

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
March 30, 2023
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:39 p.m. on March 30, 2023, pursuant to due and lawful notice. **Commissioners Jeffrey C. Johnson, Joseph McDonald, Rowena Perez-Camacho, Michael Pangelinan, and Pedro Guerrero** were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes of February 23, 2023.

The Chairperson announced that the first item of business on the agenda was the approval of the minutes of February 23, 2023. Commissioner Perez-Camacho moved to approve the minutes of the February 23, 2023 meeting subject to corrections, which motion was seconded by Commissioner Guerrero. The motion passed unanimously.

2. Guam Waterworks Authority.

The Chairperson announced that the next item of business was Guam Waterworks Authority ("GWA") Docket 23-05, Petition to Approve Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, ALJ Report, and Proposed Order. Commissioner Pangelinan recused himself from this matter due to his law firm representing GWA in an ongoing litigation. ALJ Horecky stated that this matter involves GWA's request for additional funding for the Yigo sewer pumpstation, flood mitigation, and facility rehabilitation construction project. In 2018 GWA contracted with AECOM Technical Services for the design of this project. After the design was completed, GWA issued an invitation for construction services and entered a construction contract with IAN Corporation in 2021. The contract was for the demolition of features within the existing sewer pumpstation building and for the demolition of specific equipment for the Yigo sewer pumpstation.

ALJ Horecky continued that there were new rehabilitation and flood mitigation features for the pump station to be constructed. The contract price at that time was \$928,884+ dollars. The Yigo system or pumpstation is located within a known flood area; and the building floods during extreme or heavy weather events. It is also in an older building, and due to flooding, age and usage, its condition had deteriorated requiring replacement or rehabilitation of various parts of the plants and raised security concerns. The contract agreement between GWA and IAN requires certain work to be done; demolition of certain existing equipment, rehabilitation, and flood mitigation features,

raising louver sills, elevated platforms, sitework, etc., and dealing with the flood mitigation aspects.

The project was initially supposed to be completed within 360 days. During the construction phase, there were additional safety and operability concerns regarding the pumpstation. Discussions were undertaken between IAN and GWA, and they negotiated a change order for an additional amount of \$184,491.28, which is Draft Change Order Number 1.

ALJ Horecky explained the aspects of the current change order: First is revision of the height of the motor control center to address the clearance issue between the proposed motor control center and the ceilings and monorail beam. Secondly, upgrade of the hoist capacity from 1-ton to 2-ton for additional capacity and useful life. Third, change of design and material for an elevated platform to allow for safer working conditions as well as the ease of maintenance of pumpstation, mechanical and electrical equipment, especially in the event of area flooding.

ALJ Horecky indicated that, if the change order is approved by the PUC, the total contract amount would be \$1,113,376.02. GWA petitions the PUC to review and approve the additional funding amount of \$884,000+. Under the contract review protocol, the contract now exceeds \$1 million dollars, which must be reviewed by the PUC and also involves the use of bond funds, the use of which must always be approved by the PUC.

ALJ Horecky expressed his opinion that GWA has justified the need for the improvements and the service under Change Order Number 1 because there are the additional safety and operability concerns. Unless the change order is approved, the additional safety and operability concerns that were not addressed under the initial scope of the contract could not be addressed.

ALJ Horecky noted that after IAN Corporation proposed the changes, the project manager for GWA, Duenas Camacho and Associates, approved the proposed change order and the additional cost for the services. The additional funding appears to be reasonable, prudent, and necessary. The record demonstrates that the cost of the proposed change order was extensively negotiated between IAN and GWA's project representative Duenas Camacho & Associates.

In addition, GWA Resolution 13 FY2023, the Consolidated Commission on Utilities found the change order to be fair and reasonable and needed to complete the work under the contract. The CCU authorized the total funding amount of \$1,113,376.02 and authorized GWA management to petition the PUC.

ALJ Horecky stated that there will be some delay in this project. The project was originally supposed to take about a year; however, the completion date for this additional work is undetermined at this time.

DCA had stated in a letter to GWA in February of this year that a review of the contractors' August 18, 2022 time extension and makeup schedule is ongoing and further negotiations for this time extension request are expected to continue.

Based upon the documentation in the record, GWA has justified approval by the PUC of the GWA Yigo sewer pumpstation flood mitigation and facility rehabilitation construction project. ALJ Horecky concluded that the PUC should approve the total funding of the contract in the amount of \$1,113,376.02 which includes the funding for Change Order Number 1.

GWA Assistant GM Chris Budasi ("GWA Budasi") reiterated the change order's importance for safety and the ability to properly maintain and repair the pumpstation in the future. A discussion ensued between the Commissioners McDonald, Perez-Camacho, and GWA Budasi concerning any anticipated delay and current GWA projects that may be affected.

Commissioner Guerrero moved to approve the draft order granting the petition which motion was seconded by Commissioner McDonald, and the motion passed with four approval and one recusal.

3. Administrative Matters.

The Chairperson announced that the next item of business on the agenda was administrative matters beginning with the status of the PUC Purchase of Certificate Deposit Term Share. ALJ Horecky requested that PUC Assistant Administrator Colleen Chlarson ("Assistant Admin") report on the status. The Assistant Admin reported that, pursuant to PUC Resolution 23-02, a Term share account was opened with Coast 360 and PUC Administrator Lourdes Palomo ("PUC Administrator") deposited \$50,000 on or about March 29, 2023. During the transaction, PUC Administrator was informed by Coast360 that, contrary to Resolution 23-02, only one deposit can be made at a time and no additional funds can be added to the same Term Share account. The Assistant Admin further indicated that, at the advice of ALJ Horecky, PUC Administrator proceeded to make the first deposit of \$50,000. The remaining \$50,000, which was supposed to be the second deposit, will be held until a new resolution by the PUC is executed to determine when the PUC intends to make said deposit.

Due to the report given for informational purposes only, no motion was made. A short discussion ensued between Commissioners Johnson and Perez-Camacho confirming the need for a second resolution for this matter.

- **FY2022 Citizen Centric Report**

The Chairperson announced that the next item of business on the agenda was administrative matter FY2022 Citizen Centric Report ("CCR"). ALJ Horecky stated that the CCR was prepared earlier than usual for the PUC's review and consideration. Upon

review of the CCR by the Commissioners, a discussion ensued between the Commissioners regarding the format and technical errors that needed to be revised.

