

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GWA Docket 23-01  
)  
PETITION TO AUTHORIZE THE GUAM )  
WATERWORKS AUTHORITY TO ISSUE ) **ORDER**  
A COMPETITIVE BID TO )  
REHABILITATE THE UGUM SURFACE )  
WATER TREATMENT PLANT )  
\_\_\_\_\_ )

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to the Petition of the Guam Waterworks Authority [“GWA”] for PUC Approval of GWA’s Issuance of an Invitation for Bid [“IFB”] to Procure Construction Services and Supplies to Rehabilitate the Ugum Surface Water Treatment Plant [“Ugum SWTP”].<sup>1</sup>

BACKGROUND

The Ugum Service Water Treatment Plant [“Ugum SWTP”] produces surface water to serve Guam’s southern water system.<sup>2</sup> The Ugum SWTP treats the Ugum River water and then pumps the river’s water into storage reservoirs to serve the island’s southern residents.<sup>3</sup> The plant was originally constructed in 1991 and retrofitted and modernized from 2007-2010. Today the Ugum SWTP operates a membrane filtration treatment system.<sup>4</sup>

<sup>1</sup> GWA Petition, GWA Docket 23-01, dated November 10, 2022.

<sup>2</sup> Id., at p. 1.

<sup>3</sup> Id. at p. 1-2.

<sup>4</sup> Id., at p. 2.



Based upon GWA's Master Plan (2015), and three assessments by professional engineering firms (Brown and Caldwell in 2015, Du Pont in 2021, and most recently by Duenas Camacho and Associates ["DCA"] in 2022), the aging plant's existing equipment and systems need major infrastructure improvements and refurbishment.<sup>5</sup>

The 2022 DCA assessment concluded that the plant is currently in operating condition "but requires significant rehabilitation work and materials to continue providing safe drinking water to GWA customers in southern Guam."<sup>6</sup> The plant's present condition limits its capability, operability, and reliability.<sup>7</sup>

GWA seeks PUC approval to procure construction services and material in support of the needed Ugum SWTP rehabilitation.<sup>8</sup> In support of its Petition, GWA has provided a detailed estimate of the cost for the project and the services needed to be performed. The total cost estimated is \$4,626,050.00.<sup>9</sup> In addition, on November 15, 2022, GWA submitted Draft Procurement Bid Documents relative to the Ugum SWTP Rehabilitation.<sup>10</sup>

The Administrative Law Judge ["ALJ"] filed his Report in this Docket on November 21, 2022. The PUC adopts the conclusions and recommendations set forth in the Report.<sup>11</sup>

---

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id., at pgs. 2-3.

<sup>9</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated November 11, 2022, re: "Cost Estimate, Ugum SWTP Rehabilitation".

<sup>10</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated November 15, 2022, with Procurement Bid Documents attached.

<sup>11</sup> ALJ Report, GWA Docket 23-01, dated November 21, 2022.



## **DETERMINATIONS**

### 1. GWA's Contract Review Protocol

GWA indicates that "this respective procurement is estimated to exceed expenses of \$1,000,000.00 based on cost estimates received of \$4,626,050.00."<sup>12</sup> The GWA Contract Review Protocol requires that the PUC must review "All professional service procurements in excess of \$1,000,000...".<sup>13</sup> The proposed procurement must be approved by the PUC "before the procurement process is begun."<sup>14</sup>

### 2. The Need/Justification for the Procurement

DCA conducted an assessment of the Ugum SWTP from June to August 2021.<sup>15</sup> DCA, based upon its assessment, prepared a scope of work and cost estimate of the needed capital improvements to the Ugum SWTP and Raw River Intake Facility. The Scope of Work is attached to the ALJ Report as Exhibit "1".<sup>16</sup> The DCA 2022 Report includes findings of failing equipment and equipment beyond repair requiring immediate replacement.<sup>17</sup>

The Ugum SWTP rehabilitation services includes rehabilitation and upgrades to the raw water pumps at the river intake, settling basins, membranes, pipe gallery, generator

---

<sup>12</sup> GWA Petition, GWA Docket 23-01, dated November 10, 2022, at p. 3.

<sup>13</sup> Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at Par. 1(c)

<sup>14</sup> Id., at Par. 1.

<sup>15</sup> GWA Petition, GWA Docket 23-01, dated November 10, 2022, at p. 11.

<sup>16</sup> Exhibit "1", Scope of Work prepared by GWA, attached to the ALJ Report.

