

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN RE: PETITION FOR APPROVAL )**  
**OF INCREASED SPENDING )**  
**UNDER EXISTING CONTRACT )**  
**WITH JMI-EDISON FOR )**  
**SUBMERSIBLE PUMPS & )**  
**MOTORS )**  
\_\_\_\_\_ )

**GWA DOCKET 19-02**

**ALJ REPORT**

**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the October 29, 2018 Petition for Additional Purchases for Submersible Pumps and Motors to JMI-Edison (the “Petition”), filed by the Guam Waterworks Authority (“GWA”), and the November 30, 2017 Order issued by the Commission in GWA Docket 18-02.

**BACKGROUND**

In 2015, GWA entered into a three-year contract with JMI-Edison for the purchase of submersible pumps and motors for GWA’s drinking wells. The contract provided a three-year term, with two (2) yearlong options to renew. Later in 2017, the Commission ratified and approved the contract between JMI-Edison for the purchase of submersible pumps and motors in GWA Docket 17-08.

On October 18, 2017, GWA requested increased spending under the contract with JMI-Edison. On November 30, 2017, in GWA Docket 18-02, the PUC authorized GWA “to purchase submersible pumps and motors under the existing contract

with JMI-Edison for FY2018, at a cost not to exceed \$612,778.13.”<sup>1</sup> With regard to “purchases after FY2018,” Ordering Provision No. 2 of that Order required GWA “to submit . . . documentation of approval of additional purchases under the contract by the Consolidated Commission on Utilities, which GWA estimates at \$213,403.57 per quarter.”<sup>2</sup>

### **DISCUSSION**

In its Petition, GWA maintains that based on its operational needs for Fiscal Year 2019 (“FY2019”), it has determined that it will need to purchase “additional pumps and motors to maintain proper inventory levels of critical spares in accordance with established operations and maintenance practices, which averages out to be One Hundred Eighty-Four Thousand Two Hundred Sixteen Dollars and Sixty-Four Cents (\$184,216.64) per quarter.”

In particular, GWA intends on purchasing fifty-three (53) submersible motors of various sizes, at a cost of \$415,860.18; and ninety-six (96) submersible pumps of various types or stages, at a cost of \$321,006.37. Therefore, the total cost of these purchases amounts to \$736,866.55.<sup>3</sup>

In GWA Resolution No. 48-FY2018, the Consolidated Commission on Utilities (the “CCU”) authorized GWA to purchase the additional pumps and motors under the JMI-Edison contract and at a cost of \$736,866.55. Further, in support of its request, GWA has provided the PUC with a matrix of its intended purchases of deep well

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<sup>1</sup> Order, GWA Docket 18-02, p.4 (Nov. 30, 2017).

<sup>2</sup> Order, GWA Docket 18-02, p.4 (Nov. 30, 2017).

<sup>3</sup> GWA Resolution No. 48-FY2018, pp. 2-3 (Aug. 28, 2018).

submersible pumps and motors for FY2019. GWA has indicated that these purchases for FY2019 will be funded by GWA's revenues.<sup>4</sup>

Under the JMI-Edison contract, the submersible motors range from \$2,218.17 to \$19,393.95, depending on the strength and horsepower of the motor. The submersible pumps range from \$1,020.24 to \$9,468.84, depending on the size of, and number of stages contained in, the pump. In FY2018, GWA was authorized to purchase fifty (50) motors and around seventy (70) pumps, for a total cost of \$612,778.13.

### **CONCLUSION**

As noted in the administrative record in GWA Docket 17-08, GWA purchases submersible pumps and motors on an as-needed basis, and periodically replenishes its inventory of spare parts. As stated before, it is clear that these pumps and motors are necessary to operate GWA's one hundred and four (104) deep wells.

Based on the documentation provided by GWA in this docket, the ALJ recommends that the PUC authorize GWA's purchase of submersible pumps and motors for FY2019, at a total estimated cost of \$736,866.55. If GWA exercises its final option to renew the JMI-Edison contract, GWA should submit to the PUC documentation supporting purchases for FY2020. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 27<sup>th</sup> day of November, 2018.



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**JOEPHET R. ALCANTARA**  
Administrative Law Judge

P183032.JRA

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<sup>4</sup> GWA Resolution No. 48-FY2018, p. 3 (Aug. 28, 2018).

