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### **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:

MONTH-TO-MONTH EXTENSION FOR PROFESSIONAL PRINTING, MAILING, PROCESSING AND OTHER SERVICES DUE TO ONGOING LITIGATION

#### **GPA DOCKET NO. 25-10**

PETITION OF THE GUAM POWER AUTHORITY TO ENTER INTO A MONTH-TO-MONTH EXTENSION FOR ITS PROFESSIONAL PRINTING, MAILING, PROCESSING AND OTHER SERVICES DUE TO ONGOING LITIGATION

The Guam Power Authority (GPA) hereby files its Petition for the Public Utilities Commission of Guam (PUC) to review and approve GPA's request to approve the month-to-month extension for professional printing, mailing, and processing services with Graphic Center, Inc., as follows.

#### I. BACKGROUND

In April 2016, GPA entered into a contract with Graphic Center, Inc. for professional printing, mailing and processing services for approximately 50,000 customers each month for a 1-year base period and four additional 1-year options. As the \$1.42 million contract neared its end, an IFB in December 2020 attracted only a single unqualified bidder. GPA obtained the authorization of the Consolidated Commission on Utilities (CCU) to extend the contract month-to-month for up to eight months at a cost of up to \$300,000 or until a new contract was awarded.

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GPA issued an RFP in May 2021 to re-solicit professional printing, mailing, and processing services for its customers. Of the two proponents remaining after a third was disqualified, GPA selected InfoSend. Graphic Center protested, first to GPA, then in an appeal to the OPA, then to the Superior Court of Guam. During the pendency of the protest appeal process, the CCU granted and the PUC approved additional month-to-month extensions, the most recent of which will carry GPA through May 2025. *See* Orders, GPA Docket Nos. 21-11 (July 29, 2021), 22-14 (May 23, 2022), 23-13 (Mar. 30, 2023), & 24-17 (May 30, 2024).

The Superior Court of Guam issued a decision and order in Graphic Center's protest on October 29, 2024, ruling in favor of GPA in part, and remanding to the OPA for a determination as to the sufficiency of the procurement record. *See* Ex. A (Graphic Center v. GPA, Super. Ct. of Guam Civil Case. No. CV0207-22). To date, the OPA has taken no action. GPA has approached Graphic Center to jointly request a hearing on the matter, to no avail thus far. GPA intends to move the OPA unilaterally for a hearing.

The total amount expended on the contract so far is approximately \$3 million. At its most recent hearing, the CCU approved GPA to petition the PUC for another month-to-month extension for up to twelve months and \$400,000. *See* Ex. B (GPA Resolution No. FY2025-14, Mar. 25, 2025).

In its most recent order on this issue, the PUC ordered GPA to provide an accurate estimate of performing these services internally, or to find an alternative internal billing solution, such as digital billing. The cost of performing bill printing services internally can be found in the attached analysis of the cost of printing bills in-house. *See* Ex. C (in-house printing analysis). Based on GPA's assumptions, preparing bills in-house would result in annual savings of approximately \$209,000.

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Petition of the Guam Power Authority to Enter into a Month-to-Month Extension for Its Professional Printing, Mailing, Processing and Other Services Due to Ongoing Litigation GPA Docket No. 25-10

The analysis assumes that nothing will go wrong. This is not realistic. The dedicated staff member needed to operate the copiers may fall ill, or the copier may break down, and the parts needed to fix it may not be available. In addition, in-house bill preparation is not capable of processing newsletters and inserts, which remain crucial ways for GPA to communicate with its customers.

The savings from in-house billing is small compared to the risk of missing a billing cycle. Billing supplies GPA with its revenues. An interruption in billing reduces GPA's revenues. Recovering from an interruption in billing can be difficult, and the longer the interruption lasts, the more revenue GPA loses. Nevertheless, GPA is in the process of procuring a high-speed color printer, which it will use in a pilot in-house billing project to test its assumptions.

GPA has explored the possibility of digital billing and concluded that the demographics of its customer base do not allow GPA to avail itself of this solution. Too many of GPA's customers insist on a paper bill, for various reasons. Many customers do not have the wherewithal to deal with electronic billing, whether because they do not have access to the necessary technology or do not know how to use it. Some customers need a hard copy of their bill to obtain certain governmental benefits. Forcing all GPA customers to use digital billing risks leaving too many of them behind. As a public utility and an autonomous agency of the government of Guam that provides a vital service, GPA owes its customers a duty of care. As a result, GPA cannot countenance a solution that would create a separate tier of customers susceptible to exploitation by actors who would try to take advantage of these customers' vulnerabilities.

#### II. DISCUSSION

GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for GPA, to review and approve the month-to-month extension for professional printing, mailing, processing and other services with Graphic Center, Inc. at an additional cost of \$400,000 for up to one year.

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In support of this Petition, GPA has attached a copy of CCU Resolution No. FY2024-15, which authorizes the General Manager to petition the PUC for approval of the month-to-month extension for professional printing, mailing, processing and other services with Graphic Center, Inc., subject to PUC review and approval. *See* Ex. B.

#### **III. CONCLUSION**

The PUC should approve GPA's request to approve the month-to-month extension for professional printing, mailing, processing and other services with Graphic Center, Inc. The printing services are necessary for GPA monthly billings, and approval of this petition is reasonable, prudent, and necessary.

Respectfully submitted this 4th day of April, 2025.

By:

Attorney for Guam Power Authority

M. Woloschuk

Marianne Woloschuk GPA Legal Counsel

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FILED SUPERIOR COURT OF GUAM

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CLERK OF COURT

BY: SMA

#### IN THE SUPERIOR COURT OF GUAM

GRAPHIC CENTER, INC.,

CIVIL CASE NO. CV0207-22

Plaintiff,

vs.

OFFICE OF PUBLIC ACCOUNTABILITY, GUAM POWER AUTHORITY, THE TERRITORY OF GUAM, AND INFOSEND, INC.,

Defendants.

DECISION AND ORDER RE PLAINTIFF'S APPEAL OF OFFICE OF PUBLIC ACCOUNTABILITY'S DECISION

#### INTRODUCTION

This matter came before the Honorable John C. Terlaje on October 15<sup>th</sup>, 2024, for a Motion Hearing and Oral Argument on the Briefs. Attorney Joshua D. Walsh appeared for Graphic Center, Inc and Attorney Marianne Woloschuk appeared for Guam Power Authority. Based on the relevant law and authorities the Court now issues the following decision and order AFFIRMING IN PART AND DENYING IN PART the Office of Public Accountability's ("OPA") denial of Graphic Center's procurement protest appeal of Guam Power Authority's ("GPA") Request for Proposal GPA-RFP-21-002 ("RFP").

# **Exhibit A**

#### I. FACTUAL AND PROCEDURAL BACKGROUND

Graphic Center, Inc. ("Graphic Center" or "Appellant") brought this civil action before the Superior Court of Guam under 5 G.C.A. § 5707 and 5 G.CA. § 5480 to appeal the Office of Public Accountability's ("OPA") March 25, 2022 denial of Graphic Center's procurement protest appeal.

The relevant facts regarding the Appeal of the OPA's decision are as follows:

- On May 13, 2021, Guam Power Authority ("GPA") issued Request For Proposal GPA-RFP-21-002 ("RFP"), seeking offerors to provide GPA Professional Printing, Mailing and Processing Services Relating to Utility Customer Billing.
- GPA received offers from three offerors: Moonlight BPO ("Moonlight"), Infosend, Inc. ("Infosend"), and Graphic Center, Inc. ("Graphic Center").
- 3. On May 28, 2021, GPA issued Amendment No. 1 to the RFP, which contained approximately seventy (70) additional questions to which offerors were to respond.
- On August 11, 2021, GPA notified Moonlight that they were disqualified as an offeror for failing to provide an Affidavit of Disclosure of Major Shareholders, one of the required forms.
- 5. On August 11, 2021, GPA selected Infosend for Award of the RFP and requested that Infosend send a sealed price proposal by August 18, 2021.
- 6. On August 18, 2021, GPA notified Graphic Center that Infosend was selected for the intended award.
- Graphic Center immediately requested access to the procurement record on August 19, 2021, and received the record on August 25.
- 8. Graphic Center submitted its agency-level protest on August 30, 2021, which GPA denied on October 7, 2021.

- Graphic Center made a second request for access to the procurement record on October 14,
  2021, and subsequently appealed GPA's decision to the OPA on October 22, 2021.
- 10. The OPA conducted an evidentiary hearing on February 4, 2022, during which it was established that GPA used Section 5 of the RFP to make a final evaluation of the offerors rather than Section 2.3. During the hearing, the record also showed that Infosend failed to respond to the Amendment to the RFP as was required.
- 11. The OPA denied Graphic Center's appeal on March 25, 2022, determining that the OPA did not have subject matter jurisdiction to consider Infosend's non-responsiveness because Graphic Center had not brought that issue on its appeal before GPA.
- 12. Graphic Center brought the present appeal of the OPA's decision which it filed on April 5, 2022.

#### II. LAW AND DISCUSSION

Under 5 G.C.A. § 5704(a), "[a]ny determination of an issue or a finding of fact by the Public Auditor shall be final and conclusive unless arbitrary, capricious, fraudulent, clearly erroneous, or contrary to law." 5 G.C.A. § 5707 specifically gives "[a]ny person receiving an adverse decision" the right to appeal that decision "by the Public Auditor to the Superior Court of Guam..." and 5 G.C.A. § 5480(b) gives the Superior Court particular jurisdiction "over an action between Guam and a person who is subject to a suspension or debarment proceeding, to determine whether the debarment or suspension is in accordance with the statutes and regulations." According to the Guam Supreme Court, the Superior Court has full authority to resolve "any outstanding and disputed factual questions," but generally should not relitigate the issues. *Teleguam Holdings II*, 2018 Guam 5 ¶ 32. Legal questions should be considered *de novo*, but with "great weight" given to the decision of the Public Auditor. *Id*.

Upon using this standard of review, the Court makes the following determinations.

# A. The Court affirms OPA's finding that Graphic Center could not argue the issue of Infosend's non-responsiveness because OPA's finding was not contrary to law.

Under Guam Procurement law, a dissatisfied offeror may make a written protest to the agency at issue within fourteen (14) days of becoming aware of the facts related to said protest. 5 G.C.A. § 5425(a). Only after making such a written protest may the offeror proceed to make an appeal to the OPA on that issue. 5 G.C.A. § 5703. In this case, the OPA correctly asserted that because Graphic Center had not brought up the issue of missing documentation on Infosend's part in a formal written protest to GPA, OPA could not hear the appeal on this issue. Graphic Center's original protest to GPA did not identify any missing documentation, and instead focused its protest mainly on the fact that Infosend is based on California and not on Guam. Even if Graphic Center was not aware of the information missing from Infosend's application at the time of its original protest, it should have filed an additional written protest with GPA within 14 days of becoming aware, rather than including the issue only in its appeal to OPA. Because the OPA's determination on this legal issue was not contrary to law, this decision is affirmed.

# B. The Court affirms OPA's finding that the evaluation criteria used by GPA did not deviate from the announced criteria, because OPA's finding was not arbitrary, capricious, or clearly erroneous.

Under 5 GCA § 5216(e), the purchasing agency should make the award "to the offeror determined...to be best qualified based on the evaluation factors set forth in the Request for

Proposals...If proposals were submitted by one or more other offerors determined to be qualified, negotiations may be conducted with such other offeror or offerors, in the order of their respective qualification ranking, and the contract may be awarded to the offeror then ranked as best qualified..."

This particular Request for Proposals included Section 2.3, containing Standards for Determination of Most Qualified Offeror, and Section 5.0, containing the RFP Evaluation Criteria.

Graphic Center claims that GPA was required to use Section 2.3 of the RFP in its evaluation, and by failing to do so misapplied the stated evaluation criteria. Plaintiff's Br. at 5 (Aug. 28, 2024). GPA has responded to this allegation by arguing that "no reasonable bidder" would confuse Section 2.3 and Section 5.0, and "being deemed the most qualified offeror does not spell the end of the process because bidders know that they need their RFP to pass muster under the minimum criteria for evaluating RFPs for services." Defendant's Brief at 9 (September 27, 2024).

While this Court can see and understand why Graphic Center may have been confused about which evaluation criteria from the RFP was being used to evaluate the offers, Graphic Center had access to both sets of criteria and knew or should have known that it was possible they would be evaluated under both or either of these sets of criteria. Therefore, this Court finds that OPA's decision to uphold GPA's evaluation of the offerors was not arbitrary, capricious, or clearly erroneous, and this decision is affirmed.

C. The Court denies OPA's conclusion that there was not an issue of an incomplete procurement record because this conclusion was arbitrary, capricious, or clearly erroneous and remands this issue back to OPA.

Although OPA was correct in most of their findings, this Court remains concerned about the issue of the procurement record in this case. Guam law mandates that "each procurement officer shall maintain a complete record of each procurement." 5 G.C.A. § 5249. In 2018, the Guam Supreme Court determined that when an appealing party can establish that there are items missing from the procurement record that were material to the procurement, the Court has the authority to cancel the award. *Telegram Holdings LLC v. Territory of Guam*, 2018 Guam 5 ¶ 39-41. The Guam Supreme Court specified that missing procurement records are considered "material" when their absence thwarts judicial review in "determining whether the appealing party is entitled to the relief requested." *Id.* at ¶ 39.