Commissioner Perez-Camacho moved to approve the CCR subject to corrections, which motion was seconded by Commissioner Guerrero. The motion was passed unanimously.

3. Guam Power Authority.

The Chairperson announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 23-12, Petition for Review and Approval of GPA's Request for Procurement of the Bulk Supply of Diesel Fuel Oil, ALJ Report, and Proposed Order. ALJ Alcantara stated this matter is before the Commission pursuant to GPA's request for approval to issue a procurement for bulk supply of diesel fuel oil. According to GPA, its contract with Mobil Oil Guam for use of ultra-low sulfur diesel is set to expire on January 31st, 2024. Therefore, GPA requests PUC authorization to procure a new contract for the ultra-low sulfur diesel fuel oil.

ALJ Alcantara continued, as this Commission may be aware, GPA currently maintains and operates several units that uses ultra-low sulfur diesel fuel oil which include Piti 7, 8 and 9; and addition, once the new Ukudu Powerplant comes on line, GPA will need this type of diesel fuel to power up that particular plant. ALJ Alcantara continued, GPA has provided the PUC with the proposed contract for the bulk supply of fuel oil. The proposed contract includes a provision that allows the contractor to source fuel oil from other vendors in order to guarantee fuel oil supply security.

Another important provision that ALJ Alcantara noted in the contract was that it also contains a provision that allows GPA to seek an alternative source of fuel oil from another vendor in instances where the contractor is unable to fulfill its supply obligations, and in that instance, the contractor will be liable to GPA for the difference in the cost of the fuel oil. In addition, the contract also contains a provision that allows GPA to terminate the contract for convenience. Therefore, GPA could terminate any delivery of fuel oil supply in whole or in part by simply providing the contractor with a notice of termination, which is basically a notice provided to the contractor 120 days prior to the date that GPA intends to terminate the contract.

ALJ Alcantara indicated that, according to the contract, the initial three year term will begin on February 1st, 2024 and end on January 31st, 2027. GPA included options to extend the contract by an additional two years. GPA has estimated the need of about 1 million to 2 million barrels of ultra-low sulfur diesel fuel oil for the first year of the contract, 1.5 million to 2.5 million barrels of fuel oil for the second year of the contract, and about 2 million to 2.7 million barrels of fuel oil for the third year of the contract. GPA projects that the cost per barrel with the ultra-low sulfur diesel fuel oil will be roughly

\$113.40 per barrel with the contractor's premium of about \$4.00 per barrel. Based on this math, on the high end, GPA has estimated that the total cost for the three years for this oil supply, would be about roughly \$845 million dollars.

ALJ Alcantara noted that this petition was supported by CCU Resolution Number 23-12 which authorizes GPA to petition the PUC for approval to procure this fuel oil and further authorizes GPA to issue the invitation for bid. This Commission has consistently determined that GPA requires a continuous supply of this diesel fuel in order to maintain the Authority's electric power generation capacity. ALJ Alcantara concluded that a continuous fuel supply is certainly important especially during the times where certain baseload units are down, and recommended the PUC approve GPA's petition.

GPA GM John Benavente ("GPA Benavente") confirmed the information reported by ALJ Alcantara. After the Commissioners reviewed the draft order, Commissioner Perez-Camacho moved to approve the order granting the petition, which motion was seconded by Commissioner McDonald, and the motion passed unanimously.

- **GPA Docket No. 23-11**

The Chairperson announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 23-11, Petition for Review and Approval of the Piti 8 & 9 Contract Extension with Marianas Energy Company, ALJ Report, and Proposed Order. ALJ Horecky stated that in 1996, GPA contracted with the predecessor of MEC as an independent power producer to build, operate, and transfer the Piti 8 and 9 powerplant. MEC or its predecessor have essentially been in charge of the operation and maintenance of those plants since they were completed in 1999. As a starting point, the question before the PUC is whether to grant the second five-year extension. The PUC already approved the first five-year extension of the Energy Conversion Agreement in January 2019, which expires in 2024. GPA and MEC now seek to further extend the ECA from January 2024 to January 2029. GPA Docket 18-13 provided that MEC, under the ECA, was required to transfer ownership of Piti 8 and 9 to GPA in January 2019. However, before the ownership was transferred, GPA and MEC came before the PUC and requested to extend the operation and management portion of the contract for five years. The PUC approved that extension on a number of grounds. First, in no uncertain terms, the parties have the right to amend the agreement and Section 32 of the ECA provided that this agreement may be amended at any time by mutual agreement of the parties in writing and signed by a duly authorized representative of each party.

ALJ Horecky stated that from a legal standpoint, questions of authority have already been resolved by the PUC, which led ALJ to conduct a deeper review of the language of the Energy Conversion Agreement. After doing so, ALJ Horecky reported that he was even more convinced that the parties have the authority to amend the agreement to have MEC continue to operate and maintain the plants.

ALJ Horecky pointed out that, when looking at the ECA, it defines the cooperation period; that was the 20-year period during which all the activities under the ECA were to occur: building of the plant, the operation, the management, etc. Specifically, in the ECA, it states that the cooperation period may be extended from time to time pursuant to the terms thereof. When looking at the ECA, it included distinct MEC duties such as design, construction, equipping, completion, testing, commissioning, and operation and management of the power station.

ALJ Horecky explained that, in 2019, what GPA and MEC essentially did was to extend one aspect of the contract, which was the operation and management of the power station. The extension of MEC's operation and management of the plants is permissible under the ECA. Even though the plant was transferred to GPA, the parties could still agree to extend the operation and maintenance of the plant.

When looking beyond the mere legality, both GPA and MEC have really offered some substantial justifications for the second five-year extension. It is well known now that Guam's power system is really in a very fragile state. The system is fragile with not enough capacity necessarily to avoid loadshedding when the Cabras plants go down; or even possibly as happened before if the Piti plants go down. GPA indicates that it really needs the Piti plants to be in operation until the new 198-megawatt Ukudu plant is completed in the next couple of years, and probably at least a year after the Ukudu plant is in operation, to get all the issues resolved and to have it fully operational.

