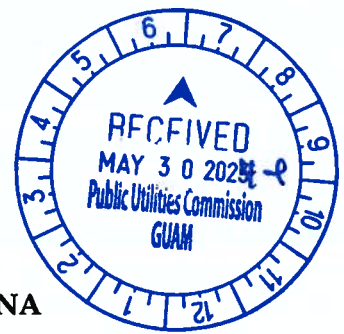


**GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
April 25, 2024
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA**



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m. on April 25, 2024, pursuant to due and lawful notice. The meeting was called to order at 6:40 p.m. **Commissioners Jeffrey C. Johnson, Joseph McDonald, Rowena Perez-Camacho, Michael Pangelinan and Doris Flores-Brooks** were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes of March 27 and March 28, 2024.

The Chairman announced that the first item of business on the agenda was the approval of the minutes of March 28, 2024. The minutes for March 27, 2024 were unavailable at the time of the meeting. Commissioner Pangelinan moved to approve the minutes of the March 28, 2024 meeting subject to corrections, which motion was seconded by Commissioner McDonald, and the motion passed unanimously.

2. Guam Waterworks Authority

The Chairman announced that the next item of business on the agenda was Guam Waterworks Authority ("GWA") Docket 24-06, Petition for GWA to Procure Design-Build for GWA's Upper Tumon Campus Improvements, ALJ Report, and Proposed Order. Commissioner Pangelinan recused himself due to an ongoing litigation with GWA being a client of his law firm.

ALJ Joephet Alcantara (ALJ Alcantara) summarized the petition from GWA concerning the need for renovations and repairs to its Upper Tumon campus facilities, prompted by damage from Typhoon Mawar. Phase 1 of the project involves renovating the warehouse and meter-testing facility, while Phase 2 addresses repairs to the Customer Service center and laboratory. Damage to the buildings includes roofing, gutters, ceiling tiles, walls, and interior spaces. Personnel have been relocated due to safety concerns. The renovations aim to meet building, fire, and safety codes, as well as improve ventilation in the compliance laboratory. The project includes removal and replacement of roofing, siding, walls, electrical, and telecommunication infrastructure, among other aspects. Funding will come from various sources, totaling \$8.2 million. Based on the evidence, ALJ Alcantara concluded that the damage compromised safety and necessitates the proposed renovations and repairs.

ALJ Alcantara recommended that the Commission approve GWA's procurement of its design-build contract.

GWA GM Miguel Bordallo (GWA Bordallo) expressed gratitude and explained the rationale behind the project's phased approach. Phase 1 focuses on addressing typhoon damage, aligning with insurance claims and reimbursements. Phase 2 will handle additional upgrades for the Customer Service building and laboratory, not covered by insurance. This structure was chosen for efficiency, considering the construction type of the facilities. Bundling the warehouse and meter-test benches renovations together is more practical, potentially facilitating common scaled construction methods.

A discussion ensued between the Commissioners and GWA. Chairman Johnson inquired about reinforcing the metal structure to withstand future typhoons. GWA Bordallo explained that while they aim to strengthen the steel frame structures within budget constraints, they are not converting them to concrete. Commissioner Flores-Brooks asked about the allocation of funds from FEMA and insurance proceeds. GWA Bordallo mentioned that specific amounts will be determined after receiving bids, but they have received an advance payment of around \$1 million from insurance. Requests for FEMA reimbursement is pending until bids are finalized. Commissioner Perez-Camacho asked about funding for lab and Customer Service Center upgrades, which falls under the Capital Improvement Plan (CIP). GWA Bordallo clarified that FEMA's funding is for repairing damages rather than mitigation. There was also a discussion about the timeline for receiving public assistance funds, historically ranging from one to two years after completion.

Commissioner McDonald moved to approve the draft order granting the petition which motion was seconded by Commissioner Perez-Camacho, and the motion passed unanimously.

3. Guam Power Authority.

The Chairman announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 24-16, Petition to Approve the Energy Conversion Agreement (ECA) Amendment for the Ukudu Power Plant, ALJ Report, and Proposed Order. Chairman then announced that this matter will be postponed to the next PUC meeting, which was confirmed by the assigned ALJ Alcantara.

No further discussion or action was taken on this matter.

4. Administrative Matters.

The Chairman announced that the next item of business on the agenda was Administrative matters beginning with the PUC Quarterly Financial Review. Chairman

Johnson requested comments on the PUC Quarterly Financial Review by Commissioner Flores-Brooks, who reported that the income for the first six months was \$297,000, but upcoming expenses for the next four months will reduce this amount. She highlighted an outstanding receivable from IT&E, noting that delays in payment are unusual. ALJ Horecky stated he has contacted IT&E to request payment. Additionally, a new Term Certificate of Deposit (TCD) will bring in \$150,000, not yet reflected in the report. Most assets are currently in cash, with a high-interest rate of over 5% on the renewed TCD, indicating good returns for the next quarter. Chairman Johnson acknowledged the update and thanked Ms. Flores-Brooks for her report.

