



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**PETITION TO APPROVE THE
PURCHASE OF LARGE WATER
SYSTEM DIESEL (WSD) GENERATORS)
BY THE GUAM POWER AUTHORITY)
_____)**

**) GPA DOCKET 25-01
)
) ALJ REPORT**

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the October 3, 2024 Petition to Approve the Purchase of Large Water System Diesel (“WSD”) Generators (the “Petition”), filed by the Guam Power Authority (“GPA”).

BACKGROUND

Back in January 2024, the PUC reviewed and approved GPA’s request to procure WSD generators for approximately 94 Guam Waterworks Authority (“GWA”) sites at an estimated cost of \$11.4 Million. Based on its review, the PUC found that “[t]he generators meeting GPA’s full specifications and considering the costs of shipping and insurance, and the cost of the trailers for the portable units, GPA’s \$11.4 million estimated costs, which includes \$9.5 million for the generators and a 20% contingency of \$2 million” was reasonable, prudent, and necessary.¹ Accordingly, the PUC authorized GPA to solicit the purchase of “new WSD generators for an

¹ Order, GPA Docket 24-10, p. 3 (Jan. 25, 2024).

estimated cost of \$11.4 million, which includes \$9.5 million for the generators and a 20% contingency of \$2 million.”²

In April 2024, GPA issued Invitation for Bid (“IFB”) 52-24, which advertised the solicitation of the following: seven (7) 500kW, two (2) 800kW, and two (2) 1,400kW stationary generators; and three (3) 500kW portable generators with trailers. Thereafter, GPA’s evaluation team determined Morrico Equipment, LLC (“Morrico”) to be lowest responsive and responsible bidder, out of two bidders.³

On September 25, 2024, the Guam Consolidated Commission on Utilities (the “CCU”), through GPA Resolution No. 2024-28, authorized GPA to award the bid regarding the large-sized generators to Morrico Equipment, LLC, at a cost of \$3,177,636.33; and subject to the PUC’s approval.⁴

DISCUSSION

A. Contract Review Protocol

Pursuant to 12 G.C.A. § 12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Furthermore, GPA’s Contract Review Protocol requires that “[a]ll professional service procurements in excess of \$1,500,000” require “prior PUC approval . . . which shall be obtained before the procurement process is begun.”⁵

² Order, GPA Docket 24-10, p. 3.

³ GPA Resolution No. 2024-28, p. 1 (Sept. 25, 2024).

⁴ GPA Resolution No. 2024-28, p. 1.

⁵ GPA’s Contract Review Protocol (“GPA CRP”), Administrative Docket 00-04, p. 1 (Feb. 15, 2008) (emphasis omitted).

B. GPA's Purchase of Large-Sized Water System Diesel Generators

In its Petition, GPA requests PUC approval of fourteen (14) large-sized generators, which range from 500kW to 1,400kW. Specifically, GPA intends to purchase seven (7) stationary 500kW generators; two (2) stationary 800kW generators; two (2) stationary 1,400kW generators; and three (3) portable 500kW generators with trailers from Morrico.⁶

According to GPA, the large-sized generators will serve the following stations: Agana Springs; Chaligan in Aga; Chaot New in Ordot; Gaan at the Agat Sewer Treatment Plant; Santa Ana Housing; Hagatna Wastewater Treatment Plant; Tai; Ugum Wastewater Treatment Plant; Fujita Road in Tumon; Ugum at the Talofoto River Plant; Route 16 Pump Station; Southern Link Pump Station on Old Coral Road; and two mobile generators on trailers.⁷

GPA submits that the cost of the generators includes installation, specifically at the twelve (12) physical sites listed above. In addition, the generators have a one (1) year warranty, which includes scheduled maintenance, any diagnostics and inspection costs.

C. Cost

GPA submits that the cost for the fourteen (14) large-sized WSD generators total \$3,177,636.33.⁸ More specifically, the 500kW generators cost \$156,706.44 per unit; the 800kW generators cost \$284,315.03 per unit; the 1,400kW generators cost \$495,556.09 per unit; and the 500kW generators on trailers cost \$173,649.67 per unit.⁹

⁶ Petition, p. 2.

⁷ GPA Resolution No. 2024-28, "Exhibit A", pp. 1-2.

⁸ Petition, p. 2.

⁹ Petition, p. 2.

GPA submits that the funding will come from its CIP budget. GPA further submitted that it has requested \$10 million from FEMA for reimbursement for the subject purchase. However, there has been no feedback regarding this request.

CONCLUSION

In GPA Docket 24-10, the PUC determined that GPA's solicitation of waster system diesel generators to be reasonable, prudent, and necessary. Specifically, this Commission found that the "aging fleet" of generators was not meeting the current demand, especially in light of GPA's power outages; and that replacing the generators made the most sense since spare replacement parts were no longer being manufactured for the current generators.¹⁰ Moreover, due to GWA's reliance on electric pumps to operate its pumping stations for both its drinking and wastewater system, the generators are necessary to keep these pump stations operational during extended periods of power outage.¹¹

This Commission has additionally found that "[m]ost of the WSD generators are over 29 years old" and are "near the end of their service life."¹² These generators have also "become difficult to maintain, unreliable," and are difficult to obtain replacement parts due to their age.¹³

For the reasons stated herein, the ALJ, therefore, finds the instant purchase to be reasonable, prudent, and necessary.

¹⁰ Order, GPA Docket 24-10, p. 3 (Jan. 25, 2024).

¹¹ Order, GPA Docket 24-10, p. 3 (Jan. 25, 2024).

¹² Order, GPA Docket 24-10, p. 1 (Jan. 25, 2024).

¹³ Order, GPA Docket 24-10, p. 1 (Jan. 25, 2024).

RECOMMENDATION

Based on the documentation provided by GPA in this docket, and for the other reasons set forth herein, the ALJ recommends that the PUC approve GPA's Petition. Accordingly, GPA should be authorized to purchase fourteen (14) large-sized WSD generators from Morrico, at a cost of \$3,177,636.33. A proposed Order for the PUC is attached hereto for the PUC's consideration.

Dated this 2nd day of December, 2024.



JOEPHET R. ALCANTARA
Administrative Law Judge

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