In GPA Resolution FY 2023-09, the Consolidated Commission on Utilities also offered some justifications for the five-year contract extension. Right now, Piti 8 and 9 produce 38% of the energy in Guam's island-wide power system. ALJ Horecky emphasized that 38% really needs to stay in effect and to be available until the new powerplants are built. Additionally, GPA's problem is if MEC doesn't operate the plant, GPA would have to come up with personnel to do so, which would be a challenge for GPA to hire and train personnel to manage, operate, and maintain the plant upon the expiration of the amended ECA.

Furthermore, from MEC's side, MEC states that since the current management operation agreement will terminate in 2024, its employees feel a lack of job security and are already leaving MEC for other jobs.

MEC and its predecessors have managed the plant for 24 years. It is the most efficient plant in the GPA power system and produces more energy than the other units, and at a lower cost. GPA indicated that at 5.4 cents per kilowatt, it is 9 to 13 cents cheaper than Cabras and the reserve units. There does come a cost with continuing to have MEC manage Piti 8 and 9, would seem at present to be roughly \$25 million to \$27 million a year. However, based upon the numerous justifications that MEC and GPA provided, the Administrative Law Judge concludes that both the legal authority and justifications for a second five-year extension have been established.

ALJ Horecky noted a question about how the cost of plant operation would be affected after the Ukudu plant comes into operation. He answered that GPA after the Commissioning of the Ukudu plant, the capacity factor and use of both Piti units will decrease. After Ukudu is in operation, the Piti plants would be more like intermediate load units and the cost should decrease.

ALJ Horecky recommended the PUC approve the draft order which allowed for a five-year extension of the ECA.

A discussion ensued between GPA GM Benavente, Commissioners Johnson, and Perez-Camacho regarding possible future intentions for Piti 8&9, the projected costs to maintain Piti 8&9, and costs breakdown for FY 2022. After the Commissioners reviewed the draft order, Commissioner Guerrero moved to approve the order granting the petition which motion was seconded by Commissioner Pangelinan, and the motion passed unanimously.

- **GPA Docket 23-13**

The Chairperson announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 23-13, Petition to Approve the Month-Month Extension for Professional Printing, Mailing, and Processing Services, ALJ Report, and Proposed Order. PUC Legal Counsel Camacho stated that this particular docket and issue is no stranger to the PUC. PUC Counsel reported that power bills for every ratepayer basically is prepared by an independent contractor, in this case, Graphic Center. Graphic Center originally had a five-year contract, which has now expired. GPA went out to bid prior to the expiration of that contract, and had identified InfoSend as the awardee for that bid.

Unfortunately, because Graphic Center filed a protest, GPA was not able to award the contract to InfoSend. Under Guam Procurement Law, there is an automatic stay, prohibiting the purchasing agency from proceeding with procurement until the protest is finally resolved.

Initially, the protest was denied. Graphic Center appealed to the OPA, and the OPA eventually ruled in GPA's favor. Through that process, however, GPA had to continue its contract with Graphic Center, initially for eight months. After the OPA denied the appeal, Graphic Center then appealed to the Superior Court of Guam. As a result of the continued delay, the contract with Graphic Center was extended to expire in May or so of 2023.

WGPA is asking the PUC to approve another contract extension for a 12-month period, from May of 2023 to May of 2024. The justification is essentially that the Superior Court of Guam is still deciding the matter, as the matter is still pending in court.

PUC Counsel reported the cost is going to be \$460,000.00 for the next full year, which is about \$14,660 more per month than the additional contract term. PUC Counsel

estimated that the next 12 months will cost \$38,500 per month, which is 14,668.00 more than the initial term. It is about \$13,333 more than the prior year extension. The bottom line is that the monthly cost for the next twelve months is closest to the cost of the initial eight-month extension. That eight-month extension in 2021 and 2022 is about \$37,500.00 per month.

PUC Counsel advised that if the Commission were to deny this, that would likely force GPA into the digital age and require it to send its bills electronically to all 50,000 customers until at least this matter is resolved. GPA no longer has the internal capacity or capability to print out the 50,000 or so bills to help the issue at hand. Because this billing procedure is so important to GPA's revenues, PUC Counsel found that this essentially is necessary to prevent GPA's billing process from being severely interrupted.

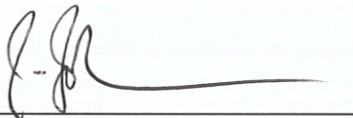
Finally, PUC Counsel reported that he found that, despite the increased cost, the cost is reasonable. The cost could easily be attributed to the general rising cost that we see as a result of the current national and global economy as well.

The request to be reasonable, prudent, and necessary. PUC Counsel recommended that the PUC approve the petition. GPA Benavente provided supporting information to PUC Counsel's report.

After the Commissioners reviewed the draft order, Commissioner Guerrero moved to approve the order granting the petition which motion was seconded by Commissioner Perez-Camacho, and the motion passed unanimously.

A short discussion regarding the LEAC ensued between Commissioner Johnson, GPA Benavente and GPA CFO John Kim. GPA CFO John Kim reported that as of February 28, the recovery of the "under-recovery" was tracking about 6 million or more a month. GPA Benavente reported that, in the coming months, a new LEAC recommendation may be submitted.

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

A handwritten signature in black ink, appearing to read 'J. Johnson', written over a horizontal line.

