

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE GUAM  
POWER AUTHORITY TO APPROVE  
THE CONTRACT EXTENSION FOR  
PROFESSIONAL PRINTING,  
MAILING, AND PROCESSING  
SERVICES

GPA DOCKET 22-14

ORDER



### INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition for Contract Review.<sup>1</sup>
2. The PUC's July 29, 2021 Order in GPA Docket No. 21-11 which authorized GPA to extend GPA-Graphic Center, Inc., ["Graphic Center"] Contract for Professional Printing, Mailing, Processing, and Other Services on a month-to-month basis for up to eight (8) months or until GPA awards a new contract for those services will on or about May 31, 2022.<sup>2</sup>
3. GPA requests that the PUC approve a month-to-month extension of the contract after May 31, 2022 which, if the monthly extensions last for a one (1) year, will cost \$300,000.<sup>3</sup>

### BACKGROUND

4. On April 6, 2016, GPA entered into a five (5) year contract, which had a one (1) year initial term with four (4) one (1) year options to renew with Graphic Center to provide Professional Printing, Mailing, Processing, and Other Services. Under the contract, Graphic Center provided GPA with professional printing, mailing, and processing services for approximately fifty-thousand (50,000) electric power billings each month.<sup>4</sup>

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<sup>1</sup> GPA Petition to Approve the Month-to-Month Contract Extension for Professional Printing, Mailing, Processing Services, GPA Docket 22-14, dated May 2, 2022 [GPA Petition].

<sup>2</sup> GPA Petition at 3-4. NOTE: The page numbers in GPA's Petition and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

<sup>3</sup> Id., at 2.

<sup>4</sup> PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 1-2.



5. The contract's initial one (1) year term has expired, and GPA has exercised all four (4) of its one (1) year options to renew. GPA has expended the total amount of \$1.42 million on the contract over this five (5) year period.<sup>5</sup>
6. Prior to the expiration of the contract's last one (1) year option to renew, GPA solicited for a new contract for professional printing, mailing, processing, and other services by issuing an Invitation for Bids ["IFB"] in December, 2020. GPA received one (1) bid in response to the IFB and GPA had to issue a second IFB due to the bid not meeting the IFB's requirements.<sup>6</sup>
7. As a result of the need to issue a second IFB and the expiration of the contract, GPA negotiated an eight-month extension of the contract so that the professional printing, mailing, processing, and other services GPA requires, especially for the billing of its fifty-thousand (50,000) customers, will continue without interruption until GPA procures a new contract. GPA estimated that the eight (8) month contract extension would cost \$300,000 which GPA would pay for using its revenue funds.<sup>7</sup>
8. On April 27, 2021, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2021-10 authorizing GPA's management to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first, subject to the PUC's approval.<sup>8</sup>
9. On May 13, 2021, GPA issued GPA-RFP-21-002 (Professional Printing, Mailing, and Processing Services) [RFP].<sup>9</sup>
10. On June 7, 2021, GPA received three (3) offers and selected InfoSend as the most qualified offeror, GPA selected Graphic Center as the second most qualified offeror, and GPA rejected Moonlight BPO's offer.<sup>10</sup>

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<sup>5</sup> Id., at 2.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> GPA Petition at 4.

<sup>10</sup> Id.



11. On July 29, 2021, in GPA Docket No. 21-11, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first.<sup>11</sup>
12. On August 30, 2021 Graphic Center filed a procurement protest disputing GPA's evaluation process for the RFP and GPA denied the protest on October 7, 2021.<sup>12</sup>
13. On October 22, 2021 Graphic Center filed a procurement protest appeal with the Office of Public Accountability [OPA] alleging that absence of a demonstrated record and development system in InfoSend's offer should have resulted in Graphic Center being selected as the most qualified offeror.<sup>13</sup>
14. On March 25, 2022 the OPA issued its decision denying Graphic Center's appeal and on April 5, 2022 Graphic Center appealed the OPA decision in the Superior Court of Guam.<sup>14</sup>
15. On April 26, 2022, the Guam Consolidated Commission on Utilities ["CCU"] issued GPA Resolution No. 2022-20 authorizing GPA's management to exercise the month-month contract extension until a new contract is awarded, whichever comes subject to the PUC's approval.<sup>15</sup>
16. On May 23, 2022, PUC Legal Counsel submitted his report.

