



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**PETITION TO APPROVE CONTRACT)
FOR SUBMERSIBLE PUMPS AND)
MOTORS, AND CABLES AND)
AND SPLICING GELS FOR ISLAND-)
WIDE GWA DEEP WELLS TO)
JMI-EDISON BY GUAM)
WATERWORKS AUTHORITY)**

GWA DOCKET 25-04

ALJ REPORT

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition for Contract Approval to JMI-Edison for the purchase of Submersible Pumps and Motors and Cables and Splicing Gels for GWA Deep Wells, Island Wide (the “Petition”), filed on January 14, 2025 by the Guam Waterworks Authority (“GWA”).

BACKGROUND

In August of 2024, GWA issued Invitation for Bid Number GWA 2024-19 (“IFB 2024-19”) soliciting the purchase of submersible pumps, motors, splicing gels, and submersible cables for GWA’s drinking wells.¹ In September of 2024, GWA’s procurement team evaluated the submission of two bids and selected JMI-Edison’s indefinite quantity bid for the deep well supplies.² Thereafter, the Consolidated Commission on Utilities (the “CCU”) approved the award to JMI-Edison and authorized \$2,965,892.04 for the purchase of these supplies and for the initial three-year contract term. The CCU further authorized an additional \$1,977,261.36 for the two-year options,

¹ Petition, p. 1 (July 12, 2017).

² Petition, p. 1.

for a total of \$4,943,153.40 for the full five-year term. The CCU additionally authorized a 10% contingency of \$494,315.34, bringing the total authorized cost to \$5,437,468.74.³

DISCUSSION

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. In addition, GWA’s Contract Review Protocol requires that “[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”⁴

B. GWA’s Petition

In its Petition, GWA seeks PUC approval of its award of an indefinite quantity contract with JMI-Edison for the purchase of submersible pumps, motors, splicing gels, and submersible cables for GWA’s drinking wells.⁵ The contract is based on IFB 2024-19, which sought submersible equipment for its deep water wells, which require the maintenance of sufficient inventory to ensure timely replenishing of such submersible equipment as needed.⁶ GWA submits that it regularly purchases this equipment and

³ Petition, Exhibit A (CCU Resolution No. 11-2025), p. 3.

⁴ GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁵ Petition, p. 1.

⁶ Petition, p. 1.

material and that it must maintain a certain level of inventory for it to reliably operate its island-wide deep well water production.⁷

Specifically, GWA seeks approval to award JMI-Edison the bid for the following equipment and supplies: (1) Low Temperature Franklin Electric Submersible Motors; (2) High Temperature Franklin Electric Submersible Motors; (3) Franklin Electric and Grundfos Pumps; (4) 3M Splicing Gels; and (5) Paige Electric Submersible Cables.⁸ GWA submits that the total cost for the purchase of the equipment and supplies from JMI-Edison is \$5,437,468.74, which includes the initial three-year contract term, plus the exercise of two one-year renew options.⁹ GWA has indicated that it requests a full five-year term “due to the limited market for these supplies and the critical necessity for GWA to maintain an adequate stock of these items to prevent any interruptions in the water supply.”¹⁰

GWA further maintains that this contract is reasonable, prudent, and necessary inasmuch as the submersible pumps, motors, splicing gels, and submersible cables are critical supplies and equipment used for GWA’s drinking wells; and are essential in maintaining GWA’s water production operations.¹¹

C. IFB 2024-04, JMI-Edison Bid, Contract Term, Total Cost, and Funding

The Indefinite Quantity IFB lists a number of bid items, which include low temperature and high temperature motors of varying speed; and pumps of various sizes,

⁷ Petition, p. 1.

⁸ Petition, p. 2.

⁹ Petition, p. 3.

¹⁰ Petition, p. 3.

¹¹ Petition, pp. 3-4.

from 6 inches to 8 inches. The IFB also sought splicing gels and spools of 500 feet submersible cables.

Based on its bid, JMI-Edison agreed to provide submersible motors, ranging from \$1,500.46, to \$5,834.88, to \$19,984.37, depending on the temperature specification, strength and horsepower of the motor. JMI-Edison also agreed to provide submersible pumps, ranging from \$1,227.24 to \$10,889.70, depending on the size of, and number of stages contained in, the pump.

Based on the contract, the initial term is three (3) years, with two (2) one-year options to renew. GWA has been authorized by the CCU to purchase the pumps and motors, and other equipment, at a total cost of \$5,437,468.74 for the full five-year term of the contract.¹²

GWA has indicated that the funding for the contract will either be from GWA revenue or from its CIP Funding.

E. CCU Resolution No. 11-FY2025

The Petition is supported by Resolution No. 11-FY2025 issued by the CCU at its November 26, 2024 meeting. In the Resolution, the CCU found that the terms of the bid submitted by JMI-Edison were fair and reasonable.¹³ Accordingly, the CCU authorized GWA to purchase the high and low temperature Franklin Electric submersible motors, Franklin Electric and Grundfos pumps, 3M splicing gels and Paige Electric submersible cables for GWA's Deep Wells, totaling \$2,965,892.04 for the initial three-year contract

¹² Petition, Exhibit A, p. 3.

¹³ Petition, Exhibit A (CCU Resolution No. 11-2025), p. 3.

term.¹⁴ In addition, the CCU further authorized funding for these purchases for an additional two years after the initial contract term, in the amount of \$1,977,261.36; and approved a 10% contingency to the total cost of the contract, thereby authorizing a total of \$5,437,468.74 for the full five-year term of the contract.¹⁵

CONCLUSION

It is clear that GWA utilizes these submersible pumps, motors, cables and splicing gels for its drinking water wells. It also purchases these pumps, motors, cables and splicing gels on an as needed basis, and when it needs to replenish its inventory of spare parts. It is therefore crucial for GWA to maintain a reliable and sufficient inventory of these supplies and equipment in order to operate its deep well water production island wide. The Commission has consistently supported GWA's purchase of this material. In addition, a review of the bid analysis provided by GWA indicates that while there were very slight increases in the cost of the pumps versus the current prices, with respect to the prices for the low temperature motors, the bids showed a decrease between thirty percent (30%) and almost forty percent (40%) versus the current prices.

Based on the foregoing, the ALJ recommends that the PUC approve the award of the contract between GWA and JMI-Edison.

RECOMMENDATION

Based on the documentation provided by GWA in this docket, and for the other reasons set forth herein, the ALJ recommends that the PUC approve the award to JMI-Edison for the purchase of submersible pumps, motors, cables and splicing gels, for an

¹⁴ Petition, Exhibit A (CCU Resolution No. 11-2025), p. 3.

¹⁵ Petition, Exhibit A (CCU Resolution No. 11-2025), p. 3.

estimated cost of \$2,965,892.04 for the initial three-year contract term, and \$1,977,261.36 for the two-year options, for a total of \$4,943,153.40 for the full five-year term. The cost contingency is already provided by GWA's CRP; therefore the ordinary PUC contingency shall apply to this contract. A proposed Order for the PUC is attached hereto for the PUC's consideration.

Dated this 29th day of January, 2025.



JOEPHET R. ALCANTARA
Administrative Law Judge

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