Jeffrey 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 February 23, 2023, Suite 703, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

- 1. Call to Order**
- 2. Approval of Minutes of January 26, 2023**
- 3. Guam Power Authority**
 - **GPA Docket 23-07, Petition for Contract Review for the Cancellation of the Cabras 41MW Reserve Facility and Modification of the Energy Conversion Agreement, ALJ Report, and Proposed Order**
 - **GPA Docket 23-10, GPA Docket 23-10 Petition for Contract Review, Request for approval of the procurement of Property Insurance including Boiler and Machinery Coverage and Terrorism Coverage, ALJ Report, and Proposed Order**
- 4. Administrative Matters**
 - **PUC Resolution 23-02 authorizing PUC purchase of Time Certificate Deposit [TCD]**
- 5. Adjournment**

Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 671-472-1907. 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



IN THE MATTER OF:) GWA Docket 23-05
)
GWA YIGO SEWER PUMP STATION)
FLOOD MITIGATION AND FACILITY) **ORDER**
REHABILITATION CONSTRUCTION)
PROJECT)
)
)
)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to the Petition of the Guam Waterworks Authority [“GWA”] for PUC Approval of GWA’s Additional Funding for the Yigo Sewer Pump Station [“SPS”] Flood Mitigation and Facility Rehabilitation Construction Project (the “Project”).¹

BACKGROUND

On July 31, 2018, GWA contracted with AECOM Technical Services for the design of the Project. After the design was completed, GWA issued an Invitation for Bid for construction services on December 17, 2020.² On April 26, 2021, GWA entered a construction contract with IAN Corporation (“IAN”) for the demolition of features within an existing sewer pump station building and for the demolition of specific equipment for the Yigo Sewer Pump station. New rehabilitation and flood mitigation features for the pump station were to be constructed.³ The contract price awarded was \$928,884.74.⁴

¹ GWA Petition, GWA Docket 23-05, dated March 13, 2023.

² Id., at p. 1.

³ Id., at p. 2.

⁴ Id.

The Yigo SPS is located within a known flood area and the SPS building, including the wet well, dry well, and upper levels of the SPS, floods during extreme or heavy wet weather events. Due to “age, usage, and flooding, the SPS condition deteriorated and required replacement or rehabilitation of electrical panels, instrumentation, controls, power sources, ventilation, and other miscellaneous building improvements for operation and safety concerns.”⁵

The Agreement between GWA and IAN requires the completion of the following work:

“Yigo Sewer Pump Station: demolition of existing building features and equipment, including the existing power pole and power meter, plumbing fixtures and piping, water service piping, electrical system, ventilation system, building fascia and monorail beam and construction of rehabilitation and flood mitigation features including structural wall repairs, flood barrier gates, raised louver sills, cantilever monorail beam, elevated platforms, ventilation system, site work, site water piping, utility tie-in connections, protective coatings, electrical system, instrumentation and controls, testing, startup, and appurtenant work, as shown and specified, complete and operable, in accordance with the Contract Documents.”⁶

The Project was supposed to be substantially completed with 360 calendar days from the Notice to Proceed.⁷

During the construction process, additional safety and operability concerns of the current SPS were identified, which led to some additional changes in design for the

⁵ GWA Petition at Exhibit A-01, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023.

⁶ GWA Petition, AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR CONSTRUCTION CONTRACT, at EXHIBIT A-06.

⁷ Id., at EXHIBIT A-06-EXHIBIT A-07.

Motor Control Center (MCC), Hoist, and Platform.⁸ After the redesign and discussions with IAN for the additional changes in scope, GWA and IAN negotiated Change Order No. 1 in the additional amount of \$184,491.28.⁹ Draft Change Order No. 1 would approve the following changes to the scope of work:

1. Revision of the height of the Motor Control Center to address the clearance issue between the proposed MCC and the ceilings and monorail beam.
2. Upgrade of the hoist capacity from the 1 Ton to 2 Ton for additional capacity and useful life.
3. Change of design and material for an elevated platform to allow for safer working conditions, as well as ease of maintenance of the pump station mechanical and electrical equipment, especially in the event of area flooding.¹⁰

If the Change Order is approved by the PUC, the total contract price would be \$1,113,376.02.¹¹

GWA petitions the PUC to review and approve the cost of \$184,491.28 to IAN, for Project No. S18-001-BND, through Change Order No. 1, to fund the additional work required to complete improvements and the service needed to rehabilitate the Yigo Sewer Pump Station.¹²

The Administrative Law Judge ["ALJ"] filed his Report on March 25, 2023.¹³

⁸ Id., at EXHIBIT A-02.

⁹ Id.

¹⁰ Draft Change Order No. 1, at GWA Petition, Exhibit A-14.

¹¹ Id.

¹² GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 1.

¹³ ALJ Report, GWA Docket 23-05, dated March 25, 2023.

DETERMINATIONS

1. GWA's Contract Review Protocol.

The GWA Contract Review Protocol requires that the PUC must review “[A]ll Professional service procurements in excess of \$1,000,000...”.¹⁴ Any financial obligation which involves the use of bonds must also be reviewed by the PUC.¹⁵ GWA indicates that the initial contract amount of \$928,884.74 must be increased by \$184,491.28 to complete the additional scope bringing the new contract amount to \$1,113,376. For proposed Change Order No. 1, GWA will utilize Bond funds from Bond MP-WW-Pump-01.¹⁶ The funding for the Project must be approved by the PUC.¹⁷

2. GWA has justified the “Need” for the improvements and service under Change Order No. 1 to rehabilitate the Yigo Sewer Pump Station.

During the initial construction process by IAN, additional safety and operability concerns of the current Yigo SPS were identified, which led to the changes proposed in Change Order No. 1 in the design for the Motor Control Center (MCC), Hoist, and Platform.¹⁸ Unless Change Order No. 1 is approved, the additional safety and

¹⁴ Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at Par. 1(c).

¹⁵ Id., at Par. 1(d).

¹⁶ GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 3.

¹⁷ Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at Par. 1.

¹⁸ GWA Petition, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023, at EXHIBIT A-02.

operability concerns that were not identified under the prior and initial scope of construction could not be addressed.¹⁹

After IAN Corporation proposed the provision, installation and testing of new MCC equipment and two new hoists, and an elevated Platform, stairs, railing, and ladder, GWA's Construction Contractor for the Project, Duenas, Camacho and Associates, Inc., approved the proposed Change Order No. 1 and the additional cost for work and services thereunder of \$184,491.28.²⁰

3. The Additional Funding for Change Order No. 1 for the Yigo SPS appears to be reasonable, prudent and necessary.

The record demonstrates that the cost for proposed Change Order No. 1 was extensively negotiated between IAN and GWA's project representative Duenas, Camacho and Associates, Inc.²¹ The ultimate price for the change order was reduced significantly from IAN's initial proposal, and GWA's representative negotiated detailed changes in specific price items proposed by IAN. The final Proposal for the cost of Change Order No. 1, at \$184,419.28, is attached to the ALJ Report as Exhibit "A".²²

4. Board Resolution.

GWA Resolution No. 13-FY2023, the Guam Consolidated Commission on Utilities ["CCU"] found that Change Order No. 1 was "fair, reasonable, **and needed to complete**

¹⁹ GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 3.

