

GUAM PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
August 29, 2019  
Suite 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:37 p.m. on August 29, 2019, pursuant to due and lawful notice. Commissioners Johnson, Perez, Montinola, Pangelinan, McDonald, and Cantoria were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

**1. Approval of Minutes**

The Chairperson announced that the first item of business on the agenda was approval of the minutes of July 25, 2019. Upon motion duly made, seconded, and unanimously carried, the Commission approved the minutes subject to correction.

**2. PTI Pacifica, Inc.**

The Chairperson announced that the next item of business was PTI Pacific, Inc. [PTI] Docket No. 19-01, For Approval of Amendment #1 to the Teleguam Holdings, Inc., and PTI Wireless Interconnection Agreement, ALJ Report, and Proposed Order. ALJ Horecky stated that the Commission approved this agreement on March 28, 2019 and that after that, Teleguam Holdings, Inc., and PTI realized that several technical corrections had to be made to the language and they amended the agreement to incorporate these corrections and to accurately correct how their services in this agreement are being provided. ALJ Horecky stated that for the Commission to approve the amended agreement, the standard is that the amended agreement would not discriminate against any telecommunications who is not a party to the agreement and ALJ Horecky stated that the amended agreement does not discriminate to any party who is not part of the agreement. ALJ Horecky also stated that the interconnection agreement complies with the public interest consideration set forth in the Guam Telecommunications Act because the amended agreement seeks to provide the people of Guam with modern, innovative, accessible, and affordable telecommunications services and products. ALJ Horecky stated that PTI requested that the Commission approve the amendments to be effective retroactively to March 28, 2019 and that the Commission had the discretion to do so, and he stated that the parties to the agreement had shown good cause to do so.

Commissioner Perez inquired whether the amendments arose from the original agreement being drafted inaccurately due to the parties having to meet a deadline. ALJ Horecky stated that the errors in original agreement that had to be corrected most likely arose from the parties' use of form agreements that inaccurately reflected how the services would be provided and that he is not aware of any deadlines that would prevent the parties from amending the agreement at this time. Commissioner Montinola inquired as to any of the amendments would affect the price of the services provided and ALJ Horecky stated that there were none and that the parties both agreed to have the amendments applied retroactively. Commissioner Montinola moved to approve the amended agreement, which motion was seconded by Commissioner Perez. The motion carried unanimously.

The Chairperson announced that the next item of business was PTI Docket No. 19-02, For Approval of Amendment #1 to the Teleguam Holdings, Inc., and PTI Wireline Interconnection Agreement, ALJ Report, and Proposed Order. ALJ Horecky stated that the amended agreement in this docket is very similar to the amended agreement in the previous PTI docket. ALJ Horecky stated that the Commission had also approved the original agreement on March 28, 2019 and that the parties had to amend the agreement to resolve technical errors, the amendments do not discriminate against any party who is not part of the agreement, the amendments have little cost impact, and he stated that the parties are requesting that the Commission approve the amendments to be retroactively effective on March 28, 2019. Commissioner Pangelinan moved to approve the amended agreement, which motion was seconded by Commissioner Cantoria. The motion carried unanimously.

## **2. Guam Power Authority**

The Chairperson announced that the next item of business was the Guam Power Authority's [GPA] Docket No. 19-01, Petition for Award of Contract for the Out of Service Inspection and Refurbishment of GPA Bulk Storage Fuel Tanks, PUC Counsel Report, and Proposed Order. Legal Counsel Camacho stated the Commission had previously approved the proposed solicitation for this contract and GPA's \$8 million estimated cost for the project and that since then, GPA issued the solicitation but only received one bid from Tristar Agility for \$8,969,500. Legal Counsel Camacho stated that the Commission had the option of requiring GPA to reissue the bid in the hopes of obtaining more than one bid if they sought to reduce the project's cost to bring it closer to GPA's original estimate, but he did not recommend that the Commission take this action because doing so due to the delay such action would cause to other important GPA projects, such as the ultra-low diesel fuel pipeline project and the construction of the new 180 mega-watt power plant. Legal Counsel Camacho further recommended that the Commission approve the contract because GPA is behind conducting

inspections on these tanks which are supposed to take place every ten years, and that the last inspection on the tanks was done over ten years ago in 2007, and that it was urgent the inspections take place to reduce the threat of catastrophic failure of these tanks.

Commissioner McDonald inquired when GPA planned on starting this project and GPA Assistant General Manager John Cruz stated that if approved, the project would begin in October and would be completed in January, 2020. Commissioner Cantoria inquired why GPA did not conduct the inspections within the ten year period and GPA Assistant General Manager Cruz stated that delays in getting the project put out to bid caused the inspection to take place after the ten year period and that GPA needs to do a better job getting these inspections done, and that this project is critical to completing the new power plant on time. The Chairperson and Commissioner Montinola inquired whether there was only one bidder and Legal Counsel Camacho affirmed that GPA only received one bid from Tristar Agility which was over \$989,000 over GPA's original cost estimate and that remediation of a catastrophic failure of the tanks would cost far more than this amount. Commissioner Montinola inquired whether Tristar Agility was the same company that GPA leased storage tanks from and the Chairperson stated that was so, but the tanks being inspected for this project are not the same tanks Tristar Agility leases to GPA.

Commissioner Pangelinan inquired whether the only option GPA had to reduce the cost of the project was to rebid it and Legal Counsel Camacho stated due to the solicitation being an invitation for bid, GPA had to either accept Tristar Agility's single bid or reject it and resolicit the project, and that due to the tanks being forty years old, there was an urgent need to get the inspections done now instead of sending it out for a rebid. Commissioner Cantoria inquired as to whether Tristar Agility was the company that the Commission recommended that GPA stop negotiating with due to the automatic 10% increase they impose on their tank lease with GPA and the Chairperson confirmed that this was the same company but the tank lease concerned different tanks from the tanks GPA's solicitation was seeking to inspect. Commissioner Cantoria whether there was any evidence that GPA had waited until the last minute to issue the solicitation so that Tristar Agility would be the only bidder and GPA Assistant General Manager Cruz stated that GPA sends out letter of interest to bidders and that even then they sometimes do not get even one bid and an discussion ensued between the Commissioners and GPA Assistant General Manager Cruz as to why GPA still leases some of its tanks instead of building them.

The Chairperson inquired as to whether after the inspection and refurbishment of the tanks, whether they will still be holding Residual Fuel Oil and GPA Assistant General Manager Cruz stated that one of the tanks would be converted to hold ultra-low sulfur diesel fuel only and the other would be used for low sulfur fuel because GPA has to support MEC's low sulfur fuel plant until they convert it to ultra-low sulfur diesel fuel.

Commissioner Perez stated her disappointment that GPA is once again pushing their equipment maintenance to the edge again and a discussion ensued between the Commissioners and GPA Assistant General Manager Cruz as to whether they should require GPA to rebid the project to bring down the cost or whether they should approve the award of the contract now. The Chairperson inquired as to why there were no other bidders and GPA Assistant General Manager Cruz stated that logistically, Tristar Agility is already operating in this geographic area and that other potential bidders would incur great cost in moving their equipment and personnel to this region to perform this project. Commissioner Montinola inquired as to whether there was any way to negotiate a lower cost with Tristar Agility and GPA Assistant General Manager stated that if another bidder came in it would increase the risk of a protest that would cause substantial delay to this project and the other critically important projects that GPA is trying to begin. Acting GPA Legal Counsel Clark stated that they could amend the scope of the contract, but doing so would not cause a substantial cost reduction because most of the expense comes from the need to remove the sludge inside of the tanks and ship it off-island for incineration. Commissioner Pangelinan inquired as to whether the proposed order could be modified so that any price increase would have to be approved by the Commission and Legal Counsel Camacho stated that the Commission had the authority to order such a requirement. Commissioner Pangelinan moved to approve the order with this amendment, which motion was seconded by Commissioner Montinola. The motion carried unanimously.

The Chairperson stated that the next item of business was GPA Docket 19-12, Petition for Award of Contract for the Supply of Diesel Fuel Oil No. 2 for the Baseload Power Plants and Peaking Units, ALJ Report, and Proposed Order. ALJ Horecky stated that this contract was for providing fuel to GPA's baseload, fast-track, and combustion turbine power plants and that the current contract expires on December 31, 2019. ALJ Horecky stated that GPA solicited for the new contract and received two bids, one from Mobil Guam and the other from IP&E, and that Mobil Oil was determined to be the lowest bidder to provide fuel to GPA's Yigo combustion-turbine plant, the Aggrecko units, Piti 7, Cabras 1 & 2, MEC 8 & 9, Manenggon Diesel Plant, and Talofofo Diesel Plant. IP&E was determined to be the lowest bidder for the Macheche combustion turbine and the Dededo Combustion Turbine. The two-year base period price for the contract is estimated to be \$146,664,400 and that most of this cost covers the cost of fuel, and the rest of the cost are profit, handling charges, service and transportation fees, and other miscellaneous costs. ALJ Horecky stated that GPA estimated that this contract will cost approximately \$1.556 million less than its existing contract, and that the contract contains all of GPA's standard provisions including performance bonds, and warranty and penalty provisions. ALJ Horecky stated that the Commission has previously determined that the continuous supply of diesel fuel oil is necessary for GPA to maintain its electric generation capacity and he recommended that the Commission approve the contract.

