



**CONSOLIDATED COMMISSION ON UTILITIES**

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

**Special Board Meeting**  
***CCU Conference Room, Gloria B. Nelson Public Service Building***  
**10:00 a.m., Monday, July 3, 2023**

**\*AMENDED AGENDA**

1. **CALL TO ORDER**
2. **\*PUBLIC COMMENTS** (Limit to 2 Minutes)
3. **NEW BUSINESS**
  - 3.1 [GPA Resolution No. FY2023-21 Extension of Cabras Power Plant Performance Management Contract \(PMC\)](#)
4. **EXECUTIVE SESSION**
  - 4.1 [Litigation Matter](#)
5. **ADJOURNMENT**



**GUAM POWER AUTHORITY**  
 ATURIDÁT ILEKTRESEDÁT GUAHAN  
 P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

## Issues for Decision

**Resolution No. FY2023-21**

**Relative to Authorizing the Approval for the Extension of the Cabras 1&2 Power Plant Performance Management Contract (PMC)**

**What is the project's objective? Is it necessary and urgent?**

The PMC provides plant management, technical expertise, and procurement administration for the operation and maintenance of the Cabras 1&2 Power Plant. The PMC is critical to the extended operation of the Cabras 1&2 Power Plant through October 30, 2025 most especially due the expected delays of the Ukudu Power Plant commissioning caused by Typhoon Mawar.

**Where is the location?**

Cabras 1&2 Power Plant

**How much will it cost?**

The contract includes the fixed management fee and reimbursable O&M expenses totaling \$8,114,382.

	<b>Item</b>	<b>EXTENSION YEAR 1</b>	<b>EXTENSION YEAR 2</b>	<b>TOTAL</b>
1.	Management Fee	\$2,641,162	\$2,773,220	\$5,414,382
2.	Reimbursable O&M Expenses	\$1,350,000	\$1,350,000	\$2,700,000

**When will it be completed?**

The extension years are the following periods:

Extension Year 1 : October 1, 2023 to September 30, 2024

Extension Year 2 : October 1, 2024 to September 30, 2025

**What is its funding source?**

Revenue Funds

**The RFP/BID responses:**

This the extension years of the 2020 contract from IFB No. GPA-35-020



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**RESOLUTION NO. FY2023-21**

**RELATIVE TO THE APPROVAL EXTENSION OF CABRAS 1&2 POWER PLANT PERFORMANCE MANAGEMENT CONTRACT (PMC)**

**WHEREAS**, Taiwan Electrical & Mechanical Services, Inc. (TEMES) was awarded the Performance Management Contract (PMC) for the Cabras 1&2 Power Plant beginning October 1, 2020 for a base term of three years with an option to extend for 2 additional one year terms; and

**WHEREAS**, GPA received a letter from TEMES in April 2023 of its intent to terminate the PMC contract on September 30, 2023, the end of the base term; and

**WHEREAS**, discussions with TEMES found the reasons for the termination were primarily due to increased labor wages, additional work and work hours to support the aged condition of the plant and to augment reduction in skilled GPA personnel, concerns with performance metrics and limited life extension projects due to the planned plant retirement; and

**WHEREAS**, the Cabras 1&2 Power Plant is required to be permanently retired under the Consent Decree by October 31, 2024 after the commissioning of the Ukudu Power Plant; and

**WHEREAS**, the Ukudu Power Plant had sustained significant damage by Typhoon Mawar, which has impacted the commissioning schedule with a recovery plan being developed; and

**WHEREAS**, the Cabras 1&2 Power Plant is one of two baseload plants necessary to meet the daily demand and the extension of the PMC is critical to ensuring the plant is operational through 2025; and

**WHEREAS**, a PMC is required to continue to provide the plant management, technical support and procurement administration for the operations and maintenance of the Cabras 1&2 Power Plant; and

**WHEREAS**, GPA has met with TEMES and have negotiated the following terms for consideration:

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- Fixed Management Fee:
  - Extension Year 1 = \$2,641,162
  - Extension Year 2 = \$2,773,220
- O&M Budget (Reimbursable Expense):
  - Extension Year 1 = \$1,350,000
  - Extension Year 2 = \$1,350,000
- PMC Staff:

Increase from 6 to 8 personnel to support additional work and work hours:

  1. Plant General Manager
  2. O&M Manager
  3. Administrative Procurement & Supply Assistant
  4. Outage Planner/Materials Manager
  5. Performance Engineer
  6. O&M Plant Engineer
  7. Mechanical Engineer
  8. Instruments and Electrical Engineer
- Equivalent Availability Factor (EAF):

70 % based on the Maximum Capacity Factors below

  - Cabras 1 – 40MW
  - Cabras 2 – 45MW

**NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities does hereby approve the following:

1. The CCU authorizes the GPA General Manager to petition the PUC for approval of the extension of the Cabras 1&2 Power Plant PMC for Fixed Management Fee of \$2,641,162 for Extension Year 1 from October 1, 2023 to September 30, 2024 and \$2,773,220 for Extension Year 2 from October 1, 2024 to September 30, 2025, totaling \$5,414,382 and the for the Reimbursable O&M Expenses of \$1,350,000 per extension year, totaling \$2,700,000 for a grand total of \$8,114,382.00.