²⁰ Letter to GWA General Manager Miguel Bordallo from Duenas, Camacho and Associates Inc., dated February 2, 2023, at EXHIBIT A-15.

²¹ GWA Petition, GWA Docket 23-05, dated March 13, 2023, at EXHIBIT A-14 through EXHIBIT A-66.

²² Id. at EXHIBIT A-17.

the work under the contract.²³ (emphasis added). The CCU authorized the funding amount for the contract in the total amount of \$1,113,376.02, including funding for the Change Order No. 1 in the amount of \$184,491.28.²⁴ Finally, this CCU further authorized the management of GWA to petition the PUC for approval for Change Order No. 1.²⁵

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of the Guam Waterworks Authority for PUC Approval of GWA's Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, 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. The total funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project in the amount of \$1,113,376.02 is approved. GWA is authorized to expend such sums on the Project.
2. The approved funding includes funding for Change Order No. 1 in the amount of \$184,491.28. Bond funds may be utilized by GWA for the funding from the Bond MP-WW-Pump-01 account.

²³ GWA Petition at Exhibit A-01, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023, at EXHIBIT A-03.

²⁴ Id. at EXHIBIT A-03.

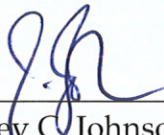
²⁵ Id.

3. 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 are 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
Approval for GWA Additional
Funding for Yigo SPS
GWA Docket 23-05
March 30, 2023


Dated this 30th day of March 2023.



Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner

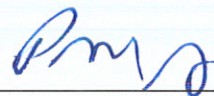


Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner



Pedro S.N. Guerrero
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**THE APPLICATION OF THE GUAM
POWER AUTHORITY FOR
APPROVING THE PROCUREMENT
FOR THE BULK SUPPLY OF DIESEL
FUEL OIL**

GPA DOCKET 23-12

ORDER



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the February 28, 2023 Petition for Approval of the Procurement for Bulk Supply of Diesel Fuel Oil (the “Petition”), filed by the Guam Power Authority (“GPA”).

On March 27, 2023, 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

GPA currently maintains and operates several units that use ultra low sulfur diesel (“ULSD”) fuel oil, which include Piti 7, 8, and 9.¹ In addition, once the new Ukudu Power Plant comes online, GPA will need this diesel fuel oil to power up that plant. According to GPA, its contract with Mobil Oil Guam is set to expire on January 31, 2024.

On February 21, 2023, the Guam Consolidated Commission on Utilities (the “CCU”), through CCU Resolution No. 2023-12, authorized GPA to petition the PUC for

¹ Petition, p. 1 (Feb. 28, 2023).

approval to procure a new contract for a bulk supply of ULSD fuel oil; and to issue and Invitation for Bid (“IFB”) to procure a supplier for such fuel oil.²

DISCUSSION

A. Contract Review Protocol

Pursuant to 12 G.C.A. §12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Furthermore, GPA’s Contract Review Protocol requires that “[a]ll professional service procurements in excess of \$1,500,000” require “prior PUC approval . . . which shall be obtained before the procurement process is begun.”³

B. Invitation to Bid for the Bulk Supply of ULSD Fuel Oil

In the instant procurement, GPA intends to solicit bids for an “uninterrupted” bulk supply of ULSD fuel oil.⁴ Based on a review of the IFB, the proposed contract includes a provision that allows the contractor to source fuel oil from other vendors in order to guarantee fuel oil supply security.⁵ In addition, the contract also contains a provision that allows GPA to seek an alternative source of fuel oil from another vendor where the contractor is unable to fulfill its obligations. And in such instance, the contractor will be liable to GPA for the difference in the cost of fuel oil.⁶

² Petition, pp. 1-2 and “Exhibit A” (GPA Resolution No. FY2023-12, issued by the Consolidated Commission on Utilities, pp. 1-2 (Feb. 21, 2023) (hereinafter referred to as the “Resolution”).

³ GPA’s Contract Review Protocol (“GPA CRP”), Administrative Docket 00-04, p. 1 (Feb. 15, 2008) (emphasis in original).

⁴ Proposed Contract, p. 6.

⁵ Proposed Contract, p. 19.

⁶ Proposed Contract, p. 22.

Additionally, the contract contains a provision that allows GPA to terminate any such delivery of fuel oil supply, in whole or in part, by simply providing the contractor with a notice of termination one hundred and twenty (120) days prior to any such termination.⁷ Further, the contract will require the first delivery of fuel oil by February 1, 2024.⁸

C. Cost and Term

The term of the contract will be for three (3) years, beginning on February 1, 2024 through January 31, 2027, with options to extend the contract an additional two (2) years. In addition, GPA has estimated that it will need about 1 million to 2 million barrels of ULSD fuel oil for the first year of the contract; about 1.5 million to 2.5 million barrels of fuel oil for the second year of the contract; and about 2 million to 2.7 million barrels of fuel oil for the third year of the contract.⁹

GPA projects the cost of a barrel of ULSD fuel oil at \$113.40, and a contractor's premium of \$4.00 per barrel.¹⁰ Accordingly, on the high end, GPA has estimated that the total cost for three years of this bulk supply of ULSD is about \$845,294,000.00.

D. CCU Resolution No. 2023-12

The Petition is supported by GPA Resolution No. 2023-12 issued by the CCU at its February 21, 2023 meeting (the "Resolution"). In the Resolution, the CCU authorized GPA to petition the PUC for approval to procure a new contract for the bulk supply of

⁷ Proposed Contract, p. 32.

⁸ Proposed Contract, p. 9.

⁹ Proposed Contract, p. 9.

