



**"Better Water. Better Lives."**

Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913  
P.O. Box 3010, Hagatna, Guam 96932  
Tel. No. (671) 300-6846 Fax. No. (671) 648-3290

August 16, 2023

**VIA EMAIL TRANSMISSION**

Frederick J. Horecky, Esq.  
Chief Administrative Law Judge  
Guam Public Utilities Commission  
643 Chalan San Antonio, Ste. 102B  
Tamuning, Guam 96913  
(w)646-8274/5  
(f) 646-8403  
[horeckylaw@teleguam.net](mailto:horeckylaw@teleguam.net)



**Re: GWA's Response to GWA PUC Docket No. 23-06 Request for Information**

Hafa Adai ALJ Horecky:

The Guam Waterworks Authority (GWA) is in receipt of your August 9, 2023, Requests for Information for the referenced petition. Please see our response to your inquiries attached.

If you have any questions, please feel free to contact me at [tgrojas@guamwaterworks.org](mailto:tgrojas@guamwaterworks.org) or via phone at 671-300-6853.

Sincerely,

Theresa C. Rojas, Esq.  
Legal Counsel

Attachments

cc: Miguel C. Bordallo, P.E., GWA General Manager  
Jeanette Babauta, P.E., GWA Assistant General Manager of Engineering  
Taling M. Taitano, GWA Chief Financial Officer

TGR/jsd



**GWA DOCKET 23-06**  
**GWA's RESPONSE PUC REQUEST FOR INFORMATION**

1. *GWA's* Petition repeatedly refers to reallocating, a portion of *GWA's* Series 2020A, 2016 and 2013 Bond Proceeds ...". Isn't the only reallocation occurring from Series 2020A Bond Proceeds? Why are the references to the 2016 and 2013 bond proceeds necessary? In GWA Docket 22-09, the reallocation of \$30,425,000 was only from the Series 2020A Bond Proceeds.

In this instance, unobligated funds were available from the 2013 and 2016 bond funds for PW 09-02 Water Wells project (see below), which during Docket 22-09 were still being projected for encumbrance. In this Docket, the Water Wells project is being deferred due to the lack of contractors to currently bid on this work, and these funds are now available. These amounts, in addition to the 2020A bond amounts are necessary to fund both the MP-PW-Pipe-12 and PW-09-11 projects so, a reallocation is requested is as follows:

<b>Bond Year and Project</b>	<b>Project Name</b>	<b>Requested Reallocation</b>
2020A MP-PW-Pipe-04	Hyundai Well Piping	\$500,000
2020A MP-PW-Pipe-05	Kaiser Zone Looping	300,000
2020A MP-PW-Pipe-13	2-inch Pipe Replacement	3,130,000
2020A MP-PW-Pipe-15	PRV Rehab-Replacement	1,213,377
2020A MP-PW-Well-01	Well Rehabilitation Prog.	3,600,000
2020A PW 09-02	Water Wells	293,746
2013 PW-09-02	Water Wells	750,000
2016 PW 09-02	Water Wells	2,106,254
Totals		11,893,377

GWA has put forth CCU Resolution No. 42-FY2023 amending Resolution No. 28-FY2023 to clearly add the reallocation requests for the 2013 and 2016 bonds.

2. In the authorization by the Guam Legislature for the issuance of GWA's Series 2020A bonds, as set forth in Public Law No. 32-069, the highest cost project was repair or rebuild all GWA water storage tanks island wide ... ", in the amount of \$153.4 Million Dollars. What is the total cost to date for the reservoir/tank projects Referenced in "PW09-11 Water Systems Reservoirs 2005 Improvements"?

As of April 30, 2023, total expenditures for PW09-11 were \$59,425,919 and total encumbrances were \$19,366,211. As of July 31, 2023, total expenditures for PW09-11 were \$61,573,738 and total encumbrances were \$18,477,825. Additionally, PW-09-11 is the primary but not the only funding source being used for reservoirs. To date, from all sources, \$126,706,963.42 has been completed or is currently awarded/ongoing for tank projects.

3. If the reallocation proposed in this docket is approved, there will be an adjusted fund balance of \$62,284,417.49 from the 2020A Bond Proceeds for the reservoir/ tank projects. Is that correct?

