



However, GWA submits that five (5) CIP line item projects require additional funding for completion.<sup>3</sup> Accordingly, GWA requests the reallocation of \$886,431.00 from unspent funds from certain line items to five (5) critical projects.

In particular, GWA requests the following additional funding to these projects: \$150,000.00 to GWA's Meter Replacement Program; \$200,000.00 to Brigade II (Ugum Lift) BPS Upgrade; \$200,000.00 to Rehabilitation of Asan Springs; \$150,000.00 to Water Reservoir Internal/External; and \$186,431.00 to Baza Gardens STP Replacement.<sup>4</sup> GWA Resolution No. 18-FY2018 authorizes this particular reallocation of 2010 Bond funds.

**B. Reallocation of 2013 and 2016 Bond Proceeds**

With respect to 2013 bond proceeds, GWA submits that through reconciliation it has determined that \$6,542,006.00 of project costs remain unobligated.<sup>5</sup> At this time, GWA requests that \$6,541,991.00 be reallocated from the various CIP line items to the on-going Baza Gardens Wastewater Sewer Conveyance Project.<sup>6</sup>

It appears that once this \$6,541,991.00 has been reallocated to the Baza Gardens Wastewater Sewer Conveyance Project, GWA further requests decertification of \$6,736,379.00 of 2016 Bond funding initially allocated to this project. After such decertification, GWA requests that this \$6,736,379.00 of 2016 bond funds be allocated to its Water System Reservoir Improvements Project.

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<sup>3</sup> Petition, pp. 1-2.

<sup>4</sup> Petition, Exhibit B.

<sup>5</sup> Petition, p. 2.

<sup>6</sup> Petition, p. 2.

With respect to 2016 bond proceeds, GWA submits that through reconciliation it has determined that \$56,816,436.00 of project costs remain unobligated.<sup>7</sup> At this time, GWA “seeks to deploy \$32,878,272.00” that “remain categorized as unobligated project costs” to various CIP projects, such as new production wells, production well meter replacement Phase 1, fire hydrant replacement, Bayside Sewer Pump Station rehabilitation, among others.<sup>8</sup>

In addition, GWA further intends to use the remaining unobligated 2016 bond proceeds to specifically fund tank projects ordered by the District Court. Specifically, GWA submits that directing these particular proceeds to the design and construction activities of these tank projects will add to GWA’s efforts to meet a 2020 deadline. In particular, GWA requests that \$30,480,170.00 of unobligated 2016 Bond funds be reallocated to its Water System Reservoir Improvements project.<sup>9</sup>

GWA Resolution No. 31-FY2018 authorizes the reallocation of \$6,541,991.00, specific to the use of 2013 Bond funds, and the reallocation of \$30,480,170.00, specific to the use of 2016 Bond funds.

GWA further submits that it must sideline a group of projects obligated under 2016 Bond funds in order to prioritize projects that have court-ordered deadlines in 2020.<sup>10</sup> GWA maintains that the allocations identified in the Petition are “clearly justified”

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<sup>7</sup> Petition, p. 2.

<sup>8</sup> Petition, p. 2.

<sup>9</sup> Petition, p. 3.

<sup>10</sup> Petition, p. 3.

given its need to presently prioritize the tank reservoir projects ordered by the District Court.<sup>11</sup>

### **RECOMMENDATION**

The PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. §12105. The ALJ appreciates that as projects are completed, or as projects require more work than originally budgeted, unobligated fund balances become generated, necessitating the need for particular reallocations. Based on the record, GWA is required to complete the court-ordered reservoir projects by the end of 2020. In particular, the Amended Stipulated Order requires that GWA “complete the assessment and necessary repair, rehabilitation, replacement, and relocation of all of its 29 storage tanks.”<sup>12</sup>

Accordingly, the ALJ finds that the reallocation of funding detailed in GWA’s petition is reasonable and necessary given GWA’s need to comply with its obligations under the federal Amended Stipulated Order. The ALJ, therefore, recommends the PUC’s approval of the Petition. A proposed Order is submitted herewith for the Commissioners’ consideration.

Dated this 28<sup>th</sup> day of August, 2018.



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**JOEPHET R. ALCANTARA**  
Administrative Law Judge

P183020.JRA

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<sup>11</sup> Petition, p. 3.

<sup>12</sup> Amended Stipulated Order, USA v. Guam Waterworks Authority and GovGuam, pp. 24-25 (Nov. 10, 2011).

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN RE: REQUEST BY THE GUAM ) GWA DOCKET 18-06**  
**WATERWORKS AUTHORITY )**  
**TO REALLOCATE FUNDS ) ORDER**  
**FROM THE 2010, 2013 & 2016 )**  
**BOND PROCEEDS )**  
\_\_\_\_\_ )

**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC”) at the request of Petitioner Guam Waterworks Authority (“GWA”) for approval of a consolidated bond reallocation funded by GWA’s 2010, 2013 and 2016 Bond proceeds to complete projects required by Order of the United States District Court, filed with the PUC on June 8, 2018.

