission on Utilities Resolution No. 2018-17, Authorizing Management of the Guam Power Authority to File Net Metering Program Recommendations Addressing the Guam Public Utilities Commission Order Docket No. 08-10 (December 29, 2008), Exhibit A, Paragraph 3, adopted August 28, 2018, at p. 1.

⁹ GPA Petition for Modification of Current Net Metering Rider, GPA Docket 19-04, filed October 4, 2018, at p. 1.

¹⁰ Id.

¹¹ Id.

¹² PUC Order, GPA Docket 19-04, dated May 30, 2019.

net metering customers to an aggregate kW cap set at 10% of GPA's August 1, 2017 system peak demand of 261 MW.

3. GPA is ordered to complete the planned distribution system impact study and include in that study a balanced locational and full benefit-cost analysis of how distributed generation impacts the distribution system.
4. GPA is ordered to include a rebate program for battery storage in the DSM program and encourage solar providers to include storage with the solar systems and explain the benefits to customers.
5. Once the aggregate kW cap reaches 10% of GPA's August 1, 2017 system peak demand and GPA has conducted the distribution system impact study ordered above, the PUC will consider changes to the Interim NM Rider.
6. If GPA is concerned about lost revenue, it should provide evidence during its next filed base rate case.

On March 10, 2020, GPA filed a new petition with the PUC for the creation of a new energy storage rate schedule¹³. On behalf of the PUC, the ALJ of the PUC retained Daymark to conduct an independent review of GPA's application.

DETERMINATIONS

The PUC Order in GPA Docket No. 19-04 required GPA to do the following:

- conduct a distribution system impact study, including a full benefit-cost analysis that analyzes the impact of distributed generation
- conduct an independent study determining the cost of grid services used by NM customers
- implement a battery storage rebate program¹⁴

As identified in Daymark's Review of Guam Power Authority Request for Approval of an Energy Storage Rate (the "Daymark Report"), GPA has hired Landis and Gyr to undertake a distribution system impact study and hired Utility Financial Service LLC to investigate rates associated with NM, including addressing rates that consider the locational value of solar and technically and economically feasible non-wires alternatives to solve distribution problems identified in the distribution study.¹⁵ However, neither study has been completed to-date nor has GPA performed a full benefit-cost analysis. Finally, GPA did not implement a battery storage rebate

¹³ GPA Petition for the Creation of a new Energy Storage Rate Schedule, GPA Docket 20-09, filed March 10, 2020

¹⁴ PUC Order, GPA Docket 19-04, dated May 30, 2019

¹⁵ Daymark Energy Advisors, Review of Guam Power Authority Request for Approval of an Energy Storage Rate, April 21, 2021, at p. 5.

program. The Daymark Report noted that GPA is not out of compliance in regard to the battery storage rebate program since the PUC Order in Docket No. 20-05 directed GPA to focus on other programs.¹⁶

In addition, the Daymark Report concluded that GPA did not properly determine the extent to which NM is causing grid issues and with this lack of support, it is difficult to accurately develop a charge designed to recover costs related to system issues caused by NM. Daymark noted: “Even if causation were established, the lack of a full benefit-cost analysis of NM does not allow NM benefits to offset such costs in a rate calculation”¹⁷. The Daymark Report also argues that system upgrade needs should be funded by all customers unless costs can clearly be assigned to the specific cost causers.¹⁸

GPA’s Petition proposes that new NM customers either install frequency control capability, an ESS, or pay the Energy Storage Rate. However, as described in the Daymark Report, GPA remains vague and unclear about the specific requirements of installing frequency control capability or an ESS. In RFI 1-B, GPA states: “GPA will add or modify its requirements when it completes these studies”, displaying a level of uncertainty that we find creates too much uncertainty for new NM customers. This uncertainty leaves new NM customers with only the choice to pay the Energy Storage Rate.¹⁹

The Daymark Report describes how in calculating the initial proposed Energy Storage Rate, GPA makes several unsupported assumptions. First, GPA arbitrarily assigns half of the revenue requirement for installing a battery system to NM customers without proving to what degree NM customers are causing grid issues. Then, GPA bases the billing determinant on current NM customers, not future NM customers. The Daymark Report suggest that if the PUC determines that an Energy Storage Rate for new NM customers is justified, GPA should be required to calculate a rate designed to recover costs directly related to those new NM customers. In addition, GPA should be required to specifically identify to what extent NM has caused system issues as compared to other causes.²⁰

The ALJ conducted his own independent review of GPA’s Petition, responses to requests for information, the Daymark Report, and public testimony. The ALJ filed his ALJ Report in this Docket on April 19, 2021. The ALJ concurs with the findings and recommendations of the Daymark Report. The ALJ report also notes that seven

¹⁶ Id.