The approved project costs for PW 09-02 will be as follows:



<b>Bond Year</b>	<b>Approved Project Cost at 4/30</b>	<b>Project Cost after Reallocation</b>
2013 (2020B)	\$13,878,000	\$14,628,000
2016	58,830,170	60,836,424
2017	1,050,000	1,050,000
2020A	56,325,000	64,562,123
Totals	\$130,083,170	\$141,076,547

4. GWA has indicated if there is a reallocation of the 2020A Bond funds as requested by GWA, there will be a need to adjust funding in the ongoing Water Resource Master Plan 5-year review. Beyond the amounts requested by GWA in this petition for the reservoir/tank projects, what additional amounts does GWA anticipate will be needed to complete the reservoir/ tank projects?

The current pending awards of the Tamuning #2 & Manenggon #2 Tank project (\$38.2M) and the Ugum #2 Tank project (\$25.7M) will complete the remaining concrete tanks. Additional steel tank repairs (with anticipated costs) are needed for Umatac Subdivision (\$1.725M), Malojloj (\$2.275M), Tamuning #1 (\$2.125M), Manenggon #1 (\$3.125M), Ugum #1 (\$3.125M), Piti (\$2.5M), and the Inarajan and Agfagan BPSs (\$7.7M) to replace the Inarajan tank. This totals \$82.4M of which \$54.9M is funding in hand, \$11.9M is being requested in this Docket, and \$15.6M will still be needed from future sources.

5. What is the total amount that GWA will expend for all projects from the inception included under CIP line-item funding for PW09-11 11Water Systems Reservoirs 2005 Improvements"?

For line-item funding relative to PW09-11, please see answers for RFI 2 above. Additionally, PW-09-11 is the primary but not the only funding source being used for reservoirs. Summing the totals from RFI 2 (all tank work completed or ongoing from all sources) and RFI 4 above is \$209.1M.

6. What is the amount of "recently increased grant funding" received for the CIP line items PW 09-11 "Water System Reservoirs 2005 Improvements and MP-PW-Pipe 12"Rehabilitation and Replacement Program"? Specify each grant source and amount separately, and the line item for which grant funds are received.

GWA receives grant funding annually from USEPA. Recent federal legislation has temporarily increased the annual funding starting in 2022. The grant money may only be used for projects that are on the state priority list. For Guam this list is administered by GEPA. None of the reservoir projects are on the current state priority list. No increased grant funding has been received for PW-09-11.

GWA proposes using "recently increased grant funding" for several piping projects including Asbestos Concrete Pipe (ACP), undersized water lines, and general water line replacements and improvements including PRVs are on the state priority list, and grant funding is being used for these projects, and others. The IDIQ Design projects for General Waterline Replacement, ACP (Asbestos Concrete Pipe) Waterline Replacement, and Undersized Waterline Replacement are 100% grant funded at \$1.5M each. The Pressure Zone Realignment Phase 2 construction project is 100% grant funded at \$16.5M.



Year Received	Grant Amount
2019	\$9,949,000.00
2020	\$9,952,000.00
2021	\$9,948,000.00
2022	\$34,248,221.00

7. What amount of "capital financing" will be required for funding of the deferred CIP projects? What will be the source of funds for such capital financing? What amount will be funded through revenue funds?

The only "deferred" CIP project in this docket for which work is not otherwise being executed is PW 09-02, the amount of reallocated capital being \$3.15M. The amount of future capital financing needed would depend on any potential availability of grant funds for this project, and the future actual bid amounts versus available funds, however, if an estimate is needed it would be reasonable to assume an amount equal to the reallocated amount (\$3.15M) escalated for inflation/construction cost increases. Typically a project cost escalation would be computed at 3% per year; however recent inflation rates indicate a higher escalation factor (such as 8% per year) may be required. The deferred CIP projects will be funded using one of, or a combination of, future Bonds, Grants and IFC (internally funded CIP).

8. GWA has alleged that the additional bond reallocation for reservoirs/tanks is necessary due to world-wide and local cost increase factors. Please provide specific bid documents for the remaining tank projects that demonstrate that there has been an increase in costs.

