



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: REQUEST BY THE GUAM WATERWORKS AUTHORITY TO REPROGRAM 2013 BOND PROCEEDS

GWA Docket No. 15-02

ALJ REPORT

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the "PUC") at the request of Petitioner Guam Waterworks Authority ("GWA") for approval to reprogram projects funded by GWA's 2013 Bond ("2013 Bond") proceeds, filed with the PUC on December 5, 2014.

DISCUSSION

A. 2013 Bond Reprogramming

In its Petition, GWA seeks approval to reallocate \$9.7 million of 2013 Bond funds to complete projects required under the November 10, 2011 Order for Preliminary Relief Re: Deadlines for Outstanding Projects under the Amended Stipulated Order issued by the District Court of Guam in U.S. v. Guam Waterworks Authority, Civil Case No. 02-00035 (hereinafter referred to as the "Amended Stipulated Order"). The Petition is supported by Resolution No. 01-FY2015 ("CCU Resolution"), issued by the Consolidated Commission on Utilities ("CCU"), which approved GWA's Capital Improvement Plan for 2014-2019 (hereinafter referred to as the "CIP"), and authorized GWA to seek PUC approval for the 2013 Bond fund reallocations.

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In addition, the Petition is supported by the CIP, which is attached to GWA's Petition as "Exhibit A" to the CCU Resolution. GWA's request for reprogramming affects only a few potable water and wastewater projects, as well as an electrical engineering project, and a single miscellaneous project, which are contained in the CIP.

Pursuant to 12 G.C.A. §12004, the PUC is tasked with reviewing and approving all uses of bond proceeds.

**B. Potable Water Projects Requiring Reprogramming**

GWA's Petition includes the reprogramming of 2013 Bond funds for the following potable water projects.

**1. Meter Replacement Program**

The ongoing Meter Replacement Program is intended to continue to replace all mechanical water meters with automatic meter reading ("AMR") meters, and therefore eliminate old, underperforming, and broken meters. GWA submits that "[f]und reallocation [is] required to continue replacing failing and old-style meters to meet Court Order requirements."<sup>1</sup> Accordingly, GWA requests an additional \$1.5 million for this project.

**2. Potable Water System Planning**

This project involves long-term system planning, and environmental planning, which include water hydraulic modeling and the potable water bubble map. The hydraulic modeling will include software and hardware; and the system planning will

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<sup>1</sup> CCU Resolution, p. 7.

include GIS mapping, asset inventory, asset management, asset management software, GIS software, GIS training, asset management training, and asset condition assessment. GWA originally estimated \$800,000 in 2013 Bond funds. GWA now requests an additional \$400,000 in funding for “hydraulic study efforts and planning for future growth.”<sup>2</sup>

**3. Water Distribution System Pipe Replacement**

Under this project, GWA intends to replace 13,500 feet of pipe through 2015, and 2,000 feet of pipe per year thereafter, to address leaks due to failure and aging. GWA originally estimated that this project would require \$12 million in 2013 Bond funds. GWA now submits that an additional \$2 million is needed to repair and replace the piping and equipment based on GWA’s hydraulic studies.<sup>3</sup>

**4. Water System Reservoirs 2005 Improvements**

GWA describes this project generally as the construction of additional reservoirs to address the deficiencies in GWA’s water storage capacity. CIP, p. 41. GWA maintains that the project will provide “adequate capacity and pressure for fire and customer supply.” CIP, p. 41. In addition, the Amended Stipulated Order requires that GWA complete construction of additional storage tanks and reservoirs. Amended Stipulated Order, at 35-37. GWA now requests a \$3 million reduction in 2013 Bond funding.

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<sup>2</sup> CCU Resolution, p. 7.

<sup>3</sup> CCU Resolution, p. 7.

5. **Fire Hydrant Replacement Program**

Under this new project, GWA intends to “replace old, damaged or out-of-commissioned fire hydrants throughout Guam.” GWA requests \$1 million to fund this particular project.

C. **Wastewater Projects Requiring Reprogramming**

In addition to the potable water projects, GWA also has identified a handful of wastewater projects that require 2013 Bond reprogramming.

1. **Baza Gardens STP Replacement**

Through this project, GWA will design and construct new wastewater treatment facilities at the existing treatment plant. In addition, GWA intends to convert the existing treatment plan into a pump station “to divert flow to the new Agat-Santa Rita Tiplao WWTP.”<sup>4</sup> GWA has requested an increase of \$1 million for this project.

2. **Facilities Plan/Design/Interim for Umatac-Merizo STP Improvements**

This project involves the facility planning and design of interim improvements to the Umatac-Merizo Wastewater Treatment Plant. GWA maintains that it requires an additional \$1 million for this project in order to continue the upgrades.

3. **Agana WWTP Interim Measures**

Under this project, GWA will continue its upgrades to this facility, as well as other improvements or rehabilitation needed at the Agana Wastewater Treatment Plant. Under item 5 of the Amended Stipulated Order, GWA is required to construct a septage

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<sup>4</sup> CCU Resolution, p. 8.

handling facility, construct a grit and “FOG” removal system, and repair its solids handling facilities at the Agana Wastewater Treatment Plant. Amended Stipulated Order, at 14-15.

GWA submits that additional funding is required for preliminary design work, which GWA estimates an additional \$1.5 million in funding.

4. **Lift Station Upgrades; Wastewater Collection System; Umatac Merizo STP Replacement**

With respect to the lift station upgrades, wastewater collection system replacement and rehabilitation program, and the Umatac-Merizo STP replacement project, will be reduced by \$3 million, \$2.7 million, and \$1 million, respectively.

D. **Electrical Engineering Projects**

**SCADA Improvements: Phase 4.** With respect to GWA’s electrical engineering projects, GWA has identified one project that requires 2013 Bond reprogramming. Phase 4 of this project involves the accounting of information, such as equipment and parts costs, and condition data, in order to be incorporated into an asset management program. GWA has requested an increase of \$700,000 for this project.

E. **Miscellaneous Projects**

**General Plant Improvements.** Finally, GWA’s Petition identified one miscellaneous project that requires 2013 Bond reprogramming. The general plant improvements project involves replacing failing pipelines and refurbishing pressure reducing valves to improve the water system pressure zones. The work related to the replacement of failing pipes includes replacing valves, line segments, among other equipment. Additional work covered under this project include: leak detection, leak repair, and the mapping and records related to these activities. GWA submits that an additional

\$600,000 of funding is required. GWA intends to use the additional funds to purchase a deep well pump hoist rig.<sup>5</sup>

### RECOMMENDATION

The PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. §12004. Based on the documentation provided by GWA, the ALJ hereby finds that the projects for which GWA seeks approval for reprogramming in its Petition were designed to improve Guam's water and wastewater utility infrastructure; to increase their reliability and efficiency; and to comply with the Amended Stipulated Order. Accordingly, the ALJ finds that such projects and the reallocations are reasonable given the need for the expansion and improvement of Guam's water and wastewater systems; and, therefore, recommends the PUC's approval of the Petition.

However, notwithstanding the ALJ's finding that GWA has justified the reallocations indicated in its Petition, the ALJ recommends that GWA submit to the PUC updates on the meter replacement program. The ALJ recommends that the PUC require GWA to report on the status of this program by April 1, 2015. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 24<sup>th</sup> day of December, 2014.



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**JOEPHET R. ALCANTARA**  
Administrative Law Judge

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<sup>5</sup> CCU Resolution, p. 8.