

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

GWA DOCKET 24-02

PETITION BY THE GUAM  
WATERWORKS AUTHORITY TO  
ISSUE AN INVITATION FOR BID (IFB)  
TO PROCURE SUBMERSIBLE PUMPS  
AND MOTORS

PUC COUNSEL REPORT

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition for Approval to issue an IFB to procure Submersible Pumps and Motors.<sup>1</sup>
2. GWA requests that the PUC authorize GWA to issue an IFB for Submersible Pumps and Motors and the estimated cost for the contract arising from this solicitation is approximately \$3,292,971.40.

BACKGROUND

3. GWA's existing indefinite quantity contract for the purchase of submersible pumps and motors for GWA's drinking water wells is with JMI and it will expire on or about May 5, 2024. GWA was previously ordered to obtain the PUC's approval if it decided to solicit for another indefinite quantity contract for the purchase of submersible motors and pumps due to that prior contract's cost exceeding the PUC's contract review threshold.<sup>2</sup>
4. On September 27, 2023, the CCU issued GWA Resolution No. 47-FY2023 which approved which authorized GWA to issue an IFB for Submersible Pumps and Motors subject to the PUC's approval.<sup>3</sup>

<sup>1</sup> Request by GWA to Issue and IFB to Procure Submersible Pumps and Motors filed on November 14, 2023 [GWA Petition] at 1.

<sup>2</sup> Id., and PUC Order for GWA Docket No. 20-01 dated January 30, 2020 at 4.

<sup>3</sup> GWA Petition at 5. NOTE: Page numbers listed herein as the PDF page numbers of the Petition and its exhibits due to the internal page numbers of the petition not being continuous.



## ANALYSIS

5. GWA must obtain the PUC's authorization to issue an IFB for submersible pumps and motors. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for solicitations and contracts that exceed the amount of \$1,000,000.<sup>4</sup> Here, GWA's existing contract for submersible pumps and motors will be approximately \$3,292,971.40 by the time its initial three (3) year term ends on May 5, 2024 and it is likely that the new contract arising out of the IFB will cost about the same amount for its initial three (3) year term. Therefore, GWA must obtain the PUC's approval of the solicitation for the engineering services prior to issuing it.
6. GWA's solicitation for a new contract for submersible pumps and motors is reasonable. GWA's existing contract for submersible pumps and motors has a three (3) year initial term which will be expiring on May 5, 2024, and GWA could exercise the two (2) one (1) year options to renew on the contract in lieu of issuing an IFB for a new contract. However, the cost of the existing contract is rapidly increasing. Specifically, GWA originally budgeted \$1,496,805.18 for the contract's initial three (3) year term, \$997,870.12 for the possible two (2) one (1) year options, and \$249,467.53 for contingencies for a total contract budget of \$2,744,142.83.<sup>5</sup> Currently, almost six (6) and a half months from the expiration of the contract's initial term, GWA has expended \$2,669,010.05 leaving a balance from the budget of only \$61,423.78 for the remainder of the initial term.<sup>6</sup> GWA states that this was caused by two price escalations for its existing contract resulting in a 22% increase in the cost of the pumps and a 27% increase in the cost of the motors from the contractor's original bid price, and because GWA's need for replacement submersible pumps and motors has increased during the initial term of the contract which was exacerbated by Typhoon Mawar and conditions during the response and recovery period after the typhoon.<sup>7</sup> Additionally GWA had to increase its budget for the existing contract by \$548,82857 to meet its anticipated needs for remainder of the contract's initial term, raising the total cost of the existing contract to \$3,292,971.40.<sup>8</sup> Therefore, GWA's desire to issue an IFB for a new contract for

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<sup>4</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

<sup>5</sup> GWA Petition at 3.

<sup>6</sup> Id., at 4.

<sup>7</sup> Id.

<sup>8</sup> Id.



submersible pumps and motors is reasonable because, through competition, GWA will likely get a contract that costs less than its existing contract.

7. GWA's solicitation for a new contract for submersible pumps and motors is prudent. GWA plans on using this solicitation to procure submersible pumps and motors on an indefinite delivery and indefinite quantity contract basis. 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 not be able to determine how many submersible pumps or motors it may need or when it may need them. Additionally, GWA can only use this type of contract twice per fiscal year per supply or service and this would be GWA's first solicitation for a new contract for submersible pumps and motors for FY2024. Thus, GWA's solicitation for a new indefinite delivery indefinite quantity contract for submersible pumps and motors is prudent.
8. GWA's solicitation for a new contract for submersible pumps and motors is necessary. The PUC has previously found that GWA's purchase of this equipment is necessary to maintain GWA's inventory of submersible motors and pumps and that GWA depends on this equipment to ensure the reliable operation of its ninety-five (95) drinking water wells.<sup>9</sup> Therefore, a new contract for submersible pumps and motors is necessary to ensure GWA's ability to provide drinking water to the people of Guam.
9. Based on the foregoing, GWA's request to issue a solicitation for a new indefinite delivery, indefinite quantity contract for submersible pumps and motors is reasonable, prudent, and necessary.

### RECOMMENDATION

10. Counsel recommends that the PUC approve GWA's petition to issue a solicitation for a new indefinite delivery, indefinite quantity contract for submersible pumps and motors.

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<sup>9</sup> PUC Order for GWA Docket No. 20-01 dated January 30, 2020 at 3.



11. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 16th day of November, 2023.

*Anthony R. Camacho*

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PUC Legal Counsel