<sup>17</sup> Id.



room, backwash, neutralization tank, sludge tank, thickening system, operations and chemical building, and administration building.<sup>18</sup>

The Guam Consolidated Commission on Utilities has concluded that the Ugum SWTP “is a critical water source which provides water to much of southern Guam”<sup>19</sup>: “The proposed rehabilitation is necessary and urgent to improve plant capacity, treatment performance, and provide reliable operation of the water treatment plant.”<sup>20</sup>

### 3. The Proposed Contract Form

Included in its bid procurement documents, GWA has submitted a draft “AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR CONSTRUCTION CONTRACT (STIPULATED PRICE).<sup>21</sup> After completion of the procurement process and the award of a contract, GWA will seek PUC approval for the final contract and amounts to be awarded.<sup>22</sup> An initial review indicates that the draft contract appears to contain adequate provisions to protect the interest of GWA and its ratepayers. Those include liquidated damages<sup>23</sup>, Performance and Payment Bonds<sup>24</sup>, Insurance

---

<sup>18</sup> GWA Petition, GWA Docket 23-01, at p. 3.

<sup>19</sup> GWA Resolution No. 03-FY2023, Relative to Requesting Approval to Procure Construction Services Relative to the UGUM Service Water Treatment Plant Rehabilitation, adopted and approved on October 25, 2022, at Exhibit A-1.

<sup>20</sup> Id. at Exhibit A-2.

<sup>21</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated November 15, 2022, Procurement Bid Documents at p. 57.

<sup>22</sup> GWA Petition, GWA Docket 23-01, at p. 4.

<sup>23</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated November 15, 2022, Procurement Bid Documents at p. 58.

<sup>24</sup> Id., at pgs. 60-66.



requirements<sup>25</sup>, Mediation and Claims Resolution process<sup>26</sup>, and Termination for Cause or Convenience<sup>27</sup>.

#### 4. Cost

At present, DCA has estimated a grand total cost for this project of \$4,205,456.95 (not including the requested 10% contingency). A true and correct of the Ugum Procurement Cost Estimate is attached to the ALJ Report as Exhibit “2”.<sup>28</sup>

In its cost estimate, DCA has also added a ten percent (10%) contingency of \$420,550.00 bringing the total estimated cost to \$4,626,050.00. However, the PUC need not determine the cost at the present time or make any authorization concerning the allowable cost for this procurement. When GWA returns to the Commission for approval of the award and contract, the PUC will make its determination concerning total allowable cost for the project.

#### 5. Board Resolution

In GWA Resolution No. 03-FY2023, the Guam Consolidated Commission on Utilities [“CCU”] found that “rehabilitation of the Ugum Surface Water Treatment Plant is necessary to ensure the efficient operation of the plant and the continued provision of safe drinking water to GWA customers in Southern Guam.”<sup>29</sup> The CCU authorized

---

<sup>25</sup> Id., at pgs. 89-95.

<sup>26</sup> Id., at pgs. 116-118.

<sup>27</sup> Id., at pgs. 131-133.

<sup>28</sup> Exhibit 2 attached to the ALJ Report, Procurement Cost Estimate.

<sup>29</sup> GWA Resolution No. 03-FY2023, Relative to Requesting Approval to Procure Construction Services Relative to the Ugum Service Water Treatment Plant Rehabilitation, adopted and approved on October 25, 2022, at Exhibit A-2.



GWA management to submit a petition to the PUC for approval of the procurement of materials and construction services for the rehabilitation of the Ugum SWTP.<sup>30</sup>

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Petition of GWA for PUC Approval of an Invitation for Bid to Procure Construction Services and Supplies to Rehabilitate the Ugum Surface Water Treatment Plant, the 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** that:

1. GWA is authorized to issue an Invitation for Bid to Procure Construction Services and Supplies to Rehabilitate the Ugum Surface Water Treatment Plant.
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 PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

---

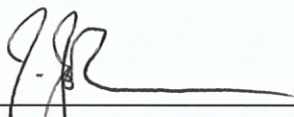
<sup>30</sup> Id. at Exhibit A-3.



Order  
Approval to Issue a Bid to  
Rehabilitate the Ugum SWTP  
GWA Docket 23-01  
November 29, 2022

---

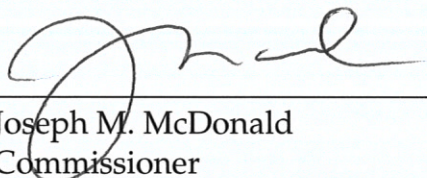
Dated this 29th day of November 2022.



Jeffrey C. Johnson  
Chairman

---

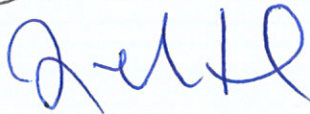
Rowena E. Perez-Camacho  
Commissioner



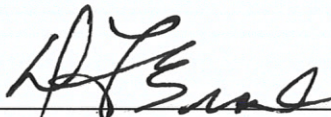
Joseph M. McDonald  
Commissioner

---

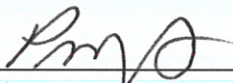
Michael A. Pangelinan  
Commissioner



Peter Montinola  
Commissioner



Doris Flores Brooks  
Commissioner



Pedro S.N. Guerrero  
Commissioner