

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE: PETITION TO (1) APPROVE)
PROJECTS FUNDED BY THE)
2013 BONDS; AND (2) TO)
APPROVE AN EXEMPTION)
UNDER THE CONTRACT)
REVIEW PROTOCOL FOR)
PROJECTS INVOLVING THE)
PROGRAM MANAGEMENT)
OFFICE FUNDED BY BOND)
PROCEEDS)

GWA DOCKET 14-04

ALJ REPORT



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the Petition to (1) Approve Projects Funded by the 2013 Bonds; and (2) To Approve an Exemption Under the Contract Review Protocol for Projects Involving the Program Management Office Funded by Bond Proceeds (“Petition”), filed by the Guam Waterworks Authority (“GWA”) on February 6, 2014.

BACKGROUND

On March 1, 2013, GWA filed its Five Year Financial Plan relative to fiscal years 2014 through 2018 (“Rate Plan”). The Rate Plan contemplated the issuance of three new bonds during 2013, 2015, and 2018, in order to generate \$350 million in capital expenditures for upgrades or rehabilitation of existing facilities or construction of new facilities.¹ On March 13, 2013, GWA filed a petition to reprogram \$7.57 million in 2010 bond funds, which also contained its updated Capital Improvement Plan for fiscal years 2013 through 2018. On June 5, 2013, GWA filed its Petition for approval of the Rate Plan.

¹ GWA’s 5 Year Financial Rate Plan (“Rate Plan”), p. 6 (Mar. 1, 2013).

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On October 24, 2013, GWA filed a Petition for PUC approval of the 2013 Bond, which identified the need for \$95,130,000 for potable water projects, which include tank replacements and repairs; \$33,300,000 for wastewater projects; \$5,395,000 for electrical engineering projects; and \$5,500,000 for miscellaneous projects, which include laboratory modernization, land surveys, and general plant improvements. Accordingly, the 2013 Bond would fund about \$139,325,000 worth of projects.

On October 29, 2013, the PUC approved the Rate Plan. On November 7, 2013, Public Law 32-69 ("P.L. 32-69") was signed into law, and generally authorized GWA to issue \$450,000,000 in revenue bonds. On November 18, 2013, the PUC approved GWA's issuance of the 2013 Bond.

DISCUSSION

A. Review

Pursuant to 12 G.C.A. §12005, the PUC is tasked with reviewing and approving all uses of bond proceeds.

In addition, pursuant to the November 18, 2013 Order, issued by this Commission in GWA Docket 14-01, GWA "must obtain prior approval of the Projects, as scheduled on Exhibit A to the Debt Order, before either procurement can begin on the projects or before bond proceeds can be expended or committed on them. Any reprogramming of projects and the associated bond funds shall be subject to prior Commission approval."

B. Petition

In its Petition, GWA seeks PUC approval of the projects to be funded by the 2013 Bond proceeds. GWA submits that the bases for the request is to meet the requirements of the November 10, 2011 Order for Preliminary Relief issued in the District Court of Guam

("Amended Stipulated Order"), to address the deficiencies in GWA's water and wastewater systems as identified by the U.S. E.P.A., as well as to fund other capital improvement projects that "promote operational efficiency." Petition, p. 2.

The Petition further seeks authorization from the PUC for flexibility to transfer funds between approved bond-funded projects in an amount equal to 20% of the total value of each project. This "20% value relates solely to increases while GWA is also requesting the ability to reduce Bond projects in whatever amounts GWA finds reasonable." Petition, p. 2.

In addition, GWA requests that the PUC exempt all bond-funded projects from the review and approval process of GWA's Contract Review Protocol. Petition, p. 4. Such exemption is also requested with respect to projects involving GWA's Program Management Office. Petition, p. 5.

GWA maintains that the PUC has approved the issuance of the 2013 Bond for projects identified in its Petition and, therefore, "has recognized at least tacitly, that all of the projects are necessary and valid." Petition, p. 3.

C. Potable Water Projects

GWA's Petition includes the programming of 2013 Bond proceeds for the following potable water projects.

1. Santa Rita Springs Booster Pump Rehabilitation, Phase 2

The Santa Rita Springs Booster Pump Rehabilitation, Phase 2 project involves "completion of incidental work related to the spring impound and facility function controls." Capital Improvement Plan 2013-2018 ("CIP"), p. 24 (Feb. 26, 2013). GWA estimates that this project requires \$100,000 in 2013 Bond funds.