¹⁰ Proposed Contract, p. 12.

diesel fuel oil. The CCU further authorized GPA to issue an Invitation for Bid (“IFB”) to procure a supplier for the bulk supply of ULSD fuel oil.¹¹

CONCLUSION

Based on the documentation provided by GPA, the CCU has authorized GPA to petition the PUC for approval to issue an IFB to procure a contractor for the bulk supply of ULSD fuel oil. Without a doubt, diesel fuel oil is essential to GPA’s operations since it is utilized at various diesel-fired power plants. Without such fuel oil, GPA will be unable to provide the necessary generation capacity, especially during times when certain base load units are down, in order to provide a stable and uninterrupted supply of electricity to meet the island-wide utility power demand.

Indeed, the PUC has consistently determined that GPA requires a continuous supply of diesel fuel necessary to maintain the authority’s electric power generation capacity; and that the procurement of such fuel oil is reasonable, prudent and necessary.¹²

The proposed contract sets forth an initial three-year term, which will begin on February 1, 2024 and end on January 31, 2027. GPA will then have an option to extend the contract for an additional two (2) years, which will be renewable annually. The contract also contains various provisions designed to protect GPA and its ratepayers, which include provisions on warranty and quality assurance, insurance requirements, and a provision on termination for convenience, as mentioned above. Accordingly, the ALJ found that the proposed contract appears to adequately protect the interests of GPA and its ratepayers.

¹¹ Petition, pp. 1-2 and “Exhibit A” (GPA Resolution No. FY2023-12, issued by the Consolidated Commission on Utilities, pp. 1-2 (Feb. 21, 2023)).

¹² See, e.g., Order, GPA Docket 17-18, p. 3 (Sept. 28, 2017).

Moreover, the ALJ found that the procurement of bulk supply of ULSD fuel oil ensures that GPA has a continuous supply of fuel to the power plants necessary to perform its electric power generation at capacity. The ALJ, therefore, found the instant procurement to be reasonable, prudent, and necessary.

RECOMMENDATION

Based on the documentation provided by GPA in this docket, and for the other reasons set forth herein, the ALJ recommended that the PUC approve GPA's Petition. Accordingly, GPA should be authorized to issue an Invitation for Bid related to the procurement of the bulk supply of ULSD fuel oil.

The Commission hereby adopts the findings in the March 27, 2023 ALJ Report and therefore issues the following.

ORDERING PROVISIONS

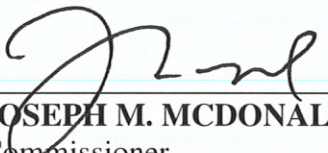
Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

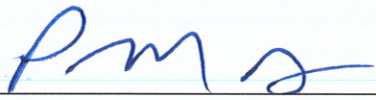
1. That the instant Petition is hereby APPROVED.
2. GPA is authorized to issue an Invitation for Bid related to the procurement of the bulk supply of ULSD fuel oil.
3. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

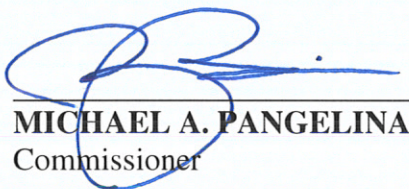
SO ORDERED this 30th day of March, 2023.



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

P233008.JRA

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 23-11
)
The Application of the Guam Power)
Authority to Approve the Piti 8&9) **ORDER**
Contract Extension with Marianas Energy)
Company.)
)
_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to the Petition of the Guam Power Authority [“GPA”] for PUC Review and Approval of the Piti 8 & 9 Contract Extension with Marianas Energy Company [MEC]. GPA and MEC have mutually agreed to a five (5) year extension to the Energy Conversion Agreement [“ECA”].¹

BACKGROUND

In 1996, GPA contracted with MEC, as an Independent Power Producer, to Build, Operate and Transfer the Piti 8 & 9 Power Plant. MEC currently manages and operates the Plant under the ECA. The PUC granted MEC a 5-year extension of the ECA in January 2019. The extension expires in January 2024.²

GPA and MEC now seek to further extend the ECA from January 2024 to January 2029.

¹ GPA Petition, GPA Docket 23-11, dated February 28, 2023, at p. 1.

² Id.

The Administrative Law Judge [“ALJ”] filed his Report herein dated March 13, 2023.³
The PUC adopts the conclusions and recommendations in the Report.

DETERMINATIONS

1. The PUC has already previously approved the authority of GPA and MEC to extend the Energy Conversion Agreement.

In GPA Docket 18-13, GPA requested that the PUC approve MEC’s contract extension for the operation and maintenance of Piti 8 & 9 for five years.⁴ Under the ECA, par. 14, MEC was required to transfer ownership of Piti 8 & 9 to GPA in January 2019.⁵ Notwithstanding the transfer of the Power plant to GPA, the parties agreed that MEC should continue the management and operation of the plant for an additional five year period from January 2019 through January 2024.⁶

On May 31, 2018, the PUC determined that extension of the existing Energy Conversion Agreement through a Contract Amendment would help to ensure the continued operation, management and reliability of Piti 8 & 9.⁷ In no uncertain terms, the PUC held that GPA and MEC had the right to “amend” the agreement by mutual agreement of the Parties. Section 32 of the ECA provides that: “This Agreement may be amended at any time by mutual agreement of the Parties in writing and signed by a duly authorized representative of each Party.”⁸ The PUC

³ ALJ Report, GPA Docket 23-11, dated March 13, 2023.

⁴ PUC Order, GPA Docket 18-13 dated May 31, 2018, at p. 1.

⁵ Energy Conversion Agreement for a Diesel Engine Generator Power Station, Piti Project, between GPA and Enron Development Piti Corp., Section 14, dated September 30, 1996, at p. 24.

⁶ PUC Order, GPA Docket 18-13, dated May 31, 2018, at p. 2.

⁷ Id.

⁸ Id.

further held that “[T]he agreement in no manner places any restriction upon the parties regarding the amendment power. It is a broad, unlimited power.”⁹ Based upon the broad amendment power of the Parties, the PUC approved the five-year extension of the ECA with MEC.

Essentially the same issue is raised in this Docket with the request for a second five-year extension. Since the parties have a broad power to extend their contract, they are authorized and empowered to extend the contract for another five years. The same reasoning that the PUC applied to the first request for contract extension is also applicable to the request for a second extension.

2. A Detailed Review of the Energy Conversion Agreement supports the determination of the PUC that the Parties may amend the ECA for the continued Management, Operation, and Maintenance of the Piti 8 & 9 plants by MEC.