Commissioner Montinola inquired as to whether the Aggrecko units were rental units and ALJ Horecky confirmed that they were and that GPA has exercised its right to purchase the units and GPA Assistant General Manager Cruz stated that the units revert to GPA ownership in January, 2021, and that one of planned uses of some of the generators is to create a micro-power grid in Southern Guam that could bring the south back on line more quickly after typhoons and GWA GM Bordallo stated that GWA was looking into the possibility of using some of the units for its pump stations. Commissioner Montinola moved to approve the contract, which motion was seconded by Commissioner Cantoria. The motion carried unanimously.

### **3. Guam Waterworks Authority**

The Chairperson announced that the next item of business was Guam Waterworks Authority [GWA] Docket 19-12, Petition for Approval of Fire Hydrant (Dry Barrel) Replacement Project, PUC Counsel Report, and Proposed Order. Legal Counsel Camacho stated that in 2015 GWA identified 412 fire hydrants that had to be replaced and used its own resources to replace 300 wet barrel fire hydrants. Legal Counsel Camacho stated that the contract GWA is asking the Commission to approve is for Mega United to replace 78 dry barrel fire hydrants and would cost over \$1.2 million, and that most of the cost would be for excavation which includes breaking pavement and concrete, and remediation of the affected areas after the replacement of the fire hydrants. Legal Counsel Camacho stated that the Commission did not previously approve the solicitation for this contract because GWA original estimated cost came in below the contract review threshold amount and that when GWA received the bids, Mega United's bid was the lowest at \$1,342,670 and that the contract includes a ten percent contingency which would raise the contract price to 1,366,937, and that the Consolidated Commission on Utilities [CCU] had approved that amount subject to the Commission's approval.

Legal Counsel Camacho stated that the fire hydrants are owned by GWA but are maintained and used by the Guam Fire Department [GFD] and that GWA and GFD coordinate with each other closely to identify and repair defective fire hydrants. Legal Counsel Camacho stated that the Commission had the options of imposing a fire hydrant surcharge for the maintenance and repair of the fire hydrants, and the option of ensuring that GWA complies with its regulations requiring that it make third parties who may be responsible for damaging any fire hydrants pay for their repair or replacement. GWA Legal Counsel Clark stated that GWA had two incidents in which third parties damaged fire hydrants and that GWA successfully obtained funds from

their insurance carriers which GWA used to repair or replace the damaged fire hydrants. Legal Counsel Camacho recommended that the Commission approve the contract. The Chairperson inquired as to how many more dry barrel fire hydrants GWA would have to replace and GWA GM Bordallo stated that this contract would replace most of the remaining dry barrel hydrants because the majority of GWA's fire hydrants are wet barrel fire hydrants. Commissioner Montinola inquired as to whether GWA was planning on obtaining more dry barrel fire hydrants and GWA GM Bordallo stated that they were not going to do so and that GWA also saved money by using its internal engineering resources to draft the design drawings and creating its own engineering estimate. The Chairperson inquired as to whether each replacement job was a custom job and whether the dry barrel hydrants were located in any specific area and GWA GM Bordallo stated that each replacement job was unique and that the dry barrel fire hydrants are located throughout Guam. Commissioner Perez inquired whether GFD was bleeding the fire hydrants and GWA GM Bordallo affirmed that they were and he stated that GWA needed to do a better job of tracking how much water they use for bleeding and training operations and that GFD is supposed to use portable meters when they conduct these operations.

Commissioner Montinola inquired as to whether any of the damaged fire hydrants were leaking and GWA GM Bordallo stated that some were leaking water. The Chairperson inquired as to what the minimum size line was required for fire hydrants and GWA GM Bordallo stated that a six-inch line was the minimum. Commissioner Montinola moved to approve the contract, which motion was seconded by Commissioner Pangelinan. The motion carried unanimously.

The Chairperson announced that the next item of business was GWA Docket 19-11, Petition for Approval of Contracts for the Purchase of Wastewater Chemicals for Wastewater Treatment Plants, ALJ Report, and Proposed Order. ALJ Alcantara stated that GWA issued a solicitation for chemicals that are necessary for the operation of its wastewater treatment plants and it determined that JMI Edison [JMI] had submitted the lowest responsive bid for anionic [AP] and cationic polymers [CP] and that Total Chemical Resources, Inc. [TCR], had submitted the lowest responsive bid for coagulant aluminum hydrate [ACH]. ALJ Alcantara stated that the contracts for JMI and TCR had a three year term and that the CCU had approved the contracts for the amount of \$4,060,750, and that U.S. Environmental Protection Agency regulations require GWA to use the chemicals in its wastewater treatment plants, and that the funds GWA will use to pay for the contracts will come from GWA's operating revenues. ALJ Alcantara

recommended that the Commission approve the contracts. Commissioner Perez inquired as to whether there was a 10% or 20% contingency and ALJ Alcantara stated that they removed the 10% contingency so that the contracts would only be subject to the Commission's 20% contingency. A discussion ensued between the Commissioners and GWA GM Bordallo concerning GWA giving the Commissioners a tour of GWA's new Agat-Santa Rita wastewater treatment plant wherein GWA GM Bordallo stated that he could schedule a tour of the plant at the Commission's convenience.

Commissioner Perez inquired as to whether the order was for one or two contracts and GWA GM Bordallo stated that there was one Commission order approving two contracts. Commissioner Pangelinan inquired as to whether the cost of the contracts was more or less than GWA's prior contract for the chemicals and GWA GM Bordallo stated that the contracts' costs were slightly higher than GWA's prior contract for the chemicals. A discussion ensued between the Commissioners and GWA GM Bordallo concerning what chemicals would be needed after the northern wastewater treatments plant projects were completed wherein GWA GM Bordallo stated that those projects would be completed in 2021. Commissioner Montinola moved to approve the order, which motion was seconded by Commissioner Pangelinan. The motion carried unanimously.

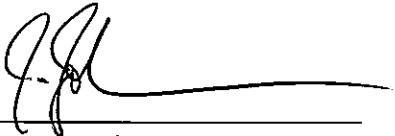
The Chairperson announced that the next item of business was GWA Docket 19-10, Petition for Approval of the Contract Extension for the Purchase of Temperature Sensors, Submersible Cables, Booster Pumps and Motors, ALJ Report, and Proposed Order. ALJ Alcantara stated that in 2015 Guam Pacific Enterprises [GPE] was awarded the contract for temperature sensors, submersible cables, and the JMI was awarded the contract for booster pumps and motors for GWA's water and wastewater facilities. ALJ Alcantara stated that the contracts had three-year terms with two, one-year renewal options. ALJ Alcantara stated that GWA is requesting that the Commission approve additional costs on this contract for exercising the two optional one-year contract extensions that will bring its total price to \$1,366,795 which necessitates the Commissions review and approval, and that GWA intends to use its operating revenues to pay for the cost of these contracts. ALJ Alcantara stated that GWA needs the equipment provided by these contracts to replace mechanical equipment in a timely manner in order to keep its water and wastewater plants operational, and that the CCU has approved GWA's exercise of the two optional one-year contract extensions subject to the Commissions approval and that he recommends the Commission approve the extensions.

Commissioner Montinola inquired whether GWA uses the contracts to replace equipment as needed and GWA GM Bordallo stated that they use the equipment they have in inventory to make replacements as needed and use the contracts to bring refill their inventory, and that they do not re-use the replaced equipment. Commissioner Cantoria inquired as to whether the contract extensions were higher or lower in cost than the three-year contract term and GWA GM Bordallo stated that there was no change in cost for the extensions. Commissioner Pangelinan moved to approve the order, which motion was seconded by Commissioner Cantoria. The motion carried unanimously.

#### **4. Administrative Matters.**

The Chairperson announced that the next item of business was a discussion of the terms of the Commissioners. ALJ Horecky reminded the Commissioners whose terms are expiring to get their applications to Lou if they desire to continue to serve as commissioners. ALJ Horecky stated that the Commissioners whose terms are expiring could serve for another six months, and that even if they submitted applications, the Governor could appoint different people. A discussion ensued between the Commissioners and ALJ Horecky concerning when certain Commissioner's terms would be expiring, and how the Commissioners terms were staggered.

There being no further administrative matters or business, the Commissioners moved to adjourn the meeting.

A handwritten signature in black ink, appearing to read 'J. Johnson', with a long horizontal line extending to the right.

Jeffrey C. Johnson  
Chairperson

**ATTACHMENT A**  
**THE GUAM PUBLIC UTILITIES COMMISSION**  
**NOTICE OF PUBLIC MEETING**

**NOTICE IS HEREBY GIVEN** that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on August 29, 2019, at Suite 202 GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

**Agenda**

1. Approval of Minutes of July 25, 2019
2. PTI Pacifica Inc.
  - PTI Docket 19-01, Petition for Approval of Amendment #1 to the TeleGuam Holdings Inc. and PTI Pacifica Inc. Wireless Interconnection Agreement, ALJ Report, and Proposed Order
  - PTI Docket 19-02, Petition for Approval of Amendment #1 to the TeleGuam Holdings Inc. and PTI Pacifica Inc. Wireline Interconnection Agreement, ALJ Report, and Proposed Order
3. Guam Power Authority
  - GPA Docket 19-01, Petition for Award of Contract for the Out of Service Inspection and Refurbishment of GPA Bulk Storage Fuel Tanks, PUC Counsel Report, and Proposed Order
  - GPA Docket 19-12, Petition for Award of Contract for the Supply of Diesel Fuel Oil No. 2 for the Baseload Power Plants and Peaking Units, ALJ Report, and Proposed Order
4. Guam Waterworks Authority
  - GWA Docket 19-12, Petition for Approval of Fire Hydrant (Dry Barrell) Replacement Project, PUC Counsel Report, and Proposed Order
  - GWA Docket 19-11, Petition for Approval of Contracts for the Purchase of Wastewater Chemicals for Wastewater Treatment Plants, ALJ Report, and Proposed Order
  - GWA Docket 19-10, Petition for Approval of the Contract Extension for the Purchase of Temperature Sensors, Submersible Cables, Booster Pumps and Motors, ALJ Report, and Proposed Order

