

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In Re: Request by the Guam Waterworks Authority for Approval of Reprogramming Bond Proceeds for Water Reservoir Inspection and Minor Repairs, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection Programs	)	GWA Docket 10-04
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ORDER

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of Guam Waterworks Authority [GWA] for Expedited Approval of Bond Reprogramming to Fund the Water Reservoir Inspection and Minor Repair, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection System Programs.<sup>1</sup> The PUC has the responsibility under 12 GCA §12004 and the Contract Review Protocol to review and approve all uses of bond proceeds.<sup>2</sup>

GWA is requesting that PUC allow it to reprogram unallocated bond funds to four specific projects, three of which are required under the Stipulated Order: Groundwater Disinfection (chlorination), Water Reservoir Inspection and Minor Repair, and Sinajana Water Transmission Line.<sup>3</sup> GWA further submits that the fourth project, Old Agat Wastewater Collection Project is critical to reduce the amount of infiltration and inflow (“I/I”) that is overloading the Agat Wastewater Treatment Plant and causing it to be non-compliant with the NPDES permits.<sup>4</sup>

<sup>1</sup> GWA Petition for Expedited Approval of Bond Reprogramming to Fund the Water Reservoir Inspection and Minor Repair, Groundwater Chlorination, Sinajana Transmission Line and Old Agat Wastewater Collection System Programs, GWA Docket 10-04, filed November 19, 2010.

<sup>2</sup> PUC Order Re: Petition of Guam Waterworks Authority to Issue General Revenue Bonds and for Related Actions, Docket 05-10, issued October 27, 2005; see also Contract Review Protocol for Guam Waterworks Authority, Docket 00-04, issued October 27, 2005, which requires, in ¶1(d), that any use of bond funds by GWA be approved by the PUC.

<sup>3</sup> GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, p. 1-2.

<sup>4</sup> Id. at p. 2.

GWA seeks to use certain “unobligated funds” for purposes of reprogramming to the specified projects.<sup>5</sup> These are funds designated for specific projects that were not needed for those projects. GWA indicates that it has reserved certain funds for ongoing projects as contingencies against Change Orders and project cost overruns; however, now that those projects are closed out, GWA is able to reallocate those funds to the projects requested in the Petition.<sup>6</sup> GWA seeks the approval of PUC to reprogram unallocated bond funds for these four projects in the total amount of One Million Nine Hundred and Ninety Thousand Dollars (\$1,990,000.00).

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### *Determinations*

GWA has demonstrated a compelling necessity to fund the projects required to be completed by the Stipulated Order. In its Order issued in Docket No. 05-05 on February 25, 2010, the PUC has already recognized that the Water Reservoir Condition Assessment and the Chlorination Programs under the Stipulated Order are required to be funded by GWA. GWA is obligated to expend funds to complete these programs, or it runs the risk of additional fines being issued by the United States Environmental Protection Agency.<sup>7</sup> These projects are required to be completed within strict timelines by the Stipulated Order.

For each of these three projects, Groundwater Disinfection (Chlorination), Water Reservoir Condition Assessment, and Sinajana Water Transmission Line, GWA has already been fined in varying amounts.<sup>8</sup> Given the impending fines or the levying of additional fines by US EPA, there is a need for expedited approval of these projects in order to avoid fines and to complete the projects as quickly as possible for the betterment of the people of Guam.<sup>9</sup>

GWA has presented a sufficient justification for reallocating bond funds to the Old Agat Wastewater Collection project. Although the project is not a Stipulated Order Project, GWA has presented a sufficient project justification: a major

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<sup>5</sup> See “Unobligated Project Cost” set forth in Attachment A to the Petition, “Schedule of 2005 Series Bond Status”.

<sup>6</sup> E-Mail from GWA Legal Counsel to PUC Legal Counsel dated November 19, 2010.

<sup>7</sup> PUC Order, Docket No. 05-05, issued February 25, 2010.

<sup>8</sup> See Exhibit B to GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, filed November 19, 2010.

<sup>9</sup> GWA Petition for Expedited Approval of Bond Reprogramming, GWA Docket 10-04, p. 2, filed November 19, 2010.

collection system rehabilitation program is needed in this area due to capacity-related sewer back-ups, overflows, and the age and material of the pipe.<sup>10</sup> GWA asserts that the Project is critical to reduce the amount of infiltration and inflow ("I/I") that is overloading the Agat Wastewater Treatment Plant and causing it to be non-compliant with the NPDES permits.

### *Ordering Provisions*

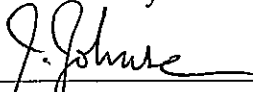
After review of the above described record, for good cause shown and in furtherance of the authority of PUC's October 27, 2005 *Order Approving General Revenue Bonds* in Docket 05-10, the Commissioners **HEREBY ORDER THAT:**

1. GWA is authorized to transfer an amount not to exceed One Million Nine Hundred and Ninety Thousand Dollars (\$1,990,000) of available unobligated bond funds from the 2005 Series Bonds, from the sources identified in Attachment A of GWA's November 19, 2010 Petition, to provide the additional funding required for the projects identified therein: the Water Reservoir Inspection and Minor Repair, Groundwater Disinfection (Chlorination), Sinajana Water Transmission Line Project, and Old Agat Wastewater Collection.
2. The amount of authorized funding for each such project shall be: \$750,000 for the Water Reservoir Inspection and Minor Repair; \$390,000 for the Groundwater Disinfection (Chlorination), \$600,000 for the Sinajana Water Transmission Line Project, and \$250,000 for the Old Agat Wastewater Collection.
3. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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<sup>10</sup> Id.

Dated this 29<sup>th</sup> day of November, 2010.

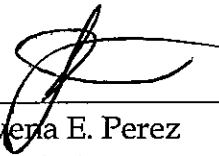


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Jeffrey C. Johnson  
Chairman

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Joseph M. McDonald  
Commissioner



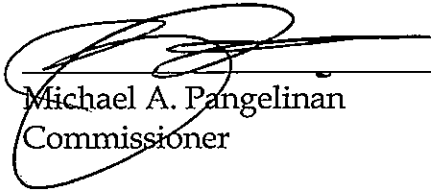
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Rowena E. Perez  
Commissioner



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Filomena M. Cantoria  
Commissioner



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Michael A. Pangelinan  
Commissioner