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

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**DULY AND REGULARLY ADOPTED**, this 3rd day of July 2023.

Certified by:

Attested by:

\_\_\_\_\_  
**JOSEPH T. DUENAS**  
Chairperson

\_\_\_\_\_  
**PEDRO ROY MARTINEZ**  
Secretary

I, **Pedro Roy Martinez**, 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 Consolidated Commission on Utilities, 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:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

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# Cabras PMC Contract Extension

- Through IFB GPA-035-20 TEMES was awarded the Cabras 1&2 Power Plant PMC contract in July 2020 for a 3-year base term beginning October 1, 2020 and ending September 30, 2023.
  - TEMES was the sole qualified and responsive bidder
- The PMC contract includes the option for two 1-year extensions after the base term.
- In April 2023, TEMES informed GPA of its intention to terminate the contract at the end of the base term, September 30, 2023 with no consideration of extending.
- Cabras 1&2 is one of two baseload plants, with an average capacity of 80-85 MW, serving the Island Wide Power System.
- Cabras 1&2 was to retire upon the commissioning of the Ukudu Power Plant in 2024.
- The Ukudu Power Plant sustained significant damage which has caused the commissioning of the new plant to be delayed to possibly the end of CY2025.
- GPA has negotiated with TEMES for the two year extension management fees to address staffing costs and man-hour requirements to support the aged plant operations.

# Cabras PMC Fixed Management Fee

ORIGINAL

Contract Year	Period	Annual Management Fee	Annual Management Fee
1	10/1/20 - 9/30/21	\$ 1,915,037	\$ 1,350,000
2	10/1/21 - 9/30/22	\$ 1,972,488	\$ 1,350,000
3	10/1/22 - 9/30/23	\$ 2,031,663	\$ 1,350,000
TOTAL		\$ 5,919,188	\$ 4,050,000
Base Period Total Cost			\$ 9,969,188
Extension Year Option	Period	Annual Management Fee	Annual Management Fee
1	10/1/23 - 9/30/24	\$ 2,092,613	\$ 1,350,000
2	10/1/24 - 9/30/25	\$ 2,155,391	\$ 1,350,000
TOTAL		\$ 4,248,004	\$ 2,700,000
Extension Period Total Cost			\$ 6,948,004
<b>Base + Extension Period Total Cost</b>			<b>\$ 16,917,192</b>

NEGOTIATED  
EXTENSION

Extension Year Option	Period	Annual Management Fee	Annual Management Fee
1	10/1/23 - 9/30/24	\$ 2,641,162	\$ 1,350,000
2	10/1/24 - 9/30/25	\$ 2,773,220	\$ 1,350,000
TOTAL		\$ 5,414,382	\$ 2,700,000
Extension Period Total Cost			\$ 8,114,382
<b>Base + Negotated Extension Period Total Cost</b>			<b>\$ 18,083,570</b>

Management fee negotiations addresses increased labor cost and required PMC man-hours with additional staff to support plant operations and maintenance of the aged plant.

**Variance \$ 1,166,378**

PMC required to ensure operation of the Cabras 1&2 Power Plant thru 2025 until the commissioning of the Ukudu Power Plant



**GUAM WATERWORKS AUTHORITY**

**"Better Water. Better Lives."**

Suite 200, Gloria B. Nelson Public Service Building, 688 Route 15, Mangilao, Guam 96913  
Tel. No. (671) 300-6848 Fax. No. (671) 648-3290

June 27, 2023

Commissioners  
Consolidated Commission on Utilities

RE: Written Recommendation to Discuss GWA Litigation Matters in Executive Session during  
CCU Special Board Meeting on July 3, 2023

Dear Commissioners,

As the legal counsel for the Guam Waterworks Authority (GWA), I hereby recommend pursuant to 5 G.C.A. § 8111, that the Commissioners discuss the following matters in Executive Session during the July 3, 2023, CCU Special Board Meeting:

1. Litigation issues as stated in Agenda;
2. Any other matter that legal counsel for GWA may verbally recommend that the Commission hear during the above-described meeting.

Pursuant to 5 G.C.A. § 8111, the Commission must make an affirmative vote of a majority of the members of the Commission to discuss these matters in Executive Session. Please contact me at 671-300-6853 if you have any questions.

Sincerely,

Theresa G. Rojas  
GWA Legal Counsel

TGR/abg