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6 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

8 IN THE MATTER OF:

9 **GWA DOCKET NO. 22-06**

10 **THE PETITION OF THE GUAM**
11 **WATERWORKS AUTHORITY TO**
12 **ISSUE AN INVITATION FOR BID**
13 **(IFB) TO PROCURE PROPERTY,**
14 **GENERAL LIABILITY, AND OTHER**
15 **INSURANCE SERVICES**

16 **PETITION FOR GWA TO ISSUE AN**
17 **INVITATION FOR BID TO PROCURE**
18 **PROPERTY, GENERAL LIABILITY,**
19 **AND OTHER INSURANCE SERVICES**

20 **COMES NOW**, the GUAM WATERWORKS AUTHORITY ("GWA"), by and through
21 its counsel of record, THERESA G. ROJAS, ESQ., and hereby files its Petition seeking PUC
22 approval to issue an Invitation for Bid ("IFB") to Procure Property, General Liability, and Other
23 Insurance Services.

24 **BACKGROUND**

25 GWA currently maintains a contract for insurance services for property, general liability,
26 directors & officers' liability, automobile, crime, and cyber liability insurance. The contract term
27 for all policies expires May 1, 2022.

28 Pursuant to Section 6.06 of GWA's 2005 Water and Wastewater System Revenue Bonds
General Indenture, GWA is required to maintain insurance on the system with responsible
insurers "*in such amounts and against risks as are usually maintained by prudent operators of*
systems similar and similarly situated." A system is defined in the 2005 Indenture as "*the water*
and sewer systems, now or hereafter existing, owned and/or operated by the Authority or its

1 *contractors, agents, or subcontractors.*” Therefore, a new procurement to replace the existing
2 insurance contract and accompanying policies is required pursuant to the 2005 General Bond
3 Indenture and to mitigate GWA’s risk of financial loss from certain perils.

4 In 2021, GWA procured the services of Bolton & Company (“Bolton”), an independent
5 consultant, through GWA RFP 2021-04, to perform risk management and insurance consulting
6 services. The scope of services requires Bolton to review all property, casualty, and other
7 insurance policies of GWA, review all deductibles, and perform the appropriate analysis to assist
8 GWA in drafting new and renewal specifications. Bolton shall also provide risk analysis and
9 evaluate asset exposure. At present, GWA is working with Bolton to develop its draft Invitation
10 for Bid for insurance coverage services to be issued as GWA IFB No. 2022-09 before the present
11 contract expires May 1.
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14 **REQUEST FOR APPROVAL**

15 GWA now desires to procure commercial insurance to protect GWA’s assets and
16 property due to the approaching expiration of the current policy in force. GWA intends to procure
17 a three-year to five-year contract term to ensure costs most beneficial to GWA and its ratepayers.
18 Based on GWA’s best estimate, the IFB may exceed GWA’s obligating authority of \$1,000,000
19 under the Contract Review Protocol. This estimate is based on the premiums paid on the present
20 5-year contract which cost an approximate \$1 million or \$968,770.91 annually. Prior year(s)
21 contract amounts may further be exceeded considering present market conditions. Even if the
22 bid price for annual premiums come in below \$1 million, a three- to five-year contract will
23 exceed the \$1 million threshold.
24
25

26 Therefore, GWA hereby petitions the PUC, pursuant to its Contract Review Protocol, to
27 approve GWA’s issuance of an IFB to procure property, general liability, and other insurance
28

1 services to include directors & officers' liability, automobile, crime, and cyber liability
2 insurance. Funding for the procured services will come from GWA's revenues.

3 In support of this Petition, approval for the respective procurement is anticipated by the
4 CCU during its February 22, 2022, regular meeting via GWA Resolution 09-FY2022. Said draft
5 resolution and its supporting exhibits are attached as Exhibit A and are incorporated by reference
6 as if fully set forth herein. GWA Resolution No. 09-FY2022 is forthcoming and shall be filed to
7 the PUC for review and consideration once final and approved by the CCU.
8

9 **CONCLUSION**

10 Based on the foregoing, GWA requests the PUC allow GWA to begin the above-
11 mentioned procurement for commercial insurance services by the issuance of GWA IFB No.
12 2022-09 as it is reasonable, prudent, and necessary.
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15 **RESPECTFULLY SUBMITTED** this 17th day of February, 2021.