See attached Abstract of Bids for Tamuning & Manenggon Tank project and Ugum #2 Tank project marked as Attachment A and B, respectively.

9. In GWA Docket 22-09, GWA and its Bond Counsel addressed the issue of whether the proposed reallocation required an "Opinion of Bond Counsel" pursuant to the GWA 2005 Bond Indenture. Regarding the current reallocation request in GWA Docket 23-06, has bond counsel issued any similar indication that no opinion of bond counsel is required for this reallocation?

A request to bond counsel was not made for this reallocation. Bond counsel opined in GWA PUC 22-09 that "no opinion of bond counsel is necessary" for the re-allocations to be requested where reallocation requests are for projects already within the approved list of projects for the 2020A Bonds and where "neither the project descriptions nor the present project specifications have changed." And, where "[n]o new bond projects are being proposed." See ALJ Report at ¶ 18-19, GWA Docket 22-09 (Sept. 24, 2022). All of the above, is the case here as the PW 09-11 Water System Reservoirs 2005 Improvement Project, seeking the bond fund re-allocation, is currently and already listed among the approved list of projects to be funded by the Series 2020A Bonds. See Exhibit A-11, GWA Docket 23-06 (Aug. 4, 2023). Further, these projects are court-ordered and present project descriptions and specifications have not changed since the need arose to construct and rehabilitate these tanks. As to the 2013 and 2016 bond funds, prior PUC Orders have acknowledged and supported the approval of reallocating sums to fund GWA's court-ordered Water System Reservoirs 2005 Improvement Projects (PW-09-11). These earlier Orders support the premise that the PW 09-11 Water System Reservoirs 2005 Improvement Project were listed among the approved list of projects



to be funded by those bonds similar to the project listing for Series 2020A Bonds. See Order, GWA Docket 18-06 (Aug. 30, 2018).

10. The situation that Bond Counsel addressed in GWA Docket 22-09 is similar to that in the present docket, except for the fact that the present docket does not only reallocate bond funds "to a single project" but reallocates funds to two different projects. Does this distinction make any difference and is there a need for a Bond Counsel indication in this matter as to whether an Opinion of Bond Counsel is required to approve GWA's request to reallocate \$900,000.00 to fund the water and sewer bridge utility inspections and design.

No, there is no distinction. The request to re-allocate funds to the MP-PW-Pipe-12 project can be reviewed and approved by the PUC without an opinion from bond counsel as the MP-PW-Pipe-12 project is listed and among the approved lists of projects for the Series 2020A bond funds. See Exhibit A-11, GWA Docket 23-06 (Aug. 4, 2023) and RFI 9 response. Please provide additional information and explanation as to why this reallocation is necessary and critical. The recent failure of the pipe suspended underneath the Pago Bay Bridge has highlighted the poor condition of exposed pipes at bridge crossings throughout the island, the challenges faced by GWA crews to safely make timely repairs to these crossings, and criticality of these crossings to be able to provide reliable service to the island proves the project essential. Several of these crossings need immediate attention for design and rehabilitation, and the remaining need corrective and preventative attention before they deteriorate to the point of needing immediate attention.

11. What does line-item MP-PW Pipe 12 "Rehabilitation and Replacement Program" include? This is apparently not a "court-ordered" project. Is it necessary or justified to reallocate bond funds for a non-court ordered project?

MP-PW-Pipe-12 is the Pipe/Waterline Rehabilitation and Replacement Program for water and sewer bridge utility inspections and design and is within GWA's 2018 Masterplan the project's description to:

Implement an annual program to rehabilitate and replace piping based on the condition assessment risk analysis. New piping should be sized to handle fire flow demands. Pipe replacement includes but is not limited to replacement of fire hydrants, PRVs, valves (isolation valves, air lease valves, blow off valves, etc.), vaults, and line segment replacement. Replaced piping should be properly abandoned so they do not remain in service, with the potential for leaks.

The piping risk analysis showed that GWA must begin with a pipe renewal program to replace piping that will reach the end of its service life. Sites with substantial leaks have been identified through the current leak detection project. This project is a continuation of CIP PW 09-03.