The ECA provides that MEC would continue to operate and maintain the plant for a period of 20 years in what is referred to as the “Cooperation Period”, but further indicated that the “Co-operation Period.... **may be extended from time to time** pursuant to the terms hereof...”¹⁰ (emphasis added). Furthermore, the definition of the “Project” included various separate and distinct functions, such as “design, construction, equipping, completion, testing, commissioning, and operation and maintenance of the Power Station.” (emphasis added).¹¹

⁹ Id. at p. 3.

¹⁰ Energy Conversion Agreement for a Diesel Engine Generator Power Station, Piti Project, between GPA and Enron Development Piti Corp., Section 1, dated September 30, 1996, at p. 3, Definition of terms, “Co-operation Period.”

¹¹ Id., at “Project”.

Prior to the transfer of the Plant to GPA in January 2019, GPA and MEC negotiated the initial 5-year extension of the ECA, and the PUC approved the extension. The amendment of the ECA for a 5-year extension of the management, operation and maintenance of the Plant by MEC all occurred prior to the transfer of ownership of the plant to GPA. The ECA provides that “operation and maintenance of the Power Station” is a separate and distinct part of the relationship between GPA and MEC (i.e. aside from design, construction, testing and commissioning of the plant). Since “operation and maintenance of the Power Station” has always been a valid and subsisting element of the ECA, there is nothing that prevented the parties from extending the operation and maintenance duties of MEC for the initial 5-year extension. Under the same reasoning, the parties may again extend the operation and maintenance duties of MEC for another five years.

3. Beyond the issue of legality, both GPA and MEC have offered substantial justifications for the second 5-year extension of the ECA.

In its Issues for Decision, presented to the members of the Guam Consolidated Commission on Utilities at its February 21, 2023, Meeting, GPA stated that “Piti 8 & 9 reliable capacity is most crucial over the next five years as the new Ukudu 198 MW power plant is commissioned and Phase IV renewable bids with full shifting energy storage systems are awarded and commissioned in late 2026. A reliable and efficient Piti Plant is crucial to avoid Load Shedding and producing energy at lower cost most especially because of the high cost of fuel we are experiencing.... GPA has limited production capacity until the new 198MW Ukudu plant is commissioned and the plant has gone through the shake down period of about a year.”¹²

¹² Issues for Decisions on Resolution No. FY2023-09, presented in the CCU Commissioners’ Board Packet on February 21, 2023.

In GPA Resolution No. FY2023-09, Relative to Authorization of Piti 8 & 9 Contract Extension, the Guam Consolidated Commission on Utilities offered several additional justifications for the 5-year contract extension. The CCU stated that “Piti 8 & 9 are baseload units critical to produce the 38% of energy for Guam until approximately one (1) year after the commissioning of the new Ukudu combined cycle units and until adequate reserves are obtained...”¹³ The second five (5) year extension of the current ECA would “ensure the stable management and operation of Piti 8 & 9 by MEC, complimenting the modified Consent Decree Milestone Schedule...”¹⁴ The Consent Decree between GPA and the USEPA in 2020 required the conversion of Piti 8 & 9 to ultra-low sulfur fuel.

GPA and MEC indicated that, without the second 5-year extension, they both would have difficulties in properly managing, operating and maintaining the Piti 8 & 9 Power Plant. GPA would be “challenged to hire and train personnel to manage, operate, and maintain the Plant upon the expiration of the amended ECA in January 2024.” Without a contract extension, MEC would not continue to manage and operate the power plant and would have difficulty in retaining existing workers beyond January 2024.¹⁵ MEC has requested an expedited extension for another five years. It is experiencing difficulties retaining employees because the current contract expires January 2024 and job security has become a major concern with its employees. Due to the military buildup, MEC employees have been hired by other employers.¹⁶

¹³ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2023-09, Relative to Authorization of Piti 8 & 9 Contract Extension, adopted and approved on February 21, 2023, at p. 1.

¹⁴ Id.

¹⁵ Id. at p. 2.

¹⁶ Id.

The Piti power plant had been managed, operated and maintained by IPP MEC since the commissioning of the units in 1999. MEC Management, operators and maintenance employees have successfully operated the plant, with a standard high reliability of 90% or more, for the past 24 years.¹⁷ Piti 8 & 9 is the most efficient plant in the GPA power system. It produces more energy than the other units, on ULSD, at about 15.4 net kWh/gal. and is \$0.09 to \$0.13/net kWh cheaper than Cabras and the reserve units. The Plant produces over 600,000 kWh annually translating to anywhere from \$55M to \$80M in lower fuel cost in comparison to the other generators.¹⁸

The Piti 8 & 9 Annual cost has remained relatively constant. For FY 2022 the cost breakdown is as follows: Fuel Handling, \$2,545,125; Other Contractual, \$9,355,771; Total O&M, \$11,900,896 and Capital Projects Completed, \$1,199,014. The total is approximately \$25M. The annual cost to GPA in FY2020 was nearly \$27M.¹⁹

GPA and MEC have justified the necessity for the five-year extension of the ECA. After the commissioning of the new Ukudu Power Plant, it is anticipated that the capacity factor and use of the Piti units will decrease, allowing for solicitation of a new contract based on its future use.²⁰

¹⁷ GPA Work Session, Presentation To: Consolidated Commission on Utilities, February 14, 2023.

¹⁸ Issues for Decisions on Resolution No. FY2023-09, presented in the CCU Commissioners Board Packet on February 21, 2023.

¹⁹ PUC Order, GPA Docket 18-13, dated May 31, 2018, at p. 2.

²⁰ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2023-09, Relative to Authorization of Piti 8 & 9 Contract Extension, adopted and approved on February 21, 2023, at p. 2.

ORDERING PROVISIONS

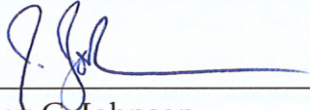
After review of the record herein, including GPA's Petition for PUC Review and Approval of the Piti 8 & 9 Contract Extension with Marianas Energy Company and the ALJ Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. The second 5-year extension of the ECA between GPA and MEC (from January 2024 to January 2029), for the management, operation and maintenance of the Piti 8 & 9 Power Plant, is approved.
2. GPA shall file with the PUC an executed copy of the Amendment to the Energy Conversion Agreement authorizing the second 5-year extension of the ECA.
3. 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.

