

1 **THERESA G. ROJAS, ESQ.**
2 Interim Counsel
3 Guam Power Authority
4 Gloria B. Nelson Public Service Building
5 688 Route 15, Suite 304
6 Mangilao, Guam 96913 .
Telephone No: (671) 300-6848
Fax No: (671) 648-3290
Email: tgrojas@guamwaterworks.org



7 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:) GPA DOCKET NO. 23-18
10)
11 **MERCHANT BANKING SERVICES**) **PETITION TO AUTHORIZE GPA AND**
) **GWA TO PROCURE MERCHANT**
) **BANKING SERVICES**
12)
13)
14)

15 **COMES NOW**, the GUAM POWER AUTHORITY (“GPA”), by and through its
16 counsel of record, THERESA G. ROJAS, ESQ., and hereby files its Petition to Authorize GPA
17 and the Guam Waterworks Authority (“GWA”) to Procure Merchant Banking Services.

18 **I. BACKGROUND**

19 On March 31, 2022, the PUC approved GPA Docket 22-09 approving GPA and GWA’s
20 contract for merchant banking services with First Hawaiian Bank (FHB). *See Exhibit A.* The
21 contract took effect in April 2022, for a one-year term, and included four (4) one-year options to
22 extend. After a mutual arrangement, GPA and GWA will end the merchant services contract
23 with FHB effective June 30, 2023.
24

25 Merchant banking services permit GPA and GWA rate payers to utilize credit and debit
26 cards to pay utility bills and integrate ratepayer payments into GPA and GWA customer service
27

1 and billing systems. Merchant banking service payments are also essential for ratepayers who
2 pay bills online via GPA and GWA's websites or via phone through personal calls or by using
3 GPA and GWA's mobile applications. At rate-payer convenience, merchant services also extend
4 point of sale accessibility to all walk-in and drive-thru customers at GPA and GWA locations.
5 Due to the approaching merchant service contract expiration with FHB, GPA and GWA must
6 now re-procure merchant banking services to continue its several payment options to ratepayers.
7 In 2021, the Guam Solid Waste Authority (GSWA) was also included in GPA and GWA's
8 procurement for merchant banking services permitting GSWA customers to make solid waste
9 payments to GWA and GPA.
10

11 II. REQUEST FOR APPROVAL

12
13 GPA hereby petitions the PUC, pursuant to its Contract Review Protocol, to approve the
14 joint procurement of merchant banking services for GPA and GWA through the issuance of an
15 Invitation for Bid (IFB). The total contract amount, and costs to each utility separately, are
16 expected to exceed the PUC's required contract review amounts of \$1M and \$1.5M for GWA
17 and GPA respectively. The IFB will include merchant banking services for GSWA to which
18 GPA and GWA have entered an MOA for the collection of GSWA payments. In support of
19 this Petition, the CCU has duly passed and adopted GPA Resolution FY2023-18 and GWA
20 Resolution 25-FY2023 attached and incorporated by reference as if fully set forth herein as
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22 **Exhibit B.**
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I. CONCLUSION

Based on the foregoing, GPA requests the PUC authorize GPA and GWA to procure merchant banking services, with the inclusion of GSWA, as it is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 29th day of May 2023.

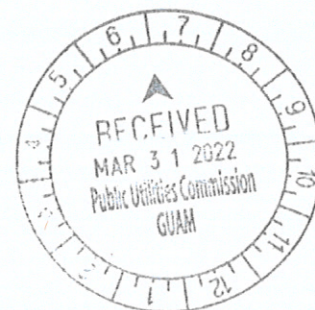
By:



THERESA G. ROJAS, ESQ.
GPA Interim Counsel

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 22-09
)
The Application of the Guam Power)
Authority to Approve the Contract for) **ORDER**
Merchant Services for GPA and GWA.)
_____)



INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to Approve the Contract for Merchant Services for GPA and GWA.¹
2. GPA requests that PUC approve the Award of a Contract for Merchant Services with First Hawaiian Bank for both GPA and GWA. The Merchant Services provided by First Hawaiian Bank would enable the acceptance and processing of credit and debit card customer billing payments for GPA and GWA at their payment facilities and online.
3. Guam Solid Waste Authority (GSWA) will also receive merchant services from First Hawaiian Bank. Although GSWA was included in the procurement for Merchant Services, GPA has not included GSWA in its present request because the cost of the contract to GSWA does not meet GSWA's contract review threshold of \$750,000.00 per annum or over the possible 5-year period of the Contract.²

¹ GPA Petition to Approve the Contract for Merchant Services, GPA Docket 22-09, filed March 9, 2022.