2. “A” Series Well Transmission Line

This project involves the construction of water transmission lines between the Chaot and Agana Heights Water Storage tanks and the connection of seven existing “A-Series Wells” to the transmission line. GWA estimates that this project requires \$400,000 in 2013 Bond funds.

3. Water Booster Pump Station

This project involves “all improvements necessary to address capacity limitations as well as facility functionality such as motors, controls, valves, etc.” CIP, p. 27. GWA estimates that this project requires \$6 million in 2013 Bond funds.

4. Barrigada Tank Repair/Replacement

This project involves the design and construction of a tank to replace a 1 million gallon tank that collapsed in 2003. The Amended Stipulated Order requires that GWA “complete construction of at least one new storage tank with a minimum capacity of two million gallons in the Barrigada area to replace or increase the storage volume of the Barrigada storage tanks.” Amended Stipulated Order, at 36. This project requires \$6 million in 2013 Bond funding.

5. Leak Detection/Line Replacement

This project involves system-wide leak detection, line mapping, leak repair, leak inspection, leak analysis, leak control, and training. GWA plans to perform a system-wide leak detection assessment, leak repair and inspection, among others, on 450 miles of system pipe. The project will improve and help eradicate water loss, which GWA management considers a top priority. CIP, p. 30. GWA estimates that this project requires \$100,000 in 2013 Bond funds.

6. Potable Water System Planning

GWA submits that this project involves long-term planning, system planning, and environmental planning, which include water hydraulic modeling and the potable water bubble map. The hydraulic modeling will include software and hardware; and the system planning will include GIS mapping, asset inventory, asset management, asset management software, GIS software, GIS training, asset management training, and asset condition assessment. GWA estimates that this project requires \$800,000 in 2013 Bond funds.

7. Implement Ground Water Rule

This project involves GWA's installation of chlorine residual monitors in all GWA deep wells and springs. The wells will also include SCADA equipment to communicate the wells' chlorine levels remotely. Pursuant to the U.S. E.P.A.'s Ground Water Rule, GWA must install chlorine residual monitors in all its wells. GWA maintains that \$1 million of 2013 Bond funds is required to continue this work.

8. Deep Well Rehabilitation

This project involves the design and construction of 3 new wells in an effort to increase water supply. This project also involves the design and rehabilitation of seven "down-hard" wells. GWA maintains that this project will require "a feasibility study to determine the . . . cost estimate for each well." CIP, p. 34. GWA estimates that this project requires \$800,000 in 2013 Bond funds.

9. New Deep Wells at Down Hard Well Sites

Similar to the project above, this project involves the design and construction of new wells adjacent to existing wells. The cost of these new wells will include the casing and the transmission lines to tie the wells to the system. Like the project above, GWA maintains that the

project will require a feasibility study to determine the cost estimate for each well. GWA estimates that this project requires \$2 million in 2013 Bond funds.

10. Master Metering

This project involves the design, installation, and materials for water meters to be installed at “major GWA facilities and pressure zones” in an effort to more fully account for water consumption. CIP, p. 37. GWA submits that this project is needed so that GWA can perform water audits as required by the U.S. E.P.A. GWA estimates that this project requires \$4 million in 2013 Bond funds.

11. Ugum Water Treatment Plant Intake Modifications

This project involves improvements to the intake structure of the Ugum Water Treatment Plant in an effort to minimize siltation and provide more raw water supply during low river flow conditions. The project also includes some “master planning” for future treatment capacity and projects that increase plant capacity. CIP, p. 38. Vehicles, software, equipment, training, engineering, and operation and maintenance of the treatment plant are also included under this project. GWA submits that it requires \$1 million in 2013 Bond funds.

12. Water Wells

This project involves GWA’s construction of new production wells, to produce an estimated 5-7 million gallons of water per day, for organic growth of the island, as well as the pending military development. This project further involves the study of the aquifer, a water system demand analysis, and the development and construction of new wells. This project will also include the replacement of pumps, motors, cable, motor controls, and electrical systems at existing wells. This project is in anticipation of the U.S. military buildup. GWA estimates that the project requires \$4.2 million in 2013 Bond funds.

13. Water Distribution System Pipe Replacement

Under this project, GWA intends to replace 13,500 feet of pipe per year through 2015, and 2,000 feet of pipe per year thereafter, to address leaks due to failure and aging. GWA estimates that this project requires \$12 million in 2013 Bond funds.