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17 By:

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19 **THERESA G. ROJAS**
20 GWA General Counsel
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CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

GWA RESOLUTION NO. 09-FY2022

RELATIVE TO AUTHORIZING GWA TO ISSUE AN INVITATION FOR BID (IFB) TO PROCURE PROPERTY, GENERAL LIABILITY, AND OTHER INSURANCE SERVICES

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities (“CCU”) has plenary authority over financial, contractual, and policy matters relative to the Guam Waterworks Authority (“GWA”); and

WHEREAS, the Guam Waterworks Authority (“GWA”) is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, Section 6.06 Insurance of the 2005 General Indenture relative to GWA’s Water and Wastewater System Revenue Bonds, requires GWA *to maintain or cause to be maintained insurance on the System with responsible insurers in such amounts and against risks as are usually maintained by prudent operators of systems similar and similarly situated*; and

WHEREAS, *System*, as defined in the Indenture, *means the water and sewer systems, now or hereafter existing, owned and/or operated by the Authority or its contractors, agents, or subcontractors*; and

WHEREAS, GWA currently maintains five (5) year insurance policies for property, general liability, directors & officers liability, automobile, crime, and cyber liability, (See ATTACHMENT “A”) whose term will expire on 12:01 am, May 1, 2022; and

WHEREAS, GWA management desires to procure similar commercial insurance, adjusted for GWA’s current state of condition, upon the expiration of the current policy in force; and

WHEREAS, GWA procured the services of Bolton, through RFP 2021-04, to perform risk management and insurance consulting services; and

EXHIBIT A-01

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2 WHEREAS, GWA is working with Bolton on the development of a draft Request for Bid
3 for insurance, GWA IFB No. 2022-09; and
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5 **WHEREAS**, based on past experience, GWA has found that a three (3) year or five (5)
6 years term is cost effective and beneficial to GWA; and
7

8 **WHEREAS**, based on GWA's best estimate, the IFB will exceed the General
9 Manager's obligating authority of \$1,000,000 which is the purpose for GWA requesting the
10 CCU's approval to issue the IFB; and
11

12 **WHEREAS**, the IFB is further subject to the Guam Public Utilities Commission under
13 the Contract Review Protocol for Guam Waterworks Authority; and
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15 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
16 does hereby approve the following:
17

- 18 1. The recitals set forth above hereby constitute the findings of the CCU.
- 19 2. The CCU finds that the issuance of an IFB for insurance to be prudent.
- 20 3. The CCU finds and agrees with the plan to solicit new insurance bids for a
21 three (3) and / or five (5) years term as cost effective and beneficial to
22 GWA.
- 23 4. The approval authorized in Section 3, is subject to GWA obtaining the
24 approval of the PUC under the Contract Review Protocol and, accordingly,
25 the CCU further authorizes the General Manager to petition for the PUCs'
26 approval.
- 27 5. The CCU hereby further authorizes the General Manager to execute all
28 documents and undertake all reasonable actions necessary to issue an
29 Invitation for Bid to procure commercial insurance.
30

31 **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption
32 of this Resolution.

DULY AND REGULARLY ADOPTED, this 22nd day of February 2022.

Certified by:

Attested by:

JOSEPH T. DUENAS

Chairperson

MICHAEL T. LIMTIACO

Secretary

SECRETARY'S CERTIFICATE

I, Michael T. Limtiaco, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES:

NAYS:

ABSENT:

ABSTAIN:

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GUAM WATERWORKS AUTHORITY

"Better Water, Better Lives."

Gloria B. Nelson Public Service Building | 688 Route 15 | Mangilao, Guam 96913

Tel: (671) 300-6846

DRAFT - Issues for Decision

Resolution No. 09-FY2022

Relative to Authorizing GWA to Issue an Invitation for Bid (IFB) To Procure Property, General Liability, Directors & Officers Liability, and Other Insurance Services

What is the project's objective and is it necessary and urgent?

This resolution seeks authority to issue an Invitation for Bid to procure commercial insurance as well as to petition the Guam Public Utilities Commission for approval under the contract review protocol.

The current insurance policies expire on May 1, 2022. A new Invitation for Bid will be issued to replace the existing policies for a period of at least three years. The policies are necessary to comply with the existing bond indenture as well as mitigate risks of financial loss from certain perils.

Where is the location?

The coverage will extend agency wide.

How much will it cost?

Based on current experience, the policies will cost approximately \$1 million annually.

When will it be completed?

The policies will replace existing policies so there is no lapse in service.

What is the funding source?