² Phone conversation between GPA Legal Counsel Graham Botha and PUC Administrative Law Judge Fred Horecky on March 10, 2022.

BACKGROUND

4. In GPA Docket 21-08, the PUC authorized GPA to issue a Procurement for Merchant Services as set forth in its Petition and Request for Proposal No. GPA-RFP-21-____, for GPA, GWA, and GSWA.³
5. Pursuant to the PUC Order, GPA issued a Request for Proposal for a 1-year contract for Merchant Banking Services, with the option to extend for four 1-year periods.⁴
6. GPA received three proposals in response to the RFP. An Evaluation Committee comprised of GPA and GWA personnel determined that the proposal from First Hawaiian Bank was the most comprehensive and acceptable.⁵
7. The Consolidated Commission on Utilities, subject to PUC approval, authorized the General Managers of the Guam Power Authority and Guam Waterworks Authority to award the Merchant Banking Services Contract to the First Hawaiian Bank at a cost of approximately \$600,000 per year and \$3 million for five years, and \$350,000 per year, and \$1,750,000 for five years, for GPA and GWA respectively.⁶
8. The Merchant Services Contracts would be for a 5-year contract period consisting of a base year and four additional 1-year options.

³ PUC Order, GPA Docket 21-08, dated April 29, 2021, at p. 5.

⁴ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2022-09/GWA Resolution No. 08-FY2022, Relative to the Authorization for the Guam Power Authority and the Guam Waterworks Authority to Award a Contract for Merchant Banking Services and to Petition the Guam Public Utilities Commission for Approval, approved and adopted on February 22, 2022.

⁵ Id., at p. 1.

⁶ Id., at p. 2.

9. The Administrative Law Judge ["ALJ"] submitted his Report in this Docket dated March 15, 2022. The PUC adopts the conclusions and recommendations stated therein.

DETERMINATIONS

10. GPA indicates that the First Hawaiian Bank price proposal offered certain advantageous rates, including Visa Utility Program and Mastercard Utility Industry Program rates which offer low interchange rates for utilities.⁷
11. First Hawaiian Bank can offer credit card payments with Visa cards, whereas Bank of Hawaii was unable to do so under the prior Merchant Services Contract.⁸
12. The proposal of First Hawaiian Bank offered "a very favorable interchange rate introduced specifically for the utility industry" under which GPA and GWA expect to save \$1,000,000 and \$220,000 respectively, per year in merchant fees under this new contract.⁹
13. The First Hawaiian Bank proposal also provides all implementation support at no extra cost to the utilities in addition to maintaining consistent pricing throughout the duration of the contract.¹⁰

⁷ Id., at p. 1.

⁸ Phone conversation between GPA CFO John Kim and PUC Administrative Law Judge Fred Horecky on March 14, 2022.

⁹ Guam Consolidated Commission on Utilities, GPA Resolution No. FY2022-09/GWA Resolution No. 08-FY2022, Relative to the Authorization for the Guam Power Authority and the Guam Waterworks Authority to Award a Contract for Merchant Banking Services and to Petition the Guam Public Utilities Commission for Approval, approved and adopted on February 22, 2022, at p. 1.

¹⁰ Id., at p. 2.

14. The fees which First Hawaiian Bank will charge for Merchant Services are set forth in the Bid Worksheet attached to the ALJ Report as Exhibit "1".

15. Under the Contact Award, GPA indicates that the following prices will be charged to GPA/GWA for the Merchant Services:

1. Visa & Mastercard - \$0.75 consumer, \$1.5 commercial + transaction fee 0.2%
2. Debit card - \$0.17 per transaction
3. Gateway fee - \$0.09 per transaction¹¹

16. GPA and GWA will enter into Form Merchant Agreements with First Hawaiian Bank to establish such services. A true and correct copy of said Agreement is attached to the ALJ Report as Exhibit "2".¹²

17. The PUC previously determined in GPA Docket 21-08 that the provision of merchant services are beneficial to both the utilities and their customers: (1) Credit card payments of utility bills has increased substantially in the last few years; (2) The wide availability of merchant services to customers helps to ensure that the utilities are promptly paid for the services which they provide; (3) The reduced costs of such merchant services have increased customer usage of credit card and online payments of utility bills.¹³

¹¹ Email from Graham Botha, GPA Legal Counsel, to PUC ALJ Fred Horecky, dated March 11, 2022.

¹² The FHB Merchant Processing Agreement was provided by Graham Botha, GPA Legal Counsel, to PUC ALJ Fred Horecky in an email dated March 12, 2022.

¹³ PUC Order, GPA Docket 21-08, dated April 29, 2021, at pgs. 3-4.

18. There are no charges to the GPA and GWA customers who utilize the merchant services.¹⁴

19. The award of the Merchant Services Contract to First Hawaiian Bank is reasonable, prudent, and necessary. The cost of services under the proposed contract is less than that under the prior contract. The cost for such services is also reasonable.

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. The Merchant Banking Services contract awards by GPA and GWA to the First Hawaiian Bank are approved.
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. Expenditures in the approximate amount of \$600,000 per year and \$3 million for five years, and \$350,000 per year and \$1,750,000 for five years, for GPA and GWA respectively, are authorized for the 5-year contract period consisting of a base year and four additional 1-year options.

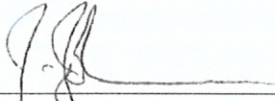
¹⁴ Phone conversation between GPA CFO John Kim and PUC Administrative Law Judge Fred Horecky on March 14, 2022.

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]

Order
Approval of the Contracts for Merchant Services
GPA Docket 22-09
March 31, 2022

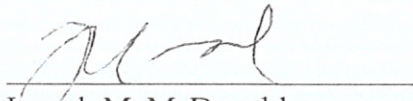
Dated this 31st day of March 2022.



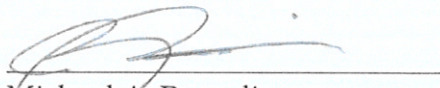
Jeffrey C. Johnson
Chairman



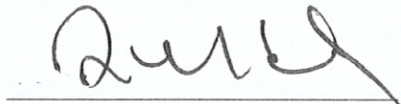
Rowena E. Perez-Camacho
Commissioner



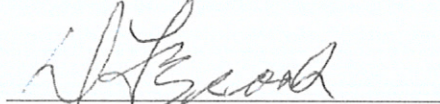
Joseph M. McDonald
Commissioner



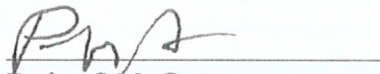
Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Doris Flores Brooks
Commissioner



Pedro S.N. Guerrero
Commissioner



CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatña, Guam 96932 | (671) 648-3002 | guamccu.org

GPA RESOLUTION NO. FY2023-18
GWA RESOLUTION NO. 25-FY2023

RELATIVE TO AUTHORIZING THE MANAGEMENT OF
GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY TO
PROCURE MERCHANT BANKING SERVICES

WHEREAS, the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) implemented Customer Information System software called Customer Care & Billing, which integrates payment solutions with website, point of sale, mobile application, and pay by phone; and

WHEREAS, both GPA and GWA determined that merchant banking services is a critical service to its ratepayers; and

WHEREAS, the Consolidated Commission on Utilities has undertaken a number of initiatives to identify opportunities wherein the ratepayers of Guam will be better served if the utilities worked together; and

WHEREAS, the Guam Solid Waste Authority (GSWA) has requested and was included in the procurement for merchant banking services that was issued in 2021 that both enhanced realization of efficiencies and cost savings and better served our Guam ratepayers; and

WHEREAS, in April 2022, the merchant banking services contract was awarded to First Hawaiian Bank (FHB), and the term of the contract was for one year with four (4) options, and with each option to extend for a one-year (1) period; and

WHEREAS, GPA and FHB mutually agreed not to elect the option to extend the merchant banking services contract after the first year. The current contract expires in April 2023 and FHB has agreed to extend its services through June 30, 2023, to allow GPA and GWA to procure merchant banking services; and

1 **WHEREAS**, the term of the Invitation for Bid (IFB) for merchant banking services being
2 requested will be for one year with four (4) options, and with each option to extend for a one-year
3 (1) period; and
4

5 **WHEREAS**, each of the GPA and GWA General Manager's contract approval authority
6 is \$1,000,000 and the fees under this new IFB are expected to exceed that amount and that the
7 General Manager shall advise the Commission of all expenditures in excess of \$1,000,000; and
8

9 **WHEREAS**, GPA and GWA desire to issue its merchant banking services IFB as soon
10 as possible in order to allow sufficient time for vendors to prepare their proposals and prevent a
11 lapse in service under the current contract extension.
12

