

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: PETITION FOR APPROVAL)
OF CONTRACT WITH JMI-)
EDISON FOR SUBMERSIBLE)
PUMPS & MOTORS)
_____)

GWA DOCKET 17-08

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Application to Award an Indefinite Quantity Contract for Submersible Pumps and Motors to JMI-Edison (the “Petition”), filed on July 12, 2017 by the Guam Waterworks Authority (“GWA”).

In January of 2015, GWA issued Invitation for Bid Number GWA 2015-03 (“IFB 2015-03”) soliciting the purchase of submersible pumps and motors for GWA’s drinking wells.¹ In March of 2015, GWA’s procurement team evaluated and selected JMI-Edison’s indefinite quantity bid.² Thereafter, GWA awarded the bid to JMI-Edison and entered into a three-year contract with JMI-Edison, with two (2) yearlong options to renew.

On July 25, 2017, the Administrative Law Judge of the PUC Joephet R. Alcantara (the “ALJ”) filed a report regarding the instant Petition, which included his findings and recommendations based on the administrative record before the PUC. The ALJ made the following findings.

¹ Application to Award an Indefinite Quantity Contract for Submersible Pumps and Motors to JMI-Edison (“Petition”), p. 1 (July 12, 2017).

² Petition, p. 1.

DETERMINATIONS

A. Contract Review Protocol

Pursuant to 12 G.C.A. §12105,³ 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"⁴ Further, all externally funded loan obligations and other financial obligations, such as lines of credit, bonds, etc., in excess of \$1,000,000, and any use of such funds, must be approved by the PUC.⁵

B. GWA's Petition

In its Petition, GWA sought PUC approval of the award of an indefinite quantity contract with JMI-Edison for the purchase of submersible pumps and motors.⁶ The contract is based on IFB 2015-03, which sought submersible well pumps and motors, but more specifically, "Grundfos" pumps and "Franklin Electric" motors.⁷

GWA issued IFB 2015-03 back in January, 2015.⁸ Thereafter, GWA's procurement team evaluated and selected JMI-Edison's indefinite quantity bid, and later

³ Formerly 12 G.C.A. § 12004.

⁴ GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁵ *Id.*

⁶ Petition, p. 1.

⁷ IFB 2015-03, p. 1.

⁸ Petition, p. 1.

issued an award to JMI-Edison.⁹ GWA then entered into a contract with JMI-Edison, which GWA carefully noted was for an indefinite quantity, meaning that the quantities reflected on the bid were estimates only, and may increase or decrease for the duration of the contract.

GWA sought PUC approval of its 2015 contract with JMI-Edison, in which GWA previously issued purchase orders in the amount of \$736,164.47, but requires additional pumps and motors at an additional cost of \$226,854.15, for a total cost of \$963,018.62.¹⁰ However, GWA submitted that additional purchase orders will be needed, and therefore the contract will exceed \$1,000,000.00.¹¹

C. IFB 2015-03

According to IFB 2015-03, GWA mostly utilizes “Grundfos” well pumps and “Franklin Electric” motors at 110 of its 120 drinking water wells.¹² GWA intends on converting the ten (10) remaining wells to “Grundfos” pumps and “Franklin Electric” motors, since, based on its experience, these brands have lasted the longest given the conditions on Guam.¹³

GWA further submitted that its well maintenance and repair crews are “very familiar” with the “Grundfos” pumps and “Franklin Electric” motors. GWA believes that such familiarity with these products results in improved service and operational efficiency,

⁹ Petition, p. 1.

¹⁰ Petition, Exhibit A, p. 3.

¹¹ Petition, Exhibit A, p. 3.

¹² IFB 2015-03, p. 2.