Through Graphic Center's Freedom of Information Act (FOIA) request, it is clear that Infosend did not include all of the required information in their initial response to the RFP. Graphic Center has argued that there is evidence from a GPA employee that Infosend was granted an exemption by GPA which prevented its disqualification. GPA denied this claim in a hearing before this Court on October 15, 2024, stating that Infosend addressed all required elements and there was no exception made. Regardless of which set of facts is true, it remains that the procurement record contains no explanation as to why Infosend's offer was allowed to continue while missing key documents, but Moonlight's offer was rejected for that reason.

As Graphic Center argues in its Opening Brief, "the Procurement Record contains no support or reasoning for holding one offeror to a stricter standard and another to a less strict compliance standard and then rewarding the latter with an award as the best qualified." Plaintiff's Br. at 7. Although GPA has argued orally that no exemption was made for Infosend and that Infosend's initial response contained all required documentation, the procurement record does not clearly support these statements.

However, it remains to be seen whether Graphic Center sufficiently showed to OPA that missing elements of the procurement record were "material" or thwarted judicial review, mainly because OPA failed to substantially engage in this question. Because OPA did not fully engage with the procurement record issues in its decision, rather than cancel the award from GPA to Infosend, the Court remands this matter to the OPA for further agency investigation and record development to determine the materiality of the information missing from the procurement record. *Fla. Power & Light Co. v. Lorion*, 470 U.S. 729, 744 (1985) ("If the record before the agency does not support the agency action, if the agency has not considered all relevant factors, or if the reviewing court simply cannot evaluate the challenged agency action on the basis of the record before it, the proper course, except in rare circumstances, is to remand to the agency for additional investigation or explanation.).

#### **III. CONCLUSION AND ORDER**

Based on the foregoing, the Court **AFFIRMS IN PART AND DENIES IN PART** the Office of Public Accountability's denial of Graphic Center's procurement protest appeal of Guam Power Authority's Request for Proposal GPA-RFP-21-002, and remands the issue of the procurement record back to OPA for further agency investigation and record development.

so ordered  $\frac{10}{29}$ 2024.

HON. JOHN C. TERLAJE Judge, Superior Court of Guam



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CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

#### **GPA RESOLUTION NO. FY2025-14**

## RELATIVE TO AUTHORIZE THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO ENTER INTO A MONTH-TO-MONTH EXTENSION FOR ITS PROFESSIONAL PRINTING, MAILING, PROCESSING AND OTHER SERVICES DUE TO ONGOING LITIGATION

WHEREAS, on April 6, 2016, the Guam Power Authority (GPA) entered into a contract with Graphic Center, Inc. to provide professional printing, mailing and processing services of approximately 50,000 electric power billings each month; and

WHEREAS, the original contract became effective on April 18, 2016 for a one (1) year period from the date of award of the contract with the option to extend the contract for four (4) additional one-year periods; and

WHEREAS, GPA has exercised its base and options years of the contract and GPA had issued an Invitation for Bid (IFB) for these services in December 2020 but the bidder did not meet the bid requirements. Accordingly, in April 2021, the Consolidated Commission on Utilities (CCU) issued GPA Resolution No. 2021-10 authorizing GPA's management to exercise the month-to-month contract extension up to eight (8) months estimated to cost \$300,000 or until a new contract is awarded, whichever comes first; and

WHEREAS, in May 2021, GPA issued a Request for Proposal for Professional Printing, Mailing, and Processing Services. 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; and

WHEREAS, in August 2021, Graphic Center filed a procurement protest disputing GPA's evaluation process for the RFP and GPA denied the protest. In October 2021, Graphic Center then filed a procurement protest appeal with the Office of Public Accountability (OPA);

WHEREAS, in March 2022, OPA issued its decision denying Graphic Center's appeal and in April 2022, Graphic Center appealed the OPA decision in the Superior Court of Guam. Accordingly, the CCU issued GPA Resolution No. 2022-20 in April 2022, authorizing GPA's management to exercise month-to-month extension or until a new contract is awarded; and

WHEREAS, in February 2023 through GPA Resolution No. FY2023-13 the CCU approved management's request to exercise month-to-month services up to when a new contract is awarded or in the event a new vendor is selected as the matter continued to be with the Superior Court of Guam. In March 2023 the Guam Public Utilities Commission (PUC) approved the extension of the GPA-Graphic Center Contract and GPA may exercise the month-to-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first through GPA Docket 23-13; and

WHEREAS, the matter continues to be with the Supreme Court of Guam and in January 2024, the CCU approved management's request to continue to exercise month-to-month extension of services up to 12 months or up to when a new contract is awarded through GPA Resolution No. FY2024-15; and

