

increase the contract costs to \$1,300,282.92.⁴ The PUC also ordered GWA to return to the PUC to approve GWA's purchase of additional pumps and motors under the contract in 2018.⁵

5. Accordingly, on November 30, 2017, in GWA Docket No. 18-02, the PUC authorized GWA to purchase additional pumps and motors under the contract at a cost not to exceed \$612,778.13.⁶ This authorization increased the total contract cost to \$1,913,061.05. The PUC also ordered GWA to return to the PUC to approve any additional purchases of pumps and motors under the contract after FY2018.⁷
6. On November 29, 2018, in GWA Docket 19-02, the PUC authorized GWA to purchase additional pumps and motors under the contract for FY2019 in the amount of \$736,866.55. This authorization increased the total contract cost to \$2,649,927.60. Additionally, GWA was ordered to submit documentation, such as a CCU Resolution, purchase orders, and a listing of its inventory, supporting the purchase of additional pumps and motors under the contract after FY2019.⁸
7. In this docket, GWA makes two requests. First, it requests to extend the contract for its second and final one-year option to renew. Second it requests authorization to purchase additional pumps and motors at a cost of \$714,102.11 for FY2020.⁹

ANALYSIS

8. The PUC's Contract Review Protocol for GWA mandates that GWA obtain prior PUC approval for multi-year contracts that exceed the amount of one-million-dollar (\$1,000,000), including the cost incurred in any renewal option.¹⁰ Here, the \$714,102.11 cost for the second and final one-year renewal option will increase to contract's total cost to \$3,364,029.71, which requires PUC approval because the total cost of the contract exceeds the \$1,000,000 contract review amount.

⁴ Id., at 6.

⁵ Id.

⁶ PUC Order dated November 29, 2018, GWA Docket No., 19-02 at 1.

⁷ Id., at 2.

⁸ Id., at 4.

⁹ GWA Petition at 1.

¹⁰ PUC Order re Contract Review Protocol for GWA, PUC Administrative Docket 00-004, filed on October 27, 2005 at paragraph 4(b) at 2.

9. GWA states that it must exercise its second and final one-year renewal option because it must purchase sixty submersible motors, of various sizes, in the amount of \$446,969.74 and because it must purchase seventy-nine submersible pumps, of various types, in the amount of \$267,132.37 for a total of \$714,102.11 for FY2020.¹¹ As stated above, GWA was authorized, pursuant to the contract, to spend \$612,778.13 for FY2018 and the amount of \$736,866.55 for FY2019. This indicates that the \$714,102.11 amount GWA is requesting for FY2020 is \$22,528.88 less than its authorized spending on the contract for FY2019 which is a positive trend. Hence, GWA's request to exercise the contract's second and final one-year renewal option and to expend the amount of \$714,102.11 for FY2020 for the contract, are reasonable and prudent.
 10. Further, GWA states that the purchase of these pumps and motors is necessary to maintain its inventory of submersible pumps and motors and that GWA relies on this equipment to ensure the reliability of operating its ninety-five drinking water wells.¹² Hence, the GWA's exercise of the second and final one-year renewal period contract is necessary because GWA relies on its inventory of submersible pumps and motors provide drinking water to the people of Guam.
 11. Additionally, as set forth above, GWA was ordered to submit documentation, such as a CCU Resolution, purchase orders, and a listing of its inventory, supporting the purchase of additional pumps and motors under the contract after FY2019. In support of its petition, GWA submitted GWA Resolution No. 07-FY2020, wherein the CCU authorized GWA to renew the contract for its second and final one-year renewal period and to expend the amount of \$714,102.11 for FY2020 for the contract, subject to the PUC's approval.¹³ Additionally, GWA submitted a detailed lists of the pumps and motors it had purchased in prior years and a detailed list of the pumps and motors is plans to purchase in FY2020 under the contract. These documents adequately support and justify GWA's petition.
 12. Based on the foregoing, GWA's request to exercise the contract's second and final one-year renewal option and to expend the amount of \$714,102.11 for FY2020 for the contract, are reasonable, prudent, and necessary.
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¹¹ GWA Petition at 2.

¹² Id.

¹³ CCU Resolution at 3, Exhibit 1, GWA Petition.

RECOMMENDATION

13. Counsel recommends that the PUC approve GWA's request to exercise the contract's second and final one-year renewal option and to expend the amount of \$714,102.11 for FY2020.
14. Counsel further recommends, that should GWA solicit for another indefinite quantity contract for submersible pumps and motors for a five-year term, to include any optional renewal periods, that GWA be ordered to obtain prior PUC approval for such solicitation because GWA's total contract price for its existing contract for such equipment had a total cost of \$3,364,029.71, which exceeds the \$1,000,000 review threshold for GWA's procurement solicitations.
15. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 17th day of January, 2020.

Anthony R. Camacho, Esq.
PUC Legal Counsel