14. Pressure Zone Realignment/Development 2005 Improvements

This project involves GWA's installation of pressure regulating valve ("PRV") and pressure sustaining valve ("PSV") stations at specific "strategic" locations. CIP, p. 41. This project will also include repairs to existing PRVs and PSVs in an effort to ensure that the water system provides adequate pressure and flow. GWA submits that this project requires \$1 million in 2013 Bond funds.

15. Mechanical/Electrical Equipment Replacement

Under this project, GWA will create an equipment reserve for mechanical and electrical equipment, which includes well pumps, booster pumps, valves, and emergency generators, among others, for the Northern, Central, and Southern water systems. GWA estimates that this project requires \$430,000 in 2013 Bond funds.

16. Water Reservoir Internal/External Corrosion Rehabilitation Program

Under this project, GWA will "program the rehabilitation of designated reservoirs over a four-year period as phased project based on the results of the corrosion assessment program for all steel water reservoirs." CIP, p. 47. GWA submits that this project requires \$800,000 in 2013 Bond funds.

17. Water System Reservoirs 2005 Improvements

GWA describes this project generally as the construction of additional reservoirs to address the deficiencies in GWA's water storage capacity. CIP, p. 48. GWA maintains that

the project will provide “adequate capacity and pressure for fire and customer supply.” CIP, p. 48. In addition, the Amended Stipulated Order requires that GWA complete construction of additional storage tanks and reservoirs. Amended Stipulated Order, at 35-37. GWA estimates that this project requires \$21 million in 2013 Bond funds.

18. Ugum Water Treatment Plant Reservoir Replacement

GWA indicates that this project will provide GWA with a new 2 million gallon finished water reservoir at the Ugum Water Treatment Plan, which GWA explains will be the sole source of finished water for most of the Southern water system. GWA submits that the new reservoir would allow the existing reservoir to be taken off-line, refurbished, and repaired. GWA estimates that this project requires \$7 million in 2013 Bond funds.

19. Agana Heights & Chaot Tank Construction

Under this project, GWA will construct concrete tanks to replace the existing Agana Heights and Chaot steel tanks. The Amended Stipulated Order requires GWA to replace and possibly relocate the Agana Heights and Chaot steel tanks. Amended Stipulated Order, at 33-34. GWA estimates that \$4.5 million of 2013 Bond funds is required to fund this project.

20. Tank Major Repair: Yigo #1, Mangilao #2, Astumbo #1

Under this project, GWA plans to repair the deteriorated steel in the Mangilao #2 tank. With respect to the other two tanks, GWA plans to replace these steel tanks with concrete tanks and a booster pump station. Pursuant to the Amended Stipulated Order, GWA must repair or replace at least seven storage tanks and reservoirs. Amended Stipulated Order, at 36-37. GWA estimates that \$13.5 million of 2013 Bond funds is required to fund this project.

21. Tank Replacement: Piti & Hvundai Tanks

Under this project, GWA plans to construct tanks to replace the Piti and Hyundai steel tanks. Under the Amended Stipulated Order, GWA must repair or replace at least seven storage tanks and reservoirs. Amended Stipulated Order, at 36-37. GWA submits that this project requires \$8 million in 2013 Bond funds.

22. Assessment/Replacement of Malojloj Elevated & Yigo Elevated Tanks

GWA also plans to construct tanks to replace the Malojloj and Yigo elevated steel tanks. Under the Amended Stipulated Order, GWA must repair or replace at least seven storage tanks and reservoirs. Amended Stipulated Order, at 36-37. GWA submits that this project requires \$500,000 in 2013 Bond funds.

D. Wastewater Projects

GWA has identified the following wastewater projects that require 2013 Bond funding.

1. Wastewater System Planning

This project involves “long term planning, system planning, and environmental planning”; which includes wastewater hydraulic modeling and “the wastewater skeletal basin map.” CIP, p. 64. The hydraulic modeling includes the software, hardware, travel, and training; while the system planning includes the GIS mapping, asset inventory, asset management software, GIS software, GIS training, asset management training, and asset condition assessment. CIP, p. 64. GWA estimates that this project requires \$800,000 in 2013 Bond funding.

