

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

)
) GWA DOCKET 21-02
)

THE PETITION OF THE GUAM
WATERWORKS AUTHORITY TO
AWARD AN INDEFINITE CONTRACT)
FOR SUBMERSIBLE PUMPS AND)
MOTORS TO JMI-EDISON)
_____)

ORDER

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition for Approval to Award and Indefinite Quantity Contract for Submersible Pumps and Motors to JMI-Edison [JMI].¹
2. GWA requests that the PUC approve GWA's award of an Indefinite Quantity Contract for Submersible pumps and motors for the amount of \$2,744,142.83.

BACKGROUND

3. GWA's prior indefinite quantity contract for the purchase of submersible pumps and motors for GWA's drinking water wells was with JMI and it expired on or about September 30, 2020. GWA was previously ordered to obtain the PUC's approval if it decided to solicit for another indefinite quantity contract for the purchase of submersible motors and pumps due to that prior contract's cost exceeding the PUC's contract review threshold.²
4. On October 28, 2020, GWA issued GWA-IFB-2021-01 (Submersible Pumps and Motors) [IFB]. GWA received two bids in response to the IFB from Frontier Supply Company and JMI. GWA opened the bids on December 16, 2020 and subsequently determined that JMI had submitted the lowest bid³

¹ GWA Petition to Award an Indefinite Quantity Contract for Submersible Pumps and Motors to JMI, GWA Docket 21-02, filed on February 8, 2021 [GWA Petition] at 1.

² PUC Order for GWA Docket No. 20-01 dated January 30, 2020 at 4.

³ GWA Petition at 89. NOTE: Page numbers listed herein as the PDF page numbers of the Petition and its exhibits due to the internal page numbers of the petition not being continuous.

5. On January 5, 2021, GWA issued a Notice of Conditional Award to JMI which stated that the award was conditioned on GWA obtaining the approval of the Consolidated Commission on Utilities [CCU] and the PUC.⁴
6. On January 26, 2021, the CCU issued CCU Resolution No. 07-FY2021 which approved GWA's award of the contract for the IFB to JMI subject to the PUC's approval of said contract.⁵
7. PUC Legal Counsel issued his report for GWA Docket No. 21-02 on February 19, 2021.

ANALYSIS

8. The PUC's Contract Review Protocol for GWA mandates that GWA obtain prior PUC approval for multi-year contracts that exceed the amount of one-million-dollar (\$1,000,000), including the cost incurred in any renewal option.⁶ Here, the total estimated contract price is \$2,744,142.83, which requires PUC approval because the total cost of the contract exceeds the \$1,000,000 contract review amount.
9. The contract has an initial three-year contract term with an estimated cost of \$1,496,805.18, and two additional one-year renewal options with an estimated cost of \$997,870.12 for both renewal options, and a ten-percent contingency in the amount of \$249,467.53. The total estimated cost of the contract with its initial term, renewal options, and the ten-percent contingency is \$2,744,142.83.⁷ In GWA's prior contract for submersible motors and pumps with JMI, GWA paid the total amount of \$3,364,029.71 for the contract's three-year initial term, and its two renewal options.⁸ This indicates that the contract at issue here is \$619,886.88 lower than its prior contract for submersible motors and pumps. Hence, the contract's \$2,744,142.83 cost is reasonable and prudent.

⁴ Id., at 96.

⁵ Id., at 87.

⁶ PUC Order re Contract Review Protocol for GWA, PUC Administrative Docket 00-004, filed on October 27, 2005 at paragraph 4(b) at 2.

⁷ GWA Petition at 86.

⁸ PUC Order for GWA Docket No. 20-01 dated January 30, 2020 at 3.

10. Further, the PUC has previously found that GWA's purchase of this equipment is necessary to maintain its inventory of submersible motors and pumps and that GWA relies on this equipment to ensure the reliability of operating its ninety-five drinking water wells.⁹ 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 motors and pumps to provide drinking water to the people of Guam.
11. The source of funding for this contract is GWA's internally funded Capital Improvement Funds.¹⁰
12. Based on the foregoing, the PUC finds that GWA's request to approve its indefinite quantity contract for submersible pumps and motors with JMI for the amount of \$2,744,142.83 is reasonable, prudent, and necessary.

ORDERING PROVISIONS

After review of the record herein, GWA's Petition to approve its indefinite quantity contract for submersible pumps and motors with JMI for the amount of \$2,744,142.83, 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 its indefinite quantity contract for submersible pumps and motors with JMI for the amount of \$2,744,142.83 is hereby approved.
2. 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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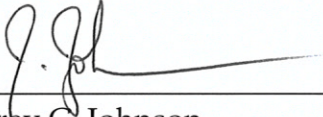
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⁹ Id.

¹⁰ GWA Petition at 86.

PUC Order
Petition of GWA to Award an
Indefinite Quantity Contract for
Submersible Pumps and Motors
to JMI-Edison
GWA Docket 21-01
February 25, 2021

Dated this 25th day of February, 2021.



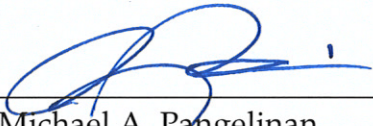
Jeffrey C. Johnson
Chairman



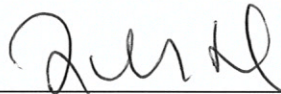
Joseph M. McDonald
Commissioner



Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Pedro S.N. Guerrero
Commissioner