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7 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:) GPA DOCKET NO. 24-18
10 **GUAM POWER AUTHORITY AND GUAM) PETITION TO AUTHORIZE GPA AND**
11 **WATERWORKS AUTHORITY) GWA TO AWARD MERCHANT**
12 **MERCHANT BANKING SERVICES) BANKING SERVICES CONTRACT**
13 **CONTRACT**

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15 The GUAM POWER AUTHORITY (“GPA”), by and through its counsel of record,
16 MARIANNE WOLOSCHUK, hereby files its Petition to Authorize GPA and the Guam
17 Waterworks Authority (“GWA”), conjointly GPWA, to award the Merchant Banking Services
18 contract.

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20 **I. BACKGROUND**

21 On June 5, 2023, the PUC approved GPA Docket 23-18, approving the procurement of
22 merchant banking services for GPA, GWA, and the Guam Solid Waste Authority (“GSWA”).
23 The PUC also authorized GPA to solicit for merchant banking services on behalf of GWA and
24 GSWA. See **Exhibit A**. Through a mutual agreement, the previous contract with First Hawaiian
25 Bank expired on June 30, 2023, and has been extended on a month-to-month basis pending the
26 award of a new contract.
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1 Merchant banking services permit GPA and GWA ratepayers to utilize credit and debit
2 cards to pay utility bills and integrate ratepayer payments into GPA and GWA customer service
3 and billing systems. These services are crucial for ratepayers who pay bills online through GPA's
4 and GWA's websites or through phone calls or by using GPA's and GWA's mobile applications.
5 At ratepayer convenience, merchant banking services also extend point-of-sale accessibility to
6 all walk-in and drive-thru customers at GPA and GWA locations. In order to maintain multiple
7 payment options for ratepayers and consistent pricing of services, GPA and GWA in October
8 2023 issued an Invitation for Bid ("IFB") No. RE-BID GPA-076-23 seeking bids for merchant
9 banking services for a one (1) year contract with an option to extend for four (4) one-year terms.
10 While eight (8) bidders registered, only one bidder, namely Bank of Hawaii, submitted the
11 lowest, most responsive and responsible bid. The total contract amount and costs to each utility
12 separately are expected to exceed the PUC's required contract review amounts of \$1M and
13 \$1.5M for GWA and GPA, respectively. IFB RE-BID GPA-076-23 includes merchant banking
14 services for GSWA; GPA and GWA have entered into an MOA with GSWA for the collection
15 of GSWA payments.
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19 II. REQUEST FOR APPROVAL

20 GPA and GWA now desire to award joint merchant banking services through IFB RE-
21 BID GPA-076-23 to Bank of Hawaii. With annual cost varying with the volume of customer
22 usage and projects, GPA will cost approximately Two Million Two Hundred Thousand Dollars
23 (\$2,200,000) each year for a total of Eleven Million Dollars for five (5) years while GWA will
24 cost One Million Dollars (\$1,000,000) each year for a total amount of Five Million Dollars
25 (\$5,000,000) for the full life of the contract (5 years).
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1 In support of this Petition, the CCU approval of the contract for Merchant Banking
2 Services is anticipated through GPA Resolution No. 2024-21 and GWA Resolution No. 21-
3 FY2024 and will be voted upon during the CCU regular meeting on May 28, 2024. The draft
4 resolution and its supporting exhibits are attached hereto as Exhibit B and are incorporated by
5 reference. The above-mentioned Resolutions are forthcoming and shall be filed with the PUC
6 for its review and consideration once final and approved.
7

8 **III. CONCLUSION**

9 Based on the foregoing, and pursuant to its Contract Review Protocol, GPA and GWA
10 request that the PUC authorize the award of merchant banking services, with the inclusion of
11 GSWA, as it is reasonable, prudent, and necessary.
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13 **RESPECTFULLY SUBMITTED** this 7th day of May 2024.