5. Administrative Matters
  - Commissioner Terms
6. Other Business

Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

**This Notice is paid for by the Guam Public Utilities Commission**



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: )  
 ) PTI Docket 19-01  
JOINT PETITION OF TELEGUAM )  
HOLDINGS, LLC AND PTI PACIFICA INC. )  
d/b/a IT&E FOR APPROVAL OF ) **ORDER**  
AMENDMENT #1, WIRELESS )  
INTERCONNECTION AGREEMENT )  
\_\_\_\_\_ )

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission ["PUC"] on the Petition of TeleGuam Holdings LLC ["GTA"] and PTI Pacifica Inc. d/b/a IT&E ["PTI"] for approval of Amendment #1 to Wireless Interconnection Agreement.<sup>1</sup>
2. In Amendment #1, the Parties request that certain amendments be made to various provisions of the Wireless Interconnection Agreement.<sup>2</sup>

**BACKGROUND**

3. On March 28, 2019, the PUC approved the Wireless Interconnection Agreement between the Parties.<sup>3</sup> The Parties have now determined that certain amendments must be made to either correct or further explain certain provisions of the Wireless Interconnection Agreement. The amendments are primarily of a technical nature.
4. The Parties further request that "the GPUC approve the Agreement in accordance with the requirements of Section 252(e) of the Act by determining that the grounds for rejection of such agreement are not applicable to the proposed amendments in Amendment #1."<sup>4</sup>

---

<sup>1</sup> Joint Petition of GTA and IT&E, PTI Docket 19-01 for Approval of Amendment #1 to Wireless Interconnection Agreement, filed July 23, 2019.

<sup>2</sup> Id., at Amendment #1 to Wireless Interconnection Agreement.

<sup>3</sup> PUC Order, PTI Docket 19-01, dated March 28, 2019, at Ordering Provision No. 1, p. 4.

<sup>4</sup> Joint Petition of GTA and IT&E for Approval of Amendment #1 to Wireless Interconnection Agreement, PTI Docket 19-01, filed July 23, 2019, at p. 1.

5. The ALJ filed his Report herein dated August 24, 2019. The PUC adopts the findings and recommendations therein.<sup>5</sup>

### **DETERMINATIONS**

6. All of the Amendments appear to be a reasonable accommodation between the Parties. Such amendments seek to more accurately describe their mutual responsibilities and duties under the Agreement. Some of the Amendments are technical corrections.
7. In the GLOSSARY of the Agreement, §2.32 concerns LOCAL/EXTENDED LOCAL CALLING SERVICE/EXTENDED AREA SERVICE (LOCAL/EAS) TRAFFIC. The Definition provides that local/EAS Traffic is any Non-Access Telecommunications Traffic, including VOIP-PSTN Traffic, that originates from an End User Customer physically located in one exchange and terminates to an End User Customer physically located in either the same exchange or other mandatory local calling area associated with the originating End User Customer's exchange.
8. The original definition provided that Local/EAS Traffic did not include traffic that originated from or was directed to or through an ISP or traffic originated as CMRS traffic. Amendment #1 deletes "traffic originated as CMRS traffic". Such CMRS traffic is no longer excluded from Local/EAS Traffic. CMRS traffic may be Local/EAS Traffic.
9. In the Interconnection Attachment, §4, a trunk group on the direct interconnection facility for traffic exchanged between PTI and GTA is established. However, the Amendment changes the provisioning for the designated trunk group. The trunk group will now be provisioned with PTI's NPA/NXX(s) rate centered at GTA's exchange(s) and/or EAS exchange(s) rather than GTA's wireline NPA/NXX(s) rate.
10. Based upon the proposed Amendment, §4.1.1 of the Interconnection Attachment, Landline-to-Wireless, now provides that Non-Access Telecommunications Service Traffic calls originated on GTA's network for termination on PTI's network shall be routed from GTA to PTI *via* the two-way direct trunk group. Prior to the Amendment, the provision provided that such Non-Access Telecommunications

---

<sup>5</sup> ALJ Report, PTI Docket 19-01, dated August 24, 2019.

Service Traffic calls could be routed from GTA to PTI *via* a two-way or one-way trunk group. The “one-way trunk group” has been eliminated.

11. §4.2 of the Interconnection Attachment, Wireless-to-Landline, has also been amended. For such Wireless-to-Landline Non-Access Telecommunications Service Traffic the routing *via* a one-way trunk has also been eliminated.
12. The proposed Amendment to §8 of the Interconnection Attachment substitutes “SIGTRAN” for “SS7 Out of Band Signaling” as “the Signaling of choice for interconnecting trunks under this Agreement.” SIGTRAN is a protocol for the transport of message-based signaling protocols over IP networks.<sup>6</sup> Part of the SIGTRAN Signaling Gateways function to relay, translate, or terminate SS7 signaling.<sup>7</sup> SS7 (Signaling System 7) “typically employs a dedicated 64 kilobit data circuit to carry packetized machine language messages about each call connected between and among machines of a network to achieve connection control.”<sup>8</sup>
13. In order for the PUC to approve the Amendments to the Wireless Interconnection Agreement, it must determine that the amendments “do not discriminate against a telecommunications carrier not a party to the Interconnection Agreement...”<sup>9</sup>
14. The proposed Amendments do not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. In the Agreement, it is specified that neither party will use any service provided which in any manner prevents other persons from using their service or destroys the normal quality of service to other carriers or to either Party’s customers.<sup>10</sup>
15. Furthermore, the Amendments are consistent with the public interest, convenience and necessity. In accordance with the Guam Telecommunications Act of 2004, it is in the public interest to provide the people of Guam with modern, innovative, accessible, and affordable telecommunications services and products.<sup>11</sup>
16. The Parties request that the PUC approve these amendments retroactive back to the original date of PUC approval for the Wireless Interconnection Agreement, which

---

<sup>6</sup> Newton’s Telecom Dictionary (25<sup>th</sup> Ed.), Definition of “SIGTRAN.”

<sup>7</sup> Id.

<sup>8</sup> Newton’s Telecom Dictionary (25<sup>th</sup> Ed.), Definition of “Signaling System 7”.

<sup>9</sup> 47 USC §252[e][2][A].

<sup>10</sup> Wireless Interconnection Agreement, p. 38.

<sup>11</sup> See Guam Telecommunications Act of 2004, 12 GCA § 12101(2).

---

was March 28, 2019. PTI Counsel Steve Carrera has represented to the ALJ that all services and billings between the parties since March 29, 2019, have been in accordance with the revisions in Amendment #1, notwithstanding the language in the original Interconnection Agreement.<sup>12</sup> In the Amendment #1 to the Wireless Interconnection Agreement, the parties agreed that the Agreement, as amended, "shall be effective March 29, 2019."<sup>13</sup>

17. The original provisions in the Interconnection Agreement which are now being amended were in error and did not reflect the true operations of the parties. The parties have in fact been operating under the provisions in Amendment #1 since March 28, 2019. Therefore, the parties have requested that the provisions of Amendment #1 be adopted retroactively by the PUC to March 28, 2019.

### **ORDERING PROVISIONS**

After careful review of the record herein, the proposed Amendment #1 to Wireless Interconnection Agreement of GTA and PTI, and considering the recommendations of the ALJ, for good cause shown, on motion duly made, seconded and unanimously carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. Amendment #1 to the Interconnection Agreement between GTA and PTI is approved pursuant to 47 USC 252[e][4].
2. The Amendments satisfy the requirements of 47USC §252[e][2]. They do not discriminate against any non-party to the Interconnection Agreement.
3. Amendment #1 is approved retroactively to March 28, 2019, in order to correct errors previously made in the language of the Interconnection Agreement.
4. In the event that the Parties further revise, modify, or amend the Interconnection Agreement approved herein, the revised, modified or amended Interconnection Agreement shall be submitted to the PUC for approval pursuant to 47 USC 252[e][1] prior to taking affect.
5. Pursuant to agreement by the Parties, PTI is ordered and directed to pay the PUC's regulatory expenses and fees in this Docket.

---


<sup>12</sup> Phone conversation between PTI Counsel Steve Carrera and PUC ALJ Fred Horecky on August 9, 2019.


<sup>13</sup> Amendment #1 to the Wireless Interconnection Agreement, Section II, Signature Page.

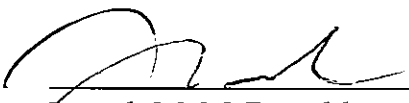
Order  
Joint Petition of GTA & IT&E  
Approval for Amendment #1  
PTI Docket 19-01  
August 29, 2019


---

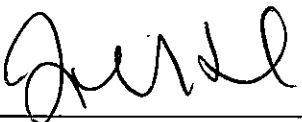
Dated this 29th day of August, 2019.

