



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>PETITION FOR APPROVAL OF THE</b>	)	<b>GWA DOCKET 23-11</b>
<b>GWA YEAR 3 TASK ORDER FOR</b>	)	
<b>PROFESSIONAL SERVICES</b>	)	
<b>CONTRACT WITH E SOURCE</b>	)	<b>ALJ REPORT</b>
<b>FORMERLY KNOWN AS WATER</b>	)	
<b>SYSTEMS OPTIMIZATION, INC.</b>	)	
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Approval of the Year 3 Task Order for the Professional Services Contract with E Source formerly known as Water Systems Optimization, Inc. (the “Petition”), filed by the Guam Waterworks Authority (“GWA”) on August 4, 2023.

**BACKGROUND**

Back in GWA Docket 19-08, the PUC required GWA to provide the Commission with an analytical study on a comprehensive system-wide Water Loss Reduction program. Pursuant to the February 27, 2020 FY20 Rate Decision, GWA submitted a Water Loss Study, which set forth its Water Loss Control Program and provided details on an island-wide “DMA-based water loss control approach with a view to providing a long-term . . . approach to monitoring and managing water losses within the GWA water supply and distribution network.”<sup>1</sup> The program discussed in the study involves the installation of 36 district metered areas [DMAs], covering “594 miles of main and 42,000 customer service

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<sup>1</sup> GWA Phase 3 Water Loss Control Program Development, GWA Docket 19-08, p. 1 (Mar. 2021).



connections”<sup>2</sup>, that would closely monitor the level of water losses; and with a goal to provide complete island-wide coverage of the entire water distribution network.<sup>3</sup>

To implement this essential component of the program, GWA had to seek technical assistance with a water loss control specialist company experienced in implementing DMAs.<sup>4</sup> This contractor would further provide supervision of GWA’s implementation of the DMA monitoring system, training for GWA’s staff in comprehensive leak detection, and supervision of the water loss control program.<sup>5</sup>

Indeed, the PUC’s consultants, Georgetown Consulting Group, expressed that GWA’s Water Loss study presented encouraging strategies for reductions in water loss<sup>6</sup>; and that the “proposal” shows “significant improvements in results compared to the past efforts.”<sup>7</sup> Significantly, GCG has indicated that GWA should be supported for implementing this plan and “if GWA follows the guidelines WSO has outlined carefully . . . the Commission can expect to see improvements.”<sup>8</sup>

On March 18, 2021, GWA issued RFP 2021-03, which sought the professional services of a utility consultant to support the implementation of its Water Loss Control Program.<sup>9</sup> On July 8, 2023, GWA entered into a contract with E Source, formerly known

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<sup>2</sup> GWA Phase 3 Water Loss Control Program Development, p. 2.

<sup>3</sup> GWA Phase 3 Water Loss Control Program Development, p. 75.

<sup>4</sup> GWA Phase 3 Water Loss Control Program Development, p. 75.

<sup>5</sup> GWA Phase 3 Water Loss Control Program Development, p. 75.

<sup>6</sup> GCG Report, GWA Docket 19-08, p. 12 (Oct. 22, 2021).

<sup>7</sup> GCG Report, p. 58.

<sup>8</sup> GCG Report, p. 58.

<sup>9</sup> GWA RFP 2021-03, p. 3 (Mar. 18, 2021).



as WSO.<sup>10</sup> On July 25, 2023, the Consolidated Commission on Utilities (the “CCU”) issued GWA Resolution No. 35-FY2023, which approved an increase of \$422,289.00 to the E Source contract, increasing the total contract price to \$1,207,752.00.<sup>11</sup>

## **DISCUSSION**

### **A. Review of GWA’s Water Loss Control Procurement**

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. Additionally, pursuant to GWA’s Contract Review Protocol issued in Administrative Docket 00-04, “[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 . . . .”<sup>12</sup>

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.”<sup>13</sup> In this

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<sup>10</sup> GWA Resolution No. 35-FY2023, issued by the Consolidated Commission on Utilities (“Resolution No. 35-FY2023”), p. 1 (July 25, 2023).

<sup>11</sup> Resolution No. 35-FY2023, p. 2.

<sup>12</sup> GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

<sup>13</sup> *Id.*, p. 2.



instance, GWA is requesting PUC approval since the total cost of this multi-year contract will exceed \$1,000,000.00.

**B. Water Loss Control Procurement and E Source Contract**

The scope of work for the E Source contract includes the review and analysis of water loss control measures, which involves the review of GWA's existing water loss control practices, and assessment of such practices.<sup>14</sup> The contractor is also tasked with reviewing the analytical studies related to water loss control, and reviewing GWA's current Capital Improvement Program as it related to water loss control.<sup>15</sup> The contractor is further tasked with developing a strategy to implement GWA's water control measures, CIP projects, and other GWA programs related to water loss control, among other services.<sup>16</sup>

The scope of work additionally requires water loss control program management services, to include: guidance on program implementation steps and technical assistance in procurements; quality control and assurance of programs; field support on leak detection; development of performance metrics and assistance with regulatory reporting, just to name a few.<sup>17</sup> Year 3 Task Order involves continued loss control management services and review of water audit data; transient data analysis for 36 district metered areas.

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<sup>14</sup> GWA RFP 2021-03, p. 14.

<sup>15</sup> GWA RFP 2021-03, p. 15.

<sup>16</sup> GWA RFP 2021-03, p. 15.

<sup>17</sup> GWA RFP 2021-03, p. 15.



**C. Cost and Funding Source**

According to GWA, the total cost of the first two years for the E Source contract totaled \$785,463.00.<sup>18</sup> The Year 3 Task Order requires an additional \$422,289.00, increasing the total cost of the contract to \$1,207,752.00.<sup>19</sup> The contract is for a term of three (3) years.<sup>20</sup> GWA has committed funding out of its Operations and Maintenance budget for the contract.<sup>21</sup>

**D. Request for Approval of Year 3 Task Order**

GWA intends on continuing its water loss control efforts.<sup>22</sup> Accordingly, GWA requests PUC approval of its Year 3 Task Order with E Source, the bulk of which is to continue managing GWA's Water Loss Control program.<sup>23</sup> In addition to the continued loss control management services, the remainder of Year 3 of the contract involves review of water audit data; transient data analysis for 36 district metered areas; transportation and lodging for E Source personnel; and inflation.

**CONCLUSION AND RECOMMENDATION**

There is no doubt that the non-revenue water and water loss control are significant issues for GWA. Correspondingly, efforts to reduce GWA's water loss are crucial. Therefore, GWA's Water Loss Control program, along with strides towards implementing

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<sup>18</sup> Petition, pp. 1-2.

<sup>19</sup> Petition, p. 2.

<sup>20</sup> GWA RFP 2021-03, p. 15.

<sup>21</sup> Resolution No. 35-FY2023, p. 2.

<sup>22</sup> Petition, p. 2.

<sup>23</sup> Year 3 Task Order proposal by E Source.

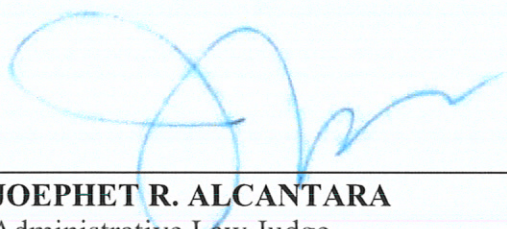


an island-wide “DMA-based water loss control approach with a view to providing a long-term . . . approach to monitoring and managing water losses within the GWA water supply and distribution network”<sup>24</sup> is essential in being able to monitor and eventually decreasing GWA water loss.

Accordingly, the Commission should support GWA’s efforts to implement essential components of its Water Loss Control program, and permit GWA to continue its work with E Source, who provides GWA with technical assistance as a water loss control specialist company experienced in implementing DMAs. And indeed, the PUC’s consultants, on the record, have expressed their support for the program and E Source’s approach.<sup>25</sup>

Based on this record, and for the other reasons set forth herein, the ALJ recommends that the PUC approve the amount of \$422,289.00 from GWA’s Operations and Maintenance budget, to fund its Year 3 Task Order with E Source. A proposed Order is submitted herewith for the Commissioners’ consideration.

Dated this 28<sup>th</sup> day of August, 2023.



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**JOEPHET R. ALCANTARA**  
Administrative Law Judge

P233017.JRA

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<sup>24</sup> GWA Phase 3 Water Loss Control Program Development, p. 1.

<sup>25</sup> *See, e.g.*, GCG Report, GWA Docket 19-08, p. 58.