

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 25-19  
)  
COMBUSTION TURBINE PLANTS PMC )  
EXTENSION ) **ALJ REPORT**  
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**I. INTRODUCTION**

This matter comes before the Guam Public Utilities Commission ["PUC"] for approval of a 5-Month Extension of GPA's performance management contract ["PMC"] with Taiwan Electrical & Mechanical Services, Inc. [TEMES] at the Combustion Turbine ["CT"] power plants, through July 31, 2026.<sup>1</sup>

**II. BACKGROUND**

GPA entered into 5-Year PMC with TEMES on March 1, 2016, and ending on February 28, 2021, for the management, operation and maintenance of the Dededo CT 1 and 2, Macheche CT, Yigo CT, Piti 7 CT, and Tenjo Vista, Talofofo and Manenggon power plants.<sup>2</sup> The PUC approved the PMC in GPA Docket 15-22.<sup>3</sup> In GPA Docket 21-03, the PUC approved the extension of the PMC with TEMES for the Combustion Turbine Power Plants for five additional years through February 28, 2026.<sup>4</sup> However, GPA indicates that presently, "[A]ll options to extend have been exhausted."<sup>5</sup>

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<sup>1</sup> GPA Petition for Request to Approve a 5-Month Extension of Performance Management Contract for Combustion Turbine Plants to July 31, 2026, GPA Docket 25-19, filed September 5, 2025.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> PUC Order, GPA Docket 15-22, dated January 25, 2016, at p. 4.

<sup>4</sup> PUC Order, GPA Docket 21-03, dated November 30, 2020, at p. 8.

<sup>5</sup> GPA Petition at pgs. 1-2.

Given that the PMC with TEMES was set to expire in February 2026, in GPA Docket 25-06, the PUC authorized GPA to solicit a new PMC for GPA's Combustion Turbine Power Plants.<sup>6</sup> In June of 2025, GPA issued MS IFB GPA-015-25 to solicit a PMC for the Combustion Turbine plants. GPA anticipated that the completion of the procurement, and obtaining the necessary regulatory, legal, and contract approvals, would be completed by January 29, 2026. This schedule provided the new contractor with a 30-day mobilization period.<sup>7</sup> However, two bid protests derailed the schedule and planning contemplated by GPA. While the two protests have been resolved, there has been a delay in the tight schedule that GPA contemplated.<sup>8</sup>

GPA indicates that a 5-month extension of the current PMC will give GPA "sufficient time to deal with the protest, to compete the procurement, obtain the necessary approvals, and allow for mobilization."<sup>9</sup> The extension would also allow the CT plants to be operated reliably in a safe manner until the new contractor can take over.<sup>10</sup> In GPA Resolution No. FY2025-27, the Guam Consolidated Commission on Utilities authorized an amendment to the CT PMC with TEMES "to extend the expiration date by five (5) months through July 31, 2026 and to increase the total contract cost from \$13,311,415.56 to \$13,947,014.51 for Fixed Management Fees and Reimbursable O&M costs."<sup>11</sup>

**III. GPA HAS PROVIDED SUFFICIENT JUSTIFICATION FOR  
THE PUC TO APPROVE A 5-MONTH EXTENSION OF THE  
TEMES PMC FOR THE COMBUSTION TURBINE PLANTS.**

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<sup>6</sup> PUC Order, GPA Docket 25-06, dated January 30, 2025, at p. 7.

<sup>7</sup> GPA Petition at p. 2.

<sup>8</sup> Id.

<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Guam CCU GPA Resolution No. FY2025-27, Relative to Authorizing the Extension of the Performance Management Contract for the Combustion Turbine Power Plants, adopted and approved on August 26, 2025, at GPA Petition, Exhibit "1".

A. Contract Review Protocol

To extend the expiration date of the PMC by five (5) months through July 31, 2026, the total contract cost will be increased from \$13,311,415.56 to \$13,947,014.51.<sup>12</sup> The period of the 5-month extension will cost an additional \$646,598.95. The Fixed management fee will be \$363,002.92 and O&M spending budget will be \$283,596.03.<sup>13</sup> To calculate the fee, TEMES has set the monthly Fixed Management Fee at \$72,600.58 and the monthly O&M fee at \$56,719.21.<sup>14</sup> These fees are based upon the current PMC monthly prices.<sup>15</sup>

Since the PMC has been a “multi-year” contract, the test to determine whether a procurement exceeds the \$1,500,000 threshold for PUC review and approval is the total estimated cost of the procurement, including cost incurred in any renewal options.<sup>16</sup> Thus, the procurement exceeds the \$1,500,000 threshold and requires prior PUC approval as a professional service procurement in excess of \$1,500,000, or as any contract or obligation, not specifically referenced in the protocol, which exceeds \$1,500,000.<sup>17</sup>

- B. The contract extension is necessary because of the tight schedule of the procurement and the fact that GPA cannot predict whether there will be more bid protests.

Attachment A to the GPA petition indicates the Procurement Bid Schedule. The PMC Multi-Step Bid is still undergoing evaluation by the GPA committee. Remaining steps

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<sup>12</sup> GPA Petition at Exhibit 1 & Attachment B.

<sup>13</sup> Id.

<sup>14</sup> Id. at Attachment C.

<sup>15</sup> Id.

<sup>16</sup> Contract Review Protocol for Guam Power Authority, Administrative Docket, dated February 15, 2008 at par. 4.

<sup>17</sup> Id. at par. 1 (c) and (e).

are: opening of the bid proposal, price proposal evaluation, notification of award, contract finalization, and CCU & PUC Approval. It is certainly possible that there could be other bid protests in the process. Also, the Schedule only leaves one month for contract mobilization, which seems to be a very short timeframe if there is a change in the PMC. To assure adequate time for a smooth transition, it is appropriate to extend the PMC of TEMES for five months.

- C. The contract extension is reasonable because the monthly cost for the extension period will remain the same as GPA's current monthly CT PMC costs.

For the 5-month extension, TEMES will charge GPA the same monthly Fixed Management Fee and the same O&M Spending Budget as are presently charged in the fifth year of the current extension term for the PMC.<sup>18</sup>

- D. The contract extension is prudent because, without an extension, there would be no PMC to operate and maintain the CT power plants safely and reliably.

Previously, the PUC determined that the availability of the CT units is critical for GPA. Their availability will assist in allowing GPA to meet reliability requirements and sufficient additional power capacity.<sup>19</sup> The PUC also found that the previous contract extension for TEMES allowed it to further repair the combustion turbines and to maintain their operational efficiency.<sup>20</sup> To allow GPA to be in position without any PMC for the combustion turbines would be a dangerous and unacceptable risk. The requested contract extension is reasonable, prudent, and necessary.

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<sup>18</sup> GPA Petition at Attachment B & C.

<sup>19</sup> PUC Order, GPA Docket 21-03, dated November 30, 2020 at p. 4.

<sup>20</sup> Id. at p. 7.

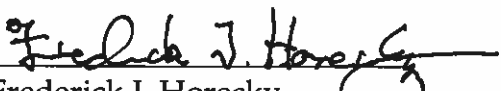
#### IV. RECOMMENDATION

Based upon the petition and documentation provided by GPA, the ALJ recommends that the PUC approve the 5-month extension of TEMES's PMC for Dededo CT 1 & 2, Macheche CT, Yigo CT, Piti 7 CT, and the Tenjo Vista, Talofoto, and Maneggon power plants. GPA has submitted a draft Amendment No. 3 to the TEMES' Performance Management Contract. This amendment would authorize the 5-month extension of the PMC, and the Fixed Management Fee/O&M Budget agreed to by the parties. The PUC should authorize GPA to amend the CT PMC Contract (GPA-001-16) with TEMES, Inc., to extend the expiration date by five (5) months through July 31, 2026, and to increase the total contract cost from \$13,311,415.56 to \$13,947,014.51 for Fixed Management Fees and Reimbursable O&M costs.

A proposed Order approving such recommendations is submitted herewith for the consideration of the Commissioners.

Respectfully submitted this 12th day of September, 2025.

Sincerely,

  
Frederick J. Horecky  
Chief Administrative Law Judge