

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: PETITION FOR APPROVAL)
OF CONTRACT EXTENSION) GWA DOCKET 19-10
WITH JMI-EDISON AND)
GUAM PACIFIC ENTERPRISES,) ORDER
INC. FOR THE PURCHASE OF)
TEMPERATURE SENSORS,)
SUBMERSIBLE CABLES,)
BOOSTER PUMPS AND)
MOTORS)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Approval of Contract Extension with JMI-Edison and Guam Pacific Enterprises, Inc. for the Purchase of Temperature Sensors, Submersible Cables, Booster Pumps and Motors (the “Petition”), filed by the Guam Waterworks Authority (“GWA”) on May 16, 2019.

On August 27, 2019, 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 August of 2015, GWA issued Invitation for Bid Number GWA 2015-08 (“IFB 2015-08”) soliciting bids for temperature sensors, submersible cables, and 2-horsepower (“2HP”) booster pumps and motors for GWA’s water and wastewater

facilities.¹ In October of 2015, GWA's procurement team reviewed bids submitted by JMI-Edison and Guam Pacific Enterprises, Inc. ("GPE").² GWA's procurement team determined that GPE was the lowest responsive and responsible bidder for the temperature sensors and the submersible electrical cables; and that JMI-Edison provided the best bid for the 2HP booster pumps and motors.³ Thereafter, GWA awarded the bids to GPE and JMI-Edison; and subsequently entered into three-year contracts with these vendors, with two (2) one-year options to renew.⁴

On April 25, 2019, the CCU authorized GWA to proceed with the two-year contract extensions with both the GPE and JMI-Edison contracts.⁵

A. GWA's Request for Contract Extensions

GWA issued IFB 2015-08 to solicit bids for temperature sensors, submersible cables, and 2HP booster pumps and motors, to provide the agency with adequate stock of such equipment when needed.⁶ In December 2015, GWA entered into a contract with GPE for the purchase of temperature sensors, at a cost of \$695.00 each, and at an annual cost of \$13,900.00; and \$179,860.00 per year for submersible electrical cables.⁷ GWA also entered into a contract with JMI-Edison for the purchase of 2HP

¹ Petition, p. 1 (May 16, 2019).

² Petition, p. 1.

³ Petition, pp. 1-2.

⁴ Petition, pp. 1-2.

⁵ Resolution, p. 3.

⁶ Resolution, p. 1.

⁷ Petition, pp. 1-2.

booster pumps and motors, at a cost of \$1,409.30 each, and at an annual cost of \$49,325.59.⁸

According to GWA, since December 2018, it has already expended a total of \$575,345.00 over three (3) years on its contract with GPE; and \$139,256.29 on its contract with JMI-Edison.⁹ GWA submitted that it requires additional funding to purchase more submersible cables at a cost of \$480,160.00 for the next two (2) years; and more 2HP booster pumps and motors at a cost of \$112,744.00 for the next two (2) years.¹⁰ GWA also requested a ten percent (10%) contingency on top of these amounts.¹¹

GWA maintains that its aim is to “maintain adequate quantities of submersible cables and chlorination system booster pumps and motors as a preventative measure for ensuring all water system mechanical and electrical assets are replaced in a timely manner as part of a normal production well and disinfection system.”¹² Accordingly, GWA submitted that “[h]aving the necessary inventory on-hand allows GWA to continue providing reliable and quality water and saves substantial time and costs to its ratepayers.”¹³

B. Contract Review Protocol

Pursuant to 12 G.C.A. §12105, GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s

⁸ Petition, p. 2.

⁹ Petition, pp. 2-3; Resolution, pp. 2-3.

¹⁰ Petition, p. 2; Resolution, p. 3.

¹¹ Petition, p. 2; Resolution, p. 3.

¹² Petition, p. 3.