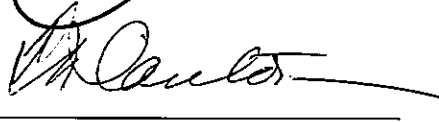
  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

  
\_\_\_\_\_  
Rowena E. Perez  
Commissioner

  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

  
\_\_\_\_\_  
Peter Montinola  
Commissioner

  
\_\_\_\_\_  
Filomena M. Cantoria  
Commissioner

\_\_\_\_\_  
Mark Miller  
Commissioner



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: )  
 ) PTI Docket 19-02  
JOINT PETITION OF TELEGUAM )  
HOLDINGS, LLC AND PTI PACIFICA INC. )  
d/b/a IT&E FOR APPROVAL OF ) **ORDER**  
AMENDMENT #1, WIRELINE )  
INTERCONNECTION AGREEMENT )  
\_\_\_\_\_ )

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission ["PUC"] on the Petition of TeleGuam Holdings LLC ["GTA"] and PTI Pacifica Inc. d/b/a IT&E ["PTI"] for approval of Amendment #1 to their Wireline Interconnection Agreement.<sup>1</sup>
2. In Amendment #1, the Parties request that certain amendments be made to various provisions of their Wireline Interconnection Agreement.<sup>2</sup>

**BACKGROUND**

3. On March 28, 2019, the PUC approved the Wireline Interconnection Agreement between the Parties.<sup>3</sup> The Parties have now determined that certain amendments must be made to either correct or further explain certain provisions of the Wireline Interconnection Agreement. The amendments are primarily of a technical nature.
4. The Parties further request that "the GPUC approve the Agreement in accordance with the requirements of Section 252(e) of the Act by determining that the grounds for rejection of such agreement are not applicable to the proposed amendments in Amendment #1."<sup>4</sup>

---

<sup>1</sup> Joint Petition of GTA and IT&E, PTI Docket 19-02, filed July 23, 2019, for Approval of Amendment #1 to their Wireline Interconnection Agreement, filed July 23, 2019.

<sup>2</sup> Id., at Amendment #1 to Wireline Interconnection Agreement.

<sup>3</sup> PUC Order, PTI Docket 19-02, dated March 28, 2019, at Ordering Provision No. 1, p. 4.

<sup>4</sup> Joint Petition of GTA and IT&E for Approval of Amendment #1 to their Wireline Interconnection Agreement, PTI Docket 19-02, filed July 23, 2019, at p. 1.

5. The ALJ filed his Report herein dated August 24, 2019. The PUC adopts the findings and recommendations therein.<sup>5</sup>

### **DETERMINATIONS**

6. All of the amendments appear to be reasonable accommodations between the Parties which seek to more accurately describe their mutual responsibilities and duties under the Agreement. Some of the amendments are technical corrections.
7. §1.1 of the Wireline Agreement indicates that “CMRS Non-Access Reciprocal Compensation Traffic is addressed in separate agreement executed between the Parties.” The amendment in Amendment #1 clarifies that the CMRS Non-Access Reciprocal Compensation Traffic referenced is that “associated with the Parties’ wireless operations under OCNs 387C and 3922...” the Amendment further clarifies that the “separate agreement” referred to is the Wireless Interconnection Agreement between the Parties.
8. In the GLOSSARY of the Agreement, §2.33 concerns LOCAL/EXTENDED LOCAL CALLING SERVICE/EXTENDED AREA SERVICE (LOCAL/EAS) TRAFFIC. The Definition provides that local/EAS Traffic is any Non-Access Telecommunications Traffic, including VOIP-PSTN Traffic, that originates from an End User Customer physically located in one exchange and terminates to an End User Customer physically located in either the same exchange or other mandatory local calling area associated with the originating End User Customer’s exchange.
9. The original definition provided that Local/EAS Traffic did not include traffic that originated from or was directed to or through an ISP or traffic originated as CMRS traffic. Amendment #1 deletes “traffic originated as CMRS traffic”. Such CMRS traffic is no longer excluded from Local/EAS Traffic. CMRS traffic may be Local/EAS Traffic.
10. In the GLOSSARY, §2.59 refers to “TANDEM TRANSIT SERVICE.” The proposed amendment clarifies that Tandem Transit Traffic is Local/ESA traffic that originates on one Party’s network and terminates to a CMRS, CLEC, or ILEC to a third-party Telecommunications Carrier’s network and is routed via the terminating Parties Tandem. The proposed Amendment also excludes from the definition of Tandem

---

<sup>5</sup> ALJ Report, PTI Docket 19-01, dated August 24, 2019.

Transit Service “non-access traffic routed over the midspan fiber meet point that is from each Party’s OCN (3800, 3922, 335E, and 387C). The “OCN” refers to certain codes for each company which are assigned by the National Exchange Carriers Association.

11. In the GLOSSARY, §2.60 refers to “TANDEM TRANSIT TRAFFIC OR TRANSIT TRAFFIC.” The original provision refers to Telephone Exchange Service traffic routed to the Central Office of a CLEC. The only addition in the Amendment is to add “third-party” CLEC.
12. In the INTERCONNECTION ATTACHMENT, proposed Amendment #1 amends §3.3, PHYSICAL CONNECTION. The Amendment refines the definitions of Non-Access Reciprocal Compensation Traffic and Access Reciprocal Compensation Traffic. If both types of traffic share the same direct Interconnection Facility, the Non-Access Reciprocal Compensation Traffic and Access Reciprocal Compensation must be on separate “DS1s”, which appears to mean separate signals. The charges for usage for each type of Compensation, are based upon the compensation provided in the attachments for wireline service in the Wireline Interconnection Agreement and the Interconnection Attachment of the Wireless Interconnection Agreement.
13. The proposed Amendment to §3.4.2.1, Local Interconnection Trunks, adds the requirement that “CMRS Non-Access Reciprocal Compensation Traffic to the Parties’ wireless operations under OCNs 387C and 3922 covered in the Wireless Interconnection Agreement... shall be routed on the same Local Interconnection Trunks.”
14. The proposed Amendment to §3.4.2.1.2 adds “CMRS Non-Access Reciprocal Compensation Traffic” to those types of traffic that the “Parties will mutually coordinate” for provisioning and quantity of trunks to be utilized.
15. The original version of §3.4.2.3.2 provided that “CMRS Non-Access Reciprocal Compensation traffic shall not be routed on the Local Interconnection Trunks.” However, the proposed Amendment to §3.4.2.3.2 indicates that “CMRS Non-Access Reciprocal Compensation traffic may be routed on the Local Interconnection Trunks or on a separate trunk group.” The proposed Amendment also clarifies that Non-Access Reciprocal Compensation Traffic shall be in accordance with a “CMRS interconnection agreement”, which is now identified to be the Wireless Interconnection Agreement between GTA and PTI.

16. The proposed Amendment to §4.1.2, Facilities Compensation, provides that PTI is responsible for facilities associated with Access Reciprocal Compensation on the GTA side of the fiber meet point "POL."
17. Section 6.4 of the Wireline Interconnection Agreement, SS7 Interconnection, provides that the Parties will replace certain "B" links with a quad of SIGTRAN links. However, the amendment adds that "One pair of SIGTRAN links will be established through a direct connection in Guam and a second pair of SIGTRAN links will be established through a public Interconnection until the Parties mutually agree to add a second direct connection in the Marianas region."
18. In order for the PUC to approve the Amendments to the Wireline Interconnection Agreement, it must determine that the amendments "do not discriminate against a telecommunications carrier not a party to the Interconnection Agreement..."<sup>6</sup>
19. The proposed Amendments do not discriminate against a telecommunications carrier not a party to the Interconnection Agreement. In the Agreement, it is specified that neither party will use any service provided which in any manner prevents other persons from using their service or destroys the normal quality of service to other carriers or to either Party's customers.<sup>7</sup>
20. Furthermore, the Amendments are consistent with the public interest, convenience and necessity. In accordance with the Guam Telecommunications Act of 2004, it is in the public interest to provide the people of Guam with modern, innovated, accessible, and affordable telecommunications services and products.<sup>8</sup>
21. The Parties request that the PUC approve these amendments retroactive back to the original date of PUC approval for the Wireline Interconnection Agreement, which was March 28, 2019. PTI Counsel Steve Carrera has represented to the ALJ that all services and billings between the parties, since March 29, 2019, have been in accordance with the revisions in Amendment #1, notwithstanding the language in the original Interconnection Agreement.<sup>9</sup>

---

<sup>6</sup> 47 USC §252[e][2][A].

<sup>7</sup> Wireline Interconnection Agreement, dated February 21, 2019, at p. 52.

<sup>8</sup> See Guam Telecommunications Act of 2004, 12 GCA § 12101(2).

<sup>9</sup> Phone conversation between PTI Counsel Steve Carrera and PUC ALJ Fred Horecky on August 9, 2019.

22. The original provisions in the Interconnection Agreement which are now being amended were in error and did not reflect the true operations of the parties. The parties have in fact been operating under the provisions in Amendment #1 since March 29, 2019. Therefore, the parties have requested that the provisions of Amendment #1 be adopted retroactively by the PUC to March 28, 2019.

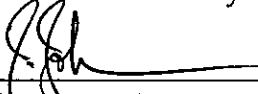
### **ORDERING PROVISIONS**

After careful review of the record herein, the proposed Amendment #1 to Wireline Interconnection Agreement of GTA and PTI, and considering the recommendations of the ALJ, for good cause shown, on motion duly made, seconded and unanimously carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

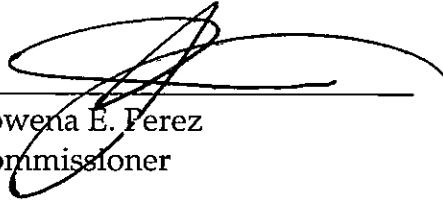
1. Amendment #1 to the Interconnection Agreement between GTA and PTI is approved pursuant to 47 USC 252[e][4].
2. The Amendments satisfy the requirements of 47 USC §252[e][2]. They do not discriminate against any non-party to the Interconnection Agreement.
3. Amendment #1 is approved retroactively to March 28, 2019, in order to correct errors previously made in the language of the Interconnection Agreement.
4. In the event that the Parties further revise, modify, or amend the Interconnection Agreement approved herein, the revised, modified or amended Interconnection Agreement shall be submitted to the PUC for approval pursuant to 47 USC 252[e][1] prior to taking affect.
5. Pursuant to agreement by the Parties, PTI is ordered and directed to pay the PUC's regulatory expenses and fees in this Docket.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 29th day of August, 2019.