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16 By:



17 **MARIANNE WOŁOSCHUK**
18 GPA Legal Counsel
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BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA DOCKET 23-18
)
THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO APPROVE)
THE PROCUREMENT OF MERCHANT) ORDER
BANKING SERVICES FOR THE GUAM)
POWER AUTHORITY, THE GUAM)
WATERWORKS AUTHORITY, AND)
THE GUAM SOLID WASTE)
AUTHORITY)

INTRODUCTION

- 1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Approve the Procurement of Merchant Banking Services for GPA, the Guam Waterworks Authority ["GWA"], and the Guam Solid Waste Authority ["GSWA"].1
2. The GPA's current contract for Merchant Banking Services with First Hawaiian Bank will expire on or about June 30, 2023 and GPA must issue a solicitation to procure Merchant Banking Services for GPA, GWA, and GSWA prior to the expiration date.2
3. GPA requests that the PUC authorize GPA to issue a solicitation for Merchant Banking Services for GPA, GWA, and GSWA.3

BACKGROUND

- 4. Merchant Banking Services permit GPA, GWA, and GSWA rate payers to use credit and debit cards to pay utility bills and integrate their payments into GPA, GWA, and GSWA customer service and billing systems. Merchant Banking Services enable the rate payers to pay their bills online via GPA, GWA, or GSWA websites, or via phone through voice calls or by using mobile applications. Merchant

1 GPA Petition to Authorize GPA and GWA to Procure Merchant Banking Services, GPA Docket 23-18, dated May 29, 2023 [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 2.

Banking Services are also used at all GPA, GWA, and GSWA point of sale points at GPA, GWA, and GSWA walk-in and drive through customer service locations.⁴

5. First Hawaiian Bank of the current provider of Merchant Banking Services for GPA, GWA, and GSWA and its contract will expire on June 30, 2023.⁵
6. On April 25, 2023, the Guam Consolidated Commission on Utilities ["CCU"] issued GPA Resolution No. FY2023-18 and GWA Resolution No. 25-FY2023 authorizing GPA and GWA's General Managers to issue a solicitation for Merchant Banking Services to include GSWA for a one-year contract period with four options, and with each option to extend for one-year periods for GPA and GWA, subject to the PUC's approval.⁶
7. On June 2, 2023 PUC Legal Counsel issued his report recommending that the PUC approve GPA's petition.

DETERMINATIONS

8. GPA must obtain the PUC's authorization to issue a solicitation for Merchant Banking Services. The PUC's Contract Review Protocol mandates that GPA shall obtain PUC approval for solicitations and contracts that exceed the amount of \$1,500,000. Here, GPA estimates that the cost of the Merchant Banking Services will exceed that amount.⁷ Therefore, GPA must obtain the PUC's approval of the solicitation for Merchant Banking Services prior to issuing it.
9. GPA's estimated cost of the Merchant Banking Services is reasonable. GPA estimates that its contract costs will be approximately \$1.2 million.⁸ There was no estimate for GWA, however, GWA paid approximately \$626,606 for FY2022.⁹ There was no cost estimate provided by GSWA. The cost of Merchant Banking Services is dependent on the number of transactions made using those services which have been increasing for both GPA and GWA. In 2017 there were 225,533 GPA transactions using

⁴ Id., at 1-2.

⁵ Id., at 1.

⁶ Id., at 12.

⁷ Id., at 2.

⁸ Id., at 17.

⁹ Id., at 16.

Merchant Banking Services and the amount of such transactions increased to each year to reach 426,521 for FY2022. GWA experienced similar growth with 207,894 transactions using Merchant Banking Services in 2018 which grew to 343,938 transactions by 2022. Hence, it is reasonable to expect transactions using Merchant Banking Services to increase for 2023 and beyond resulting in higher contract costs for those services.

10. The solicitation for Merchant Banking Services is prudent. GPA received the amount of \$183,079,000 and GWA received the amount of \$47,140,737 from transactions using Merchant Banking Services in FY2022.¹⁰ As these types of transactions are expected to increase in FY2023 and beyond, it is prudent to continue these revenue streams by soliciting and procuring Merchant Banking Services.
11. The solicitation for Merchant Banking Services is necessary. GPA saw an increase in the use of online payments with 97,122 such payments in 2017 and 372,589 payments by 2022.¹¹ GWA saw an increase in online and pay by phone payments with 144,056 payments in 2018 which grew to 292,684 payments by 2022. Hence, the trend of receiving payments online and via phone will only increase with each coming year and Merchant Banking Services are necessary to meet the growing customer demand that GPA, GWA, and GSWA receive payments in this manner.
12. Based on the foregoing, GPA's request to issue a solicitation for Merchant Banking Services for GPA, GWA, and GSWA is reasonable, prudent, and necessary.

