

BEFORE THE PUBLIC UTILITIES COMMISSION

**IN RE: PETITION FOR APPROVAL)
TO INCREASE THE AMOUNT)
OF AWARD FOR GPA'S)
PHYSICAL SECURITY)
PROOF OF CONCEPT BY)
GUAM POWER AUTHORITY.)**

GPA DOCKET 23-15

ORDER



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the July 24, 2023 Petition (hereinafter referred to as the “Petition”) for approval to increase the amount of the award for its contract with Sheffield Scientific, LLC (“Sheffield”) related to GPA’s Physical Security Proof of Concept.¹

On August 28, 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

Back in 2020, GPA issued GPA RFP-RFP-20-007², which sought services of a contractor to provide a Physical Security Proof of Concept relating to the review, design and build-out to increase the physical security for certain GPA sites.³ Thereafter, GPA determined that Sheffield, who submitted a bid of \$996,670.00, was the most qualified bidder who met the requirements of

¹ Petition, p. 1.

² GPA-RFP-19-007 was later re-issued as GPA-RFP-20-007. On April 14, 2020, the closing date for the RFP was put on hold due to the COVID-19 pandemic.

³ GPA Resolution No. FY2022-11, issued by the Consolidated Commission on Utilities (“Resolution No. FY2022-11”), p. 1 (Feb. 22, 2022).

the solicitation.⁴ In GPA Resolution No. FY2022-11, the Consolidated Commission on Utilities (hereinafter referred to as the “CCU”) approved the contract award to Sheffield, for an amount of \$996,670.00, and authorized bond funding for the review, design, and project management of the Physical Security build-outs.⁵ Five (5) sites were identified for this project, which included GPA’s Talofoto Plant, Harmon Substation, Umatac Substation, Fadian Office, and Piti Substation.⁶

With regard to the build-outs, in GPA Resolution No. FY2022-11, the CCU approved an additional amount of \$500,000.00, and authorized bond and revenue funds for the Physical Security build-outs, specifically for access controls, communications, video surveillance, electronic locks, fencing, intrusion detection systems, perimeter lighting and other solutions.⁷ Accordingly, the cost of the contract increased to \$1,496,670.00.⁸

According to GPA, as a result of supply chain issues caused by the pandemic, the project experienced some delays that have increased the initial cost estimates and timely delivery of equipment and materials, resulting further in the delay of the build-outs.⁹ In Resolution No. FY2023-15, the CCU authorized GPA to extend the term of the contract, and to expend an additional \$350,000.00, authorizing a total of \$1,846,670.00 for the subject contract.¹⁰

⁴ Resolution No. FY2022-11, p. 1.

⁵ Resolution No. FY2022-11, p. 1.

⁶ Resolution No. FY2022-11, p. 2.

⁷ Resolution No. FY2022-11, p. 2.

⁸ Resolution No. FY2022-11, p. 2.

⁹ GPA Resolution No. FY2023-15, issued by the CCU (“Resolution No. FY2023-15”), p. 2 (Apr. 3, 2023).

¹⁰ Resolution No. FY2023-15, p. 2.

A. GPA's 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. Additionally, pursuant to GPA's current Contract Review Protocol, "[a]ll professional services contracts in excess of \$1,500,000" and "[a]ll externally funded loan obligations and other financial obligations such as . . . bonds . . . and any use of said funds" "shall require prior PUC approval" Contract Review Protocol, PUC Administrative Docket No. ADM 00-04, p. 1 (Feb. 15, 2008). GPA is seeking PUC review and approval of this contract since the additional build-out costs will increase the total cost of the contract over \$1.5 million.

B. Scope of Work, Contract Term, Cost and Funding

Based on the scope of work, the contractor is tasked with designing ways to restrict access to GPA's facilities for safety and security purposes, such as access card systems, smart locks, the use of security personnel; alarm systems for monitoring entry into the facilities; perimeter alarm systems; surveillance; guards; barriers that prohibit entry of vehicles; lighting that provides visibility for optimal CCTV functionality; roving and fixed security personnel; security surveys and other risk assessments, just to name a few. The physical security sought under the contract must protect against intruders who, *inter alia*, intend on damaging or tampering substation or facility equipment and controls; stealing or damaging substation equipment, material, or information; threatening the safety of GPA and GWA personnel or customers; and terrorist acts, as examples.

