

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**IN RE: PETITION FOR APPROVAL)
OF CONTRACT EXTENSION)
FOR WASTEWATER)
CHEMICALS WITH TOTAL)
CHEMICAL RESOURCES, INC.)
AND JMI-EDISON)**

GWA DOCKET 23-02

ALJ REPORT



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the November 18, 2022 Petition of the Guam Waterworks Authority (“GWA”) for Approval of Contracts for Wastewater Chemicals for GWA Wastewater Treatment (the “Petition”), filed by the Guam Waterworks Authority (“GWA”).

BACKGROUND

Back in 2019, GWA issued Invitation for Bid (“IFB”) 2019-17, which solicited bids for the necessary chemicals to operate GWA’s wastewater treatment plants (“WWTPs”).¹ Subsequently, the PUC authorized GWA to enter into contracts with JMI-Edison for the purchase of anionic polymer and cationic polymer, and Total Chemical for the purchase of inorganic coagulant aluminum chlorohydrate (“ACH”).² The JMI-Edison contract was approved for a three-year term and at a cost not to exceed \$1,064,053.53.³

¹ Order, GWA Docket 19-11, p. 1 (Aug. 29, 2019).

² Order, GWA Docket 19-11, p. 6.

³ Order, GWA Docket 19-11, p. 6.

The Total Chemical contract also was approved for a three-year term and at a cost not to exceed \$2,627,536.56.⁴

DISCUSSION

A. Contract Review Protocol

Pursuant to 12 G.C.A. §12105, 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"⁵

With respect to multi-year contracts, "[t]he term of a contract or obligation (procurement) will be the term stated therein, including all options for extension or renewal"; and that the "test to determine whether a procurement exceeds the \$1,000,000 threshold for the PUC review and approval (the review threshold) is the total estimated cost of the procurement, including cost incurred in any renewal options."⁶

B. GWA's Petition

In its Petition, GWA is requesting authorization to exercise an option to extend both contracts for an additional year since the initial three-year term will expire this December. As indicated in its Petition, GWA seeks approval of the contract extensions

⁴ Order, GWA Docket 19-11, p. 6.

⁵ GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁶ *Id.*, p. 2.

because of its continued need purchase chemicals for its daily operation and maintenance of its Northern District, Hagåtña, and Agat-Santa Rita wastewater treatment plants; and because it is required to use “Chemically Enhanced Treatment at both the Northern District Wastewater Treatment Plant and the Hagåtña Wastewater Treatment Plant (‘WWTP’) to remain in compliance with the November 11, 2011 Court Order for Preliminary Relief”⁷ GWA, therefore, submits that its purchase and use of these chemicals allows it to be in compliance with its federally ordered requirements.⁸

The three chemicals that are the subject of the instant petition are generally used for wastewater treatment. For instance, anionic polymers aid in filtering wastewater and for dewatering sludge; cationic polymers also aid in the clarification of water. An inorganic coagulant, like ACH, absorbs impurities, also serving to clean the wastewater.

C. Contract Extensions with JMI Edison and Total Chemical

GWA’s contract with Total Chemical for ACH and Anionic Polymer expressly provides for an “additional two (2) one (1) year term extensions” that are subject to PUC approval. Similarly, GWA’s contract with JMI-Edison for Cationic Polymer also expressly provides for an “additional two (2) one (1) year term extensions” that are subject to PUC approval.

D. Cost of the Two Contracts

GWA submits that the cost for the additional year for the JMI-Edison contract is estimated at \$392,881.34; and that the cost for the additional year for the Total Chemical

⁷ Petition, p. 1; Petition at Exhibit B (CCU Resolution No. 39-FY2019), p. 1.

⁸ Petition at Exhibit B (CCU Resolution No. 39-FY2019), p. 1.

contract is estimated at \$1,325,821.20. GWA has further submitted that the costs for the contracts authorized under GWA Docket 19-11 have not yet been exceeded. Specifically, GWA estimates expending about \$225,412.85 per year for its supply of cationic polymer.

Price per pound	Estimated use per month	Estimated annual cost
\$1.85	138,061 pounds	\$225,412.85

With respect to ACH, GWA estimates expending \$1,325,821.20 per year.

Price per pound	Estimated use per month	Estimated annual cost
\$1.65	803,528 pounds	\$1,325,821.20

And with respect to anionic polymer, GWA, estimates expending \$137,468.49 per year on its purchase of anionic polymer.

Price per pound	Estimated use per month	Estimated annual cost
\$1.23	111,763 pounds	\$137,468.49

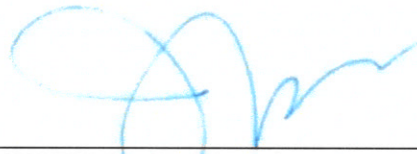
CONCLUSION

The three chemicals that are the subject of the instant Petition are widely used for wastewater treatment. As indicated here and in prior dockets, these chemicals are absolutely indispensable and required for GWA's daily wastewater operations, specifically to operate its Northern District and the Hagåtña WWTPs, along with the new Agat-Santa Rita WWTP, and to keep GWA in compliance with federal laws, permits and federal guidelines. Accordingly, the ALJ recommends that the PUC authorize the contract extension petitioned by GWA.

RECOMMENDATION

Based on the documentation provided by GWA in this docket, and for the other reasons set forth above, the ALJ recommends that the PUC authorize one-year extensions to the contracts between GWA and JMI-Edison, at cost of \$392,881.34; and between GWA and Total Chemical, at a cost of \$1,325,821.20. These contracts should be subject to the usual cost contingencies provided under the Contract Review Protocol for GWA.⁹ A proposed Order for the Commission's consideration is attached.

Dated this 28th day of November, 2022.



JOEPHET R. ALCANTARA
Administrative Law Judge

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⁹ See Section 9, GWA's Contract Review Protocol, Administrative Docket 00-004, p. 1 (Oct. 27, 2005).