On August 28, 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**

**A. Reallocation of 2010 Bond Proceeds**

In its Petition, GWA submitted that it had completed a “reconciliation of all CIP accounts funded by 2010 Bonds and determined there were eighteen line items that

contained unobligated balances” totaling \$4,309,634.00.<sup>1</sup> GWA maintained that of these unobligated line items, thirteen CIP projects had unspent balances as a result of “negotiated cost savings” or unused contingencies, or are insufficient to complete those projects.<sup>2</sup>

However, GWA submitted that five (5) CIP line item projects require additional funding for completion.<sup>3</sup> GWA requested the reallocation of \$886,431.00 from unspent funds from certain line items to five (5) critical projects.

In particular, GWA requested the following additional funding to these projects: \$150,000.00 to GWA’s Meter Replacement Program; \$200,000.00 to Brigade II (Ugum Lift) BPS Upgrade; \$200,000.00 to Rehabilitation of Asan Springs; \$150,000.00 to Water Reservoir Internal/External; and \$186,431.00 to Baza Gardens STP Replacement.<sup>4</sup> GWA Resolution No. 18-FY2018 authorizes this particular reallocation of 2010 Bond funds.

**B. Reallocation of 2013 and 2016 Bond Proceeds**

With respect to 2013 bond proceeds, GWA submitted that through reconciliation it had determined that \$6,542,006.00 of project costs remain unobligated.<sup>5</sup> GWA requested that \$6,541,991.00 be reallocated from the various CIP line items to the on-going Baza Gardens Wastewater Sewer Conveyance Project.<sup>6</sup>

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<sup>1</sup> Petition, p. 1.

<sup>2</sup> Petition, p. 1.

<sup>3</sup> Petition, pp. 1-2.

<sup>4</sup> Petition, Exhibit B.

<sup>5</sup> Petition, p. 2.

<sup>6</sup> Petition, p. 2.

It appears that once this \$6,541,991.00 has been reallocated to the Baza Gardens Wastewater Sewer Conveyance Project, GWA further requested decertification of \$6,736,379.00 of 2016 Bond funding initially allocated to this project. After such decertification, GWA requested that this \$6,736,379.00 of 2016 bond funds be allocated to its Water System Reservoir Improvements Project.

With respect to 2016 bond proceeds, GWA submitted that through reconciliation it had determined that \$56,816,436.00 of project costs remain unobligated.<sup>7</sup> GWA “seeks to deploy \$32,878,272.00” that “remain categorized as un-obligated project costs” to various CIP projects, such as new production wells, production well meter replacement Phase 1, fire hydrant replacement, Bayside Sewer Pump Station rehabilitation, among others.<sup>8</sup>

In addition, GWA further intends to use the remaining unobligated 2016 bond proceeds to specifically fund tank projects ordered by the District Court. Specifically, GWA submitted that directing these particular proceeds to the design and construction activities of these tank projects will add to GWA’s efforts to meet a 2020 deadline. In particular, GWA requested that \$30,480,170.00 of unobligated 2016 Bond funds be reallocated to its Water System Reservoir Improvements project.<sup>9</sup>

GWA Resolution No. 31-FY2018 authorizes the reallocation of \$6,541,991.00, specific to the use of 2013 Bond funds, and the reallocation of \$30,480,170.00, specific to the use of 2016 Bond funds.

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<sup>7</sup> Petition, p. 2.

<sup>8</sup> Petition, p. 2.

<sup>9</sup> Petition, p. 3.

GWA further submitted that it must sideline a group of projects obligated under 2016 Bond funds in order to prioritize projects that have court-ordered deadlines in 2020.<sup>10</sup> GWA maintained that the allocations identified in the Petition are “clearly justified” given its need to presently prioritize the tank reservoir projects ordered by the District Court.<sup>11</sup>

### **RECOMMENDATION**

The PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. §12105. The ALJ appreciated that as projects are completed, or as projects require more work than originally budgeted, unobligated fund balances become generated, necessitating the need for particular reallocations. Based on the record, GWA is required to complete the court-ordered reservoir projects by the end of 2020. In particular, the Amended Stipulated Order requires that GWA “complete the assessment and necessary repair, rehabilitation, replacement, and relocation of all of its 29 storage tanks.”<sup>12</sup>

Accordingly, the ALJ found that the reallocation of funding detailed in GWA’s Petition was reasonable and necessary given GWA’s need to comply with its obligations under the federal Amended Stipulated Order. The ALJ, therefore, recommended the PUC’s approval of the Petition.

The Commission hereby adopts the findings made in the August 28, 2018 ALJ Report, and therefore, issues the following:

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<sup>10</sup> Petition, p. 3.

<sup>11</sup> Petition, p. 3.

<sup>12</sup> Amended Stipulated Order, USA v. Guam Waterworks Authority and GovGuam, pp. 24-25 (Nov. 10, 2011).



### **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:

1. That the instant Petition is hereby APPROVED and GWA is authorized to proceed with the reallocation of 2010, 2013 and 2016 bond proceeds as indicated in the Petition; in particular, GWA is authorized to reallocate \$886,431.00 of 2010 Bond proceeds; \$6,541,991.00 of 2013 Bond proceeds; and \$30,480,170.00 of 2016 Bond proceeds.

2. 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 30<sup>th</sup> day of August, 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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