

GUAM POWER AUTHORITY Standard Operating Procedure	No.: *SOP-139	Issued: 6/4/08
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Title: PROJECT REVIEW PROCESS	Approved By: JOAQUIN C. FLORES General Manager	
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1.0 PURPOSE

The Consolidated Commission on Utilities has entered into a common review protocol with the Public Utilities Commission which requires all projects/contracts whose total cost is greater than \$1.5 million receive rigorous scrutiny prior to submission to the PUC. In order to achieve this, GPA needs to establish some internal procedures to ensure all projects are properly planned and documented. Additionally, it has been determined that such a procedure should be applied not only to projects requiring PUC approval, but also to other large projects performed by the Authority.

The purposes of the procedure are as follows:

- Establishing an organized process for the review of projects
- Ensuring rigorous scrutiny over all Authority expenditures
- Ensuring there is an adequate record to support CCU decision making
- Promoting improved planning within the Authority

2.0 SCOPE

This Project Review Procedure will apply to all purchases, projects, and contracts initiated by the Authority in the amount of \$100,000 or greater including but not limited to construction projects, equipment purchases, equipment leases, information technology purchases, vehicle purchases, real estate purchases, etc. Contracts for the purchase of inventory will not be required to go through the contract review procedures.

CODES # REVISED # ADDED

3.0 PROJECT REVIEW COMMITTEE

There is hereby created within the Guam Power Authority, a Project Review Committee (PRC). The purpose of the committee will be to ensure all contracts subject to the Project Review Procedures are properly planned, documented, justified, and scrutinized before the projects are sent to the General Manager for final review and approval.

The PRC shall consist of the Chief Financial Officer, the SPORD Manager, the Engineering Manager, the Procurement Manager, the Chief Budget Officer, and one annually rotating position. The Committee shall be chaired by the Assistant General Manager for Operations. The Committee will request for technical information from Divisions within the Authority as needed in support of the Project Review Packages under consideration.

4.0 PROJECT REVIEW PROCEDURES

No later than April 1 of each year, each manager of the Authority shall submit a Project Review Package (PRP) to the PRC for any projects to be initiated during the following Fiscal Year.

A Project Review Package shall consist of the following:

- 1) A brief description of the project (not to exceed one page) including start date, end date, time constraints, and deadlines. This should include an explanation of the benefits that will accrue to GPA ratepayers as a result of completing the project.
- 2) The type of project driver, i.e. legal requirement, safety requirement, insurance requirement, operational efficiency, strategic initiative, best practice requirements or business necessity
- 3) An analysis from a technical and cost benefit perspective, of all reasonable alternatives for the procurement and an evaluation of why the project is the most beneficial means of achieving the desired result including lease vs. buy and payback analysis.
- 4) A detailed review of the selected alternative which establishes the basis of selection and the economic feasibility of the project over its life.
- 5) Cost estimates and supported milestones for the selected alternative. An internal engineering estimate or order of magnitude written vendor estimates will be sufficient to satisfy this requirement.
- 6) The projected source of funding for the project with appropriate justification and documentation including a review to determine whether potential federal funding exists for the project.
- 7) A recommended prioritization level for the project.

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Note: The Finance Department will issue a schedule with interest rates, benefit load data, and other pertinent parameters that may prove useful in the development of a PRP

5.0 PROJECT REVIEW PACKAGE TIMELINE

PRP's will be entertained in accordance with the following schedule:

Initial PRP Submission	April 1
PRC Review Meeting	First week of April
Summary of Initial Findings	April 10
Responses to Initial Findings	April 20
Final PRC Meeting	Last week of April
Submission to General Manager	May 1
CCU Approval	May
PUC Submission	June 1
Inclusion in Budget Package	June 15

The PRC will meet at other times during the year to review projects of an urgent nature that could not be foreseen on the regular due date for the Project Review Packages. Projects will not be included in the annual budget package unless they have been reviewed by the PRC.

6.0 PRIORITIZATION

Each project reviewed by the PRC will be assigned a funding priority level. Level 1 will be for projects that will offer a payback of less than two years or with a driver requiring immediate action or offering an immediate significant benefit to ratepayers or is an initiative of the Consolidated Commission on Utilities. Level 2 will be for projects with a payback period of 5 years or less, a high strategic importance to the Authority, or an urgent business necessity. A Level 3 priority will be assigned to all projects that do not fall in Level 1 or Level 2.

7.0 CONSOLIDATED COMMISSION ON UTILITIES

This procedure is subject to the approval of the Consolidated Commission on Utilities and may not be amended, altered or modified in any material way without the authorization of the Commission.

CODES # REVISED # ADDED