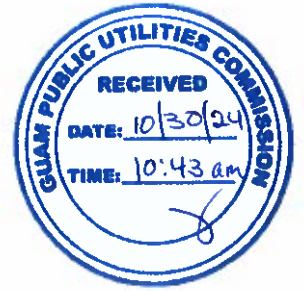


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



<p>IN THE MATTER OF:</p> <p>PETITION FOR GUAM WATERWORKS AUTHORITY TO PROCURE DESIGN-BUILD FOR SUPERVISORY CONTROL AND DATA ACQUISITION SYSTEM PHASES 1 AND 2</p> <hr/>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>GWA DOCKET 25-02</p> <p>PUC COUNSEL REPORT</p>
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INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Procure Design-Build for Supervisory Control and Data Acquisition [SCADA] System Phases 1 and 2.<sup>1</sup>
2. After Typhoon Mawar, Federal Emergency Management Agency [FEMA] Expert Consultants recommended that GWA standardize its SCADA system hardware and software across all its facilities.<sup>2</sup> GWA plans on completing this project in four nonsequential phases: (1) Phase 1 is the construction of the SCADA Control Center; (2) Phase 2 is the integration of locations with existing site-level local SCADA systems into the SCADA Control Center; (3) Phase 3 is the assessment, design, and construction, and installation of SCADA equipment at drinking water facilities to integrate them into the SCADA Control Center; and (4) Phase 4 is the assessment, design, and construction, and installation of SCADA equipment at wastewater facilities to integrate them into the SCADA Control Center.<sup>3</sup>
3. GWA is requesting the PUC to authorize GWA to issue a solicitation to procure Design-Build Services for Phases 1 and 2 of its SCADA System Project.<sup>4</sup> GWA estimates that it will cost \$4,853,855 and GWA plans on using a combination of GWA Bond Funds and USEPA Grants to fund these phases of the project.<sup>5</sup>

<sup>1</sup>Petition for GWA to Procure Design-Build for SCADA System Phases 1 and 2, GWA Docket 25-02, dated October 4, 2022 [GWA Petition] at 1.

<sup>2</sup>Id., at 3. 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.

<sup>3</sup>Id., at 3.

<sup>4</sup>Id.

<sup>5</sup>Id., at 8.

## **BACKGROUND**

4. GWA does not have a SCADA central station and currently operates a diverse array of SCADA hardware and software solutions that are localized at some of its facilities and the majority of GWA's remote sites, approximately 420 of them consisting of water wells, springs, reservoirs, water booster pump stations, pressure regulating valves, master meters, surface water treatment plants, sewage pump stations, and wastewater treatment plants, lack SCADA equipment.<sup>6</sup>
5. The scope of work for Design-Build Services for Phases 1 and 2 of the SCADA System Project includes the remodeling of the GWA System Control Center to include a SCADA Control Center, a central SCADA master server, the assessment and integration of GWA's remote sites that have site level SCADA systems, and the provision of remedies necessary to successfully integrate these existing systems into the SCADA Control Center or replace them. The services solicited include a maintenance, training, and development and the contract solicited for will be for a three-year initial term with two 1-year optional renewals.<sup>7</sup>
6. On July 23, 2024, the Guam Consolidated Commission on Utilities ["CCU"] issued GWA Resolution No. 28-FY2024 authorizing GWA's management to expend the amount of \$4,853,855 on Phase 1 and 2 of the SCADA System Project, and to issue a solicitation for Design-Build Services for those project phases, subject to the PUC's approval.<sup>8</sup>

## **ANALYSIS**

7. GWA must obtain the PUC's authorization to issue a solicitation for Design-Build Services for Phases 1 and 2 of its SCADA System Project. 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>9</sup> Additionally, any financial

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<sup>6</sup> Id., at 2 and 3.

<sup>7</sup> Id., at 7.

<sup>8</sup> Id., at 8.