The bonds were intended for the purposes of financing certain additions and improvements to the water and wastewater systems of GWA and were not intended solely for court ordered projects. This project, as described in RFI no. 10 above fulfills the critical purpose to improve a component of the water system and GWA believes it is necessary and justified to reallocate bond funds to this project. Otherwise, GWA would not be requesting the reallocation.

12. What is the total estimated cost to fund the water and sewer bridge utility inspections and design?

The cost of the assessment and design project is \$1,232,909.00 and the CCU resolution authorized a 10% contingency bringing the total to \$1,356,199.90. This contract should be going before the PUC in August 2023, or soon thereafter, for approval.

13. For the CIP projects being "deferred" for the reservoir/tank projects, will deferral of any of the six projects listed in GWA Exhibit B-05 cause any detriment or harm to GWA or its ratepayers? Please explain.

While it is impossible to accurately predict the future, GWA does not anticipate any issues arising from the deferment of these projects. We note that not all six of the listed projects from which funds are being reallocated are being deferred, as most have alternate funding sources or work is being done under related projects.

- MP-PW-Pipe-04 is a pipe capacity issue that will continue to constrain well production at the three connected wells, but is not causing adverse conditions to customers in this zone.
- Most of the work needed for MP-PW-Pipe-05 was completed under the Pressure Zone Realignment Construction Phase 1 project.
- MP-PW-Pipe-13 is being addressed under the IDIQ Undersized Waterline Replacement Design Project; and year 1 (phase 1) is being funding using USEPA grant funding. Additional grant or bond funding will likely be needed in 2024 to fund phase 1 construction.
- MP-PW-Pipe-15, the Pressure Zone Realignment Phase 2 construction project is completely funded (\$16.5M) using USEPA grants. Additional grant or bond funding will likely be needed in 2024 to fund phase 3 construction.
- MP-PW-Well-01 and PW-09-02, have USEPA grant funding in the amount of \$400k to design the next set of wells needing rehab, and \$7.9M available for construction.
- PW 09-02, the A-series Well rehab project has been bid out several times with no bids received.

14. For the CIP projects being "deferred" for the MP-PW-Pipe 12 "Rehabilitation and Replacement Program", will such deferral cause any detriment or harm to GWA or its ratepayers? Please explain.

No, as indicated above, not all projects are being "deferred" and for those that are deferred, there is no detriment to GWA or its rate payers. The design work needed to prepare waterline replacement projects for bid will proceed under the three IDIQ



projects for General Waterline Replacement, ACP (Asbestos Concrete Pipe) Waterline Replacement, and Undersized Waterline Replacement. These IDIQ projects are (at least initially) grant funded, and are being done in phases intended to cover multiple years of design. It is anticipated that grant funding will be available to cover some or all of the initial (phase 1) construction resulting from year 1 (phase 1) design work. It is also anticipated that future bond money will be needed for the waterline replacements needed to adequately address water loss; this future bond money is partially dependent upon GPUC action.

- 15.** Regarding each project being deferred, does GWA intend to subsequently fund such projects and what will be the source of funding?

Yes, GWA intends to subsequently fund the deferred projects. Funding will be one of, or a combination of, future Bonds, Grants and IFC (internally funded CIP).



ORIGINAL



Central Guam Reservoirs - Manengon Reservoir No. 2 and Tamuning Reservoir No. 2  
IFB No. IFB-01-ENG-2023  
GWA Project No. W14-006-BND

Bid Opening Date: January 20, 2023 @ 10:00 A.M.

ABSTRACT OF BIDS

NO.	BIDDERS NAME	BID BOND	Bid Bond Equal to 1% of total amount of bid	Bidder Qualification Form	Schedule	Non-Confusion Affidavit	Certification of Bidder Employment Opportunity	Non-Registered Facilities	Sex Offender Certification	Wage and Benefit Determination	Affidavit of Ownership/Interest	Affidavit of Assets/ Liabilities	Affidavit of Financial Statements	Proof of License	Special Instruction to Bidders	Proof of Status as Veterans (if applies)	Form/Process Requested by Bidder	ACCORDION	Table A: Base Bid and Additive Bid		Table B: Base Bid and Additive Bid		Table A and B: Base Bid and Additive Bid	
																			01	02				
1.	DN Tanks																							
2.	Sumitomo Mitsui Construction Co.																							
3.	Isia Coating and Roofing Supply																							
4.	JMI Edision																							
5.	AIC International, Inc.	FIDELITY & DEPOSIT CO. 15% OF BID	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	A&R Pacific																							
7.	Core Tech International	ZURICH AMERICAN INC. CO. 15% OF BID	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.																								
9.																								
10.	ENGINEER'S ESTIMATE	N/A																						