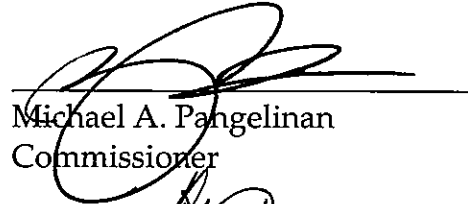
Jeffrey C. Johnson  
Chairman



Rowena E. Perez  
Commissioner



Joseph M. McDonald  
Commissioner



Michael A. Pangelinan  
Commissioner



Peter Montinola  
Commissioner

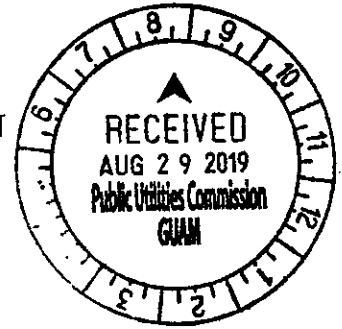


Filomena M. Cantoria  
Commissioner

---

Mark Miller  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: )

GPA DOCKET 19-01

THE APPLICATION OF THE GUAM )  
POWER AUTHORITY REQUESTING )  
APPROVAL OF THE CONTRACT FOR )  
BULK STORAGE FUEL TANKS )  
INSPECTION AND REFURBISHMENT )

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to approve the Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment.<sup>1</sup>
2. GPA requests approval of the \$8,969,510 GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment.<sup>2</sup>

BACKGROUND

3. GPA operates and maintains the bulk storage fuel tanks located at Piti, Guam which are managed by its Performance Management Contractor, Isla Petroleum and Energy Holdings, LLC and this facility supplies RFO fuel oil to GPA's base load units.<sup>3</sup>
4. The bulk storage fuel tanks must be periodically assessed, recalibrated, and refurbished to comply with U.S. Environmental Protection Agency ["USEPA"] regulations. The last such inspection and refurbishment occurred in 2007 and they are currently due for such inspection and refurbishment to keep them in compliance with USEPA regulations.<sup>4</sup>
5. Additionally, after the refurbishment of the bulk storage fuel tanks, GPA plans on using them to store Ultra Low Sulphur Diesel [ULSD] Fuel to supply Piti Power

---

<sup>1</sup> GPA Petition for Approval of the Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment, GPA Docket 19-01, dated August 6, 2019 at 1.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

- Plant 7 and to supply Piti Power Plants 8 and 9 after those plants are converted for ULSD fuel, and to supply GPA's new 180 MW power plant after it is completed.<sup>5</sup>
6. On September 25, 2018, the CCU issued GPA Resolution No. 2018-20 which authorized GPA to solicit for bids for the Bulk Storage Fuel Tanks Inspection and Refurbishment.<sup>6</sup>
  7. On October 25, 2018, the PUC approved GPA's solicitation for bids for the Bulk Storage Fuel Tanks Inspection and Refurbishment.<sup>7</sup>
  8. GPA subsequently issued GPA-IFB-028-19 (Bulk Storage Fuel Tanks Inspection and Refurbishment) ["IFB"]. GPA received only one bid from Tristar Agility in response to the IFB for the amount of \$8,969,510 and GPA found Tristar Agility to be the lowest responsive and responsible bidder and awarded the IFB contract to Tristar Agility.<sup>8</sup>
  9. On July 23, 2019, the CCU authorized GPA's management to enter into the GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment, and it authorized GPA to expend the amount of \$8,969,510 for the contract subject to the PUC's approval of the contract.<sup>9</sup>
  10. On August 26, 2019, the PUC Legal Counsel issued his report.

### **DETERMINATIONS**

11. GPA's contract review protocol requires that any GPA contract that exceeds the amount of \$1,500,000 requires prior PUC approval and which shall be obtained before the procurement process is begun.<sup>10</sup> Here, the GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment requires the PUC's approval because its \$8,969,510 cost exceeds the \$1,500,000 threshold amount for

---

<sup>5</sup> Consolidated Commission on Utilities ["CCU"] GPA Resolution No. 2019-11 ["CCU Resolution"], at 1.

<sup>6</sup> Id., at 1.

<sup>7</sup> PUC Order dated October 25, 2018, GPA Docket 19-1 ["PUC Order"] at 7.

<sup>8</sup> CCU Resolution at 1.

<sup>9</sup> Id., at 2.

<sup>10</sup> Contract Review Protocol for GPA, Order dated February 15, 2008, Administrative Docket at 1.

---

PUC review. Further, as set forth above, the PUC has approved the solicitation for this contract prior to GPA issuing it.

12. GPA previously estimated that the Bulk Storage Fuel Tanks Inspection and Refurbishment contract would cost \$8,000,000.<sup>11</sup> Here, the \$8,969,510 GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment exceeds this estimate by \$969,510 most likely due to GPA receiving only one bid for its solicitation.
13. Although GPA might be able to obtain a cheaper price if it re-solicits for the Bulk Storage Fuel Tank Inspection and Refurbishment work and obtains more than one bid, such option is likely not feasible because the Bulk Storage Fuel Tanks must be inspected and refurbished as soon as possible. The PUC has previously determined that USEPA regulations, specifically 40 C.F.R. § 112.8(c)(6), requires owners or operators to test or inspect each aboveground container for integrity on a regular schedule and whenever material repairs are made. Further, the PUC has previously determined that the appropriate industry standard for internal tank inspections for GPA's bulk storage fuel tanks is API 653, which generally recommends internal inspections every 10 years.<sup>12</sup> As set forth above, the tanks have not been inspected since 2007 and GPA is currently two years behind the industry standard in conducting the required inspections which increases the possibility of a catastrophic failure occurring on one of the tanks. A catastrophic tank failure which would likely cause damage and remediation costs far exceeding the \$969,510 amount over GPA's original contract estimate.
14. GPA's request is reasonable, prudent and necessary.

### **ORDERING PROVISIONS**

After careful review and consideration of the above determinations, GPA's Petition to Approve the Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

---

<sup>11</sup> PUC Order at 5.

<sup>12</sup> Id., at 2.

PUC Order  
GPA Petition for Approval  
Of the Contract for  
Bulk Storage Fuel Tanks  
Inspection and Refurbishment  
GPA Docket 19-01  
August 29, 2019

---

1. The GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment is approved.
2. GPA is authorized to expend up the amount of \$8,969,510 for the GPA/Tristar Agility Contract for Bulk Storage Fuel Tanks Inspection and Refurbishment. GPA shall obtain the Commission's prior approval for any increase of the contract's cost above \$8,969,510.
3. GPA 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.

///

///

///

///

///

///

///

///

///

///

///

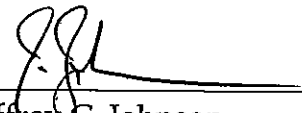
///


///

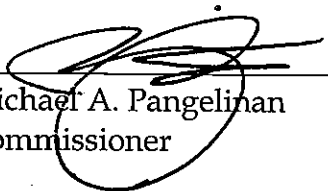
PUC Order  
GPA Petition for Approval  
Of the Contract for  
Bulk Storage Fuel Tanks  
Inspection and Refurbishment  
GPA Docket 19-01  
August 29, 2019

---


Dated this 29th day of August, 2019.

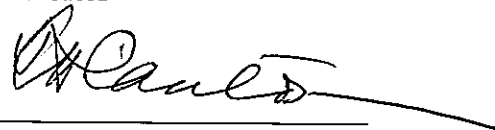
  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman

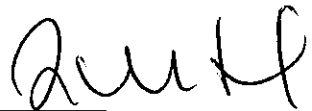
  
\_\_\_\_\_  
Rowena E. Perez  
Commissioner

  
\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

\_\_\_\_\_  
Mark G. Miller  
Commissioner

  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Filomena M. Cantoria  
Commissioner

  
\_\_\_\_\_  
Peter Montinola  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GPA Docket 19-12  
)  
The Application of the Guam Power )  
Authority for Approving the Contract for ) **ORDER**  
Supply of Diesel Fuel Oil to GPA )  
)  
\_\_\_\_\_ )

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for Approval of the Contract for Supply of Diesel Fuel Oil to GPA.<sup>1</sup>

BACKGROUND

2. On February 23, 2017, the PUC authorized GPA to proceed with the procurement for the supply of Diesel Fuel to GPA for the Baseload plants, Fast-Track Diesel Plants, and the Combustion Turbine Plants.<sup>2</sup>
3. However, on September 12, 2017, GPA petitioned the PUC to allow it to re-solicit bids for diesel fuel. It had issued an IFB after the prior PUC Order, but subsequently determined that operational requirements for diesel fuel during the next 3-5 years, as well as bidder inquiries, would necessitate major changes in the structure of the current bid.<sup>3</sup>
4. The PUC approved GPA's request to re-solicit bids for its procurement for the supply of diesel fuel.<sup>4</sup>
5. The then current contract for the supply of Diesel Fuel Oil No. 2 for the Baseload and peaking units were set to expire on December 31, 2017.<sup>5</sup>
6. On December 18, 2017, the Chairman of the Guam Public Utilities Commission, pursuant to 12 GCA § 12105(b), authorized GPA's request to extend GPA's fuel oil

---

<sup>1</sup> GPA Petition for Contract Review, GPA Docket 19-12, filed August 8, 2019.

