

-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

ORDER

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 Contract Extensions for Wastewater Chemicals for GWA Wastewater Treatment (the “Petition”), filed by the Guam Waterworks Authority (“GWA”).

On November 28, 2022, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

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

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

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

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

² Order, GWA Docket 19-11, p. 6 (Aug. 29, 2019).

³ Order, GWA Docket 19-11, p. 6 (Aug. 29, 2019).

⁴ Order, GWA Docket 19-11, p. 6 (Aug. 29, 2019).

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

⁶ Id., p. 2.

December. As indicated in its Petition, GWA seeks approval of the contract extensions because of its continued need to 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, submitted 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 submitted 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 contract is estimated at \$1,325,821.20. GWA has further submitted that the costs for the

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.

contracts authorized under GWA Docket 19-11 have not yet been exceeded. Specifically, GWA estimates expending about \$255,412.85 per year for its supply of cationic polymer.

Price per pound	Estimated use per month	Estimated annual cost
\$1.85	138,061 pounds	\$255,412.85

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 recommended 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 recommended 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

The Commission hereby adopts the findings in the November 28, 2022 ALJ Report and therefore issues the following.

ORDERING PROVISIONS

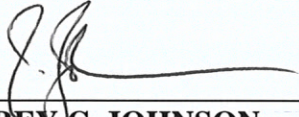
Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That the instant Petition is hereby APPROVED; and that GWA is authorized to exercise 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.
2. GWA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

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

SO ORDERED this 29th day of November, 2022.

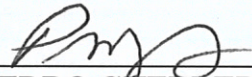


JEFFREY C. JOHNSON
Chairman

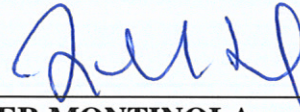
ROWENA E. PEREZ-CAMACHO
Commissioner



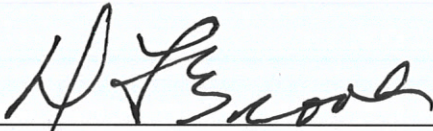
JOSEPH M. MCDONALD
Commissioner



PEDRO GUERRERO
Commissioner



PETER MONTINOLA
Commissioner



DORIS FLORES BROOKS
Commissioner

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