- **PUC Summer Meeting Schedule**

The Chairman announced that the next item of business on the agenda was the PUC Summer Meeting Schedule. Chairman Johnson noted that the Commission generally takes one summer month off between July and August. He and Commissioner Flores-Brooks will be unavailable in June. Commissioner Pangelinan will be gone at the end of June but is available otherwise. Commissioners Perez-Camacho and McDonald confirmed their availability in June. Therefore, a PUC meeting will not be scheduled for June. Commissioner Flores-Brooks mentioned she will be leaving the day before the May meeting, and will not be in attendance for May's PUC meeting.

There being no further business, the Commissioner McDonald moved to adjourn the meeting, which motion was seconded by Commissioner Flores-Brooks. The motion passed unanimously and the meeting was adjourned at 7:35 p.m.



Jeffrey Johnson
Chairman

ATTACHMENT A
THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF PUBLIC MEETING

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on April 25, 2024, Suite 703, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

- 1. Call to Order**
- 2. Approval of Minutes of March 27 and March 28, 2024**
- 3. Guam Waterworks Authority**
 - **GWA Docket 24-06:** Petition for GWA to Procure Design-Build for GWA's Upper Tumon Campus Improvements; ALJ Report; and Proposed Order
- 4. Guam Power Authority**
 - **GPA Docket No. 24-16:** Petition to Approve the Energy Conversion Agreement (ECA) Amendment for the Ukudu Power Plant; ALJ Report; and Proposed Order
- 5. Administrative Matters**
 - **PUC Quarterly Financial Review**
 - **PUC Summer Meeting Schedule**
- 6. Adjournment**

Further information about the meeting may be obtained from the PUC's Administrator Lourdes R. Palomo at 671-472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Mrs. Palomo.

This Notice is paid for by the Guam Public Utilities Commission

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**IN RE: PETITION TO PROCURE)
DESIGN-BUILD FOR UPPER)
TUMON CAMPUS)
IMPROVEMENTS BY GUAM)
WATERWORKS AUTHORITY)**

**GWA DOCKET 24-06
ORDER**



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the March 12, 2024 Petition to approve its request to initiate procurement of a design-build contract related to the Upper Tumon Campus (hereinafter referred to as the “Petition”) filed by the Guam Waterworks Authority (“GWA”).

On April 23, 2024, 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

Due to their age and damage from Typhoon Mawar, GWA’s Upper Tumon Warehouse, Meter Testing Facility, Laboratory, and Customer Service Center all require some type of repair and renovation.¹ Accordingly, GWA has prepared draft procurement documents for design-build contracts that incorporate the repair and renovation of these facilities, collectively known as GWA’s Upper Tumon Campus.²

¹ Petition, pp. 1-3.

² Petition, pp. 3-5.

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. 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"³

B. GWA's Petition to Procure a Design-Build Contract for GWA's Upper Tumon Campus Improvements

In its Petition, GWA requests that the PUC approve the procurement related to the Upper Tumon Campus Improvements, which GWA submits will be completed in two phases: Phase One will address renovations to the Warehouse and the Meter Testing Facility; and Phase Two will address repairs to the Customer Service Center and GWA's Laboratory.⁴

With respect to the Warehouse and the Meter Testing Facility, GWA maintains that renovation activities and repairs are necessary because, due to its age (of 30 years), the metal roofing, gutters, and other structures have deteriorated, further impacted by the damaging effects of Typhoon Mawar.⁵ According to GWA, the result has been rain water

³ GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁴ Petition, pp. 1-3.

⁵ Resolution, pp. 1-2.

leaking through the damaged rooftops, in turn causing extensive damage to the Warehouse and the adjacent Meter Testing Facility.⁶

Specifically, based on an internal damage assessment, about 4,500 square feet of roofing was ripped off the Warehouse building, and 100 square feet ripped off the Meter Testing Facility.⁷ Both buildings suffered damage to their ceiling tiles, with water damage to gypsum board walls, and other damage to the interior spaces.⁸ GWA contends that due to the condition of these facilities, the “integrity of stored materials and the safety of [] occupants” is affected.⁹ According to GWA, its personnel at the Warehouse and Meter Testing Facility have been “temporarily relocated to the . . . Customer Service Center” or to Fadian.¹⁰

With respect to the Customer Service Center, improvements are needed in order for the building to meet the current requirements of Guam’s building, fire, and safety codes.¹¹ With respect to the Compliance Laboratory, GWA submits that the laboratory’s existing ventilation system needs to be replaced in order to meet U.S. indoor air quality requirements and standards.¹²

⁶ Resolution, pp. 1-2.