¹³ IFB 2015-03, p. 2.

and therefore, results in a savings of both time and money for the agency.¹⁴ GWA further indicated that the U.S. Air Force also utilizes the “Grundfos” well pumps, which GWA submits has worked well with them in the past during moments of critical well failures and shortages of spare parts.¹⁵ For these reasons, GWA is engaged in a standardization program to utilize only “Grundfos” pumps and “Franklin Electric” motors.¹⁶

D. JMI-Edison Bid, Contract Term, Total Cost, and Funding

Based on its bid, JMI-Edison agreed to provide submersible motors, ranging from \$2,218.17, to \$6,110.36, to \$19,393.95, depending on the strength and horsepower of the motor. JMI-Edison also agreed to provide submersible pumps, ranging from \$1,020.24 to \$9,468.84, depending on the size of, and number of stages contained in, the pump.

Based on the contract, the initial term is three (3) years, with two (2) yearlong options to renew. GWA has been authorized by the Consolidated Commission on Utilities (the “CCU”) to purchase the pumps and motors at a total cost of \$963,018.62.¹⁷ However, GWA informed the ALJ that it will require an estimated additional \$337,264.30 for the remainder of 2017, and \$597,847.18 for 2018. These purchase orders are funded by the 2013 Bond proceeds, and are also internally funded as components of GWA’s CIP.

E. CCU Resolution No. 22-FY2017

The Petition is supported by Resolution No. 22-FY2017 issued by the CCU at its February 21, 2017 meeting. In the Resolution, the CCU found that the terms of the

¹⁴ IFB 2015-03, p. 2.

¹⁵ IFB 2015-03, p. 3.

¹⁶ IFB 2015-03, p. 3.

¹⁷ Petition, Exhibit A, p. 3.

bid submitted by JMI-Edison were fair and reasonable.¹⁸ Accordingly, the CCU ratified the purchases under the previously issued purchase orders in the amount of \$736,164.47.¹⁹ The CCU further authorized GWA to purchase additional pumps and motors at an additional cost of \$226,854.15, and therefore authorized a total cost of \$963,018.62.²⁰ However, the CCU additionally authorized GWA to seek PUC approval in the event the contract exceeds \$1,000,000.00.²¹

As indicated in IFB 2015-03, GWA overwhelmingly utilizes “Grundfos” well pumps with “Franklin Electric” motors.²² According to GWA, 110 of its 120 drinking water wells utilize “Grundfos” well pumps and “Franklin Electric” motors.²³ GWA has determined, based on its experience, that the “Grundfos” pumps and “Franklin Electric” motors better serve Guam’s needs. GWA purchases these pumps and motors on an as needed basis, and to replenish its inventory of spare parts.²⁴

Based on the record established in this docket and for the reasons set forth therein, the ALJ recommended that the PUC ratify the underlying procurement and approve the contract between GWA and JMI-Edison for the purchase of submersible pumps and motors, for an estimated cost of \$1,300,282.92, which includes GWA’s estimated additional \$337,264.30 for the remainder of 2017.

¹⁸ Petition, Exhibit A, p. 2.

¹⁹ Petition, Exhibit A, pp. 2-3.

²⁰ Petition, Exhibit A, p. 3.

²¹ Petition, Exhibit A, p. 3.

²² IFB 2015-03, p. 2.

²³ IFB 2015-03, p. 2.

²⁴ Petition, Exhibit A, p. 1.

ORDERING PROVISIONS

Upon careful consideration of the record herein, the July 25, 2017 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 the following:

1. The PUC hereby RATIFIES the underlying procurement and APPROVES the contract between GWA and JMI-Edison for the purchase of submersible pumps and motors, for an estimated cost of \$1,300,282.92 as indicated in its Petition, and which includes GWA's estimated additional \$337,264.30 for the remainder of 2017.

2. With respect to the purchase of additional pumps and motors in 2018, GWA shall to return to the PUC with a listing of such additional purchases for 2018. The PUC shall thereafter review the need for such purchases and funding at that time.

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 the instant contract review process. 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.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

SO ORDERED this 27th day of July, 2017.




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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