

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

PETITION TO AUTHORIZE THE
GUAM WATERWORKS AUTHORITY
TO SOLICIT FOR SEWAGE PUMP
STATION AND FORCE MAIN REPAIR,
REHABILITATION, AND
REPLACEMENT

GPA DOCKET 23-07

PUC COUNSEL REPORT



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Authorize GWA to Solicit for Sewage Pump Station and Force Main Repair, Rehabilitation, and Replacement.¹
2. The U.S. Environmental Protection Agency [USEPA] is requiring GWA to comply with federal Clean Water Act standards by addressing current and potential operational, structural, and safety deficiencies for GWA's sewage pump stations and force mains in an aggressive time frame.²
3. GWA is requesting the PUC to authorize GWA to issue a solicitation to procure indefinite delivery, indefinite quantity engineering services for sewage pump station and force main repair, rehabilitation, and replacement design services.³

BACKGROUND

4. GWA relies on eighty-two (82) sewage pump stations and about forty-three (43) miles of force main to provide wastewater services to approximately thirty-thousand (30,000) customers and the sewage pump stations, and force mains require repair, rehabilitation, or replacement to operate within the federal Clean Water Act Standards.⁴

¹Petition to Authorize GWA to Solicit for Sewage Pump Station and Force Main Repair, Rehabilitation, and Replacement, GWA Docket 23-07, dated June 22, 2023 [GWA Petition].

² GWA Petition at 1. NOTE: The page numbers in GWA's Petition and its exhibits are not continuous, and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

³ Id.

⁴ Id., at 1-2.

5. USEPA is requiring GWA to address current and potential operational, structural and safety deficiencies in GWA's sewage pumping stations and for force mains in an aggressive timeframe.⁵
6. On May 30, 2023, the Guam Consolidated Commission on Utilities ["CCU"] issued GWA Resolution No. 30-FY2023 finding that the procurement for engineering, construction, and project construction management services for the repair, rehabilitation, or replacement of GWA's sewage pumping stations and force mains and it authorized GWA's management to petition the PUC authorize GWA to issue a solicitation for those services.⁶

ANALYSIS

7. GWA must obtain the PUC's authorization to issue a solicitation for the procurement for engineering, construction, and project construction management services for the repair, rehabilitation, or replacement of GWA's sewage pumping stations and force mains. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for solicitations and contracts that exceed the amount of \$1,000,000.⁷ Additionally, any financial obligation that involves the use of bond funds must also be reviewed by the PUC.⁸ Here, GWA estimates that the cost of the engineering services will be approximately forty-five-million-four-hundred-twenty-eight-thousand-dollars (\$45,428,000) to rehabilitate its eighty-two (82) sewage pumping stations and from seventeen-million-three-hundred-fourteen-thousand-dollars (\$17,314,000) to one-hundred-sixteen-million-four-hundred-thirty-five-thousand-dollars (\$116,435,000).⁹ GWA plans to use bond funds and grant funding to cover these costs.¹⁰ Therefore, GWA must obtain the PUC's approval of the solicitation for the engineering services prior to issuing it.

⁵ Id., at 2.

⁶ Id., at 8.

⁷ Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

⁸ Id., at Par.1(d).

⁹ GWA Petition at 2-3.

¹⁰ Id., at 5.

8. GPA's estimated cost of the engineering services is reasonable. GWA used its 2018 Water Resources Master Plan Update estimated that it would cost five-hundred fifty-four-thousand-dollars (\$554,000) to rehabilitate a single sewage pumping station and using this base estimated cost, GWA believes that it will cost a total of forty-five-million-four-hundred-twenty-eight-thousand-dollars (\$45,428,000) to rehabilitate its eighty-two (82) sewage pumping stations (\$554,000 per sewage pumping station x 82 sewage pumping stations = \$45,428,000).¹¹ GWA estimated cost range of seventeen million-three-hundred-fourteen-thousand-dollars (\$17,314,000) to one-hundred-sixteen-million-four-hundred-thirty-five-thousand-dollars (\$116,435,000) to rehabilitate and repair GWA's force mains is also based on GWA's 2018 Water Resources Master Plan.¹² Hence, GWA's forty-five-million-four hundred-twenty-eight-thousand-dollars (\$45,428,000) is reasonable based on GWA's 2018 Water Resources Master Plan and its Update.
9. GWA's solicitation for the engineering services is prudent. GWA plans on using this solicitation to procure engineering design and project/construction management services on an indefinite delivery and indefinite quantity contract basis, and it plans to procure construction services through multiple invitations for bids with each invitation for bid covering the rehabilitation and repair of multiple sewage pumping stations and force mains.¹³ Generally, Guam Procurement Regulations authorize GWA to procure an indefinite delivery and indefinite quantity contract which is a contract for an indefinite amount of supplies or services to be furnished as ordered instead of at specified times. 2 G.A.R., Div. 4, §3119(i)(2). Here, this type of contract is appropriate because GWA will be relying on bond and grant funding which GWA might not receive at once to cover the entire costs of rehabilitating the sewage pumping stations and force mains. Additionally, GWA can only use this type of contract twice per fiscal year per supply or service and GWA has confirmed that this will be the first indefinite delivery, indefinite quantity engineering services contract they are soliciting for this fiscal year.¹⁴ Id. Thus, GWA's solicitation for an indefinite delivery indefinite quantity engineering services contract is prudent.
10. GWA's solicitation for engineering services to rehabilitate and repair its sewage pumping stations and force mains is necessary. GWA relies on its eighty-two (82)

¹¹ Id., at 5.

¹² Id.

¹³ Id.

¹⁴ Telephone conference with GWA Attorney Theresa G. Rojas dated June 26, 2023.

sewage pumping stations and forty-three (43) miles of force mains to provide wastewater services to approximately thirty-thousand customers throughout Guam.¹⁵ GWA's 2018 Water Resource Master Plan Update identified capacity and condition issues requiring improvements to GWA's sewage pumping stations.¹⁶ Most of GWA's force mains were constructed from the 1960s to the 1990s and commonly feature force mains constructed of asbestos cement pipes, and are now in need of repair, rehabilitation, or replacement.¹⁷ Additionally, as stated above, the USEPA is requiring that GWA rehabilitate and repair its sewage pumping stations and force mains to comply with the Federal Clean Water Act. Therefore, the engineering services are necessary to ensure GWA's safe, reliable, and regulatory compliant operation of GWA's wastewater infrastructure.

11. Based on the foregoing, GWA's request to issue a solicitation for indefinite delivery, indefinite quantity engineering services for sewage pumping stations and force main repair, rehabilitation, and replacement design services is reasonable, prudent, and necessary.

RECOMMENDATION

12. Counsel recommends that the PUC approve GWA's petition to issue a solicitation for indefinite delivery, indefinite quantity engineering services for sewage pump station and force main repair, rehabilitation, and replacement design services
13. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 26th day of June, 2023.

Anthony R. Camacho

Anthony R. Camacho, Esq.
PUC Legal Counsel

¹⁵ Id., at 1-2.

¹⁶ Id., at 2.

¹⁷ Id.