¹³ Petition, p. 3.

express approval. Generally, pursuant to GWA's Contract Review Protocol issued in Administrative Docket 00-04, "[a]ll professional service procurements in excess of \$1,000,000" require "prior PUC approval under 12 G.C.A. §12004, which shall be obtained before the procurement process is begun"¹⁴

With respect to multi-year contracts, "[t]he term of a contract or obligation (procurement) will be the term stated therein, including all options for extension or renewal"; and that the "test to determine whether a procurement exceeds the \$1,000,000 threshold for the PUC review and approval (the review threshold) is the total estimated cost of the procurement, including cost incurred in any renewal options."¹⁵

C. Cost

In this instance, GWA is requesting approval of a total of \$1,366,795.69 for the entire contract, including the two-year extensions, with GPE and JMI-Edison. Specifically, GWA's purchase of submersible cables and temperature sensors from GPE in the amount of \$480,160.00; and 2HP booster pump motors from JMI in the amount of \$112,744; plus a ten percent (10%) contingency on top of these amounts. GWA's operating revenue will fund the extensions of the subject contracts.¹⁶

D. Resolution No. 21-FY2019

The Petition is supported by CCU Resolution No. 21-FY2019 issued by the CCU at its April 25, 2019 meeting (the "Resolution"). In the Resolution, the CCU authorized GWA to proceed with the two-year contract extensions with both the GPE and

¹⁴ GWA's Contract Review Protocol ("Contract Protocol"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

¹⁵ *Id.*, p. 2.

¹⁶ Resolution, p. 3.

JMI-Edison contracts.¹⁷ In particular, the CCU authorized GWA's purchase of submersible cables and temperature sensors from GPE in the amount of \$480,160.00; and 2HP booster pump motors from JMI-Edison in the amount of \$112,744.00.¹⁸ The CCU also authorized ten percent (10%) contingencies for each contract.¹⁹

CONCLUSION

As noted in prior dockets, GWA purchases submersible pumps and motors on an as needed basis, and periodically replenishes its inventory of spare parts. It is also clear that these pumps and motors are necessary to operate GWA's waster and wastewater facilities.

It is prudent and necessary for GWA to "maintain adequate quantities of submersible cables and chlorination system booster pumps and motors as a preventative measure for ensuring all water system mechanical and electrical assets are replaced in a timely manner as part of a normal production well and disinfection system."²⁰ Indeed, "[h]aving the necessary inventory on-hand allows GWA to continue providing reliable and quality water"²¹

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 purchases indicated in its Petition, and to authorize GWA to exercise the two-year

¹⁷ Resolution, p. 3.

¹⁸ Resolution, p. 3.

¹⁹ Resolution, pp. 3-4.

²⁰ Petition, p. 3.

²¹ Petition, p. 3.

renewals contained in its contracts with GPE and JMI-Edison, at costs of \$480,160.00 and \$112,744.00, respectively.

The Commission hereby adopts the findings made in the August 27, 2019 ALJ Report, and therefore, issues the following:

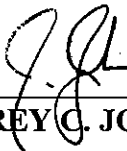
ORDERING PROVISIONS

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:

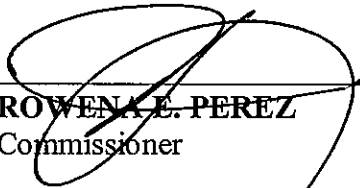
1. That the instant Petition is hereby APPROVED.
2. GWA is authorized to exercise the two-year renewals contained in its contracts with GPE and JMI-Edison, for amounts not to exceed \$480,160.00 and \$112,744.00, respectively. These contracts shall be subject to the cost contingencies provided under the Contract Review Protocol.
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 29th day of August, 2019.



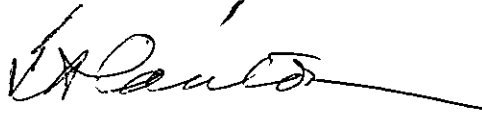
JEFFREY C. JOHNSON
Chairman



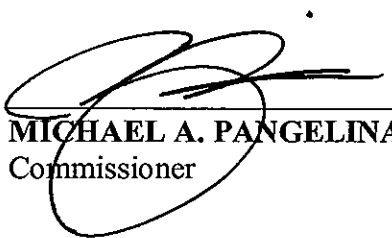
ROWENA E. PEREZ
Commissioner



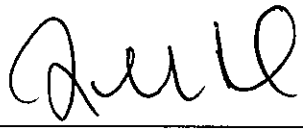
JOSEPH M. MCDONALD
Commissioner



FILOMENA M. CANTORIA
Commissioner



MICHAEL A. PANGELINAN
Commissioner



PETER MONTINOLA
Commissioner

MARK MILLER
Commissioner

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