

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GWA DOCKET 20-01)

THE PETITION OF THE GUAM)
WATERWORKS AUTHORITY FOR)
APPROVAL TO EXTEND THE TERMS)
OF THE INDEFINITE CONTRACT)
WITH JMI-EDISON 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 to Extend the Terms of the Indefinite Contract with JMI-Edison ["JMI"] Under the Contract Review Protocol.¹
2. GWA requests that the PUC approve GWA's second one-year extension of the GWA-JMI Indefinite Contract for submersible pumps and motors and the \$714,102.11 increase of the total contract amount to \$3,349,098.76.

BACKGROUND

3. In 2015, GWA entered into an indefinite quantity contract with JMI for the purchase of submersible pumps and motors for GWA's drinking water wells and the contract had an initial term of three years and two options to renew the contract for one year periods.² GWA did not seek PUC approval of the solicitation or the contract after it was awarded.
4. By 2017, GWA had incurred contract costs in the in the amount of \$963,018.62 and filed a petition in GWA Docket No. 17-08, to approve the contract and to purchase additional pumps and motors under the contract for the remainder of 2017 which would increase the contract costs to approximately \$1,300,282.92.³ The PUC approved GWA's petition in GWA Docket No. 17-08 by ratifying GWA's solicitation for the pumps and motors and the contract, and it authorized GWA to

¹ GWA Petition for Approval to Extend the Terms of the Indefinite Contract with JMI, GWA Docket 20-01, filed on December 27, 2019 at 1.

² PUC Order dated July 27, 2017, GWA Docket No. 17-08 at 2.

³ Id., at 5-6.

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

5. Accordingly, on November 30, 2017, in GWA Docket No. 18-02, the PUC authorized GWA to purchase additional pumps and motors under the contract at a cost not to exceed \$612,778.13.⁶ This authorization increased the total contract cost to \$1,913,061.05. The PUC also ordered GWA to return to the PUC to approve any additional purchases of pumps and motors under the contract after FY2018.⁷
6. On November 29, 2018, in GWA Docket 19-02, the PUC authorized GWA to purchase additional pumps and motors under the contract for FY2019 in the amount of \$736,866.55. This authorization increased the total contract cost to \$2,649,927.60. Additionally, GWA was ordered to submit documentation, such as a CCU Resolution, purchase orders, and a listing of its inventory, supporting the purchase of additional pumps and motors under the contract after FY2019.⁸
7. On November 26, 2019, the CCU approved GWA Resolution No. 07-FY2020, wherein the CCU authorized GWA to renew the contract for its second and final one-year renewal period and to expend the amount of \$714,102.11 for FY2020 for the contract, subject to the PUC's approval.⁹
8. PUC Counsel issued his report on January 17, 2020.
9. In this docket, GWA makes two requests. First, it requests to extend the contract for its second and final one-year option to renew. Second it requests authorization to purchase additional pumps and motors at a cost of \$714,102.11 for FY2020.¹⁰

⁴ Id., at 6.

⁵ Id.

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

⁷ Id., at 2.

⁸ Id., at 4.

⁹ CCU Resolution at 3, Exhibit 1, GWA Petition.

¹⁰ GWA Petition at 1.

ANALYSIS

10. The PUC's Contract Review Protocol for GWA mandates that GWA obtain prior PUC approval for multi-year contracts that exceed the amount of one-million-dollar (\$1,000,000), including the cost incurred in any renewal option.¹¹ Here, the \$714,102.11 cost for the second and final one-year renewal option will increase to contract's total cost to \$3,364,029.71, which requires PUC approval because the total cost of the contract exceeds the \$1,000,000 contract review amount.
11. GWA states that it must exercise its second and final one-year renewal option because it must purchase sixty submersible motors, of various sizes, in the amount of \$446,969.74 and because it must purchase seventy-nine submersible pumps, of various types, in the amount of \$267,132.37 for a total of \$714,102.11 for FY2020.¹² As stated above, GWA was authorized, pursuant to the contract, to spend \$612,778.13 for FY2018 and the amount of \$736,866.55 for FY2019. This indicates that the \$714,102.11 amount GWA is requesting for FY2020 is \$22,528.88 less than its authorized spending on the contract for FY2019 which is a positive trend. Hence, GWA's request to exercise the contract's second and final one-year renewal option and to expend the amount of \$714,102.11 for FY2020 for the contract, are reasonable and prudent.
12. Further, GWA states that the purchase of these pumps and motors is necessary to maintain its inventory of submersible pumps and motors and that GWA relies on this equipment to ensure the reliability of operating its ninety-five drinking water wells.¹³ Hence, the GWA's exercise of the second and final one-year renewal period contract is necessary because GWA relies on its inventory of submersible pumps and motors provide drinking water to the people of Guam.
13. Additionally, as set forth above, GWA was ordered to submit documentation, such as a CCU Resolution, purchase orders, and a listing of its inventory, supporting the purchase of additional pumps and motors under the contract after FY2019. In support of its petition, GWA submitted GWA Resolution No. 07-FY2020, wherein the CCU authorized GWA to renew the contract for its second and final one-year renewal period and to expend the amount of \$714,102.11 for FY2020 for the

¹¹ PUC Order re Contract Review Protocol for GWA, PUC Administrative Docket 00-004, filed on October 27, 2005 at paragraph 4(b) at 2.

¹² GWA Petition at 2.

¹³ Id.

contract, subject to the PUC's approval.¹⁴ Additionally, GWA submitted a detailed lists of the pumps and motors it had purchased in prior years and a detailed list of the pumps and motors is plans to purchase in FY2020 under the contract. These documents adequately support and justify GWA's petition.

14. Based on the foregoing, the PUC finds that GWA's request to exercise the contract's second and final one-year renewal option and to expend the amount of \$714,102.11 for FY2020 for the contract, are reasonable, prudent, and necessary.

ORDERING PROVISIONS

After review of the record herein, GWA's Petition to approve GWA's second one-year extension of the GWA-JMI Indefinite Contract for submersible pumps and motors and to spend an additional \$714,102.11 for submersible pumps and motors under the contract for FY2020, and the PUC Counsel 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 to approve GWA's second one-year extension of the GWA-JMI Indefinite Contract for submersible pumps and motors and to spend an additional \$714,102.11 for submersible pumps and motors under the contract for FY2020 is hereby approved.
2. Should GWA solicit for another indefinite quantity contract for submersible pumps and motors which exceeds a one-year term, to include any optional renewal periods, GWA shall obtain prior PUC approval for such solicitation.
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.

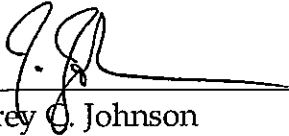
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¹⁴ CCU Resolution at 3, Exhibit 1, GWA Petition.

PUC Order
Petition of GWA for Approval to
Extend the Terms of the Indefinite
Contract with JMI-Edison
GWA Docket 20-01
January 30, 2020

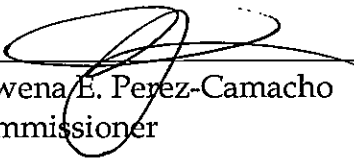
Dated this 30th day of January, 2020.



Jeffrey C. Johnson
Chairman

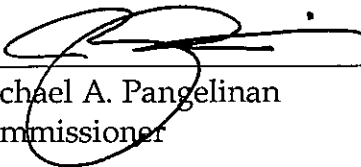


Joseph M. McDonald
Commissioner

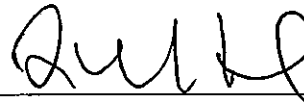


Rowena E. Perez-Camacho
Commissioner

Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

Mark G. Miller
Commissioner