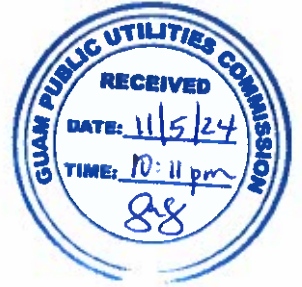


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



PETITION TO APPROVE THE)
CONSTRUCTION OF THE NEW)
TRANSMISSION AND DISTRIBUTION)
FACILITY BY GUAM POWER)
AUTHORITY)
_____)

GPA DOCKET 24-22

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the August 9, 2024 Petition to Approve the Construction of the New Transmission and Distribution Facility (hereinafter referred to as the “Petition”) filed by the Guam Power Authority (“GPA”).

On November 4, 2024, 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

Due to their age, damage from typhoons, and degradation of the steel-framed buildings, GPA determined that its current Transmission and Distribution (“T&D”) buildings needed to be demolished and replaced.¹ Accordingly, GPA contracted the assistance of RIM Architects to design a new concrete, typhoon-proof facility that would

¹ See Consolidated Commission on Utilities Resolution GPA No. FY2024-25 (“Resolution”), p. 1 (July 23, 2024).

house GPA's T&D administration and operations offices, and a Disaster Recovery Office for its Power System Control Center and Information Technology systems.²

In 2021, RIM Architects provided GPA with its design for a new T&D facility, which at the time was estimated to cost \$14,853,000.³ GPA submitted that in today's market, the current cost is estimated at \$17,200,000.⁴

On July 23, 2024, the Consolidated Commission on Utilities (the "CCU") issued GPA Resolution No. FY2024-25, which approved the construction of a new T&D facility at an estimated cost of \$17,200,000.⁵

On August 29, 2024, the Administrative Law Judge ("ALJ") assigned to this matter issued a Request for Information ("RFI"). On September 11, 2024, GPA submitted supplemental documents in response to the RFI. On October 3, 2024, GPA met with the ALJ to provide an overview of the construction project, scopes of work, and the estimated timelines.

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. Additionally, pursuant to GPA's Contract Review Protocol issued in Administrative Docket 00-04, "[a]ll professional service procurements in excess of \$1,500,000" require "prior PUC approval under 12 G.C.A. §12004, which shall be obtained before the

² Resolution, p. 1.

³ Resolution, p. 1.

⁴ Resolution, p. 1.

⁵ Resolution, pp. 1-2.

procurement process is begun”⁶ In this instance, GPA is requesting PUC approval to issue an Invitation for Bid for the construction of a new T&D Administration Building, at an estimated cost of \$17,200,000, since the contract will easily exceed the \$1.5 million threshold.⁷

B. GPA’s Petition to Approve the Procurement for the Construction of the New Transmission and Distribution Facility

According to GPA, the existing T&D buildings “are run down and have taken a toll over the years from various storms, typhoons and earthquakes along with the effects of the island’s harsh environment.”⁸ Therefore, GPA made the determination to replace the old buildings, by “consolidating multiple steel-framed buildings for the various [operations] into one concrete building that would provide a strong long-term facility for the division.”⁹

The new T&D facility will be constructed over the footprint of the existing buildings in GPA’s Dededo property, which is adjacent to GPA’s Dededo Warehouse and the Dededo Combustion Turbine Plant.¹⁰ The construction would involve a facility with “24,650 square feet of enclosed assignable space within a two-story typhoon-proof concrete structure to accommodate the Administration, Underground, Overhead, Substation, Meter Relay, and Operations” offices.¹¹ This new facility would further include a new Disaster Recovery Office for the Power System Control Center (PSCC) and

⁶ GPA’s Contract Review Protocol (“GPA CRP”), Administrative Docket 00-04, p. 1 (Feb. 15, 2008).

⁷ Petition, p. 2.

⁸ Petition, p. 1.

⁹ Petition, p. 1.

¹⁰ Petition, p. 1.

¹¹ Petition, pp. 1-2.

Information Technology (IT) systems.”¹² GPA submitted that it currently does not have a backup facility for its PSCC and IT systems.¹³ GPA has indicated that the project will likely be completed within two and half to three years.¹⁴

C. Scope of Services

Based on the draft contract, the project consists of the following: the construction of a new two-story administration building; a fire protection system; and a new parking lot; and utilities. Even more specifically, based on the draft procurement documents submitted for review by GPA, this project will involve mobilization and demobilization; clearing and demolition; earthwork; paving and striping; utilities; foundation; superstructure and interior walls; doors, windows, frames and drywall; floor and ceiling finishes; interior and exterior painting; elevators; HVAC and plumbing; electrical and communications; fire suppression; emergency generator; and a building access management system, just to name a few. In addition, according to a Cost Estimate prepared by RIM Architects back in 2021, the more costly items of the project include the structural, mechanical, and electrical work.

D. Projected Funding Source and Estimated Cost

According to GPA, the projected source of funding for the resulting contract will be from GPA’s Capital Improvement Project funds.¹⁵ Indeed, GPA has budgeted \$5,000,000 in FY2025 to the project.¹⁶

¹² Petition, p. 2.

¹³ Petition, p. 2.

¹⁴ Petition, p. 2.

¹⁵ Petition, p. 5.

E. CCU Resolution No. GPA FY2024-25

The instant Petition is supported by GPA Resolution No. FY2024-25 issued by the CCU. Pursuant to the Resolution, the CCU found that the existing T&D buildings are “run down and have taken a toll over the years” from typhoons and the environment; and that consolidating the multiple steel-framed buildings into one concrete facility would provide a “strong long-term facility” for the T&D operations.¹⁷ The CCU therefore authorized the issuance of the subject procurement, which GPA estimates could total \$17,200,000.00 for over the course of 3 years.¹⁸

CONCLUSION AND RECOMMENDATION

Based on the documentation provided by GPA, the ALJ found that the existing T&D buildings are “run down” and during a typhoon, would likely be unsafe.¹⁹ Accordingly, GPA should be permitted to replace the old “steel-framed” and tin-roof buildings, “into one concrete building that would provide a [more lasting] facility for the [T&D] division.”²⁰ Further, since there currently is not a back-up system outside of GPA’s Fadian offices, this new facility will allow GPA to house a new Disaster Recovery Office for its PSCC and IT systems.²¹ Therefore, based on this record, the ALJ recommended

¹⁶ See Petition to Approve GPA’s Revenue-Funded Capital Improvement Project Ceiling Cap for FY2025, GPA Docket 24-26, “Attachment A-1” of “Exhibit 1”, p. 1.

¹⁷ Resolution, p. 1.

¹⁸ Resolution, p. 2.

¹⁹ Petition, p. 1.

²⁰ Petition, p. 1.

²¹ Petition, p. 2.

that the PUC approve GPA's Petition. Accordingly, GPA should be authorized to issue the procurement related to the construction of a new T&D facility, as discussed in its Petition.

The Commission hereby adopts the findings in the November 4, 2024 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 to Bid for the procurement related to the construction of a new T&D facility.
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.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 5th day of November, 2024.



JEFFREY C. JOHNSON
Chairman



ROWENA E. PEREZ-CAMACHO
Commissioner



JOSEPH M. MCDONALD
Commissioner



PETER MONTINOLA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



DORIS FLORES BROOKS
Commissioner

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