2. Lift Station Upgrades

This project involves the rehabilitation and repair for GWA’s sewage pump stations. The upgrades include crane repair, fall protection barriers, locks, well fencing, fans,

high-level and overflow alarm systems, electrical controls and motors, among others. GWA submits that this maintenance and these upgrades are necessary for environmental compliance and respond to the U.S. E.P.A.'s "Findings of Significant Deficiencies in the Wastewater System." CIP, p. 69. GWA estimates that this project requires \$5 million in 2013 Bond funding.

3. Wastewater Collection System Replacement and Rehabilitation

This project is a continuation of GWA's efforts to replace and rehabilitate three-fourths ($\frac{3}{4}$) of the total wastewater collection system per year, which includes manhole repairs and replacement. GWA submits that this replacement and rehabilitation program will upgrade the sewer collection system, as well as act as a proactive measure that should mitigate catastrophic system failure. GWA estimates that this project requires \$6.5 million in 2013 Bond funding.

4. Agat/Santa Rita STP Replacement

Under this project, GWA will construct new wastewater treatment facilities at the existing treatment plant. GWA maintains that the existing facility requires significant repair. It appears that GWA will need \$19 million in 2013 Bond funds for this project.

5. Umatac Merizo STP Replacement

Similarly, GWA will construct new wastewater treatment facilities at the existing treatment plant. Again, GWA maintains that the existing facility requires significant repair. In this instance, GWA estimates that it will need \$2 million in 2013 Bond funds for this project.

E. Electrical Engineering Projects

GWA has identified the following electrical engineering projects that require funding.

1. Wastewater Pumping Station Electrical Upgrade

GWA maintains that “[t]his project will upgrade and standardize the electrical control system at the wastewater pumping stations” CIP, p. 101. GWA estimates that this project costs \$620,000.

2. Electrical Upgrade: Water Wells

GWA intends to upgrade the electrical system at each of the water wells. GWA submits that the goals for this project include changing the transformer secondary connection and surge suppression, replacing the service conductors, correcting the voltage unbalance, preventing water conductor entry, replacing the meter socket, installing transient voltage surge suppression, installing electronic motor protection, installing an electronic motor starter, installing power factor correction equipment, integrating voltage unbalance relays in the auto transfer switch control system, interlock the chlorination controls with the well controls, and interlock with well flush controls. GWA estimates that this project costs \$1.5 million.

3. Electrical Upgrade: Water Booster Pump Stations (Pago Bay, Brigade, Windward Hills; Gavinero, Santa Rosa, Santa Rita Springs and Truman; and other stations);

These projects involve electrical upgrades to the water booster pump stations. The cost of these projects total \$925,000.

4. SCADA Improvements: Phase 3

Phase 3 of this project involves the expansion of remote control and monitoring through the incorporation of Programmable Logic Controllers, including replacement of radio units. GWA estimates that this project requires \$1.85 million of Bond of 2013 funds.

5. SCADA Improvements: Phase 4

Phase 4 of this project involves incorporation of the SCADA system into GWA's asset management program, as well as updates to the SCADA equipment, hardware, and software. GWA estimates that this project requires \$500,000 of Bond of 2013 funds.

F. Miscellaneous Projects

1. Laboratory Modernization

This renovation project will enlarge the facility "to allow for expanded testing capabilities as well as increased office/storage space"; increase testing counter space; modernize all equipment to maintain Guam EPA certification; and include any improvements needed so that the facilities can remain open during typhoon weather conditions. CIP, p. 111.

GWA submits that this project is necessary since it must provide the Guam E.P.A. and the U.S. E.P.A. with the results of its testing of Guam's drinking water, and that GWA meets the requirements of the Clean Water Act. GWA estimates that the entire project will cost \$1.5 million.

2. Land Survey

Under this project, GWA will continue its survey of property deeded from the Government of Guam. According to GWA, it is required to complete land surveys of such property as a condition of the land grant. The estimated cost of the completion of the project is \$2 million.

3. General Plant Improvements

Finally, GWA's general plant improvements project involves replacing failing pipelines and refurbishing pressure reducing valves to improve the water system pressure zones. The work related to the replacement of failing pipes includes replacing fire hydrants, valves, and

line segments, among other equipment. Additional work covered under this project include: leak detection, leak repair, and the mapping and records related to these activities. GWA intends to set aside \$2 million for this project.

