

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 18-02

ALJ REPORT

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Increased Spending Under An Existing Contract for Submersible Pumps and Motors to JMI-Edison (the “Petition”), filed by the Guam Waterworks Authority (“GWA”) on October 18, 2017.

BACKGROUND

In January of 2015, GWA issued Invitation for Bid Number GWA 2015-03 (“IFB 2015-03”) soliciting the purchase of submersible pumps and motors for GWA’s drinking wells.¹ In March of 2015, GWA’s procurement team evaluated and selected JMI-Edison’s indefinite quantity bid.² Thereafter, GWA awarded the bid to JMI-Edison and entered into a three-year contract with JMI-Edison, with two (2) yearlong options to renew.

On July 28, 2017, in GWA Docket 17-08, the Commission issued an Order ratifying the underlying procurement and approving the contract between JMI-Edison for the purchase of submersible pumps and motors, for an estimated cost of \$1,300,282.92.

¹ Application to Award an Indefinite Quantity Contract for Submersible Pumps and Motors to JMI-Edison (“Docket 17-08 Petition”), p. 1 (July 12, 2017).

² Docket 17-08 Petition, p. 1.

DISCUSSION

When the PUC ratified the procurement for submersible pumps and motors, and approved the contract between GWA and JMI-Edison for the purchase of submersible pumps and motors back in July, 2017, the PUC also considered additional purchases in 2018 under the contract. With respect to the purchase of additional pumps and motors in 2018, GWA was required to return to the PUC with a listing, itemizing such additional purchases.

In this Petition, GWA submits that “[i]n an effort to build-up the deep well pump and motor inventory, GWA management reviewed historical inventory, critical production numbers and empirical well repair schedules to create an on-hand purchase schedule and associated quarterly replenishment guidelines.”³ GWA requests PUC approval of \$612,778.13 for FY2018, as well as quarterly purchases of \$213,403.57 for the remainder of the contract. In support of its request, GWA has provided the PUC with an inventory of its deep well submersible pumps and motors, which indicates purchases for 2017, 2018, plus three additional quarters after 2018.

It appears that for FY2018, GWA intends on purchasing fifty (50) motors and around seventy (70) pumps, for a total cost of \$612,778.13. 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. Back in

³ Petition for Increased Spending Under an Existing Contract with JMI-Edison for Submersible Pumps and Motors, p. 2 (Oct. 18, 2017).

July, GWA initially indicated that it would purchase \$597,847.18 worth of pumps and motors for 2018.

With respect to purchases after FY2018, based on the listing provided by GWA, GWA will purchase on average one (1) of each pump and motor required for its wells, per quarter.

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. And 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, and for the other reasons set forth herein, the ALJ recommends that the PUC authorize GWA's purchase of submersible pumps and motors for FY2018, at an estimated cost of \$612,778.13. With respect to purchases after FY2018, GWA should be required to submit to the PUC documentation of approval of the additional purchases under the contract by the Consolidated Commission on Utilities, which GWA estimates at \$213,403.57 per quarter. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 28th day of November, 2017.



JOEPHET R. ALCANTARA
Administrative Law Judge

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IN RE: PETITION FOR APPROVAL) GWA DOCKET 18-02
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INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Increased Spending Under An Existing Contract for Submersible Pumps and Motors to JMI-Edison (the “Petition”), filed by the Guam Waterworks Authority (“GWA”) on October 18, 2017.

In January of 2015, GWA issued Invitation for Bid Number GWA 2015-03 (“IFB 2015-03”) soliciting the purchase of submersible pumps and motors for GWA’s drinking wells.¹ In March of 2015, GWA’s procurement team evaluated and selected JMI-Edison’s indefinite quantity bid.² Thereafter, GWA awarded the bid to JMI-Edison and entered into a three-year contract with JMI-Edison, with two (2) yearlong options to renew.

On July 28, 2017, in GWA Docket 17-08, the Commission issued an Order ratifying the underlying procurement and approving the contract between JMI-Edison for the purchase of submersible pumps and motors, for an estimated cost of \$1,300,282.92.

On November 28, 2017, the Administrative Law Judge of the PUC Joephet R. Alcantara (the “ALJ”) filed a report regarding the instant Petition, which included his

¹ Application to Award an Indefinite Quantity Contract for Submersible Pumps and Motors to JMI-Edison (“Docket 17-08 Petition”), p. 1 (July 12, 2017).

² Docket 17-08 Petition, p. 1.

findings and recommendations based on the administrative record before the PUC. The ALJ made the following findings.

DETERMINATIONS

When the PUC ratified the procurement for submersible pumps and motors, and approved the contract between GWA and JMI-Edison for the purchase of submersible pumps and motors back in July, 2017, the PUC also considered additional purchases in 2018 under the contract. With respect to the purchase of additional pumps and motors in 2018, GWA was required to return to the PUC with a listing, itemizing such additional purchases.

In this Petition, GWA submitted that “[i]n an effort to build-up the deep well pump and motor inventory, GWA management reviewed historical inventory, critical production numbers and empirical well repair schedules to create an on-hand purchase schedule and associated quarterly replenishment guidelines.”³ GWA requested PUC approval of \$612,778.13 for FY2018, as well as quarterly purchases of \$213,403.57 for the remainder of the contract. In support of its request, GWA provided the PUC with an inventory of its deep well submersible pumps and motors, which indicates purchases for 2017, 2018, plus three additional quarters after 2018.

The ALJ found that for FY2018, GWA intends on purchasing fifty (50) motors and around seventy (70) pumps, for a total cost of \$612,778.13. 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

³ Petition for Increased Spending Under an Existing Contract with JMI-Edison for Submersible Pumps and Motors, p. 2 (Oct. 18, 2017).

\$1,020.24 to \$9,468.84, depending on the size of, and number of stages contained in, the pump. Back in July, GWA initially indicated that it would purchase \$597,847.18 worth of pumps and motors for 2018.

With respect to purchases after FY2018, based on the listing provided by GWA, GWA will purchase on average one (1) of each pump and motor required for its wells, per quarter.

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. And 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, and for the other reasons set forth herein, the ALJ recommended that the PUC authorize GWA's purchase of submersible pumps and motors for FY2018, at an estimated cost of \$612,778.13. With respect to purchases after FY2018, GWA should be required to submit to the PUC documentation of approval of the additional purchases under the contract by the Consolidated Commission on Utilities, which GWA estimates at \$213,403.57 per quarter.

ORDERING PROVISIONS

Upon careful consideration of the record herein, the November 28, 2017 ALJ Report, 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. The instant Petition is hereby APPROVED and GWA is authorized to purchase submersible pumps and motors under the existing contract with JMI-Edison for FY2018, at an estimated cost of \$612,778.13.

2. With respect to purchases after FY2018, GWA is required to submit to the PUC documentation of approval of the additional purchases under the contract by the Consolidated Commission on Utilities, which GWA estimates at \$213,403.57 per quarter. The PUC shall thereafter review the need for such purchases and funding at that time.

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 the instant contract review proceedings. 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 30th day of November, 2017.

JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

ANDREW L. NIVEN
Commissioner

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