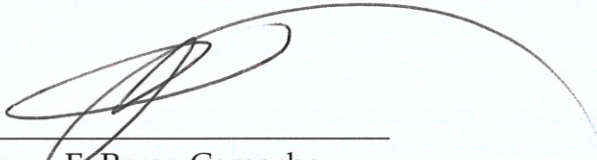
[SIGNATURES TO FOLLOW ON NEXT PAGE]

Order
Approval of Piti 8 & 9 Contract Extension
GPA Docket 23-11
March 30, 2023

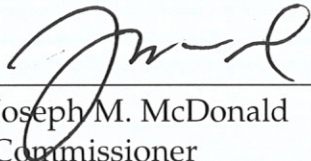
Dated this 30th day of March 2023.



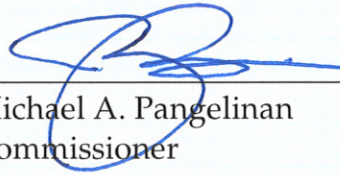
Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



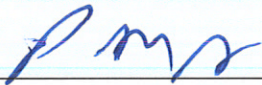
Joseph M. McDonald
Commissioner



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:

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

GPA DOCKET 23-13

ORDER



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition for Contract Review.¹
2. The PUC's May 23, 2022 Order in GPA Docket No. 22-14 which authorized GPA to extend the GPA-Graphic Center, Inc., ["Graphic Center"] Contract for Professional Printing, Mailing, Processing, and Other Services on a month-to-month basis for up to twelve (12) months or until GPA awards a new contract for those services will expire on or about May 31, 2023.²
3. GPA requests that the PUC approve a month-to-month extension of the contract after May 31, 2023 which, if the monthly extensions last for a one (1) year period, will cost \$460,000.³

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

¹ GPA Petition to Approve the Month-to-Month Contract Extension for Professional Printing, Mailing, Processing Services, GPA Docket 23-13, dated March 7, 2023 [GPA Petition].

² GPA Petition at 1. NOTE 1: GPA's petition erroneously states that the PUC's Authorization will expire in March, 2023, however, on page 5 of the PUC's Order dated May 26, 2022 in GPA Docket No. 22-14 states that: "...GPA may exercise the month to month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first." NOTE 2: 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.

³ Id., at 2.

processing services for approximately fifty-thousand (50,000) electric power billings each month.⁴

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.⁵
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.⁶
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.⁷
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.⁸
9. On May 13, 2021, GPA issued GPA-RFP-21-002 (Professional Printing, Mailing, and Processing Services) [RFP].⁹
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.¹⁰

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

⁵ Id., at 2.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ GPA Petition at 1.

¹⁰ Id., at 3.

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.¹¹
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, 2021.¹²
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.¹³
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.¹⁴
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.¹⁵
16. Graphic Center's appeal of the OPA decision is still before the Superior Court of Guam and a Status Hearing is currently scheduled for May 24, 2023.¹⁶
17. On February 21, 2023 the CCU approved CCU Resolution No. FY2023-13 authorizing GPA's management to extend the contract on a monthly basis for up to twelve months, which GPA estimates will cost \$460,000, or until a new contract is awarded.¹⁷
18. On March 27, 2023 PUC Legal Counsel submitted his report.

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

¹² GPA Petition at 3.

¹³ Id.

¹⁴ Id.

¹⁵ PUC Order dated May 26, 2022 in GPA Docket No. 22-14 at 3.

¹⁶ GPA Petition at 1.

¹⁷ Id., at 4.

DETERMINATIONS

19. GPA must obtain the PUC's approval for any extension of the contract past May 31, 2023. Here, as set forth above, the PUC's May 26, 2022 Order in GPA Docket No. 22-14 only authorized GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first. Currently, the twelve (12) month period expires on May 31, 2023 and GPA has not been able to award a new contract due to Graphic Center's protest concerning the RFP, and the appeal to 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, 2023.
20. GPA's estimated \$460,000 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 ($\$1,420,000 / 60 \text{ months} = \$23,666.67 \text{ per month}$) 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.¹⁸ In GPA Docket 22-14, GPA estimated that one (1) year of the month-to-month contract extensions will cost approximately \$25,000 per month ($\$300,000 / 12 \text{ months} = \$25,000$) and this amount was \$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. Here, GPA estimates that the next twelve month extension will cost \$38,333.33 per month ($\$460,000 / 12 \text{ Months} = \$38,333.33$) which is \$13,333 more per month than the twelve month extension from 2022 to 2023, and \$833.33 more per month than the eight month extension from 2021 to 2021, and \$14,666.66 more per month than the original five (5) year contract term. Albeit, the cost of the next extension is significantly more than the twelve-month extension from 2022-2023 and the original contract term, the price is only slightly more per month than the eight-month extension from 2021-2022, therefore, GPA's estimated \$460,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable and the increase in costs is justified by the current inflationary costs in our national and Guam economy are currently facing.

¹⁸ PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 3.

21. 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.
22. 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.
23. Based on the foregoing, GPA's contract extension with Graphic Center and the extension's \$460,000 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.

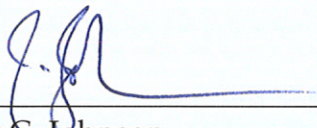
ORDERING PROVISIONS

After review of the record herein, GPA's Petition to approve the month-to-month extension of the GPA-Graphic Center Contract, and the PUC Legal Counsel Report, and for good cause shown, 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 the 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.

Order
GPA's Application to Approve the
Contract Extension for Professional
Printing, Mailing, and Processing Services
GPA Docket 23-13
March 30, 2023

Dated this 30th day of March, 2023.



Jeffrey C. Johnson
Chairman

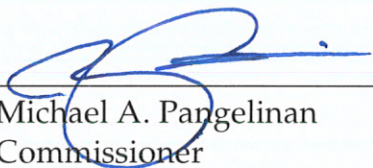


Joseph M. McDonald
Commissioner



Rowena E. Perez-Camacho
Commissioner

Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner



Pete Guerrero
Commissioner