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**ORDER**

**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the October 29, 2018 Petition for Additional Purchases for Submersible Pumps and Motors to JMI-Edison (the “Petition”), filed by the Guam Waterworks Authority (“GWA”), and the November 30, 2017 Order issued by the Commission in GWA Docket 18-02.

On November 27, 2018, 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**

In 2015, GWA entered into a three-year contract with JMI-Edison for the purchase of submersible pumps and motors for GWA’s drinking wells. The contract provided a three-year term, with two (2) yearlong options to renew. Later in 2017, the Commission ratified and approved the contract between JMI-Edison for the purchase of submersible pumps and motors in GWA Docket 17-08.

On October 18, 2017, GWA requested increased spending under the contract with JMI-Edison. On November 30, 2017, in GWA Docket 18-02, the PUC authorized GWA “to

purchase submersible pumps and motors under the existing contract with JMI-Edison for FY2018, at a cost not to exceed \$612,778.13.”<sup>1</sup> With regard to “purchases after FY2018,” Ordering Provision No. 2 of that Order required GWA “to submit . . . documentation of approval of additional purchases under the contract by the Consolidated Commission on Utilities, which GWA estimates at \$213,403.57 per quarter.”<sup>2</sup>

In its Petition, GWA maintained that based on its operational needs for Fiscal Year 2019 (“FY2019”), it has determined that it will need to purchase “additional pumps and motors to maintain proper inventory levels of critical spares in accordance with established operations and maintenance practices, which averages out to be One Hundred Eighty-Four Thousand Two Hundred Sixteen Dollars and Sixty-Four Cents (\$184,216.64) per quarter.”

In particular, GWA intended on purchasing fifty-three (53) submersible motors of various sizes, at a cost of \$415,860.18; and ninety-six (96) submersible pumps of various types or stages, at a cost of \$321,006.37. Therefore, the total cost of these purchases amounts to \$736,866.55.<sup>3</sup>

In GWA Resolution No. 48-FY2018, the Consolidated Commission on Utilities (the “CCU”) authorized GWA to purchase the additional pumps and motors under the JMI-Edison contract and at a cost of \$736,866.55. Further, in support of its request, GWA has provided the PUC with a matrix of its intended purchases of deep well submersible pumps and

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motors for FY2019. GWA has indicated that these purchases for FY2019 will be funded by GWA's revenues.<sup>4</sup>

Under the JMI-Edison contract, the submersible motors range from \$2,218.17 to \$19,393.95, depending on the strength and horsepower of the motor. The submersible pumps range from \$1,020.24 to \$9,468.84, depending on the size of, and number of stages contained in, the pump. In FY2018, GWA was authorized to purchase fifty (50) motors and around seventy (70) pumps, for a total cost of \$612,778.13.

As noted in the administrative record in GWA Docket 17-08, GWA purchases submersible pumps and motors on an as-needed basis, and periodically replenishes its inventory of spare parts. As stated before, it is clear that these pumps and motors are necessary to operate GWA's one hundred and four (104) deep wells.

Based on the documentation provided by GWA in this docket, the ALJ recommended that the PUC authorize GWA's purchase of submersible pumps and motors for FY2019, at a total estimated cost of \$736,866.55. If GWA exercises its final option to renew the JMI-Edison contract, GWA should submit to the PUC documentation supporting purchases for FY2020.

The Commission hereby adopts the findings made in the November 27, 2018 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:

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<sup>4</sup> GWA Resolution No. 48-FY2018, p. 3 (Aug. 28, 2018).

1. That the instant Petition is hereby APPROVED and GWA is AUTHORIZED to purchase submersible pumps and motors for FY2019 from JMI-Edison, at a cost of \$736,866.55.

2. With regard to purchases after FY2019, GWA shall submit to the PUC documentation supporting purchases of submersible pumps and motors, such as: a CCU Resolution authorizing any additional purchases for FY2020; purchase orders; and a listing of its inventory.

3. GWA 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. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

**SO ORDERED** this 29<sup>th</sup> day of November, 2018.

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**JEFFREY C. JOHNSON**  
Chairman

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**ROWENA E. PEREZ**  
Commissioner

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**JOSEPH M. MCDONALD**  
Commissioner

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**FILOMENA M. CANTORIA**  
Commissioner

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**MICHAEL A. PANGELINAN**  
Commissioner

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**PETER MONTINOLA**  
Commissioner

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