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¹⁰ Id., at 15-17.
¹¹ Id., at 15.

ORDERING PROVISIONS

After review of the record herein, GPA’s Petition to Approve the Procurement of Merchant Banking Services for GPA, GWA, and GSWA, and the PUC 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. GPA’s Petition to Approve the Procurement of Merchant Banking Services for GPA, GWA, and GSWA is hereby approved.
2. GPA is authorized to issue a solicitation for Merchant Banking Services for GPA, GWA, and GSWA.
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 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.

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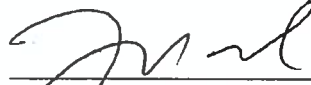
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Order
GPA's Application to Approve the
Procurement of Merchant Banking
Services for GPA, GWA, and GSWA
GPA Docket 23-18
June 5, 2023

Dated this 5th day of June, 2023.



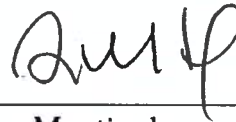
Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



Doris Flores Brooks
Commissioner



Peter Montinola
Commissioner

Rowena E. Perez-Camacho
Commissioner

Michael A. Pangelinan
Commissioner



Pete 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.: 2024-21
GWA RESOLUTION NO.: 21-FY2024

RELATIVE TO AUTHORIZING THE MANAGEMENT OF
GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY
TO AWARD A CONTRACT FOR MERCHANT BANKING SERVICES AND TO
PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR APPROVAL

WHEREAS, the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) were authorized by the Consolidated Commission on Utilities (CCU) to issue an Invitation for Bid (IFB) for Merchant Banking Services for a one-year contract with the option to extend for four one-year periods in April 2023; and

WHEREAS, GPA and GWA personnel were selected to review and evaluate two bids received in response to the IFB; and

WHEREAS, the evaluation committee has completed its review and has determined that the proposal from Bank of Hawaii is the lowest, most responsive and responsible bidder; and

WHEREAS, the Bank of Hawaii has proposed to provide all implementation support at no extra cost to both utilities in addition to maintaining consistent pricing throughout the duration of the contract; and

WHEREAS, the Public Utility Commission's (PUC) contract review protocol requires PUC authorizations for all contracts in excess of \$1.5 million for GPA and \$1 million for GWA; and

WHEREAS, the GPA and GWA General Managers now recommends the approval to award for a one-year contract for Merchant Banking Services with the option to extend for four one-year periods; and

1 **WHEREAS**, the annual cost varies with the volume of customer usage and projects such
2 cost to be approximately \$2.2 million per year and \$11 million for five years for GPA and \$1
3 million per year and \$5 million for five years for GWA; and
4

5 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on
6 Utilities, subject to the review and approval of the Public Utilities Commission, does hereby
7 approve and authorize the following:
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- 9 1. The General Managers of the Guam Power Authority and Guam Waterworks Authority
10 are hereby authorized to award the Merchant Banking Services contract to Bank of Hawaii
11 at a cost of approximately \$2.2 million per year and \$11 million for five years for GPA
12 and \$1 million per year and \$5 million for GWA for the five-year contract period
13 consisting of a base year and four additional one-year options. Annual cost varies with the
14 volume of customer usage. The offer includes options for renewal that can be exercised
15 at a later date.
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- 17 2. The CCU further authorizes the management of GPA and GWA to petition for the PUC's
18 approval as required by the contract review protocol.
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21 **RESOLVED**, that the Chairman of the Commission certifies and he Secretary of the
22 Commission attests the adoption of this Resolution.
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24 **DULY AND REGULARLY ADOPTED**, this 28th day of May, 2024.
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27 Certified by:

Attested by:

30 _____
31 **JOSEPH T. DUENAS**

30 _____
31 **PEDRO ROY MARTINEZ**

32 Chairperson

Secretary

33 Consolidated Commission on Utilities

Consolidated Commission on Utilities

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

3
4 The foregoing is a full, true and accurate copy of the resolution duly adopted at a
5 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
6 noticed and advertised at which meeting a quorum was present and the members who were
7 present voted as follows:

8
9 Ayes: _____

10 Nays: _____

11 Abstentions: _____

12 Absent: _____

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