\*NOTE:

Bids Opened and Read by:

John J. Teoh  
(Name and Signature)  
Senior Engineer

GWA Procurement Representative:

John J. Teoh  
(Name and Signature)  
GWA Buyer II

Witnesses:

William E. Torres  
(Name and Signature)  
Associate Engineer

Witnesses:

Robert J. Torres  
(Name and Signature)  
Senior Engineer

ATTACHMENT A



ORIGINAL



GUAM WATERWORKS AUTHORITY

IFB No. IFB-06-ENG-2023  
Project: Uguim Reservoir No. 2 Construction  
GWA Project No. W14-007-BND  
Job number W247

Bid Opening Date: 10:00 AM, April 14, 2023  
GPA Engineering Conference Room

ABSTRACT OF BIDS

NO.	BIDDERS NAME	BID BOND	Bid Bond Equal to 15% of total amount of bid	Bidder Qualification Form	Bid Proposal and Bid Schedule	Non-Collusion Affidavit	Certification of Bidder RE Equal Employment Opportunity	Certification RE Non-Segregated Facilities	Sex Offender Certification	Wage and Benefit Determination	Affidavit Disclosing Ownership and Interest	Affidavit RE Gratuities or Kickbacks	Affidavit RE Ethical Standards	Fees	Special Instructions to Bidders	Proof of License to Perform Work Called for by the Bid	Financial Statements	Proof of Status as Veteran (if applies)	Forms or Documents Required by Bid or Bid Amendments	ADDENDUM				BID AMOUNT
																				01	02	03	04	
1.	A&R PACIFIC	THE CONTINENTAL INSURANCE COMPANY 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 27, 694, 000.00 (BASE)	
2.	CORE TECH INTERNATIONAL	SAFECO INS. CO. OF AMERICA 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 30, 195, 000.00 (BASE + ADDITION)	
3.	SUMITOMO MITSUI CONSTRUCTION	SAFECO INS. CO. OF AMERICA 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 26, 748, 244.00 (BASE + ADDITION)	
4.	AIC INTERNATIONAL, INC.	FIDELITY AND DEPOSIT CO. OF MARYLAND 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	BID	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 22, 831, 768.00 (BASE + ADDITION)	
5.	BME & SONS, INC.	FIDELITY AND DEPOSIT CO. OF MARYLAND 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	BID	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 14, 745, 812.00 (BASE)	
6.	IAN CORPORATION	SAFECO INSURANCE COMPANY OF AMERICA 15% OF BID BOND	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A		✓	✓	\$ 14, 745, 812.00 (BASE + ADDITION)	
7.																								
8.																								
9.																								
10.																								
11.																								
12.																								
GWA ENGINEER'S ESTIMATE																							\$ 20, 883, 339.00 (BASE)	
																							\$ 21, 795, 000.00 (BASE + ADDITION)	

Bids Opened and Read by:

*Garrett Yeh of*  
Garrett Yeh of  
(Name and Signature)  
GWA Buyer II

Tabulated by:

*Josephine E. Smith, PMBA*  
Josephine E. Smith, PMBA  
(Name and Signature)  
GWA Management Analyst

GWA Procurement Representative:

*R. Lumongkud*  
Roland F. Lumongkud  
(Name and Signature)  
GWA Buyer II

Witnesses:

*Garrett Yeh*  
Garrett Yeh  
(Name and Signature)  
GWA Project Manager

*Garrett Yeh*  
Garrett Yeh  
(Name and Signature)  
GWA Senior Engineer

Jun Park IAN Corporation *Jun Park*

Alon Etamparo *Alon Etamparo*

Joe Mariano *Joe Mariano*

Shoza Rezvani *Shoza Rezvani*

ATTACHMENT B