13 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on
14 Utilities, subject to the review and approval of the Public Utilities Commission, does hereby
15 approve and authorize the following:
16

17 1. The General Managers of the Guam Power Authority and Guam Waterworks Authority
18 are hereby authorized to issue an IFB for merchant banking services to include GSWA for
19 the one-year contract period with four options, and with each option to extend for one-
20 year period for GPA and GWA.
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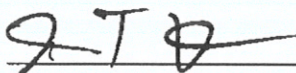
22 2. The proposed contract resulting from the IFB would require the CCU approval.
23

24 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the
25 Commission attests the adoption of this Resolution.
26

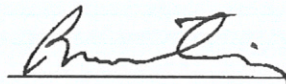
27 **DULY AND REGULARLY ADOPTED**, this 25th day of April, 2023.
28

29 Certified by:

Attested by:

30
31 

32 **JOSEPH T. DUENAS**

30
31 

32 **PEDRO ROY MARTINEZ**

33 Chairperson

Secretary

34 Consolidated Commission on Utilities

Consolidated Commission on Utilities

1
2
3 **SECRETARY'S CERTIFICATE**

4 I, **Pedro Roy Martinez**, Secretary of the Consolidated Commission on Utilities
5 (CCU), as evidenced by my signature above, do hereby certify as follows:

6 The foregoing is a full, true and accurate copy of the resolution duly adopted at a
7 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
8 noticed and advertised at which meeting a quorum was present and the members who were
9 present voted as follows:

10
11 Ayes: 4
12 Nays: Ø
13 Abstain: Ø
14 Absent: 1

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GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

GPA Resolution No. FY2023-18 /GWA Resolution No. 25-FY2023

Authorizing the Management of GPA and GWA to Procure Merchant Banking Services

What is the project's objective? Is it necessary and urgent?

Request to issue an Invitation for Bid (IFB) to provide merchant services to GPA, GWA, and GSWA as a means for collecting customer payments through debit and credit cards at the various utility cashier sites, thru the Pay-by-Phone, and online options.

In April 2022, GPWA awarded its current Merchant Services contract to First Hawaiian Bank (FHB) for an initial period of one year with an option to extend the contract for four additional one-year periods. GPWA and FHB mutually agreed not to elect the option to extend the merchant banking services contract. The current contract will expire in April 2023 and FHB has agreed to extend their services through June 30, 2023 to allow for the procurement of merchant banking services.

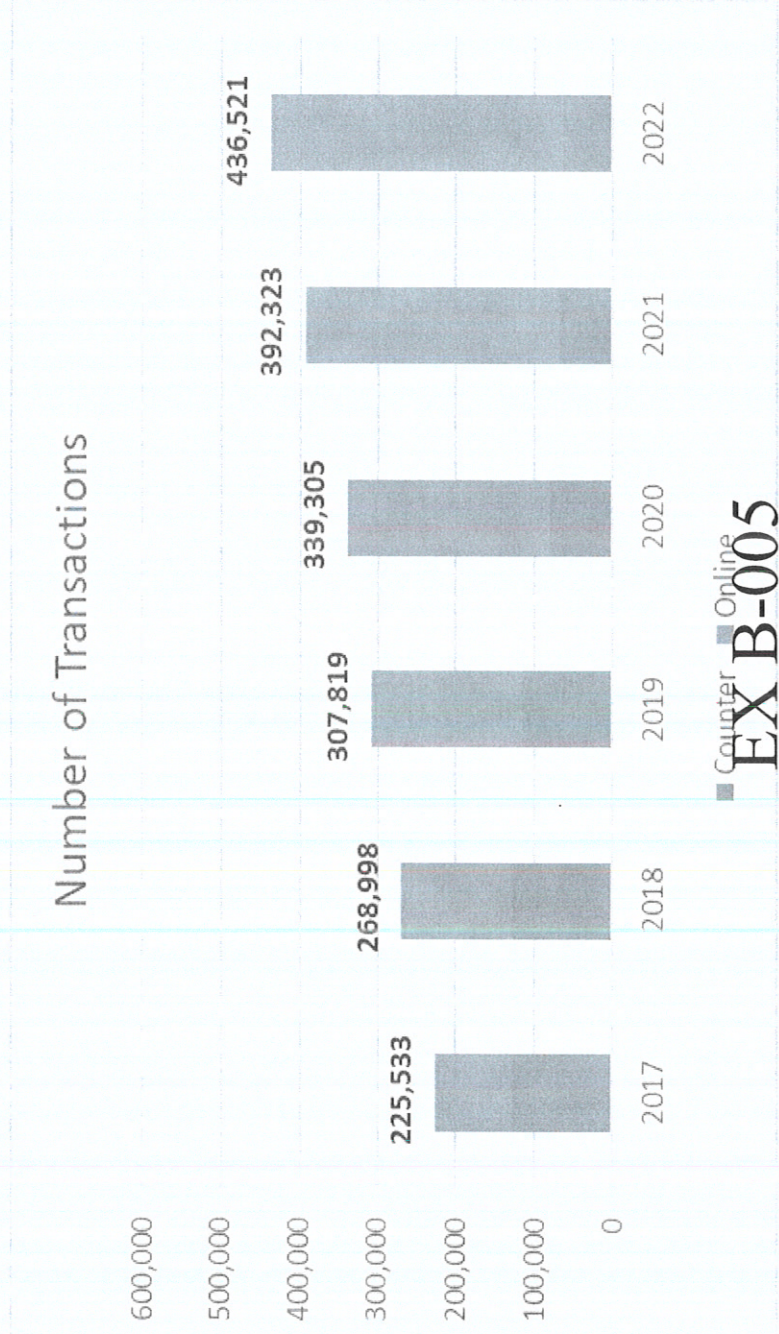
How long will it take?