⁷ Petition, Exhibit 1-006; and Exhibit 1-015.

⁸ Petition, Exhibit 1-006; and Exhibit 1-015.

⁹ Resolution, p. 2.

¹⁰ Resolution, p. 2.

¹¹ Resolution, p. 2.

¹² Resolution, p. 2.

C. Scope of Services

Based on the draft procurement documents submitted for review by GWA, with regard to renovations to GWA's warehouse facility, as an example, the project will involve the removal and replacement of existing metal roofing and siding, including insulation, roof closure strips, gutters, downspouts, rollup doors, canopies, electric exhaust fans, and louvers among others. The project will also involve the demolition and replacement of existing offices at the ground floor and second floor including walls, ceiling, electrical wires, and telecommunication cables.

According to GWA, the scope of work for the subject projects will further include design analysis, environmental clearance technical support, detailed engineering drawings, specifications, all regulatory approval and permits, and construction including labor, tools, equipment, and materials.¹³

D. Projected Funding Source and Estimated Cost

According to GWA, the projected source of funding for the resulting contract involves a variety of sources, which include bond funds, internal and existing Capital Improvement Project funds, FEMA Public Assistance Program funds, and GWA property insurance claim payments.¹⁴ GWA estimates that Phase 1 of the project will cost about \$3,167,500.00; and that Phase 2 will cost about \$5,080,900.00; totaling \$8,248,400.00 to complete both phases of the project.¹⁵

¹³ Resolution, p. 3.

¹⁴ Petition, p. 5.

¹⁵ Petition, p. 5.

E. CCU Resolution No. GWA 10-FY2024

The instant Petition is supported by Resolution No. GWA 10-FY2024 issued by the CCU (“Resolution”). Pursuant to the Resolution, the CCU found that the subject procurement is “necessary to ensure public safety, equipment protection, continued operations and improve customer service.”¹⁶ The CCU therefore authorized both the issuance of the subject procurement as well as the corresponding cost for the entire project, which GWA estimates would total \$8,248,400.00.¹⁷

CONCLUSION

Based on the documentation provided by GWA, the ALJ found that Typhoon Mawar caused damage to GWA’s Upper Tumon warehouse and Meter Testing facility; and that such damage, which includes ripped up panels to the existing roof, compromises the safety of its occupants and quality of any material or equipment stored in the warehouse.¹⁸ GWA deemed this situation so unsafe that it has temporarily relocated its personnel to other GWA facilities.¹⁹ The ALJ further found that the repair of the Upper Tumon Campus is reasonable and necessary in order for GWA to properly store and house its inventory of spare parts.²⁰

¹⁶ Resolution, p. 3.

¹⁷ Resolution, pp. 3-4.

¹⁸ See Resolution, p. 2.

¹⁹ See Resolution, p. 2.

²⁰ Resolution, p. 2.

In addition, renovations appear necessary to GWA's Upper Tumon Customer Service Center building, where customer service activities are currently provided. GWA has submitted that this 40-year old building requires renovation in order to meet current building and fire safety codes.²¹ Further, the building that houses GWA's Compliance Laboratory also needs some upgrades. Specifically, based on a PNJ Engineering report, the lab requires the installation of three (3) new Dedicated Outside Air Units to properly ventilate the labs so that it meets acceptable temperature, pressure and other air requirements.²²

RECOMMENDATION

Based on the foregoing, the ALJ recommended that the PUC approve GWA's Petition. Accordingly, GWA should be authorized to issue procurements related to the projects related to the Design-Build contracts for improvements to GWA's Upper Tumon facilities, as discussed in its Petition.

The Commission hereby adopts the findings in the April 23, 2024 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.

²¹ Petition, p. 3.

²² Resolution, pp. 2-3.

2. GWA is authorized to issue procurements related to the Design-Build contracts for improvements to GWA's Upper Tumon facilities.

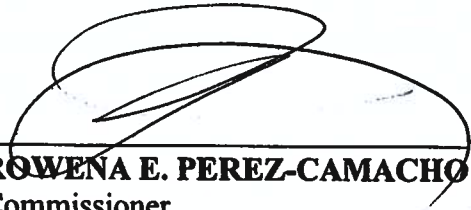
3. GWA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]


SO ORDERED this 25th day of April, 2024.



JEFFREY C. JOHNSON
Chairman



ROWENA E. PEREZ-CAMACHO
Commissioner




JOSEPH M. MCDONALD
Commissioner

PEDRO GUERRERO
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner



DORIS FLORES BROOKS
Commissioner

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