Revenues will fund the commercial insurance policies.

The RFP/BID responses (if applicable):

GWA contracted with Bolton in response to RFP 2021-04 to perform risk management and insurance consulting services. Bolton is performing a review of existing policies and assisting in the preparation of an IFB. GWA IFB No. 2022-09 for Property, General Liability, and Other Insurance Services is in draft form. Once GWA obtains the appropriate approvals, the IFB will be issued.

**GUAM WATERWORKS AUTHORITY
2021 SUMMARY OF INSURANCE COVERAGES**

POLICY TYPE	POLICY DESCRIPTION	CURRENT INSURER	COVERAGE	2021 PREMIUM
PROPERTY	COVERAGE: Blanket Coverage for All-Risk including Earthquake, Windstorm, Flood, Typhoon and Tidal Wave. Property Damage, Loss of Revenue / Business Interruption and Extra Expense; Boiler Explosion and Machinery Breakdown SUBLIMITS (Each & Every Occurrence): Personal Property in Transit Valuable Papers and Records and Computer Automatic Acquisition Boiler Explosion and Machinery Breakdown Personal Property in Transit Denial of Access Suppliers' and Customers' Debris Removal Mold Damage (in the aggregate)	DB Insurance	\$30,000,000 <i>Each & every occurrence</i> \$250,000 \$1,000,000 \$1,000,000 \$5,000,000 \$250,000 \$1,000,000 \$1,000,000 \$1,000,000 \$250,000 \$1,000,000 \$100,000	\$701,530.00
	RETENTIONS (Each & Every Loss): Earthquake, Windstorm, Flood, Typhoon & Tidal Wave All Other Covered Perils			
	INSURANCE MODULES: Security & Privacy Multimedia & Intellectual Property Physical Damage, Physical Loss & Debris Removal Event Support Expenses Privacy Regulatory Defense & Penalties Network Extortion Electronic Theft, Computer Fraud and Telecommunications Fraud Social Engineering Fraud Reputational Damage PCI DSS Fines and Assessments Coverage Business Income Loss Data Asset Recovery Dependent Business Income Loss and Data Asset Recovery Hardware Replacement Costs Forensic Accounting Costs Invoice Manipulation Fraud DEDUCTIBLE: Each and every claim Waiting Period in respect of Dependent Business Income Loss and Data Asset Recovery			
CYBER LIABILITY		DB Insurance	Total Limit of Liability: \$3M \$3,000,000 \$3,000,000 \$250,000 \$3,000,000 \$3,000,000 \$3,000,000 \$250,000 \$250,000 \$15,000 \$250,000 \$250,000 8 Hours	\$37,994.51
GENERAL LIABILITY	LIMIT OF LIABILITY: Section A - Public Liability Section B - Pollution Liability Section C - Products Liability Personal Injury DEDUCTIBLE: Excess each and every loss	DB Insurance	\$25M CSL \$25,000,000 \$15,000,000 \$25,000,000 \$10,000,000 \$300,000	\$169,716.67
DIRECTORS & OFFICERS LIABILITY	LIMIT OF LIABILITY: (aggregate for coverages A&B combined including Defense Cost) A. Non Indemnifiable Loss: B. Company Reimbursement and Indemnifiable Loss: Employment Related Practices: RETENTION (any one claim): Non Indemnifiable Loss: Company Reimbursement and Indemnifiable Loss:	DB Insurance	\$2,000,000 \$2,000,000 \$1,000,000 NIL NIL	\$15,921.18
AUTOMOBILE	LIMIT OF LIABILITY: A. Bodily Injury & Property Damage Liability B. Medical Payments - each person C. Uninsured Motorists - each person/accident D. Collision (to selected vehicles)	DB Insurance	\$2,000,000 \$1,000 \$25,000 / \$50,000 ACV	\$38,363.55* *initial premium (varies throughout the coverage period)
CRIME	DEDUCTIBLE \$50,000 for all sections of coverage except in respects of Loss inside Premises & Loss Outside Premises which will be \$10,000 A. Employee Dishonesty Coverage - Form A B. Loss Inside the Premises Coverage C. Loss Outside the Premises Coverage D. Depositors Forgery Coverage E. Money Orders and Counterfeit Paper Currency Coverage F. Check Forgery G. Third Party Computer Fraud H. Costs	DB Insurance	\$1,000,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000	\$5,245.00
TOTAL ANNUAL PREMIUM :				\$968,770.91

EXHIBIT A-05