G. CCU Resolution

Pursuant to Resolution No. 08-FY2014, issued on January 28, 2014, the Consolidated Commission on Utilities (“CCU”) determined that the subject projects are prudent and necessary. CCU Resolution, p. 2. Accordingly, the CCU authorized GWA to utilize the proceeds of the 2013 Bond for the subject projects and corresponding costs, and also authorized GWA to request PUC approval of same. CCU Resolution, p. 2.

H. Public Law 32-69

In P.L. 32-69, the Guam Legislature (the “Legislature”) expressly found that “in order for [GWA] to be able to finance the projects required in the timelines prescribed in the United States District Court of Guam Civil Case No. 02-00035, November 10, 2011 Order, the Authority must be authorized to issue an additional Four Hundred Fifty Million Dollars (\$450,000,000) in bonds.”² The Legislature indicated that the proceeds from the issuance of these bonds would fund the following:

[B]ring all three southern wastewater treatment plants in Agat, Umatac and Baza Gardens into compliance with their secondary treatment permits at an estimated cost of 111 Million Dollars by 2018; repair or rebuild all GWA water storage tanks island-wide at an estimated cost of 153.4 Million Dollars by 2021; invest 48.5 Million Dollars for water distribution projects island-wide to begin replacing badly leaking water lines, improve pressure with booster pump upgrades and refurbishing or drilling new wells; fund 39.4 Million Dollars for systems analysis and monitoring and technology upgrades for better system management and energy savings; and to minimize ratepayer impact and allow

² P.L. 32-69, pp. 1-2 (Nov. 7, 2013).

for gradual rate increases spread out over five to seven years, an additional amount of 108 Million Dollars is required to fund two years of capitalized interest plus a debt service reserve for each bond borrowing.³

CONCLUSION AND RECOMMENDATION

The PUC is tasked with reviewing and approving all uses of bond proceeds pursuant to 12 G.C.A. §12005. Based on the record before the Commission, the ALJ hereby finds that the projects for which GWA seeks approval in its Petition were identified in its Consulting Engineers Report prepared by GWA's PMO Brown and Caldwell, filed in GWA Docket 14-01, when the PUC reviewed the 2013 Bond. These projects have been: designed to improve Guam's water and wastewater utility infrastructure, to increase GWA's reliability and efficiency, and to comply with the Amended Stipulated Order. The Legislature authorized the issuance of the 2013 Bond for the purposes of repairing and rebuilding GWA's water storage tanks, investing in water distribution projects by replacing water lines, improving water pressure, upgrading booster pumps, and refurbishing or constructing new wells. The 2013 Bond was also authorized to fund systems analysis, monitoring, and technology upgrades. Accordingly, the ALJ recommends that the PUC approve the projects and cost estimates to be funded under the 2013 Bond.

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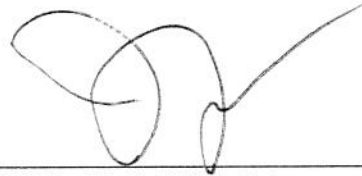
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³ P.L. 32-69, pp. 2.

With respect to the other issues raised in the Petition, specifically GWA's request for PUC authorization to transfer funds between approved bond-funded projects, to increase and reduce amounts approved for such projects; and GWA's request for exemption of all bond-funded projects, and projects involving GWA's Program Management Office, from the review and approval process of GWA's Contract Review Protocol, these issues will be addressed in a separate ALJ Report. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 21st day of February, 2014.

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a checkmark-like flourish.

JOEPHET R. ALCANTARA
Administrative Law Judge

P143025.JRA

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DETERMINATIONS

On March 1, 2013, GWA filed its Five Year Financial Plan relative to fiscal years 2014 through 2018 (“Rate Plan”). The Rate Plan contemplated the issuance of three new bonds during 2013, 2015, and 2018, in order to generate \$350 million in capital expenditures for upgrades or rehabilitation of existing facilities or construction of new facilities.¹ On March 13, 2013, GWA filed a petition to reprogram \$7.57 million in 2010 Bond funds, which also contained its updated Capital Improvement Plan for fiscal years 2013 through 2018. On June 5, 2013, GWA filed its Petition for approval of the Rate Plan.

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On October 29, 2013, the PUC approved the Rate Plan. On November 7, 2013, Public Law 32-69 ("P.L. 32-69") was signed into law, and generally authorized GWA to issue \$450,000,000 in revenue bonds. On November 18, 2013, the PUC approved GWA's issuance of the 2013 Bond. On February 21, 2014, the Administrative Law Judge of the PUC (the "ALJ") issued an ALJ Report detailing his findings and recommendations with respect to the subject Petition.