<sup>2</sup> PUC Order, GPA Docket 17-18, dated February 23, 2017, at p. 3.

<sup>3</sup> PUC Order, GPA Docket 17-18, dated September 28, 2017, at pgs. 1-2.

<sup>4</sup> Id. at p. 3.

<sup>5</sup> Id. at p. 1.

supply contracts with Mobil Oil Guam and IP&E Guam for the period of January 1, 2018 to December 31, 2018.<sup>6</sup>

7. On January 30, 2018, the PUC ratified the Chairman's Order extending GPA's Diesel Fuel Supply Contracts for a 1-year period.<sup>7</sup>
8. On December 5, 2018, GPA petitioned the PUC to exercise a second extension option under the Diesel Fuel Supply Contracts with Mobil Oil Guam, Inc. and Isla Petroleum and Energy LLC (IP&E Guam) for the period of January 1, 2019 to December 31, 2019.<sup>8</sup>
9. On December 27, 2018, the PUC approved the exercise of GPA's remaining option to extend its Diesel Fuel Supply Contracts with Mobil and IP&E from January 1, 2019 to December 31, 2019.<sup>9</sup>
10. Therefore, the present GPA contract to supply before the supply of Diesel Fuel Oil No. 2 for the Baseload and Peaking Units will expire on December 31, 2019.<sup>10</sup>
11. As authorized by the CCU in Resolution No. 2017-33 and the PUC in GPA Docket 17-18, GPA issued Bids No. GPA-008-18 for the procurement of a new Diesel Fuel Oil No. 2 supply contract. The only qualified bidders that submitted price proposals for GPA consideration were Mobil Oil Guam, Inc. and Isla Petroleum and Energy ("IP&E") Holdings LLC.
12. In Resolution No. 2019-10, the Guam Consolidated Commission on Utilities authorized the management of GPA to petition the PUC to award the Contract for the Supply of Diesel Fuel Oil No. 2 for the Baseload Power Plants and Peaking Units.<sup>11</sup>

---

<sup>6</sup> PUC Order, GPA Docket 18-04, dated December 18, 2017.

<sup>7</sup> PUC Order, GPA Docket 18-04, dated January 30, 2018.

<sup>8</sup> GPA Petition for Contract Review, GPA Docket 19-08, dated December 5, 2018.

<sup>9</sup> PUC Order, GPA Docket 19-08, dated December 27, 2018, at p. 3.

<sup>10</sup> GPA Petition for Contract Review, GPA Docket 19-12, filed August 8, 2019, at p. 1.

<sup>11</sup> Guam Consolidated Commission on Utilities Resolution No. 2019-10, Authorizing the Management of the Guam Power Authority to Petition the Public Utilities Commission to award the Contract for the Supply of Diesel Fuel Oil No. 2 for the Baseload Power Plants and Peaking Units, adopted and approved on July 23, 2019.

13. Mobil Oil Guam was determined to be the lowest most responsive bidder to provide diesel fuel oil for Site Location 1 (Yigo CT and Aggreko). IP&E Holdings LLC was determined to be the lowest, most responsive bidder to provide diesel fuel oil for Site Location 2 (Macheche CT and Dededo CT).<sup>12</sup>
14. Mobil Oil Guam was determined to be the lowest, most responsive bidder to provide diesel fuel oil for Site Location No. 3 (Piti 7). Mobil Oil Guam was also determined to be the lowest most responsive bidder to provide diesel fuel oil for Site Location 4 (Cabras 1 & 2, MEC 8 & 9, Manenggon Diesel Plant, and Talofofo Diesel Plant).<sup>13</sup>
15. The Administrative Law Judge filed his Report dated August 25, 2019.<sup>14</sup>

#### **DETERMINATIONS**

16. The aggregate contract value for all the site locations for the 2-year contract base period is estimated at \$146,664,400.00 (subject to change depending on prevailing market price for diesel) of which \$15,790,800.00 is for the Fixed Service Fee cost.<sup>15</sup>
17. GPA's awards of contracts to Mobil Oil and IP&E Guam are based upon the fixed service fee offered by each company for each location. The fixed Service Fee is the price per gallon, in addition to fuel cost, which the company will charge for its services. For the four locations, the fixed service fees range from \$0.215 per gallon to \$0.257 per gallon.<sup>16</sup>
18. The total estimated quantity of gallons of diesel fuel oil for the 2-year contract base period is 70,400,000 gallons.
19. GPA estimates that the total savings for all four locations in Fixed Service Fee for the 2-year period is approximately \$1,556,000.00 (over the existing contract).<sup>17</sup>

---

<sup>12</sup> Id. at pgs. 1-2.

<sup>13</sup> Id. at p. 2.

<sup>14</sup> ALJ Report, GPA Docket 19-12, dated August 25, 2019.

<sup>15</sup> Id. at p. 3.

<sup>16</sup> See Exhibits A through D, attached to the GPA Petition herein.

<sup>17</sup> Guam Consolidated Commission on Utilities Resolution No. 2019-10, Authorizing the Management of the Guam Power Authority to Petition the Public Utilities Commission to award the Contract for the Supply of Diesel Fuel Oil No. 2 for the Baseload Power Plants and Peaking Units, adopted and approved on July 23, 2019, at p. 2.

20. GPA has provided copies of its proposed Contracts with Mobil Oil and IP&E.<sup>18</sup> The Contracts are standard form for oil purchase contracts and provide numerous provisions designed to protect GPA and its ratepayers.
21. The Contractors provide quantity and quality assurances and warranties. Contractors Insurance, commercial general liability, Pollution Liability, and Excess Liability are provided, among others. The Contractors indemnify GPA. If the Contractors fail to deliver fuel supply, GPA may obtain such supply from other sources. There are various penalty clauses if the Contractors deliver fuel quality outside specifications. GPA may terminate the Contracts for its convenience. There are also Performance Bonds from Mobil Oil and IP&E respectively in the amounts of \$8,503,830.00 and \$2,542,800.00.<sup>19</sup>
22. The proposed Contracts appear to adequately protect the interests of GPA and its ratepayers.
23. The PUC has previously determined that a continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity.<sup>20</sup>
24. If the PUC did not approve the current request, GPA would be left without a diesel fuel oil supply after December 31, 2019.
25. Diesel fuel assists GPA in providing a stable and uninterrupted supply of electricity to meet the island wide utility power demand.<sup>21</sup>
26. The diesel fuel is essential to the operation of the diesel power plants, and the contracts are reasonable, prudent, and necessary.

---

<sup>18</sup> Volume II (CONTRACT)\_IFB GPA-008-18 Supply Delivery draft (for Award- IPE); Volume II (CONTRACT)\_IFB GPA-008-18 Supply Delivery draft (for Award- MOBIL).

<sup>19</sup> Email from GPA Legal Counsel Graham Botha to ALJ Fred Horecky dated August 26, 2019.

<sup>20</sup> PUC Order, Application of the Guam Power Authority to exercise Extension Option under the Diesel Fuel Supply Contract, GPA Docket 19-08, dated December 27, 2018, at p. 3.

<sup>21</sup> PUC Order, Approval of GPA Procurement for Supply of Diesel Fuel Oil, GPA Docket 17-18, dated February 23, 2017, at p. 2.

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Petition of GPA, the 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** that:

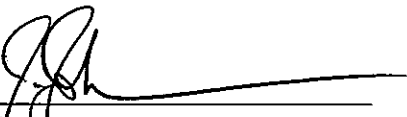
1. The Contracts for Supply Diesel Fuel Oil for the Baseload Plants, Fast-Track Diesel Plants and Combustion Turbine Plants, to Mobil Oil Guam, Inc. for 3 sites and Isla Petroleum and Energy Holdings, LLC (IT&E) for 1 site, are hereby approved.
2. GPA is authorized to expend up to the amount of \$146,664,400.00 for the 2-year contract base periods, which includes fuel cost and Fixed Service Fee Costs. Fuel price may be adjusted upward or downward dependent upon market price and consistent with the LEAC Clause.
3. GPA 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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.


[SIGNATURES TO FOLLOW ON NEXT PAGE]


Order  
Approving the Contract  
For Supply of Diesel Fuel Oil to GPA  
GPA Docket 19-12  
August 29, 2019

---


Dated this 29th day of August, 2019.

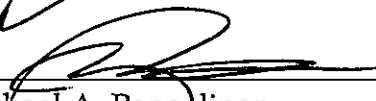
  
\_\_\_\_\_  
Jeffrey C. Johnson  
Chairman


  
\_\_\_\_\_  
Joseph M. McDonald  
Commissioner

  
\_\_\_\_\_  
Peter Montinola  
Commissioner

\_\_\_\_\_  
Mark Miller  
Commissioner

  
\_\_\_\_\_  
Rowena E. Perez  
Commissioner

  
\_\_\_\_\_  
Michael A. Pangelinan  
Commissioner

  
\_\_\_\_\_  
Filomena M. Cantoria  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

GWA DOCKET 19-12

THE PETITION OF THE GUAM  
WATERWORKS AUTHORITY FOR  
APPROVAL OF GWA'S FIRE  
HYDRANT REPLACEMENT PHASE I  
CONTRACT UNDER THE CONTRACT  
REVIEW PROTOCOL

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant the Guam Waterworks Authority's ["GWA"] Petition for Approval of its contract with Mega United Corporation ("Mega United") for the Fire Hydrant Replacement Phase I.<sup>1</sup>
2. GWA requests that the PUC approve the \$1,366,937 GWA/Mega United Contract for Fire Hydrant Replacement Phase I.

