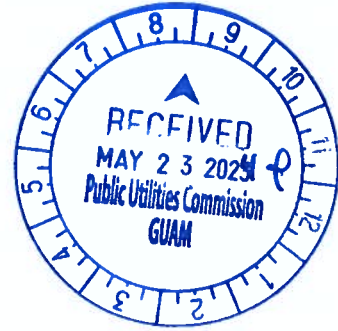


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)	GPA DOCKET 24-17
)	
THE APPLICATION OF THE GUAM)	
POWER AUTHORITY TO APPROVE)	PUC COUNSEL REPORT
THE MONTH TO MONTH)	
EXTENSION FOR PROFESSIONAL)	
PRINTING, MAILING, AND)	
<u>PROCESSING SERVICES</u>)	

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 March 30, 2023 Order in GPA Docket No. 23-13 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, 2024.²
3. GPA requests that the PUC approve a month-to-month extension of the contract after May 31, 2024 which, if the monthly extensions last for a one (1) year period, will cost \$420,000.³

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

¹ GPA Petition to Approve the Month-to-Month Contract Extension for Professional Printing, Mailing, Processing Services, GPA Docket 24-17, dated May 6, 2024 [GPA Petition].
² GPA Petition at 1. NOTE: The page numbers in GPA's Petition and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.
³ Id., at 3.
⁴ Id., at 1.

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

⁵ Id., at 3 and PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 2.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Id.

11. On July 29, 2021, in GPA Docket No. 21-11, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first.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 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. On May 23, 2022, in GPA Docket No. 22-14, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first.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 estimated will cost \$460,000, or until a new contract is awarded.¹⁷

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

¹² PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 3.

¹³ Id.

¹⁴ Id.

¹⁵ PUC Order dated May 23, 2022 in GPA Docket No. 22-14 at 3.

¹⁶ Id., at 5.

¹⁷ PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 3.

18. On March 30, 2023, in GPA Docket No. 23-13, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first.¹⁸
19. On January 23, 2024, the CCU approved GPA Resolution No. FY2024-15 authorizing GPA's management to extend the contract on a monthly basis for up to twelve months, which GPA estimated will cost \$420,000, or until a new contract is awarded.¹⁹
20. Currently, the Protest Appeal is still pending in the Superior Court of Guam.²⁰

ANALYSIS

21. GPA must obtain the PUC's approval for any extension of the contract past May 31, 2024. Here, as set forth above, the PUC's March 30, 2023 Order in GPA Docket No. 23-13 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, 2024 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, 2024.
22. GPA's estimated \$420,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable. In GPA Docket No. 21-11 the PUC determined that GPE's estimated \$300,000 cost of the eight (8) month extension of the contract was reasonable because the average monthly cost of the original five (5) year term of the contract was approximately \$23,666.67 per month ($\$1,420,000/60$ months = \$23,666.67 per month) and the average estimated monthly cost of the extension per month was \$37,500, and albeit \$13,833 more per month than the initial term, the higher monthly cost of the contract extension was justified by the cost increases that occurred during the contract's original five (5) year term.²¹ In GPA Docket 22-14, GPA estimated that one (1) year of the month-to-month contract

¹⁸ Id., at 5.

¹⁹ GPA Petition at 5-6.

²⁰ Id., at 5.

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

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. In GPA Docket No. 23-13, GPA estimated that the twelve-month extension expiring on May 31, 2024 would cost \$38,333.33 per month ($\$460,000/12 \text{ Months} = \$38,333.33$). Here, GPA estimates that the next twelve-month extension will cost \$35,000 per month ($\$420,000/12 \text{ Months} = \$35,000$), which is \$3,333.33 less per month than the twelve-month extension from 2023 to 2024. Hence, the decrease in cost of the next extension is a trend that is welcomed, and GPA's estimated \$420,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable.

23. The contract extension is 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. However, if GPA makes another request for an extension, it should also provide an accurate estimate of what it would cost GPA to perform these same services internally without contracting them out, or find an alternative billing solution, such as digital billing, that GPA can perform internally. To date, GPA has spent a total of \$2,480,000 on this contract, \$1,420,000 of this amount was for the original contract term, and \$1,060,000 for the two (2) years and eight (8) months of extensions. If the next extension lasts for the entire twelve (12) month period, the total contract cost would be \$2,900,000 and \$1,480,000 of that amount would be for the extensions. Thus, it may be more prudent for GPA to perform this work internally or find an alternative means of billing, i.e. digital billing, instead of granting the existing contractor performing these services another extension after May 31, 2025.
24. 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 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.

25. Based on the foregoing, GPA's contract extension with Graphic Center and the extension's \$420,000 cost are reasonable, prudent, and necessary, and the extension will prevent a gap from occurring 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.

RECOMMENDATION

26. Counsel recommends that the PUC approve GPA's month-to-month contract extension with Graphic Center for the amount of \$420,000 with the condition that if GPA requests another extension, it must also provide an accurate estimate of what it would cost GPA to perform these same services internally without contracting them out, or find an alternative billing solution, such as digital billing, that GPA can perform internally.
27. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24 day of May, 2024.

Anthony R. Camacho

Anthony R. Camacho, Esq.
PUC Legal Counsel