¹⁷ Daymark Energy Advisors, Review of Guam Power Authority Request for Approval of an Energy Storage Rate, April 21, 2021, at p. 6

¹⁸ Id.

¹⁹ Id. at p. 7.

²⁰ Id. at p. 8.

witnesses, including members of the public, NEM customers, and solar industry representatives, testified against the proposal. The PUC also adopts the findings and conclusions of the ALJ Report.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for creation of a new Energy Storage Rate Schedule, the ALJ Report, and the Daymark Report, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

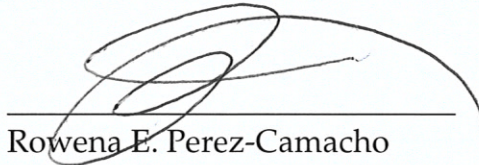
1. GPA's petition for the Creation of a new Energy Storage Rate Schedule is denied
2. Before petitioning for an alteration to the current NM compensation methodology, GPA must complete the studies as ordered in Docket 19-04:
 - a. A planned distribution system impact study and include in that study a balanced locational and full benefit-cost analysis of how distributed generation impacts the distribution system.
 - b. An independent study determining the cost of grid and other services used by NM customers, which identifies in detail the value of those services to the NM customers.
3. If in the future, GPA proposes a charge to NM customers related to NM customers' impact on the GPA electric system's reliability, GPA must establish clear cost causation of NM customers impacting grid reliability.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

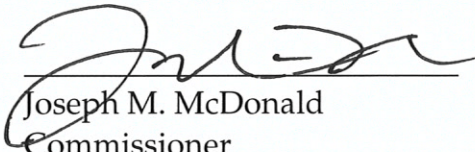
Dated this 29th day of April 2021.



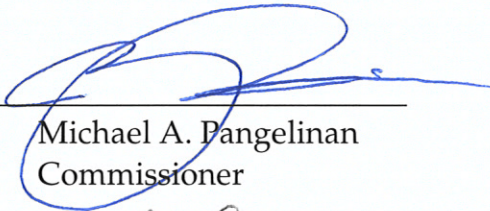
Jeffrey C. Johnson
Chairman



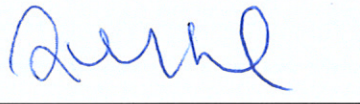
Rowena E. Perez-Camacho
Commissioner



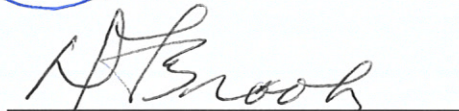
Joseph M. McDonald
Commissioner



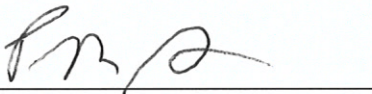
Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner



Pedro S.N. Guerrero
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 21-08
)
The Application of the Guam Power)
Authority to Approve the Procurement of) **ORDER**
Merchant Services.)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for approval of the Procurement of Merchant Services.¹
2. The Merchant Services which GPA seeks to procure would enable the acceptance and processing of credit and debit card payments for GPA, GWA, and the Guam Solid Waste Authority at their payment facilities and online. The merchant service provider will process Visa and MasterCard, debit and credit cards, and Discover Card. Request for Proposal No. GPA-RFP-21-___ for Merchant Services, Section 4, Solicitation and Technical Requirements (attached to the GPA Petition). A true and correct copy of Section 4 is attached to the ALJ Report as Exhibit "1".

BACKGROUND

3. The current provider of Merchant Services to GPA and GWA is the Bank of Hawaii. The BOH 5-year contract will expire in May 2021.²

¹ GPA Petition for Approval of the Procurement of Merchant Services, GPA Docket 21-08, filed April 5, 2021.

² Telephone conference between GPA Counsel Graham Botha and PUC ALJ Fred Horecky on April 7, 2021.

4. GPA requests that PUC authorize it to proceed with the procurement of Merchant Services. The term of the proposed merchant service RFP being requested will be for a one (1) year period with options for four (4) additional one (1) year extensions.³
5. Attached to the ALJ Report as Exhibit “2” is the current PRICE SUMMARY for Merchant Services provided by the Bank of Hawaii.
6. The current volumes of annual transactions and annual sales for GPA, GWA, and GSWA are as follows⁴:

Service Locations	Annual Transactions	Annual Sales
GPA Offices	80,400	\$28,025,000
GPA Online Payments	258,900	\$88,055,000
GWA Office	52,400	\$7,583,000
GWA Online Payments	205,110	\$32,272,000
GSWA Office	0	0
GSWA Online Payments	86,782	\$3,807,542

7. In the GPA/GWA Resolutions No. 2021-06 and No. 15-FY2021 respectively, the Guam Consolidated Commission on Utilities authorized the issuance of Request for Proposal No. GPA-RFP-21-___ for Merchant Services for GPA and GWA.⁵

³ Guam Consolidated Commission on Utilities, GPA Resolution No. 2021-06/GWA Resolution No. 15-FY2021, adopted and approved on March 23, 2021, at p. 1.