As indicated above, the cost of the build-outs increased the contract to 1,496,670.00,¹¹ specifically for access controls, communications, video surveillance, electronic locks, fencing, intrusion detection systems, perimeter lighting and other solutions.¹² However, the new cost for equipment, materials, and labor has now increased the contract to \$1,846,670.00.¹³ The CCU has authorized both bond and revenue bonds to cover the cost of this contract.¹⁴

C. GPA's Request and Status of the Build-Out Construction

GPA is requesting PUC approval for its contract with Sheffield since the total price of the contract will increase from \$1,496,670 to \$1,846,670. The additional \$350,000 will continue to fund the physical security build-outs, which is nearing completion. According to GPA, as a result of supply chain issues caused by the pandemic, the project experienced some delays that have increased the initial cost estimates and timely delivery of equipment and materials, resulting further in the delay of the build-outs.¹⁵ In Resolution No. FY2023-15, the CCU authorized GPA to extend the term of the contract, and to expend an additional \$350,000.00, authorizing a total of \$1,846,670.00 for the subject contract.¹⁶

As of last month, the build-outs were ongoing and almost complete. The additional \$350,000.00 requested herein is to cover the added costs to complete the project. Specifically, according to GPA, the majority of the increase in costs is related to project management and

¹¹ Resolution No. FY2022-11, p. 2.

¹² Resolution No. FY2022-11, p. 2.

¹³ Resolution No. FY2023-15, p. 2.

¹⁴ Resolution No. FY2023-15, p. 2.

¹⁵ GPA Resolution No. FY2023-15, issued by the CCU ("Resolution No. FY2023-15"), p. 2 (Apr. 3, 2023).

¹⁶ Resolution No. FY2023-15, p. 2.

increase in labor. The due date for the project was originally set for October of 2022; however, due to the effects of the pandemic and supply chain issues, the cost of the materials increased and the timeline of the project management team was also extended.

Moreover, GPA has made it a priority to better the physical security of its facilities. According to GPA, the subject sites are vulnerable to trespass, with no current capability to monitor these sites.

CONCLUSION AND RECOMMENDATION

Based on the documentation provided, the ALJ found that the subject contract is necessary, and that the costs and terms referred to herein are reasonable and prudent. As indicated by GPA, the physical security of GPA's assets and facilities are critical to its daily operations.¹⁷ Additionally, the ALJ found that it is undoubtedly an island-wide security issue to protect GPA's facilities in order to protect its power-generation facilities from threats of damage, tampering, vandalism, theft, and even terrorist activities, most especially during these times where generation capacity is crucial and limited. Overlooking this need may risk potentially threatening the public health, welfare and safety of the island.

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 contract with Sheffield, at a total cost of \$1,846,670.00.

The Commission hereby adopts the findings in the August 28, 2023 ALJ Report and therefore issues the following.

¹⁷ Petition, p. 1.

ORDERING PROVISIONS

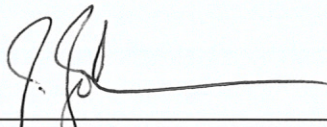
Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

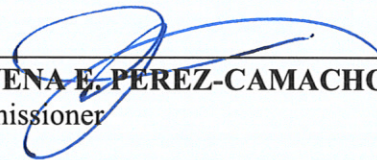
1. That the instant Petition is hereby APPROVED; and that GPA is authorized to amend its contract with Sheffield Scientific, LLC, to expend a total amount not to exceed \$1,846,670.00.

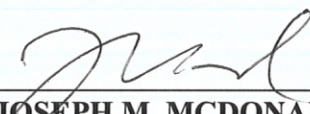
2. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

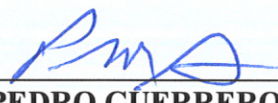
[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 31st day of August, 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

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