<sup>9</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

obligation that involves the use of bond funds must also be reviewed by the PUC.<sup>10</sup> Here, as set forth above, GWA estimates that it will cost \$4,853,855 and GWA plans on using a combination of GWA Bond Funds and USEPA Grants to fund these phases of the project. Therefore, GWA must obtain the PUC's approval of the solicitation for the Design-Build Services for Phase 1 and 2 of its SCADA System Project prior to issuing it.

8. GWA's estimated cost of the Design-Build Services for Phase 1 and 2 of the SCADA System Project is reasonable. GWA's current Five-Year Capital Improvement Program (FY2025-FY2029) allocates 4% of its \$898,733,389 projected cost, or \$36,437,196, for Electronic, Monitoring and Control projects [EMC].<sup>11</sup> Here, GWA's estimated cost for the Design-Build Services is only 13% ( $4,853,855/36,437,196 = .13$ ) of this total amount. Additionally, assuming that the contract will term will be the three year initial term and the two 1-year optional renewal terms and that the \$4,853,855 estimated cost is apportioned equally during this five year period, the \$970,771 ( $4,853,855/5 = 970,771$ ) estimated cost for the Design-Build Services constitutes only 15% ( $970,771/6,617,663 = .15$ ) of the \$6,617,663 allocated to FY2025 for EMC, 8% ( $970,771/12,706,711 = .08$ ) of the \$12,706,711 allocated to FY2026 for EMC, 14% ( $970,771/7,011,836 = .14$ ) of the \$7,011,836 allocated to FY2027 for EMC, 25% ( $970,771/3,948,423 = .25$ ) of the \$3,948,423 allocated to FY2028 for EMC, and 16% ( $970,771/6,152,564 = .16$ ) of the \$6,152,564 allocated to FY2029 for EMC. Hence, the \$4,853,855 estimated cost of the services falls within the projected costs of GWA's Five-Year Capital Improvement Program (FY2025-FY2029) for EMC.<sup>12</sup> Therefore, GWA's estimated cost for the Design-Build Services for Phase 1 and 2 of the SCADA Project are reasonable.
9. GWA's solicitation Design-Build Services for Phase 1 and 2 of the SCADA System Project is prudent. The SCADA System will improve the operational efficiency, reliability, and resiliency of GWA's water and wastewater systems, result in cost savings, and enhance GWA's ability to achieve regulatory compliance.<sup>13</sup> Additionally, transitioning from five different SCADA System Programs to a single, standardized SCADA System will enhance GWA's staff training and expertise, simplify software licensing, reduce development costs, maximize the synergies of

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<sup>10</sup> Id., at Par.1(d).

<sup>11</sup> Slide 10, GWA Presentation on FY2025-FY2029 Financial Plan and CIP dated August 12, 2024, GWA Docket No. 24-5.

<sup>12</sup> Id., at Slide 11.

<sup>13</sup> GWA Petition at 2.

GWA's equipment, and reduce GWA's cybersecurity threats.<sup>14</sup> Thus, GWA's solicitation for a contract for Design-Build Services for Phase 1 and 2 of the SCADA System Project is prudent.

10. GWA's solicitation for Design-Build Services for Phase 1 and 2 of the SCADA System Project is necessary. The recommendation by the FEMA consultants to standardize its SCADA system hardware and software across all its facilities is compelling because GWA is facing increasing challenges managing its five different brands of SCADA systems across multiple facilities especially in maintaining, training personnel in the use of these systems, and in spare parts management. Therefore, the Design-Build Services for Phase 1 and 2 of the SCADA System Project are necessary to ensure GWA's safe, reliable, and regulatory compliant operation of GWA's water and wastewater infrastructure.
11. Based on the foregoing, GWA's request to issue a solicitation Design-Build Services for Phase 1 and 2 of the SCADA System Project is reasonable, prudent, and necessary.

### RECOMMENDATION

12. Counsel recommends that the PUC approve GWA's petition to issue a solicitation for Design-Build Services for Phase 1 and 2 of the SCADA System Project.
13. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 29th day of October, 2024.

*Anthony R. Camacho*

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<sup>14</sup> Id., at 3.