⁴ See Exhibit “1” attached to the ALJ Report.

⁵ Guam Consolidated Commission on Utilities, GPA Resolution No. 2021-06/GWA Resolution No. 15-FY2021, adopted and approved on March 23, 2021.

8. On April 7, 2021, the Board of the Guam Solid Waste Authority ["GSWA"] approved GSWA Board Resolution No. 2021-002. Resolution No. 2021-002 authorizes GSWA Management to enter and issue the joint procurement for Merchant Services with the Guam Power Authority and the Guam Waterworks Authority.⁶
9. On April ___, 2021, during its April 2021 regular meeting, the Guam Consolidated Commission on Utilities amended GPA/GWA Resolutions No. 2021-06 and No. 15-FY2021 to approve the inclusion of GSWA in issuance of Request for Proposal No. GPA-RFP-21-___ for Merchant Services for GPA and GWA.⁷
10. The Administrative Law Judge has submitted his Report in this Docket dated April 16, 2021. The PUC adopts the conclusions and recommendations therein.⁸

DETERMINATIONS

11. GPA estimates that its annual costs for customer merchant services will be approximately \$1.3M; over a 5-year period, the cost for merchant services will exceed the contract review threshold of \$1.5M. The PUC must review the proposed Merchant Services RFP.⁹
12. There is a clear need for GPA, GWA, and GSWA to provide a broad range of merchant services to their customers. Particularly, during a time of pandemic, the

⁶ Guam Solid Waste Authority Board Resolution No. 2021-002, Authorization for Management to have joint procurement with the Guam Power Authority and the Guam Waterworks Authority's Procurement for Merchant Services, adopted and approved by the GSWA Board on April 7, 2021.

⁷ Phone Conference between GPA Legal Counsel Graham Botha and PUC ALJ Fred Horecky on April 13, 2021.

⁸ ALJ Report, GPA Docket 21-08, dated April 16, 2021.

⁹ Contract Review Protocol for Guam Power Authority, Administrative Docket, PAR.1(e), dated February 15, 2008.

ability to make credit card payments online should be widely available to the customers of Guam.

13. The number of customers paying online for utility bills in the last few years has increased substantially. It is therefore important that the utilities procure the merchant services which they seek in the proposed RFP.

14. In addition, the wide availability of such services to customers helps to ensure that the utilities are promptly paid for the services which they provide.

15. GPA has included GSWA within the procurement for Merchant Services. GSWA became aware of the reduced prices which GPA and GWA pay for Merchant Services and wishes to avail itself of the same discounted rates.¹⁰

16. CCU has approved the inclusion of GSWA in the RFP for Merchant Services, as reflected in the language of GPA's RFP.

17. GSWA will be responsible for selecting its own offeror for Merchant Services, for implementing its own credit card/debit card online and any in-office procedures, and for paying all fees and charges due for the Merchant Services.

18. The RFP approved by the CCU contains standard provisions for the procurement of services to the government.

¹⁰ Phone conversation between Kathrine B. Kakigi, Comptroller, Guam Solid Waste Authority, and Frederick J. Horecky, PUC Administrative Law Judge, on April 8, 2021.

19. GPA indicates that the Merchant Services rates charged under its Merchant Services Contract have been less expensive than those charged by other banks.¹¹

20. GPA should be afforded the opportunity to procure the required Merchant Services to obtain the best prices for rate payers.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. GPA is authorized to issue its Procurement for Merchant Services, as set forth in its Petition and Request for Proposal No. GPA-RFP-21-____, for GPA, GWA, and GSWA.
2. GPA has demonstrated a clear need to provide a broad range of merchant services for the customers of the utilities. It is reasonable, prudent, and necessary for GPA to proceed with the Procurement for Merchant Services.
3. Once contracts for Merchant Services have been negotiated, GPA, GWA, and GSWA should submit such contracts to the PUC for final review and approval.


¹¹ Phone Conference between GPA Legal Counsel Graham Botha and PUC ALJ Fred Horecky on April 13, 2021.


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 before the Public Utilities Commission.


[SIGNATURES TO FOLLOW ON NEXT PAGE]


Dated this 29th day of April 2021.

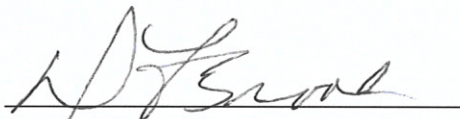



Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Commissioner

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner

Pedro S.N. Guerrero
Commissioner