

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GWA Docket 24-08
)
GUAM WATERWORKS AUTHORITY)
WATER LOSS CONTROL PROGRAM) **ORDER**
CONTRACT)
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_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to GWA’s Petition for Review and Approval of Two Separate Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract with E Source, formerly known as Water Systems Optimization, Inc. [“WSO”].¹

BACKGROUND

The PUC adopts the “BACKGROUND” set forth in the ALJ Report dated May 27, 2024, as well as the recommendations and conclusions therein.

DETERMINATIONS

A. GWA’s Contract Review Protocol

GWA’s Contract Review Protocol issued in Administrative Docket 00-04, requires “prior PUC approval under 12 GCA §12004...” for “[a]ll professional service procurements in excess of \$1,000,000 ”.² In GWA Docket 23-11, GWA sought PUC

¹ GWA Petition, GWA Docket 24-08, dated May 7, 2024.

² GWA’s Contract Review Protocol, Administrative Docket 00-04, dated October 27, 2005, at p. 1.

approval of the Year 3 funding for the E Source Contract, as the requested increase of \$422,289.00 increased the total contract price to total amount of \$1,207,752.00.³

With respect to “multi-year contracts” 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.**”⁴ (Emphasis added). Here GWA is requesting funding of \$401,724.00 for the Year 4 Task Order and funding of \$419,985.40 for the Year 5 Task Order.⁵ PUC approval is required for the funding of the Years 4 and 5 Task Orders. If approved, the total funding for the Contract for Years 1-5 will be \$2,029,461.40.

B. GWA has justified its Request for approval of an Extension of the Contract.

GWA’s request for approval of the Years 4 and 5 Task Orders are “part of its efforts to reduce non-revenue water and make improvements in the system where service delivery has been below standard.”⁶ The funding source for the project will be from GWA Operations and Maintenance (O & M) budget and Internally Funded CIP.

GWA’s proposal for Task Order 4 is attached as Exhibit D to GWA’s petition. The Task Order for Year 4 indicates that additional work on tasks contained in the first three-year Task Orders will be continued.⁷ These include review of water audit data, water loss

³ PUC Order, GWA Docket 23-11. dated August 31, 2023, at p. 3.

⁴ GWA’s Contract Review Protocol, Administrative Docket 00-04, dated October 27, 2005, at p. 2.

⁵ GWA Petition, GWA Docket 24-08, dated May 7, 2024, at pgs. 2-3; GWA submitted the Year 5 Task Order to PUC on May 28, 2024. The Year 4 Task Order contains a “15% increase in original hourly rates and expense budget to account for inflation and overall price increases we are experiencing.”

⁶ Id. at p. 2.

⁷ Id. at Exhibit A-30.

program management services, transient data logging and Data Analysis, and various annual expenses.⁸

GWA has indicated that the budget for the Year 5 Task Order is \$419,985.00.⁹ It appears that the same tasks and the same number of consultant hours for Year 4 will also be performed in Year 5, the only difference being an escalation of 15% in the cost for Year 5.

Both PUC Consultant Georgetown Consulting Group and the PUC itself have previously supported the continuation of the E Source Contract and the Water Loss Program. GCG believes that if GWA follows the guidelines that E Source has outlined, the PUC should expect to see improvements.¹⁰ In GWA Docket 23-11, the PUC held that "...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."¹¹

C. During the GWA Work Session of the CCU on May 21, 2024, GWA presented further justification for Approval of the Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract.

At the Work Session, GWA Assistant General Manager of Engineering Jeanette Babauta Owens informed the CCU Commissioners that, since the E Source Contract and the Water Loss Program were launched in 2021, a total of 606 water leaks and 25 more

⁸ Id.

⁹ Id. at p. 3; see also Year 5 Task Order.

¹⁰ PUC Order, GWA Docket 23-11, dated September 28, 2023 at p. 2.

¹¹ PUC Order, GWA Docket 23-11, dated September 28, 2023 at p. 6.

illegal connections have been uncovered.¹² Chairman Joey Duenas stated that the DMAs help in locating leaks and will identify where funds should go first on waterline replacement.¹³

The E Source contract has been of substantial benefit to GWA and the ratepayers by identifying leaks, enabling GWA to repair them, and suggesting where funds should go first on waterline replacement. The program allows GWA to monitor water flows into and out of each DMA and to determine “real, physical water losses”.