WHEREAS, in May 2024, the PUC approved the extension of the GPA-Graphic Center Contract and GPA may exercise the month-to-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first through GPA Docket 24-17. The order also stipulated that if GPA requests another extension, it shall provide an accurate estimate of what it would cost GPA to perform the same services internally or find an alternative billing solution that GPA can perform internally and an estimated timeline for implementation; and

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WHEREAS, GPA estimates that it would cost \$554,000 per annum to perform the bill printing, mailing, and processing internally. This estimate includes a full time employee to oversee and process the billings daily; equipment lease; supplies and materials; and postage. GPA initiated procurement for the required equipment and on February 11, 2025, GPA issued Invitation Bid Number GPA-026-25, for High Volume Color Printer, with bid submission due date on the third week of March 2025; and

WHEREAS, the procurement process is ongoing and GPA must have the printing services in order to issue monthly billings which is the revenue lifeline of GPA; and

WHEREAS, GPA again seeks a month-to-month extension up to 12 months for approximately \$400,000; or up to when the internal printing services is established; or up to when a new contract is awarded in the event that a new vendor is selected; and

WHEREAS, the total cost of the first base year and the option to exercise the extension of four (4) additional one-year periods, and the month-to-month extensions initially authorized in April 2021 through May 2025 are estimated to be \$3,000,000; and

WHEREAS, GPA now is requesting the Consolidated Commission on Utilities to authorize the Authority to file such petition with the Guam Public Utilities Commission; and

NOW, THEREFORE BE IT RESOLVED, by the Consolidated Commission on Utilities the approval as follows;

1. The General Manager is authorized to exercise month-to-month extension of services up to 12 months or up to when the internal printing services is established; or up to when a new contract is awarded in the event that a new vendor is selected.

2. The General Manager and management of GPA is authorized to continue to explore operational efficiencies for the bill print services.

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

#### DULY AND REGULARLY ADOPTED, this 25th day of March, 2025.

Certified by:

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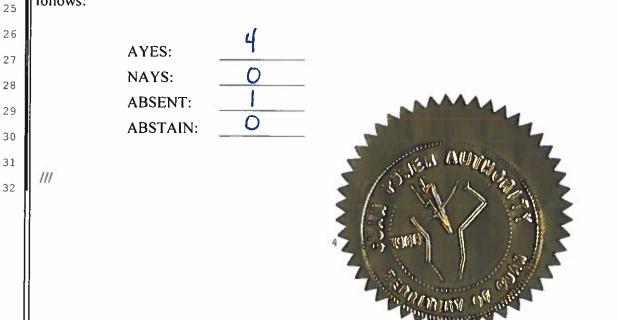
FRANCIS E. SANTOS Chairperson Consolidated Commission on Utilities Attested by:

MELVIN F. DUENAS Secretary Consolidated Commission on Utilities

#### SECRETARY'S CERTIFICATE

I, Melvin F. Duenas, Secretary of the Consolidated Commission on Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:

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



Amount		<u>Unit Cost</u>	
\$	40,652		
\$	4,800	0.008	
\$	66,000	0.11	
\$	22,740	0.0379	
\$	35,823	\$ 2,985.29	
\$	-		Per Melvyn, this will be taken care of in-house by IT.
\$	384,000	0.64	
st: \$	554,015		
st) \$	379,614		
er \$	384,000		
er: \$	763,614		
s: \$	(209,598)		
	\$ \$ \$ \$	\$ 4,800 \$ 66,000 \$ 22,740 \$ 35,823 \$ - \$ 384,000 st: \$ 554,015 st) \$ 379,614 er \$ 384,000 er: \$ 763,614	\$ 4,800 0.008 \$ 66,000 0.11 \$ 22,740 0.0379 \$ 35,823 \$ 2,985.29 \$ - \$ .

## Postage (Graphic Center currently does the postage for GPA)

Note- See fee structures below.

\$0.64 per mail charged from GPA postage permit/account \$ 384,000

	<b>Regular Billing</b>	Disconnect	Total Monthly
Jan-24	46,013	3,298	49,311
Feb-24	44,511	3,517	48,028
Mar-24	46,904	3,316	50,220
	137,428	10,131	147,559
	137,420	10,101	147,555

#### NOTES:

1. Used 50,000 bills per month (as dicussed with Melvyn).

50,000 monthly prints 600,000 Annual Pints

2. Graphic Center Averagre Costs in FY 2024

October & November	\$ 62,914.88			
December	\$ 32,106.30			
January	\$ 31,516.67	_		
TOTAL:	\$ 126,537.85	\$	31,634.46	monthly average