The procurement of service should be completed before July 1, 2023 and the term of the agreement is for one (1) year from the time of implementation with options to renew for four additional one-year periods.

EX B-004

GPA Merchant Services

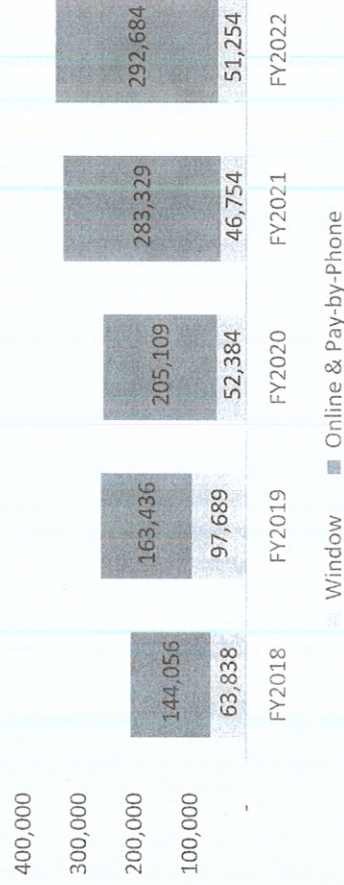
Fiscal Year	Number of Transactions						(in '000)		
	Year	Year	Year	Monthly	Monthly	Credit Card	Amount		
	Counter	Online	Total	Counter	Online	Total		Rate	
2017	128,411	97,122	225,533	10,701	8,094	18,794	1.239%	\$ 53,316	\$ 661
2018	129,430	139,568	268,998	10,786	11,631	22,417	1.087%	\$ 93,920	\$ 1,020
2019	114,537	193,282	307,819	9,545	16,107	25,652	1.057%	\$ 115,826	\$ 1,224
2020	80,392	258,913	339,305	6,699	21,576	28,275	1.114%	\$ 116,080	\$ 1,293
2021	66,785	325,538	392,323	5,565	27,128	32,694	1.189%	\$ 128,062	\$ 1,523
2022	63,932	372,589	436,521	5,328	31,049	36,377	1.242%	\$ 183,079	\$ 2,274