In the February 21, 2014 ALJ Report, the ALJ made the following findings based on a review of the following: GWA's Petition; CCU Resolution No. 08-FY2014; and GWA's Capital Improvement Plan 2013-2018, filed in GWA Docket 11-01 on March 13, 2013.

Pursuant to 12 G.C.A. §12005, the PUC is tasked with reviewing and approving all uses of bond proceeds. In addition, pursuant to the November 18, 2013 Order, issued by this Commission in GWA Docket 14-01, GWA "must obtain prior approval of the Projects, as scheduled on Exhibit A to the Debt Order, before either procurement can begin on the projects or before bond proceeds can be expended or

committed on them. Any reprogramming of projects and the associated bond funds shall be subject to prior Commission approval.”

In its Petition, GWA sought PUC approval of the projects to be funded by the 2013 Bond proceeds. GWA submitted that the bases for the request was to meet the requirements of the November 10, 2011 Order for Preliminary Relief issued in the District Court of Guam (“Amended Stipulated Order”), to address the deficiencies in GWA’s water and wastewater systems as identified by the U.S. E.P.A., as well as to fund other capital improvement projects that “promote operational efficiency.” Petition, p. 2.

The Petition further sought authorization from the PUC for flexibility to transfer funds between approved bond-funded projects in an amount equal to 20% of the total value of each project. GWA indicated that this 20% value would only relate “to increases while GWA is also requesting the ability to reduce Bond projects in whatever amounts GWA finds reasonable.” Petition, p. 2. In addition, GWA requested that the PUC exempt all bond-funded projects from the review and approval process of GWA’s Contract Review Protocol. Petition, p. 4. Such exemption was also requested with respect to projects involving GWA’s Program Management Office. Petition, p. 5.

Pursuant to Resolution No. 08-FY2014, issued on January 28, 2014, the Consolidated Commission on Utilities (“CCU”) determined that the subject projects were prudent and necessary. CCU Resolution, p. 2. Accordingly, the CCU authorized GWA to utilize the proceeds of the 2013 Bond for the subject projects and corresponding costs, and also authorized GWA to request PUC approval of same. CCU Resolution, p. 2.

In P.L. 32-69, the Guam Legislature (the “Legislature”) expressly found that “in order for [GWA] to be able to finance the projects required in the timelines prescribed in the United States District Court of Guam Civil Case No. 02-00035, November 10, 2011 Order, the Authority must be authorized to issue an additional Four Hundred Fifty Million Dollars (\$450,000,000) in bonds.”² The Legislature indicated that the proceeds from the issuance of these bonds would fund the following:

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Based on the record before the Commission, the ALJ found that the projects for which GWA sought approval in its Petition were identified in its Consulting Engineers Report prepared by GWA’s PMO Brown and Caldwell, filed in GWA Docket 14-01, when the PUC reviewed the 2013 Bond. Such projects have been designed to improve Guam’s water and wastewater utility infrastructure, to increase GWA’s reliability and efficiency, and to comply with the Amended Stipulated Order. In addition, the Legislature authorized

² P.L. 32-69, pp. 1-2 (Nov. 7, 2013).

³ P.L. 32-69, pp. 2.

the issuance of the 2013 Bond for the purposes of repairing and rebuilding GWA's water storage tanks, investing in water distribution projects by replacing water lines, improving water pressure, upgrading booster pumps, and refurbishing or constructing new wells. The 2013 Bond was also authorized to fund systems analysis, monitoring, and technology upgrades. As a result, the ALJ recommended that the PUC approve the projects and cost estimates to be funded under the 2013 Bond.

With respect to the other issues raised in the Petition, specifically GWA's request for PUC authorization to transfer funds between approved bond-funded projects, to increase and reduce amounts approved for such projects; and GWA's request for exemption of all bond-funded projects, and projects involving GWA's Program Management Office, from the review and approval process of GWA's Contract Review Protocol, the ALJ indicated that these issues will be addressed in a separate ALJ Report.

The Commission hereby adopts the findings made in the February 21, 2014 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 projects and cost estimates to be funded under the 2013 Bond and identified in GWA's Petition are APPROVED.
2. 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 docket. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 25th day of February, 2014.

JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

ANDREW L. NIVEN
Commissioner

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