BACKGROUND

3. GWA has and maintains approximately 3,800 fire hydrants which are connected to and are a part of its island-wide drinking water distribution system. The condition of these fire hydrants ranges from excellent to extremely poor and they are further sub-categorized as being either "wet barrel" or "dry barrel" fire hydrants.<sup>2</sup>
4. GWA's Water Distribution Operations has been able to replace approximately three-hundred wet barrel fire hydrants but has only replaced a small number of dry barrel fire hydrants because the replacement work for the dry barrel hydrants requires extensive trenching, pipe and valve replacement, and pavement or concrete demolition and restoration.<sup>3</sup>

<sup>1</sup> GWA Petition for Approval of GWA's Fire Hydrant Replacement Phase I Contract under the Contract Review Protocol, GWA Docket 19-12 ["GWA Petition"], filed on July 29, 2019 at 1.

<sup>2</sup> Guam Consolidated Commission on Utilities ["CCU"] Resolution No. 38-FY2019, Relative to Approval of Fire Hydrant (Dry Barrel) Replacement Project Phase I, GWA Project No. W19-002-BND ["CCU Resolution"] at 1.

<sup>3</sup> Id., at 1.

5. GWA determined that a private contractor would be more effective for completing the extensive work required to replace the dry barrel fire hydrants.<sup>4</sup> On March 20, 2019, GWA issued GWA-IFB-03-ENG-2019 (Fire Hydrant Replacement Phase I) ["IFB"] to replace seventy-eight dry barrel fire hydrants with wet barrel fire hydrants in Barrigada, Mongmong-Toto-Maite, Yona, Tamuning, Dededo, and Chalan Pago.<sup>5</sup>
6. GWA received three bids in response to the IFB and determined that Mega United's bid was the lowest responsive and responsible bid and awarded the IFB Contract to Mega United.<sup>6</sup>
7. PUC Counsel issued his report on August 26, 2019.
8. On June 5, 2018, the CCU approved the GWA/Mega United Contract for Fire Hydrant Replacement Phase I in the amount of \$1,242,670, plus a ten percent contingency of \$124,267 for a total contract price of \$1,366,937 to be paid using bond revenues and GWA's internally funded Capitol Improvement Project ["CIP"] Funds, subject to PUC's approval.<sup>7</sup>

### DETERMINATIONS

9. The PUC's Contract Review Protocol for GWA mandates that GWA must obtain PUC approval for CIPs in excess of \$1,000,000 and for any contract that exceeds the amount of \$1,000,000.<sup>8</sup> Here, the PUC must approve the GWA/Mega United Contract for Fire Hydrant Replacement Phase I because its \$1,366,937 cost exceeds the \$1,000,000 contract review amount.
10. GWA is required to obtain the PUC's approval of CIPs and contracts in excess of \$1,000,000 prior to beginning the procurement process. This was not done in this case because GWA did not believe that the IFB's contract would exceed the amount of \$1,000,000 at the time it solicited for the bids. Further, after GWA opened the bids and discovered that the lowest responsive and responsible bid was in excess of \$1,000,000, GWA did not want to reduce the amount of the fire hydrants replaced to

---

<sup>4</sup> Id.

<sup>5</sup> GWA Petition at 1.

<sup>6</sup> Id., at 2.

<sup>7</sup> CCU Resolution at 3.

<sup>8</sup> PUC Order re Contract Review Protocol for GWA, PUC Administrative Docket 00-004, filed on October 27, 2005 ["GWA Contract Review Protocol"] at paragraphs 1(a) and (e) at 1.

bring the contract's costs below the \$1,000,000 threshold because it believed that all the fire hydrants replacements it solicited for are necessary to protect the People of Guam from the threat of fire and to enable the Guam Fire Department to effectively conduct fire suppression operations.

11. The fire hydrants are unique aspects of GWA's water distribution system because although they are owned by GWA, the Guam Fire Department ["GFD"] has the prior right to use any fire hydrant at any time.<sup>9</sup> Further, Guam Law specifically requires GFD's Fire Chief to have all the fire hydrants inspected quarterly to see if they are maintained in good working order.<sup>10</sup> It is unclear whether these inspections were done, however, at least since 2015, when GFD finds any fire hydrants not working or damaged GFD reports such fire hydrants to GWA and GFD does its part to maintain the fire hydrants but it is GWA's responsibility to repair them.<sup>11</sup>
12. There is a joint effort between GFD and GWA to maintain GWA's fire hydrants. Every GFD fire station conducts hydrant surveys for their areas of responsibility and these surveys involve GFD conducting basic maintenance such as clearing debris and vegetation from fire hydrants and the fire stations keep a record of the fire hydrants in their area and the quality of their water pressure.<sup>12</sup> If these surveys encounter an inoperative or low pressure fire hydrant, GFD marks the fire hydrant, record the fire hydrant in a log book and submit a trouble ticket to their Water Liaison Officer.<sup>13</sup>
13. GWA keeps track of defective fire hydrants and has been repairing and replacing them. A GWA assessment in 2013, indicated that an estimated 419 fire hydrants on Guam needed to be replaced because they were inactive and did not have water.<sup>14</sup> Since then, as set forth above, GWA replaced three hundred of these fire hydrants using its own resources.
14. The GWA/Mega United Contract for Fire Hydrant Replacement Phase I will replace an additional seventy-eight fire hydrants that GWA finds difficult and

---

<sup>9</sup> See 28 G.A.R. §2103(n) and §2116(a).

<sup>10</sup> See 10 G.C.A. §73109.

<sup>11</sup> Statements of GFD Fire Chief Joey San Nicolas from *400 Fire Hydrants on Guam need Replacing*, Marianas Variety, December 11, 2015.

<sup>12</sup> Statements of GFD Spokesperson Keven Reilly from *GFD Working with GWA on Fire Hydrant Maintenance*, Undated post 2018 KUAM New story.

<sup>13</sup> Id.

<sup>14</sup> Statement of GWA Spokesperson Heidi Ballendorf, Id.

complex to replace using its own resources because these are all dry barrel fire hydrants.

15. Based on the foregoing, especially the importance of the fire hydrants to the safety of the People of Guam, GWA's pro-active efforts of cooperating with GFD to maintain the fire hydrants, its identification of the defective fire-hydrants, and its efforts to replace many of the defective fire hydrants using its internal resources, GWA's request to approve the GWA/Mega United Contract for Fire Hydrant Replacement Phase I is reasonable, prudent, and necessary.

### **ORDERING PROVISIONS**

After review of the record herein, including GWA's Petition for Approval of its contract with Mega United Corporation ("Mega United") for the Fire Hydrant Replacement Phase I, the PUC Counsel's Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GWA's Petition for Approval of its contract with Mega United Corporation ("Mega United") for the Fire Hydrant Replacement Phase I is hereby approved.
2. GWA shall file a complete copy of the GWA/Mega United Contract for Fire Hydrant Replacement Phase I security services contract with the PUC.
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 the 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.

///

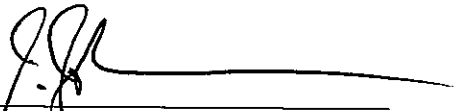
///

///

///


///

Dated this 29th day of August, 2019.




---

Jeffrey G. Johnson  
Chairman



---

Rowena E. Perez  
Commissioner



---

Michael A. Pangelinan  
Commissioner


---

Mark G. Miller  
Commissioner



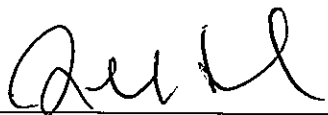
---

Joseph M. McDonald  
Commissioner



---

Filomena M. Cantoria  
Commissioner



---

Peter Montinola  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: PETITION FOR APPROVAL )  
OF CONTRACTS WITH )  
TOTAL CHEMICAL )  
RESOURCES, INC. AND JMI- )  
EDISON FOR THE PURCHASE )  
OF WASTEWATER CHEMICALS )  
FOR WASTEWATER )  
TREATMENT PLANTS )  
\_\_\_\_\_ )

GWA DOCKET 19-11

ORDER



**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the July 29, 2019 Petition for Approval of the Contracts with JMI-Edison and Total Chemical for the Purchase of Wastewater Chemicals for the Northern, Hagåtña and Agat Santa Rita Wastewater Treatment Plants (the “Petition”), filed by the Guam Waterworks Authority (“GWA”).

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**

On April 17, 2019, GWA issued Invitation for Bid (“IFB”) 2019-17 soliciting bids for the necessary chemicals to operate the wastewater treatment plants (“WWTPs”).<sup>1</sup> According to GWA, out of nineteen (19) prospective bidders, two (2) bidders responded.<sup>2</sup> Thereafter, GWA’s review committee determined that the lowest

---

<sup>1</sup> Petition, pp. 1-2.

<sup>2</sup> Petition, p. 2.

responsive and responsible bidder for anionic polymer and cationic polymer was JMI-Edison; and that the best offer for inorganic coagulant aluminum chlorohydrate (“ACH”) was Total Chemical Resources, Inc. (“Total Chemical”).<sup>3</sup>

On July 23, 2019, the Guam Consolidated Commission on Utilities (the “CCU”) authorized GWA to enter into contracts with JMI-Edison and Total Chemical, for an amount not to exceed \$4,060,750.00 for both contracts over a three-year term.<sup>4</sup>

**A. GWA’s Petition**

In its Petition, GWA maintains that it “is required to provide wastewater treatment chemicals to the Northern District and Hagåtña WWTPs for chemically enhanced primary treatment as required by U.S. E.P.A. and specified in § II A Paragraphs 2 and 5 of the 2011 Court Order, and to the Agat-Santa Rita Wastewater Treatment Plant for secondary treatment to ensure the reduction of solids and the discharge of effluent complying with permits for those facilities.”<sup>5</sup> And from its most recent procurement of its required wastewater chemicals, GWA determined that the lowest responsive and responsible bidder for anionic polymer and cationic polymer was JMI-Edison; and that the best offer for ACH was Total Chemical.<sup>6</sup> Specifically, JMI-Edison offered \$1.63 per pound for Cationic Polymer and \$1.16 per pound for Anionic Polymer.<sup>7</sup> Total Chemical offered \$1.09 per pound for ACH.<sup>8</sup>

---

<sup>3</sup> Petition, p. 2.