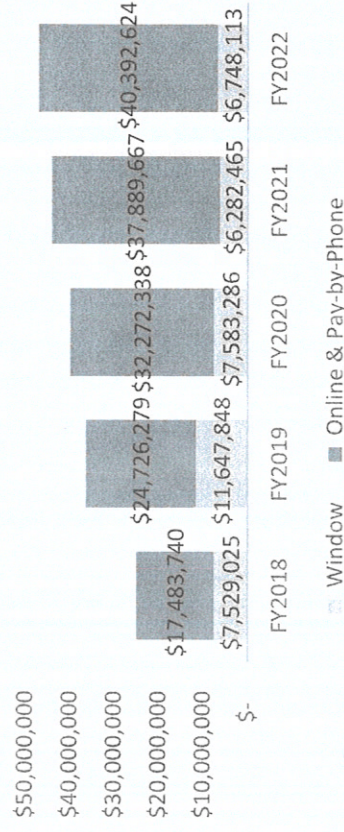
GWA Merchant Services

Fiscal Year	Transaction Count			Transaction Amount			Credit Card Fees	CC Fees %
	Window	Online & Pay-by-Phone	Total	Window	Online & Pay-by-Phone	Total		
FY2018	63,838	144,056	207,894	\$ 7,529,025	\$ 17,483,740	\$ 25,012,765	\$ 491,006	1.96%
FY2019	97,689	163,436	261,125	\$ 11,647,848	\$ 24,726,279	\$ 36,374,127	\$ 515,551	1.42%
FY2020	52,384	205,109	257,493	\$ 7,583,286	\$ 32,272,338	\$ 39,855,624	\$ 525,229	1.32%
FY2021	46,754	283,329	330,083	\$ 6,282,465	\$ 37,889,667	\$ 44,172,131	\$ 560,463	1.27%
FY2022	51,254	292,684	343,938	\$ 6,748,113	\$ 40,392,624	\$ 47,140,737	\$ 625,606	1.33%
Totals	311,919	1,088,614	1,400,533	\$ 39,790,737	\$ 152,764,648	\$ 192,555,385	\$ 2,717,855	1.41%

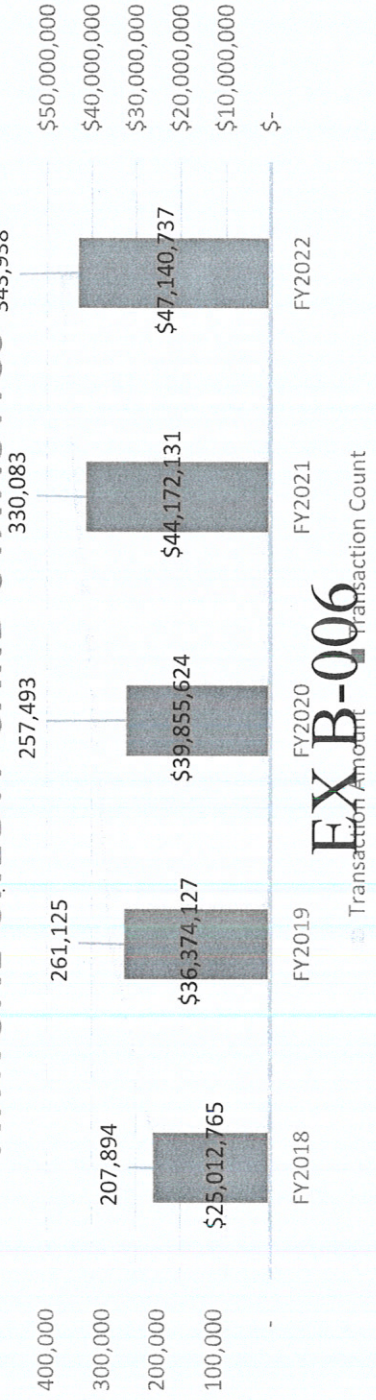
TRANSACTION COUNT



TRANSACTION AMOUNT



ANNUAL CREDIT CARD STATISTICS





GUAM POWER AUTHORITY

ATURIDÂT ILEKTRESEDÂT GUÅHAN
P.O.BOX 2977 • HAGÂTÑA, GUAM U.S.A. 96932-2977

CFO 2023 097

Memorandum

TO: GENERAL MANAGER

FROM: CHIEF FINANCIAL OFFICER

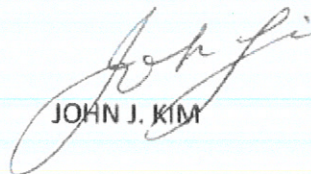
DATE: March 08, 2023

SUBJECT: Planned Procurement / Determination of Need for Merchant Banking
Re: Merchant Banking - OR 37439

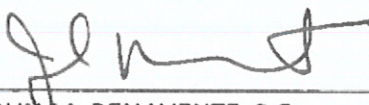


With respect to the above described Guam Power Authority (GPA) Invitation to Bid, I have made the following determinations:

- ❖ Description of Equipment / Service: **Merchant Banking Services**
- ❖ Why is the procurement required: **Guam: Public Law 28-51; Section 1**
- ❖ Term of Contract: **1 Year with 4 One-year options to renew**
- ❖ What is the funding source: **Revenue Funds**
- ❖ What is the estimated cost (government estimate): **\$1.2 Million**


JOHN J. KIM

☒ APPROVED [] DISAPPROVED


JOHN M. BENAVENTE, P.E.
General Manager

EX B-007