### **DETERMINATIONS**

17. GPA must obtain the PUC's approval for any extension of the contract past May 31, 2022. Here, as set forth above, the PUC's July 29, 2021 Order in GPA Docket No. 21-11 only authorized GPA to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first. Currently, the eight (8) period expires on May 31, 2022 and GPA has not been able to award a new contract due to Graphic Center's protest concerning the RFP, and the appeal to

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<sup>11</sup> PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 4.

<sup>12</sup> GPA Petition at 4.

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> Id., at 3.



the OPA, and the subsequent appeal of the OPA's decision to the Superior Court of Guam. Thus, GPA must obtain the PUC's authorization for the month-to-month extensions of the contract past May 31, 2022.

18. GPA's estimated \$300,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable. In GPA Docket No. 21-11 the PUC determined that GPE's estimated \$300,000 cost of the eight (8) month extension of the contract was reasonable because the average monthly cost of the original five (5) year term of the contract was approximately \$23,666.67 per month ( $\$1,420,000/60$  months = \$23,666.67 per month) and the average estimated monthly cost of the extension per month was \$37,500, and albeit \$13,833 more per month than the initial term, the higher monthly cost of the contract extension was justified by the cost increases that occurred during the contract's original five (5) year term.<sup>16</sup> Here, GPA estimates that one (1) year of the month-to-month contract extensions will cost approximately \$25,000 per month ( $\$300,000/12$  months = \$25,000) and this amount is \$12,500 cheaper than the prior eight (8) months of contract extensions and only \$1,333.33 than the average monthly cost of the contract's original five (5) year term. Therefore, GPA's estimated \$300,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable.
19. The contract extension of prudent. GPA's plan to use the contract extension is a good one because it will prevent a gap in the professional printing, mailing, processing, and other services from occurring as a result of the application of the automatic stay imposed on the award of the RFP caused by the Graphic Center's protest, appeal to the OPA, and subsequent appeal of the OPA's decision to the Superior Court of Guam.
20. The contract extension is necessary. GPA's ability to bill its customers as required will be adversely affected by a gap in its professional printing, mailing, processing, and other services. Specifically, without a contractor to provide these services, GPA likely does not have the capability to print, mail, and process the fifty-thousand (50,000) or so electric power bills it sends out each month in a timely manner. Hence, a gap in these services will have an adverse effect on GPA's revenue stream and the contract extension is necessary to prevent this from occurring.

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<sup>16</sup> PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 3.



21. Based on the foregoing, GPA's contract extension with Graphic Center and the extension's \$300,000 cost are reasonable, prudent, and necessary, and the extension will prevent a gap occur in the professional printing, mailing, processing, and other services GPA relies on to print, mail, and process the fifty-thousand (50,000) or so electric power bills it sends out every month.

### **ORDERING PROVISIONS**

After careful review and consideration of the above determinations, GPA's Petition to approve the month-to-month extension of the GPA-Graphic Center Contract, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. The extension of the GPA-Graphic Center Contract is approved and GPA may exercise the month-to-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first.
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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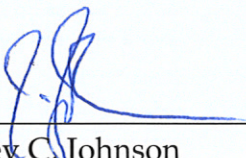
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Order  
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GPA Docket 22-14  
May 23, 2022

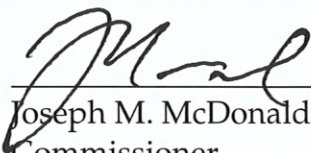
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Dated this 26th day of May, 2022.



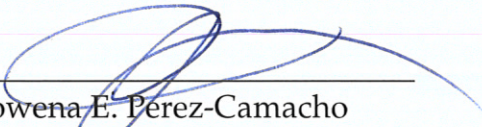
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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner



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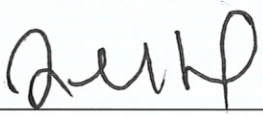
Rowena E. Perez-Camacho  
Commissioner

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Doris Flores Brooks  
Commissioner

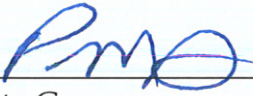
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Michael A. Pangelinan  
Commissioner



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Peter Montinola  
Commissioner



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Pete Guerrero  
Commissioner