<sup>4</sup> Petition, p. 2 and Exhibit A.

<sup>5</sup> Petition, pp. 1 and 3.

<sup>6</sup> Petition, p. 2.

<sup>7</sup> Petition, p. 2.

<sup>8</sup> Petition, p. 2.

**B. Contract Review Protocol**

Pursuant to 12 G.C.A. §12105,<sup>9</sup> GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. In addition, GWA's Contract Review Protocol requires that "[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 . . . ." <sup>10</sup>

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." <sup>11</sup>

**C. Costs**

GWA submitted that the total cost of the two contracts for the chemicals is \$4,060,750.00.<sup>12</sup> Specifically, the cost of the three-year contract with JMI-Edison for the supply of Cationic Polymer<sup>13</sup> and Anionic Polymer<sup>14</sup> is \$1,170,458.88, which includes a ten percent (10%) contingency; and the cost of the three-year contract with Total Chemical

---

<sup>9</sup> Formerly 12 G.C.A. §12004.

<sup>10</sup> GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

<sup>11</sup> Id., p. 2.

<sup>12</sup> Petition, p. 3.

<sup>13</sup> Based on JMI-Edison's bid of \$1.63 per pound, at an estimated use of 138,061 pounds per year.

<sup>14</sup> Based on JMI-Edison's bid of \$1.16 per pound, at an estimated use of 125,789 pounds per year.

for the purchase of ACH<sup>15</sup> is \$2,890,290.22, which also includes a ten percent (10%) contingency.<sup>16</sup> Funding for purchase of the chemicals will be from GWA's operating revenue.<sup>17</sup>

**D. CCU Resolution No. 39-FY2019**

The instant petition is supported by Resolution No. 39-FY2019 issued by the "CCU" at its July 23, 2019 meeting. In the Resolution, the CCU found that pursuant to federal court order, GWA is required to operate the Northern District and Hagåtña WWTPs with "Chemically Enhanced Primary Treatment" and that such treatment requires the purchase of these chemicals as part of its treatment process.<sup>18</sup> The CCU added that GWA's "newest treatment plant" at Agat-Santa Rita "will also require the use of these chemicals."<sup>19</sup> The CCU further found that the terms of the bid proposals submitted by JMI-Edison and Total Chemical were fair and reasonable; and authorized GWA to enter into contracts with JMI-Edison, at a cost of \$1,170,458.88 for three years, and Total Chemical, at a cost of \$2,890,290.22 for three years.<sup>20</sup>

**CONCLUSION**

These chemicals are indispensable and required for GWA's daily wastewater operations, specifically to operate its Northern District and the Hagåtña WWTPs, along with the new Agat-Santa Rita WWTP, and to keep GWA in compliance with federal laws, permits and federal guidelines.

---

<sup>15</sup> Based on Total Chemical's bid of \$1.09 per pound, at an estimated use of 803,528 pounds per year.

<sup>16</sup> Petition, p. 2.

<sup>17</sup> CCU Resolution No. 39-FY2019, p. 3 (July 23, 2019).

<sup>18</sup> CCU Resolution No. 39-FY2019, p. 1.

<sup>19</sup> CCU Resolution No. 39-FY2019, p. 1.

<sup>20</sup> CCU Resolution No. 39-FY2019, pp. 3-4.

Further, the PUC regularly reviews GWA's purchase of these wastewater chemicals. The three chemicals that are the subject of the instant petition are generally used for wastewater treatment. For instance, anionic polymers aid in filtering wastewater and for dewatering sludge; cationic polymers also aid in the clarification of water. An inorganic coagulant, like ACH, absorbs impurities, also serving to clean the water.

Based on the bids, the prices for Anionic Polymer and ACH also appear to be less per pound when compared to GWA's prior purchase of such chemicals. For instance, the price of ACH went from \$1.25 per pound to \$1.09 per pound; and the price of Anionic Polymer went from \$1.98 per pound to \$1.16 per pound.

In addition, the ALJ found that GWA has provided adequate documentation to support the approval of the subject contracts for the purchase of these chemicals. Therefore, the ALJ recommended that the PUC authorize GWA to enter into contracts with JMI-Edison and Total Chemical.

Based on the documentation provided by GWA in this docket, and for the other reasons set forth above, the ALJ recommended that the PUC authorize the contracts between GWA and JMI-Edison, for a total cost not to exceed \$1,170,458.88 for three years; and between GWA and Total Chemical, for a total cost not to exceed \$2,890,290.22 for three years. These contracts should be subject to the usual cost contingencies provided under the Contract Review Protocol.<sup>21</sup>

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

---

<sup>21</sup> See Section 9, GWA's Contract Review Protocol, Administrative Docket 00-004, p. 1 (Oct. 27, 2005).

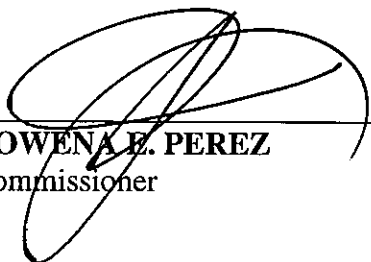
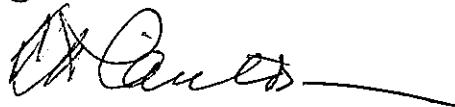
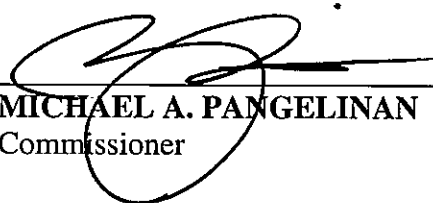
## **ORDERING PROVISIONS**

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 enter into the proposed contracts with JMI-Edison, for a total cost not to exceed \$1,064,053.53 for three years; and with Total Chemical, for a total cost not to exceed \$2,627,536.56 for three years. 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 29<sup>th</sup> 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

P193026.JRA

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: PETITION FOR APPROVAL ) GWA DOCKET 19-10  
OF CONTRACT EXTENSION )  
WITH JMI-EDISON AND ) ORDER  
GUAM PACIFIC ENTERPRISES,) )  
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.<sup>1</sup> In October of 2015, GWA's procurement team reviewed bids submitted by JMI-Edison and Guam Pacific Enterprises, Inc. ("GPE").<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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

**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.<sup>6</sup> 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.<sup>7</sup> GWA also entered into a contract with JMI-Edison for the purchase of 2HP

---

<sup>1</sup> Petition, p. 1 (May 16, 2019).

<sup>2</sup> Petition, p. 1.

<sup>3</sup> Petition, pp. 1-2.

<sup>4</sup> Petition, pp. 1-2.

<sup>5</sup> Resolution, p. 3.

<sup>6</sup> Resolution, p. 1.

<sup>7</sup> 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.<sup>8</sup>

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.<sup>9</sup> 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.<sup>10</sup> GWA also requested a ten percent (10%) contingency on top of these amounts.<sup>11</sup>

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.”<sup>12</sup> 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.”<sup>13</sup>

#### **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

---

<sup>8</sup> Petition, p. 2.

<sup>9</sup> Petition, pp. 2-3; Resolution, pp. 2-3.

<sup>10</sup> Petition, p. 2; Resolution, p. 3.

<sup>11</sup> Petition, p. 2; Resolution, p. 3.

<sup>12</sup> Petition, p. 3.

<sup>13</sup> 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 . . . ."<sup>14</sup>

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."<sup>15</sup>

**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.<sup>16</sup>

**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

---

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

<sup>15</sup> *Id.*, p. 2.

<sup>16</sup> Resolution, p. 3.

JMI-Edison contracts.<sup>17</sup> 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.<sup>18</sup> The CCU also authorized ten percent (10%) contingencies for each contract.<sup>19</sup>

### **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."<sup>20</sup> Indeed, "[h]aving the necessary inventory on-hand allows GWA to continue providing reliable and quality water . . . ."<sup>21</sup>

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

---

<sup>17</sup> Resolution, p. 3.

<sup>18</sup> Resolution, p. 3.

<sup>19</sup> Resolution, pp. 3-4.

<sup>20</sup> Petition, p. 3.

<sup>21</sup> 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:

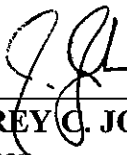
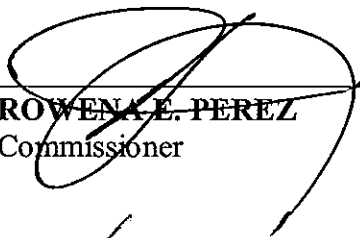

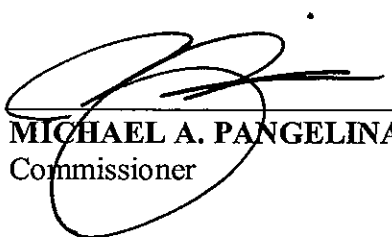
**ORDERING PROVISIONS**

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 29<sup>th</sup> 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

P193028.JRA