D. There is a need to further build out District Metered Areas (DMAs) as a component of the Water Loss Control Program.

In its Water Loss Control Program Status Report, filed with the PUC in GWA Docket 19-08, on November 30, 2023, GWA has pointed out that there is a need to establish additional DMAs.¹⁴ GWA stated as follows:

“The WLCP included recommendation to develop a system of DMAs to provide complete island-wide coverage of the entire water distribution network. GWA began implementation of the DMAs in 2021 following the completion of the WLCP. The objective of the implementation of DMAs is to establish the needed infrastructure, equipment and operational processes for monitoring of water flows into and out of each DMA and thereby achieve enhanced management of Non-Revenue Water (NRW) Levels, especially real, physical water losses. The WLCP DMA implementation plan provided for 36 DMAs in total over the course of three years to provide needed coverage over GWA’s water distribution network.”¹⁵

¹² Pacific Daily News May 21, 2024, 606 Leaks, 25 illegal connections found since GWA installed the water loss control program in 2021, https://www.guampdn.com/news/606-leaks-25-illegal-connections-found-since-gwa-installed-water-loss-control-program-in-2021/article_c21ca604-172d-11ef-b604-ff812fce4e1d.html

¹³ GWA CCU Work Session 05212024 (youtube.com)

¹⁴ GWA Report: Water Loss Control Program Status Report, GWA Docket 19-08, dated November 30, 2023.

¹⁵ Id. at p. 2.

“As of November 30, 2023, a total of twenty-one (21) DMAs have been established with full time monitoring of DMA inflow, authorized consumption (outflow) and NRW”.¹⁶ An additional DMA was under construction in Year 2. In Year 3, GWA intended to complete the construction of an additional fourteen (14) DMAs.¹⁷ Also, in Year 4, GWA intends to provide additional training and recruit additional staffing to deploy a third Leak Detection Team.¹⁸

As a result of the DMAs and the Leak Detection Program, GWA has been able to obtain and record better pipeline condition data. However, the information indicates that, in some areas, “the existing piping has exceeded its useful service life. Although leak repairs are made, sustainable reductions and water loss will require line replacements and not just repairs.”¹⁹ Thus, in its FY2025-2029 draft Rate Petition, GWA has proposed substantial funding for additional line replacements in the approximate amount of \$130M.

It now appears that the remaining 14 DMAs will not be completed by August 2024, as suggested in the November 2023 Water Loss Control Program Report.²⁰ Neither Task Orders 4 nor 5 include funds for the completion of the DMAs. The 2024 and 2025 funds will continue to be used to monitor the DMAs that have already been established.²¹

¹⁶ Id. at p. 2.

¹⁷ Id. at p. 3.

¹⁸ Id. at p. 3.

¹⁹ Id. at p. 4.

²⁰ GWA Report: Water Loss Control Program Status Report, GWA Docket 19-08, dated November 30, 2023, at p. 3.

²¹ Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated May 21, 2024 (responding to requests for information).

In response to the ALJ's request for information concerning when the remaining 14 DMAs would be completed, GWA indicated that they would be completed at some point during the next five-year rate period (FY2025-2029):

"The remaining 14 DMAS are tied to the completion of the CIPs. There are two CIPs needed: 1) Pressure Zone Realignment (PZR) all phases (Phase I, Phase II, Phase III and Phase IV) and 2) District Meter Areas (DMA). PZR Phase I approximately \$7.3 million is anticipated to be completed by Summer 2024. PZR Phase II design is complete and in currently construction procurement. PZR Phase III and PZR Phase IV is currently in design only. Construction funding for PZR Phase III and Phase IV are programmed under GWA 5-Year Rate Plan. The DMA Design IDIQ is in procurement."²²

During the GWA Work Session referenced above, CCU Commissioner Mike Limtiaco asked GWA Management what the "return on investment" had been for the first three years of the E Source Contract in terms of water loss mitigation. Management did not indicate that that there had been any decrease in water loss (NRW) because of the establishment of the DMAs. However, it was suggested that there would be drastic improvement in the present water loss if the CIP program for line replacement were approved by the PUC in the pending rate case.

[SIGNATURES FOLLOW ON THE NEXT PAGE]

²² Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated May 21, 2024, Re: Year 4 and Year 5 Task Orders for E Source Contract.

ORDERING PROVISIONS

Upon consideration of the record herein, GWA's Petition for Review and Approval of Two Separate Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract with E Source, formerly known as Water Systems Optimization, Inc., the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The Year 4 Task Order in the amount of \$401,724.00 and the Year 5 Task Order in the amount of \$419,985.00 for the Water Loss Control Professional Services Contract with E Source are approved.
2. The total additional approved funding for these two Task Orders is \$821,709.00. The total authorized funding for the contract is \$2,029,461.40. GWA is authorized to expend funds for the Task Orders from GWA Operations and Maintenance (O & M) budget and Internally Funded CIP.
3. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order
Water Loss Control Program Contract
GWA Docket 24-08
May 30, 2024

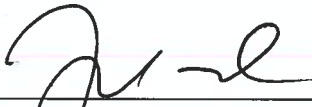
Dated this 30th day of May 2024.



Jeffrey O. Johnson
Chairman

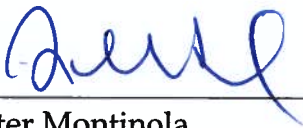


Rowena E. Perez-Camacho
Commissioner



Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner