

GUAM PUBLIC UTILITIES COMMISSION  
REGULAR MEETING

October 30, 2025



SUITE 205, 241 FARENHOLT AVENUE, OKA BUILDING, TAMUNING, GUAM

MINUTES

**1. CALL TO ORDER**

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m., on October 30, 2025, pursuant to due and lawful notice. The meeting was called to order at 6:30 p.m. **Commissioners Jeffrey C. Johnson, Peter B. Montinola, Joseph M. McDonald, Michael A. Pangelinan, Rowena Perez-Camacho and Doris Flores-Brooks were in attendance.** The following matters were considered at the meeting under the Agenda included as Attachment "A" hereto.

**2. APPROVAL OF MINUTES**

The Chairman announced that the first item of business on the agenda was the approval of the minutes from the regular meeting held on September 25, 2025. Commissioner Peter B. Montinola moved to approve the minutes, subject to corrections, which motion was seconded by Commissioner Joseph M. McDonald, and the motion was carried and unanimously passed.

The Chairperson announced that the next item of business on the agenda is the following GPA matter:

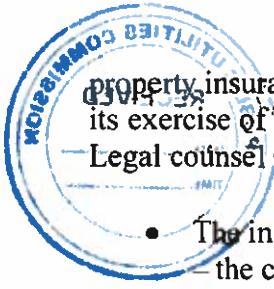
**GUAM POWER AUTHORITY**

**3. GPA Docket No. 25-21 – Petition of the Guam Power Authority to Approve Construction Change Order to Perform Lead Abatement and Additional Repairs on Tank 1934.**

Chairman Johnson addressed the next Agenda item, GPA Docket No. 25-21, GPA's Petition to Approve Construction Change Order to Perform Lead Abatement and Additional Repairs on Tank 1934. Chairman Johnson stated that there's a Legal Counsel Report and a proposed Order and invited Legal Counsel Anthony R. Camacho to present this matter. Legal counsel Camacho informed the Commissioners that he recommends tabling this matter until he has had an opportunity to independently verify and confirm lead presence and fully discuss the lead abatement and anticipated expenditure of \$1.2M with GPA. Chairman Johnson thanked legal counsel Camacho, tabled this docket, and moved on to the next matter on the Agenda.

**4. GPA Docket No. 26-01 - Petition for Approval and Authorization for GPA to Renew Property Insurance.**

Chairman Johnson introduced the next item of business on the Agenda, GPA Docket No. 26-01, GPA's Petition for Approval and Authorization to Renew Property Insurance. Chairman Johnson stated that there's a Legal Counsel Report and a proposed Order and invited legal counsel Camacho to present this matter. Legal counsel Camacho thereafter informed the Commissioners that GPA's



property insurance is due to expire on November 1, 2025. GPA is requesting that the PUC approve its exercise of the second one-year option to renew and the exercise of this option will cost \$6.7M. Legal counsel Camacho found the renewal option to be reasonable for the following reasons:

- The initial contract cost was \$7.11M, which increased annually up until the renewal options – the cost of the second one-year renewal option is \$263K less than the cost of the first one-year renewal option.
- GPA achieved these costs savings by taking a few risks, such as reducing its coverage from \$200M to \$150M, reducing Cabras 1 and 2's coverage limit to \$25M, increasing the deductible on its \$3M cyber insurance coverage to \$250K and negotiated a two-year reduction deal for the next one-year period. Although GPA is taking a risk with Cabras 1 and 2, the federal EPA will only let GPA operate Cabras until March of 2026.
- PUC has previously found the contract extension prudent as GPA has insufficient time to properly solicit and award a new property insurance contract prior to the November 1, 2025 coverage expiration date.
- GPA is required by its bond indenture agreements to maintain property insurance coverage.

Accordingly, legal counsel Camacho recommended that the PUC approve the second one-year extension of GPA's property insurance contract. Chairman Johnson solicited for comments from GPA and GPA CFO John Kim stated that he concurred with legal counsel Camacho's presentation and had no further comments.

Commissioner Perez-Camacho confirmed the actual amounts of the contract extension of \$6.7M. Commissioner Montinola inquired if this requested extension was the last extension option and GPA CFO Kim confirmed that there was one more extension available on this contract if PUC approved the second one-year extension. GPA CFO Kim confirmed the cost of the first one-year extension was for \$7.1M and this second one-year extension was reduced to \$6.7M.

There being no further discussions or comments, Commissioner Montinola moved to approve GPA Docket No. 26-01, which motion was duly seconded by Commissioner McDonald, and the motion was carried and unanimously approved.

#### **5. GPA Docket No. 26-02 – Petition of the Guam Power Authority to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC for up to 60MW of Renewable Energy Capacity.**

Chairman Johnson addressed the next Agenda item, GPA Docket No. 26-02, GPA's Petition to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC for up to 60MW of Renewable Energy Capacity. The Chairman informed the Commissioners that there's a Legal Counsel Report and a proposed Order, and invited legal counsel Camacho to present this matter. Legal counsel Camacho stated GPA is requesting that PUC approve an award to PRG CTI Tanguisson LLC – it's basically Core Tech, for a 60MW Tanguisson renewable energy project. This Renewable Power Purchase Agreement (RPPA) will be for a term of 25 years for a total cost of \$548.6M over said 25-year period. Legal counsel Camacho found this cost, if Core Tech provides the annual net generation amount of the RPPA for the 25-year base term, to be reasonable based on the following:

- The IFB set a bid price cap of \$0.179 per kWh and includes .07 kWh for energy shifting batteries. Core Tech's bid was within that price range.

- Like the other RPPA's approved in the past by the PUC, it contains an annual 1% escalation rate for the 25-year base period. This is 1.7% less than the current U.S. annual inflation rate of 2.7%.
- This Core Tech RPPA when compared to the other RPPA's (e.g., KEPCO solar farm project) price per MW were similar and the differences were rather minor. This Core Tech RPPA will increase GPA's annual LEAC cost, on an average year, by about \$21.9M. However, this cost would likely be reduced or neutralized by the reduction of GPA's existing fuel oil cost by using renewable energy from the Core Tech RPPA. In legal counsel's analysis, he calculated that this RPPA will likely result in a reduction of 144K barrels of oil per year and, as the type of oil was not specified, legal counsel's calculations were applied to the residual fuel oil -- the ultra-low sulfur fuel oil, which is currently forecasted to cost GPA a high of \$110.40 per barrel up to January 2026. If this reduction of 144K barrels were applied, it would ultimately result in an annual LEAC reduction of \$15.8M. It will reduce the solar cost for this RPPA of \$21.9M to \$6M because GPA will no longer be purchasing the 144K barrels of oil each year -- that's when the price of oil is less than \$152 per barrel. If it rises to \$152 per barrel, then basically the \$21M annual cost of LEAC will be neutralized -- essentially it is where it breaks even. If it goes above \$152 per barrel and GPA's high estimate is about \$200 a barrel, that's where we'll actually see the LEAC being reduced by \$6.8M. Thus, we are not spending anything and we're actually saving \$6.8M if the \$200 per barrel estimate is reached.
- It comes close usually when there's warfare in the Middle East or when the tanker is stuck in the Suez Canal -- we have no control over these types of events, which increase the price of oil.

Based on his review, legal counsel Camacho finds the Core Tech contract to be reasonable, prudent and necessary, and recommends that the PUC approve it. Thereafter, Chairman Johnson solicited for comments and GPA CFO John Kim stated that he concurred with legal counsel Camacho's analysis and recommendation for approval.

Discussions ensued between the Commissioners, GPA CFO John Kim and legal counsel Camacho regarding the following:

- The project's anticipated operational date, the additional MW this project is expected to generate, the annual minimum generation requirement, the penalty if the minimum generation requirement is not met and GPA's reliance and belief that the minimum generation requirement will be met.
- The percentage of annual escalation in price, its dollar amount per kWh, and the guaranteed net annual generation for the 25-year contract period.
- The effects of the Core Tech lawsuit regarding the ownership of the Northern Wastewater Treatment Plant and the current layout of the proposed solar plant (i.e., entirely surrounding the Northern Wastewater Treatment Plant) and the potential issues of easement or access, coupled with GWA's lack of easement on its active waterline that is serving Core Tech.
- The batteries GPA will be receiving with this project, how the batteries will be charged in the day, how its generation can be programmed to 50% for 4 hours or 25% for 8 hours, and will be dispersed at night to assist during peak hours which starts to creep up at 6:00 p.m. (usually peak hours are from 9 p.m. to 10 p.m.)
- No minimum purchase requirement for GPA on the contract -- GPA's obligation is only to purchase if they produce, at the end of the 25-year contract if there is no further need for the farm, Core Tech is responsible for taking and disposing off the panels (i.e., shipping them off-island). Because ownership of the solar plant is with Core Tech, it is responsible

for building the solar panels, replacing and insuring them at no cost to GPA. Core Tech is also required to go through and work closely with EPA and comply with all applicable laws.

- The bidding process and the status of the remaining bidders, the phases approved by the PUC to date and the MW to be provided by the approved phases/projects, the system impact study to be made to ensure the plan from the interconnect will not have an adverse effect on GPA's overall system; the permitting process to obtain the necessary permit to construct the facility, together with the system impact study and archaeological study requirements and the general review of the plan during the permitting process; that GPA is not involved in the permitting process because it does not own the plant; the easement access to GWA's waterline and where the waterline feeds; and that no solar panels are constructed on top of the waterlines.

There being no further inquiries or comments, Commissioner McDonald moved to approve GPA Docket No. 26-02, under the condition that they'll allow for active waterlines, which motion was duly seconded by Commissioner Montinola, and the motion was carried and unanimously approved.

#### **GUAM WATERWORKS AUTHORITY ("GWA")**

##### **6. GWA Docket No. 25-07 - Petition to Approve GWA's Short-Term Financing Credit and Fee Agreements Pursuant to Public Law 37-103.**

Chairman Johnson addressed the next Agenda item, GWA Docket No. 25-07, GWA's Petition to Approve Short-Term Financing Credit and Fee Agreements Pursuant to Public Law 37-103. The Chairman informed the Commissioners that there is an ALJ Report and a proposed Order and invited CALJ Frederick J. Horecky to present this matter. Commissioner Michael A. Pangelinan addressed the PUC and announced that GWA is a client of his law firm in pending litigation and recused himself from participating in the next five (5) GWA dockets. Chairman Johnson then excused Commissioner Pangelinan from participating in the next five (5) GWA dockets. Thereafter, CALJ Horecky informed the PUC that GWA is seeking approval of a short-term credit agreement with the Royal Bank of Canada (RBC) in the amount of up to \$75M. Public Law 37-103 specifically authorized GWA to approve a commercial paper program and to adopt short-term financing alternatives such as bank loans and lines of credit in an amount not to exceed \$360M. The law also specified that agreements were authorized to be issued in the principal amounts from time-to-time as necessary to provide program financing for projects identified in GWA's capital improvement program. The legislature affirmed that GWA had broad authority to utilize a combination of short-term traditional financial tools and stipulated that approval of any credit agreement and its terms and conditions be subject to the PUC's review.

CALJ Horecky went on to state that the purpose of short-term credit agreements is to assist GWA finance capital improvement projects (CIP). If bonds are used, GWA has to pay a lot of debt service and interest. With short-term financing, GWA can take out the amount they need to finance these CIPs on an as-needed basis. PUC has always encouraged GWA to explore or adopt short term financing alternatives. In the last rate case, PUC ordered in September 2024, that GWA perform a study relative to financing and alternatives to bond issuance. PUC further ordered that financing be made available through the Tax-Exempt Commercial Paper Plan and financing alternatives shall be utilized in the proceedings, except for a bond issuance that is presently authorized by the five-year rate plan. For purposes of determining rates in this proceeding, GWA will employ short-term construction financing instruments now allowed by P.L. 37-103.

GWA has received all the necessary approvals to proceed with its credit agreement with RBC. CCU Resolution 23 FY2025 approved the use of these agreements in a financing framework concerning GWA's authority to enter short-term credit financing. It also approved management entering into one or more series of loans, pursuant to the act and credit agreements, and designated officers could enter into one or more credit agreements presented to the PUC with one or more banks. In September 2025, the CCU adopted another resolution regarding the short-term credit agreements and authorized the execution and delivery of a 13<sup>th</sup> Supplemental Indenture and forms of related documents, agreements and actions in connection with the revolving credit agreement. The CCU requested that PUC approve the final form of the credit agreement between GWA and RBC and further approve the 13<sup>th</sup> Supplemental Indenture. It is worthy to note that GEDA also approved this revolving credit agreement on September 25, 2025.

GWA provided a good summary of the credit provisions and explained in detail the nature of the agreement, as follows:

- Under the credit agreement, GWA will have up to \$75M loan commitment available. The Core Tech litigation may somewhat reduce the amount that GWA can withdraw.
- GWA may draw as needed for short-term financing of CIPs.
- There are different loans rates provided in the agreement – one is base rate loans and it appears the rate can go as high as 9%. The other is Daily Simple SOFR loans, bearing interest at daily simple SOFR plus the applicable margin of 1.25%. SOFR is related to federal reserve rates and appears to be used more for the short-term borrowing rate. GWA estimates that the interest rate would be 5.54 as of August 20, 2025, so the actual rate will depend on the time.

GWA has informed CALJ Horecky that RBC approved all the terms of the most recent August 24<sup>th</sup> credit agreement. There may be some technical revisions but both parties have approved the credit agreement.

With the 13<sup>th</sup> Supplemental Indenture that is being required along with the revolving line of credit - the purpose is to secure the credit agreements by a pledge of revenues on a parity basis to the bonds. This requirement was advocated by bond counsel.

CALJ Horecky informed the Commissioners that he discussed the manner in which the funds will be released by RBC and the role of the bonds with GWA CFO Taling Taitano, who explained:

- The agreement functions as a revolving line of credit available for approximately 2 years, during which GWA may borrow, repay, and reborrow funds as needed up to the limit of \$75M and this access to funding enables GWA to procure IFBs and RFPs in a timely manner, ensuring that CIPs can proceed without delay while long-term financing is pending.
- Although the debt instruments under the agreement are referred to as bonds, the facility operates really like a bank loan rather than a traditional bond issue. The term "bonds" is used to maintain consistency with GWA's 2005 Bond Indenture. In this case, the bonds are not sold to public investors but are held solely by RBC. This approach ensures that the loan shares the same security pledge and legal standing as GWA's other revenue bonds, while providing the flexibility of a short-term credit line.

Based upon the review of the evidence before the PUC, CALJ Horecky recommends the PUC approve the revolving line of credit dated August 24, 2025, between GWA and RBC and any necessary technical revisions and documents or actions necessary to implement the revolving credit

agreement. In addition, the PUC should approve the 13<sup>th</sup> Supplemental Indenture because without it, GWA would be unable to borrow the funds under the revolving credit agreement.

Chairman Johnson thereafter solicited for comments and GWA Assistant GM of Administration and Support Christopher (“Chris”) Budasi stated that he believes it is prudent to enter into this agreement as it provides GWA with the flexibility needed to deal with any future CIPs that are under the existing \$200M that GWA borrowed as part of that plan. Commissioner Flores-Brooks inquired of the relevancy of the Core Tech litigation and this RBC financing to which CALJ Horecky and GWA Chris Budasi advised that the outcome of the Core Tech litigation, may limit GWA’s borrowing potential, i.e., should the outcome of the lawsuit be rendered in GWA’s favor, GWA may be able to increase its borrowing potential over the \$75M. When asked if the geopolitical atmosphere would have any effect on this procurement, given the tension between Canada and the Trump administration, and the lack of U.S. banks involvement, GWA Chris Budasi informed the Commissioners that despite responses received from U.S. banks to GWA’s procurement request, RBC was the only bank that submitted a proposal to GWA, which was possibly owing to the fact that these U.S. banks were disinterested in this procurement request as it did not provide enough business opportunities for them.

There being no further questions or comments, Commissioner Montinola moved to approve GWA Docket No. 25-07, which motion was duly seconded by Commissioner McDonald, and the motion was carried and unanimously approved.

#### **7. GWA Docket No. 25-10 - Petition to Approve Fund Increase to HDR, Inc., Contract for Asan Springs Rehabilitation Design Project.**

Chairman Johnson addressed the next item of business on the Agenda, GWA Docket Number 25-10, Petition to Approve Fund Increase to HDR, Inc., Contract for Asan Springs Rehabilitation Design Project. The Chairman informed the Commissioners that there’s a Legal Counsel Report and a proposed Order, reiterated that Commissioner Pangelinan is recused from this docket, and invited legal counsel Camacho to present this matter. Legal Counsel Camacho indicated that in this petition GWA is requesting that the PUC approve a change order in the GWA-HDR contract for the Asan Springs rehabilitation design project. The actual change GWA is seeking approval for is \$741,906.00. The original contract cost was \$374,470.00. There was a change order to provide additional design services, which increased the contract by \$35K, or \$410K total. There was yet another change order in 2019 for additional design services of \$302K, bringing this total contract cost to \$712,263.00. It is the first time this contract is before the PUC as this additional requested increase of \$741,906 puts the total contract cost to approximately \$1.6M, which exceeds GWA’s \$1M threshold, thus requiring PUC approval. There is a discrepancy in the amounts, however, as approximately \$74K of the contract amount is a 10% contingency that has not been put to use. Additionally, GWA will be using bond funds to pay this contract amount and the use of bond funds also requires PUC approval.

The Asan Springs water supply facility is in the village of Asan. The facility’s concrete reservoir was constructed by the U.S. Navy in 1916 and is part of the land facility located and owned by the U.S. National Park Service. It is part of the War in the Pacific Park. This facility has been improved throughout the years – a pumpstation and chlorinator building was added but the facility was shut down in 2004 due to bacterial contamination and inadequate chlorination to treat the water. GWA is now trying to restore the facility to increase drinking water input into the Agana, Asan and Piti integrated water supply and storage system to meet growing water demands in west central Guam and also to reduce or eliminate GWA’s reliance on water purchased from the U.S. Navy.

The CCU issued a resolution in 2016, which authorized the amount of approximately \$411K to design the project. GWA entered into a contract with HDR to provide design services. GWA has now determined that additional design services are needed, specifically compliance improvements, to address Per-Polyfluoroalkyl Substance (PFAS) treatment as well as Ground Water Under the Direct Influence (GWUDI) status of the facility's water source. GWA-HDR negotiated a change order in the amount of \$741,906.00 for the PFAS and employ the compliance work on the contract. The initial work is estimated to take up to 18 months from the notice of received date and requires extensive project management, geotechnical investigation, general and detailed design work, engineering and environmental services. The majority of these costs are going to be for design services -- with site investigation at 13% and detailed design work at 34%. HDR stated in its documents that the actual total cost for the services is \$825,232, but HDR deducted \$83,326 of unexpended funds from the original proposal and all prior change orders, which resulted in a lower amount of \$741,906 that GWA is currently being charged.

Legal counsel Camacho finds the cost of the change order to be reasonable and the change order to be prudent. Rehabilitating and using this facility will increase the supply of drinking water to central Guam while decreasing GWA's dependence on the U.S. Navy for drinking water thus finding the change order to also be necessary. The facility was in fact closed because it was producing contaminated water and ensuring that it will not be producing contaminated water is absolutely necessary if they are going to once again use this facility. Accordingly, it is legal counsel Camacho's recommendation that PUC approve the change order.

Chairman Johnson solicited for comments and GWA Chris Budasi stated that this is a longstanding project which GWA hopes to complete as so to provide support in this central area and reduce the amount of water GWA purchases from the Navy. Discussions ensued between GWA Chris Budasi and the Commissioners regarding the specifics of the facility's shut down due to positive bacteriological presence and this additional design services change order to add treatment for PFAS; GWA and National Park Service's lease or easement agreement to allow GWA to use a portion of the site that is not owned by GWA and its associated cost to GWA; EPA's requirements and deadlines; and, other potential springs that may assist GWA in the southern areas and any ongoing rehab work.

After discussion and due consideration, Commissioner Montinola moved to approve GWA Docket No. 25-10, which motion was seconded by Commissioner Perez-Camacho, and the motion was carried and unanimously approved.

#### **8. GWA Docket No. 25-11 – Petition for GWA to Procure Design Services for Deep Well VFD and Electrical Upgrades.**

Chairman Johnson addressed the next Agenda item, GWA Docket No. 25-11, GWA's Petition to Procure Design Services for GWA Deep Well Variable Frequency Drives (VFD) and Electrical Upgrades. The Chairman informed the Commissioners that there's a Legal Counsel Report and proposed Order, reiterated that Commissioner Pangelinan is recused from this docket, and invited Legal Counsel Camacho to present this matter. Legal Counsel Camacho informed the Commissioners that GWA operates about 120 deep wells for the production of drinking water. GWA expended about \$519K for corrective maintenance on pumps and motors at various wells as a result of pump and motor failure. GWA paid \$970K for such corrective maintenance costs in FY2024 and over \$1.1M in FY2023. The pump and motor failures are not just costly but result in various other labor costs, opportunity costs and resulted in a loss of customer satisfaction and trust in GWA's

ability to provide safe drinking water. Additionally, a number of GWA wells are experiencing chloride levels that are trending higher, which is a symptom of saltwater intrusion. To mitigate this, GWA has to lower the production flow rate at the affected wells. GWA believes that the solution to this issue is to solicit for professional engineering design services to explore options to mitigate the power anomalies and equip the wells with the ability to adjust their production flow rate, including the use of VFDs, which will enable the well pumps to operate at variable speeds.

Energy storage devices would be included that would enable well pumps to ride through the momentary power outages or brownouts, and a 3-phase power balancing equipment to ensure optimal power supply for the pumping equipment. The CCU issued a resolution basically finding that it was necessary for GWA to solicit for these design services and authorized GWA's management to petition the PUC for authorization to issue the solicitation for these services, which are expected to cost approximately \$1M. This anticipated cost is at GWA's immediate threshold thus requiring PUC's approval prior to soliciting for these services.

Legal counsel Camacho believes the estimated cost of \$1M is pretty reasonable. There are 120 wells – approximately \$8,300.00 per well for these design services. There are no 2 wells that are identical and thus would likely require unique designs to resolve their issues. Legal counsel Camacho also found the solicitation to be prudent as this would lower GWA's expenditures on corrective maintenance; and the electrical solutions would likely prevent or substantially reduce these costs in the future. He also finds the solicitation for these services necessary as these services will result in a more reliable, resilient and safer drinking water system while at the same time protecting Guam's aquifer from the new threat of salt water intrusion. Based on the foregoing, legal counsel Camacho recommends that PUC approve GWA's petition.

Chairman Johnson solicited for comments and GWA Christopher Budasi addressed the Commissioners and informed them of the importance of this project not just because of the corrective maintenance aspect and the savings it will achieve by installing the pipes, but it will also help GWA monitor the pumping rates at the wells to ensure that GWA is not over-pumping and is in compliance with GWA's permits with Guam EPA.

Additional discussions followed between the Commissioners, GWA Budasi and GWA Senior Engineer and Asst. GM for Engineering Brett Raily regarding the saltwater intrusion and the length of time the wells have been dechlorinating; GWA's monitoring and tracking of all its wells on a quarterly basis for chloride levels and GWA's solution in turning down well production to those wells producing higher chloride water; the location of the wells that are over-pumping; and how the VDFs that GWA anticipates installing will allow GWA to dial in the exact desired production rate.

There being no further inquiries or discussions, Commissioner Montinola moved to approve GWA Docket No. 25-11, which motion was seconded by Commissioner Perez-Camacho, and the motion was carried and unanimously approved.

#### **9. GWA Docket No. 26-01 – Petition to Approve the Construction Contract for Pressure Zone Realignment Phase II Project with Sumitomo Mitsui Construction Co., Ltd.**

Chairman Johnson addressed the next Agenda item, GWA Docket No. 26-01, GWA's Petition to Approve the Construction Contract for Pressure Zone Realignment Phase II Project with Sumitomo Mitsui Construction Co., Ltd. The Chairman informed the Commissioners that there is an ALJ Report and proposed Order, reiterated that Commissioner Pangelinan is recused from this docket,

and invited CALJ Frederick J. Horecky to present this matter. CALJ Horecky reported that this Phase II project is divided into Phase IIA and IIB. Phase IIA is funded by grant funds and it is still undergoing construction. Phase IIB, which is the focus of GWA's petition in this docket, is to construct Pressure Reducing or Sustaining Valves (PRSV) stations to include meters, vaults, electrical infrastructure and waterlines at 16 sites around the island. The work of the project is comprised of construction of pressure reducing and sustaining value and meter stations and other improvements at the different locations. It includes piping and connections, concrete bolts, electrical systems, SCADA systems, concrete control building site work pavement restoration, testing start-up, and pertinent work on all the sites.

On February 14, 2024, GWA issued IFB 02 ENG-2024 for the construction of the Pressure Zone Realignment Phase II Project. Phase IIA has already been funded and is underway. There were originally 2 bid proposals and GWA determined that only Sumitomo Mitsui (Sumitomo) was a responsible bidder and the lowest responsible bidder meeting all the requirements. Sumitomo submitted a base bid of \$23,242,777.00 and GWA Management approved it as acceptable. On January 28, 2025, GWA Management sought approval from the CCU to enter into the contract with Sumitomo for the bid amount and also a 10% contingency. In GWA Resolution 15-FY2025, the CCU authorized GWA Management to accept the bid and the 10% contingency. GWA was authorized to enter into the contract with Sumitomo. Total funding for the project was approved, including the contingency, at \$25,567,054.70. That is for both Phase IIA and Phase IIB. However, in the contract dated April 11, 2025, only Phase IIA work in the amount of \$14,956,418.00 was certified. The problem is that GWA did not submit this April 11, 2025 contract to the PUC for review. GWA's reasoning was that Phase IIA was funded entirely by grant money and argues that under the Contract Review Protocol, the test is whether the cost exceeds \$1M. And, because GWA will not be paying any costs for the contract, the contract was not presented to PUC for review. GWA is now requesting approval for the Phase IIB project and the PUC will need to backtrack and also approve the Phase IIA contract that already has facilities built and is currently in progress.

GWA is requesting approval to enter into the construction contract with Sumitomo. The contract is lengthy (1,100 pages), the technical data is over 600 pages, and the specifications are very detailed for each of the 16 sites for the pressure reel alignment. Because of its voluminous content, CALJ Horecky provided a summary of the specification's content in his report.

Sumitomo's total bid of \$23,242,777.00 did include bid amounts for both Phases IIA and IIB. Originally it was anticipated that Phase IIB would be \$7,522,551 but GWA is seeking a change order to bring that amount to \$8,286,659.00. This requested increase is owing to increased costs for 5 of the 16 sites. The contract is a multiyear contract and under the Contract Review Protocol, the PUC needs to approve the entire contract amount – both Phases IIA and IIB, notwithstanding the fact that Phase IIA was not presented to PUC for approval.

The ALJ Report contains a breakdown for the Phase II costs and sets forth the total amounts. Phase IIB is funded from bond funds, internal funds and some others – grant funds of approximately \$772K. The total bid is over \$23M and over \$15M is funded through grant funds. In actuality, the amount that the PUC will be approving is \$8.2M plus for Phase IIB. GWA did a good job in securing funding through grants to pay for this pressure zone realignment. GWA submits that these projects are critical as the valves are essential and critical to establishing pressure zones in the distribution systems. Pressure zones are imperative and critical to controlling water pressure throughout its network and to protect GWA's pipes and other infrastructure from higher pressure.

Based upon GWA's representations, it does appear that the pressures on realignment projects are critical and necessary. Without their implementation in the GWA distribution system, GWA would be unable to properly reduce high pressure to a lower more manageable source. The PRVs are necessary to protect pipes and other infrastructure. CALJ Horecky concludes that the Sumitomo contract, along with the detailed specifications, are adequate to protect the interests of GWA and the ratepayers in the proper construction of the sites. The Phase IIB projects and funding sought by GWA are also prudent and necessary. Without the projects, GWA would be left with a water system that would be unable to properly regulate water pressure. In terms of the critical nature, the costs involved also seem to be reasonable. Of the total cost of the contract of \$23M, approximately \$15M is funded through grants.

CALJ Horecky does not believe that the 10% contingency of \$2,324,277.77 requested by GWA should be approved. At this point, its unsure if there will be a need for a contingency and, under the GWA Contract Review Protocol, GWA is authorized to incur contract expenses up to 20% over the amount authorized by the PUC without prior PUC approval. And, GWA has a remedy if the contract cost goes up to \$25M – GWA is authorized to award an additional amount as the contingency without seeking PUC approval.

This contract has a 760-day timeline which is expected to be completed by June 30, 2027. CALJ Horecky recommends that PUC approve the award to Sumitomo for the Pressure Zone Realignment Construction Phase II Project for funding in the amount of the base bid of \$23,242,777.00. PUC should authorize GWA to enter into the construction contract and also approve the change order for Phase IIB.

Chairman Johnson solicited comments from GWA and GWA Chris Budasi mentioned that these projects are integral to GWA's Water Loss Program and will allow GWA to better manage water pressure and monitor in real-time the pressures at the valves that are going to be installed. Discussion ensued between the Commissioners and GWA Chris Budasi and Brett Raily regarding low water pressure levels; the installation of PRSVs that are configured to maintain a set point of upstream and downstream pressure or both; the valves automatically adjusting throughout the day to provide set point pressure and automates fluctuating pressure as system conditions change; and the issue of water loss and pipe replacement throughout Guam.

After due consideration, Commissioner Montinola moved to approve GWA Docket No. 26-01, which motion was seconded by Commissioner Perez-Camacho, and the motion was carried and unanimously approved.

**10. GWA Docket No. 26-02 – Petition for GWA to Procure Construction Management and Construction Services for AG-10, AG-12 and Y-8 Deep Well Development and Construction Services for A-2, A-7, A-12, D-5 and F-3 Deep Well Rehabilitation.**

Chairman Johnson addressed the next Agenda item, GWA Docket No. 26-02, GWA's Petition to Procure Construction Management and Construction Services for AG-10, AG-12 and Y-8 Deep Well Development and Construction Services for A-2, A-7, A-12, D-5 and F-3 Deep Well Rehabilitation. The Chairman informed the Commissioners that there is an ALJ Report and proposed Order, reiterated that Commissioner Pangelinan is recused from this docket, and invited CALJ Frederick J. Horecky to present this matter. CALJ Horecky stated that there are 3 procurements involved with this petition. First, GWA is requesting approval for issuance of the RFP to procure professional

construction management services for AT-10, AT-12 and Y-8. These are deep well developments – new wells are being developed. There will be two IFBs to procure construction services, one for AG-10, AG-12 and Y-8, and the other will be for A-2, A-7, A-12, D-5 and F-3 deep water rehabilitation. The existing groundwater wells, A-2, A-7, A-12, D-5, and F-3, have several design and construction features that need updating to current GWA and industry standards. Wells A-2, A-7 and D-5 are no longer in service and have been abandoned. Deep Well A-12 is still operational, but the design is inadequate for the cooling of the pump system, which limits production capacity. Deep Well F-3, while currently active, needs rehabilitation.

GWA's petition sets forth the scope of work for all these projects. The A Series Rehabilitation Project is to perform full rehabilitation of each well including demolition work, new piping, drilling new well holes, installation of new pumps and motors, new electrical systems, new well casing and screens, new chlorination buildings and other miscellaneous site upgrades.

AT-10, AT-12 and Y-8 Deep Well Development Project is to construct three portable water wells. The project will involve the development of three well sites including well construction, piping, drilling new well holes, pumps and motors, utility chlorination building, electrical systems, SCADA, and other miscellaneous development. GWA anticipates that each of the contracts will exceed its \$1M threshold, thus the requirement of PUC approval prior to the procurement process.

There is a need and justification for these procurements. The CCU, in GWA Resolution 52 FY2025, stated that it (CCU) determined that there exists a need for certain additions and improvements for GWA's water and wastewater system including, but not limited to, water production. These deep well development projects, although they are not specifically mentioned in the resolution, they are set forth in GWA's five-year capital improvement plan. The CCU also found that the advertisement to solicit professional engineering design, construction management and construction services is necessary to ensure the water and wastewater system's resilience and to maintain excellent service to the public. GWA concludes that the PUC should approve and authorize its procurement of both the deep well and rehabilitation projects, as they are reasonable, prudent and necessary, and GWA will again come before the PUC for the approval and award of the proposed contracts and the award amounts.

Based upon the documentation and the record before the PUC, CALJ Horecky found that the PUC should approve GWA's issuance of the RFPs for the construction services, the management services for the deep well development, and to procure construction services for both the deep well development and the deep well rehabilitation. GWA has justified the need for these projects and CALJ Horecky has found them reasonable, prudent and necessary.

Chairman Johnson then solicited comments from GWA, and GWA Chris Budasi addressed the Commissioners and stressed the importance of these projects as they augment GWA's capacity and inventory and give GWA flexibility to its existing system. GWA can take wells offline for maintenance and, with the increased capacity and wells that these projects will provide to GWA's existing system, it will ensure continued water production to meet demands. Discussions followed with GWA Brett Raily and the Commissioners regarding the reason for the wells' abandonment, original design work and useful lifespan; GPA's well-abandonment procedure to prevent the old wells from becoming a pathway for contaminants; how GWA locates spots for new wells and how new holes are drilled; the wells' rehabilitation process; the location of the wells; the decades of research WERI had invested on aquifer basement and configuration; and, GWA/WERI's collaborative work with PFAS and potential study of septic tank effluent.

There being no further discussions, Commissioner Montinola moved to approve GWA Docket No. 26-02, which motion was seconded by Commissioner Perez-Camacho, and the motion was carried and unanimously approved.

## **ADMINISTRATIVE MATTERS**

### **11. Fourth Quarter Financial Review.**

The PUC then transitioned to administrative matters, beginning with the PUC's Fourth Quarter Financial Review. Chairman Johnson invited Commissioner Flores-Brooks to present this matter. Commissioner Flores-Brooks summarized the Fourth Quarter Financials as follows:

- Total assets of \$477K – 85% of that is cash – from that cash percentage \$263K are in 5 TCDs (maturing in November, May, June, July and September). Commissioner Flores-Brooks understands the rates on the TCDs are dropping to possibly below 4%, and PUC will know more when the November TCD matures. Interest on the 5 TCDs are a little over \$9.4K this year, compared to last year's interest of \$6K, however PUC only had 4 TCDs in FY2024.
- PUC is overbudget by \$518.50 due to its purchase of new computer equipment and software, new accounting software program (QuickBooks Enterprises 2024) and an increase in employees -- PUC now has 3 employees instead of 2.
- Savings in FY2025 came from Commissioner stipend (i.e., the resignation of one Commissioner, who has not been replaced to date) and travel expenditure.
- Commissioner Flores-Brooks' goal was to have one-half (1/2) of PUC's annual budget in cash so that PUC is prepared should something unexpected occur.

Commissioner Montinola inquired of the status of the utilities FY2025 assessment fee to which he was advised that all utilities have paid their annual assessment for FY2025. With regard to the FY2026 assessment, only two agencies have paid to date, i.e., the Port Authority of Guam and Guam Telephone Authority. The remaining agencies have to and including November 2025 to pay their respective FY2026 annual assessment fee. Commissioner Flores-Brooks also informed the Commissioners that the PUC has transitioned to the new QuickBooks accounting program and thanked the staff for all their diligence.

### **12. Update of Awarded Lease and Renovation for New Office Space.**

Chairman Johnson announced that the next item of business on the Agenda was the Update of Awarded Lease and Renovation for New Office Space. Legal counsel Camacho provided a brief update and advised the Commissioners that DNA has signed the Lease Agreement ("Lease") and once it is fully executed, the space would have to be made available within 60 days of the Lease's execution. Pursuant to the Lease, as drafted, the space is to be made available to the PUC by December 17, 2025. PUC has to provide DNA with a floor plan and DNA will have to execute on the floor plan to PUC's specifications. It is important that the PUC provide the floor plan to DNA as soon as possible.

### **13. Scheduling of November and December Meeting.**

As legal counsel Anthony R. Camacho requested that he be excused from the next matter on the Administrative Agenda, Chairman Johnson went on to the scheduling of PUC's November and December meeting. The Commissioners reviewed their calendars for November and December, 2025 and discussed possibly holding PUC's November meeting on December 1<sup>st</sup> or 2<sup>nd</sup> as November 27<sup>th</sup> is the Thanksgiving holiday. Ms. Salas advised the Commissioners that any date other than the 1<sup>st</sup> of December would be considered a Special Meeting for the PUC and would be subject to

additional costs. After due consultation with all Commissioners, it was determined and confirmed that PUC's November meeting, pursuant to PUC's guidelines, will be held on December 1, 2025.

With regard to the December meeting, the last Thursday of December is the Christmas holiday, thus the meeting will be scheduled to the following Monday, i.e., December 29, 2025. With no potentially critical matters currently before the PUC, coupled with the fact that Commissioners Brooks and Montinola will be off-island during this period, the PUC will forgo its December meeting, and will hold its next meeting in January 2026. In the event an urgent matter needs to be resolved prior to its January 2026 meeting, it will hold a Special Meeting in early January 2026.

#### **14. Update on Solicitation of In-House Counsel and Administrative Law Judge.**

Chairman Johnson announced that the next item of business on the Agenda was the Update on Solicitation of In-House Counsel and Administrative Law Judge. Legal counsel Camacho was recused from this matter as he is a candidate for the In-House Counsel. Chairman Johnson informed the Commissioners that there is a fully executed Administrative Law Judge Services Agreement with Kristina L. Baird. Chairman Johnson called in Ms. Baird and introduced and welcomed her to the PUC. Ms. Baird provided a brief background and legal experience, especially her work dealing with utilities -- she was GPA's legal counsel at one time. Ms. Baird also informed the Commissioners that she has a background in environmental law and handled the Navy Barge PCB case. Ms. Baird is currently employed with the Superior Court as an Administrative Hearings Officer for child support cases. The Commissioners welcomed Ms. Baird and looked forward to working with her.

With regard to the In-House Counsel position, Chairman Johnson stated that he met with Mr. Camacho and that there are still a couple of variables that need to be resolved, but they are basically there.

#### **ADJOURNMENT**

There being no further business before the Commission, Commissioner Montinola moved to adjourn the meeting, which motion was duly seconded by Commissioner Perez-Camacho. The motion passed unanimously and the meeting was adjourned at 9:10 p.m.

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Jeffrey C. Johnson  
Chairperson

## 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 Thursday, October 30, 2025, at Suite 205, Oka Bldg., 241 Farenholt Avenue, Tamuning, Guam.

The following business will be transacted:

#### AGENDA

1. Call to Order
2. Approval of Minutes of September 25, 2025 Regular Meeting

#### GUAM POWER AUTHORITY

3. GPA Docket No. 25-21: Petition of the Guam Power Authority to Approve Construction Change Order to Perform Lead Abatement and Additional Repairs on Tank 1934, Legal Counsel Report and proposed Order.
4. GPA Docket No. 26-01: Petition for Approval and Authorization for GPA to Renew Property Insurance, Legal Counsel Report and proposed Order.
5. GPA Docket No. 26-02: Petition of the Guam Power Authority to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC for up to 60 MW of Renewable Energy Capacity, Legal Counsel Report and proposed Order.

#### GUAM WATERWORKS AUTHORITY

6. GWA Docket No. 25-07: Petition to Approve GWA's Short-Term Financing Credit and Fee Agreements Pursuant to Public Law 37-103, ALJ Report and proposed Order.
7. GWA Docket No. 25-10: Petition to Approve Fund Increase to HDR, INC. Contract for Asan Springs Rehabilitation Design Project, Legal Counsel Report and proposed Order.
8. GWA Docket No. 25-11: Petition for GWA to Procure Design Services for GWA for Deep Well VFD and Electrical Upgrades, Legal Counsel Report, and proposed Order.
9. GWA Docket No. 26-01: Petition to Approve the Construction Contract for Pressure Zone Realignment Phase II Project with Sumitomo Mitsui Construction Co., Ltd., ALJ Report and proposed Order.
10. GWA Docket No. 26-02: Petition for GWA to Procure Construction Management and Construction Services for AG-10, AG-12, and Y-8 Deep Well Development and Construction Services for A-2, A-7, A-12, D-5, and F-3 Deep Well Rehabilitation, ALJ Report and Proposed Order.

#### ADMINISTRATIVE MATTERS

11. Fourth Quarter Financial Review
12. Update Of Awarded Lease and Renovation for New Office Space
13. Update on Solicitation of In-House Counsel and Administrative Law Judge
14. Scheduling for November and December Meeting

#### 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 THE MATTER OF: ) GPA DOCKET 26-01  
THE PETITION OF THE GUAM ) ORDER  
POWER AUTHORITY FOR APPROVAL )  
OF THE RENEWAL OF THE PROPERTY )  
INSURANCE CONTRACT FOR 2026 )



### INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority ["GPA"] Petition for Approval and Authorization for GPA to Renew Property Insurance for the period beginning on November 1, 2025 and ending November 1, 2026.<sup>1</sup>
2. GPA's property insurance is due to expire on November 1, 2025 and GPA requests that the PUC approve GPA's exercise of the second 1-year option to renew GPA's property insurance contract with AM Insurance and its affiliates that will cost \$6,700,000 for the coverage period beginning on November 1, 2025 and ending November 1, 2026.<sup>2</sup>

### BACKGROUND

3. GPA's Bond Indenture Agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost...." The Indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry...."<sup>3</sup>
4. On October 31, 2024, the PUC authorized GPA to award a Property Insurance Policy Contract to AM Insurance for a one-year policy period beginning November 1, 2023 to October 24, 2024, which cost \$7,100,000 for that coverage period, with four one-year options to renew and which required GPA to obtain the PUC's approval prior to exercising any of those four options.<sup>4</sup>

<sup>1</sup> GPA Petition for Approval and Authorization for GPA to Renew of Property Insurance, GPA Docket 26-01, filed October 1, 2025. (Petition).

<sup>2</sup> Id., at 2. [NOTE: This report cites the PDF numbers because the numbers used in the Petition and its exhibits are not continuous].

<sup>3</sup> Id., at 1.

<sup>4</sup> PUC Order dated October 31, 2023 in GPA Docket No. 24-01 at 7.

Order

The Petition of the Guam Power  
Authority for the Approval of  
The Renewal of the Property  
Insurance Contract for 2026  
GPA Docket 26-01  
October 30, 2025

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5. The initial term of GPA's Property Insurance Contract would have expired on October 31, 2024 and GPA and AM Insurance agreed to extend the initial term until December 31, 2024 for the amount of \$1,184,766 to obtain the regulatory approvals required for GPA to exercise the first one-year option term. On December 22, 2024, the PUC determined that GPA did not require the PUC's approval for that extension because the \$1,184,766 cost of the two-month extension was less than 20% of the \$7,100,000 cost of the contract's initial term.<sup>5</sup>
6. On December 2, 2024, the PUC approved GPA's exercise of the contract's the first option term for the coverage period beginning on January 1, 2025 and ending on November 1, 2025 for the amount of \$5,978,600.<sup>6</sup>
7. On September 23, 2025, the Guam Consolidated Commission on Utilities [CCU] issued GPA Resolution No. FY2025-28 which authorized GPA's General Manager to exercise the second one-year extension of the contract for the period November 1, 2025 to November 1, 2026 for the amount of \$6,700,000 subject to the PUC's approval.<sup>7</sup>
8. On October 24, 2025, PUC Legal Counsel issued his report recommending that the PUC approve the second one-year extension of GPA's Property Insurance Contract with AM Insurance, for the policy period beginning November 1, 2025 and ending on November 1, 2026 for the amount of \$6,700,000.

### DETERMINATIONS

9. GPA must obtain the PUC's approval to exercise the second one-year option to renew. As stated above, the PUC ordered GPA to obtain the PUC's approval prior to exercising any of the four one-year options to renew in GPA's Property Insurance Contract with AM Insurance. Therefore, GPA must obtain the PUC's prior approval prior to exercising the second option period that will begin on November 1, 2025 and end on November 1, 2026.

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<sup>5</sup> PUC Order dated December 2, 2024, GPA Docket No. 25-04 at 2.

<sup>6</sup> Id., at 4.

<sup>7</sup> GPA Petition at 6.

Order

The Petition of the Guam Power  
Authority for the Approval of  
The Renewal of the Property  
Insurance Contract for 2026  
GPA Docket 26-01  
October 30, 2025

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10. The \$6,700,000 cost of the second one-year option is reasonable. The first one-year option had a total cost of \$7,163,366 which was \$63,366 more than the contract's \$7,100,000 initial term. Here, the \$6,700,000 cost of the second one-year option is \$463,366 less than the cost of the contract's first one-year option. GPA achieved these cost savings by reducing the coverage limit from \$200 million to \$150 million, by reducing Cabras 1 & 2 limit to \$25 million, by renewing the cyber insurance with \$3 million coverage and a deductible of \$250,000, and by obtaining a two-year rate reduction deal for the coverage period.<sup>8</sup> Therefore, the cost of the second one-year extension is reasonable.
11. The contract extension is prudent. GPA has an insufficient amount of time to prepare a new property insurance solicitation, issue it, receive responses, and award a new property insurance contract prior to the November 1, 2025 coverage expiration date. Hence, it is more prudent for GPA to exercise the second one-year option of the contract instead of issuing a solicitation for a new contract.
12. The contract extension is necessary. As stated above, GPA is required by its Bond Indenture Agreements to maintain property insurance coverage.
13. Based on the foregoing, the second one-year extension of GPA's Property Insurance Contract with AM Insurance, is reasonable, prudent, and necessary.
12. Based on the foregoing, the first one-year extension of GPA's Property Insurance Contract with AM Insurance is reasonable, prudent, and necessary.

#### **ORDERING PROVISIONS**

After review of the record herein, GPA's Petition for Approval and Authorization for GPA to Renew Property Insurance for the period beginning on November 1, 2025 and ending November 1, 2026, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

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<sup>8</sup> Id., at 2.

Order  
The Petition of the Guam Power  
Authority for the Approval of  
The Renewal of the Property  
Insurance Contract for 2026  
GPA Docket 26-01  
October 30, 2025

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1. GPA's Petition for Petition for Approval and Authorization for GPA to Renew Property Insurance for the period beginning on November 1, 2025 and ending November 1, 2026 is hereby approved.
2. A total property insurance premium in the amount of \$6,700,000 for the second one-year contract option period beginning November 1, 2025 and ending November 1, 2026 is hereby approved.
3. Exercise by GPA of any of the additional two renewal options for property insurance shall be brought to the PUC for prior approval.
4. GPA 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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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Order  
The Petition of the Guam Power  
Authority for the Approval of  
The Renewal of the Property  
Insurance Contract for 2026  
GPA Docket 26-01  
October 30, 2025

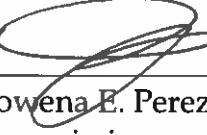
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Dated this 30<sup>th</sup> day of October, 2025.



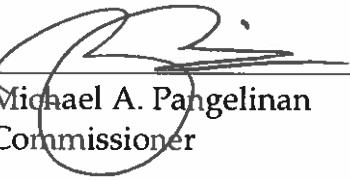
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Jeffrey C. Johnson  
Chairman



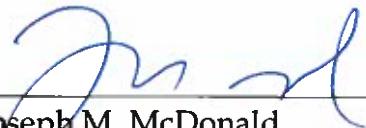
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Rowena E. Perez-Camacho  
Commissioner



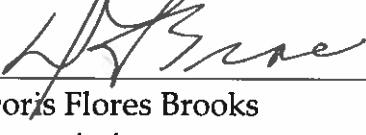
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Michael A. Pangelinan  
Commissioner



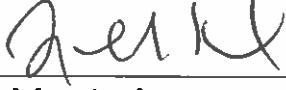
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Joseph M. McDonald  
Commissioner



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Doris Flores Brooks  
Commissioner



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Peter Montinola  
Commissioner

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA DOCKET 26-02  
THE PETITION OF THE GUAM )  
POWER AUTHORITY TO APPROVE )  
PHASE IV RENEWABLE ) ORDER  
ACQUISITION AWARD TO PRG CTI )  
TANGUINSON LLC FOR UP TO 60 MW )  
OF RENEWABLE ENERGY CAPACITY )



### INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC [Core Tech] for up to 60 MW of Renewable Energy Capacity.<sup>1</sup>
2. To accomplish its Phase IV Renewable Energy Acquisition plans, GPA issued GPA-IFB-012-23 (300,000,000-530,000,000 KWh of Renewable Energy) ["IFB"] and GPA received several bids in response to the solicitation, and one of the bids was from Core Tech for a 60 MW Tanguisson renewable energy project.<sup>2</sup>
3. GPA requests that the PUC approve a partial award for the IFB to Core Tech for the 60 MW Tanguisson renewable energy project. The partial award is in the form of a Renewable Power Purchase Agreements ["REPA"]. The REPA's is for a term of twenty-five years with an option for five additional years, is estimated to cost \$548,689,641.38 for the REPA's base term of twenty-five years.<sup>3</sup>

<sup>1</sup> GPA Petition to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC for up to 60 MW of Renewable Energy Capacity , GPA Docket 26-02, dated October 10, 2025 [GPA Petition].

<sup>2</sup> GPA Petition at 2. NOTE: The page numbers in GPA'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 6 and 14. NOTE: The annual price per Megawatt Hour (MWH) was multiplied by the Guaranteed Net Annual Generation (MWH/YR) for each year of each REPA to obtain the \$548,689,641.38 amount.

Order

GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

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## **BACKGROUND**

4. In GPA Docket 22-08, the PUC conditionally approved GPA's 2022 Integrated Resource Plan [IRP].<sup>4</sup> The IRP stated GPA's plan to initiate procurement for renewable energy contracts for additional annual 300,000 MWH by 2025 and another 300,000 MWH by 2029 to achieve 50% Renewables by 2030.<sup>5</sup> The IRP's goal was to have 188 MW of renewable capacity by December 31, 2029 for a low load forecast scenario or 220 MW of renewable capacity by December 31, 2029 for a high load forecast scenario.<sup>6</sup>
5. In December, 2022, GPA issued the IFB for 300 to 500 million kWh of renewable energy in its Phase IV procurement for utility scale renewables and GPA opened the eleven bids submitted in response to the IFB in December, 2023.<sup>7</sup> Core Tech submitted one of the bids for the 60 MW Tanguisson renewable energy project that would provide 60 MWAC of PV capacity and 30 MW MS/120MWh of Battery Energy Storage System Capacity.<sup>8</sup> This project is for the construction of a solar facility in Tanguisson and for its operation for a base term of 25 years with a 5 year option to renew.<sup>9</sup>
6. On August 27, 2024, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2024-29 authorizing GPA's management to petition the PUC for approval to award a REPA contract to Core Tech for the 60 MW Tanguisson renewable energy project.<sup>10</sup>
7. On October 24, 2025, PUC Legal Counsel issued his report recommending that the PUC approve the partial award for the IFB to Core Tech for the 60 MW Tanguisson solar facility project.

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<sup>4</sup> Order dated May 26, 2022 in GPA Docket 22-08 at 3.

<sup>5</sup> GPA Petition dated January 31, 2022 in GPA Docket 22-08 at 4.

<sup>6</sup> Id., at 8.

<sup>7</sup> GPA Petition at 1-2.

<sup>8</sup> Id., at 2.

<sup>9</sup> Id., at 6.

<sup>10</sup> Id., at 10.

Order

GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

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## DETERMINATIONS

8. GPA must obtain the PUC's approval for the 60 MW Tanguisson renewable energy project. GPA's Contract Review Protocol requires that the PUC must review any contract or obligation which exceeds \$1,500,000.<sup>11</sup> Here, as set forth above, the REPA will cost \$548,689,641.38 for its base term of twenty-five years. Thus, GPA must obtain the PUC's authorization for the REPA because its cost exceeds the \$1,500,000 review amount.
9. The REPA's \$548,689,641.38 cost, if Core Tech provides the Annual Net Generation amount for the twenty-five-year base term, is reasonable. The IFB set a bid price cap of \$0.179/kWh which includes about \$0.07/kWh for energy – shifting batteries and Core Tech's bid for the 60 MW Tanguisson project was within this price cap.<sup>12</sup> The REPA also contains a 1% annual escalation in its annual prices for the twenty-five year base period, which is 1.7% less than the current U.S. annual inflation rate of 2.7%.<sup>13</sup> A comparison of the annual price per MWH for the Core Tech REPA to the REPA for the KEPCO – EWP-Samsung C&T Consortium solar farm project, also a Phase IV renewable energy project GPA awarded from the IFB, indicates only *di minimis* differences between those annual prices.<sup>14</sup> The Core Tech REPA will increase GPA's annual LEAC costs by \$21,947,585.66, on average, for each year of the twenty-five year base term (\$548,689,641.38 Total Cost / 25 Years = \$21,947,585.66 Average Annual LEAC Cost). However, this cost will likely be reduced or neutralized by the reduction of GPA's existing fuel oil costs caused by using renewable energy from the Core Tech REPA. Generally, the price of oil would have to rise to approximately \$152.41 per barrel for the annual cost of the Core Tech REPA to have a neutral effect on the LEAC (\$21,947,585.66 Average Annual LEAC Cost / 144,000 barrels of fuel oil = \$152.41 cost per barrel of fuel oil). GPA currently imports three million barrels of fuel oil annually.<sup>15</sup> GPA states that if all the Phase IV renewable projects are implemented, inclusive of the Core Tech REPA, it would reduce GPA's fuel oil consumption by 800,000 barrels annually.<sup>16</sup> The Core Tech REPA constitutes approximately 18% of the Phase IV Projects (60

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<sup>11</sup> Order dated February 15, 2007, GPA Administrative Docket at paragraph 1.

<sup>12</sup> GPA Petition at 3.

<sup>13</sup> Id., at 14 and U.S. Inflation Calculator at <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>.

<sup>14</sup> Id., at 18 and Petition dated September 11, 2024 in GPA Docket 24-25 at 13.

<sup>15</sup> GPA Petition at 5.

<sup>16</sup> Id.

Order

GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

MWac / 332.4 total Phase IV MWac = .18) and this would equate to the Core Tech REPA being attributed 18% of the reduction of 800,000 barrels of fuel or 144,000 barrels of fuel oil (800,000 barrels of fuel oil x 18% = 144,000 barrels of fuel oil). GPA does not state which of its types of fuel its estimate is based on but if applied to Residual Fuel Oil [RFO] and Ultra-Low Sulphur Fuel Oil [ULSFO] which is currently forecast to cost GPA a high of \$110.40 per barrel up to January 31, 2026, then the implementation of the Core Tech REPA would result in a reduction in the annual LEAC of \$15,897,600 (144,000 barrels x \$110.40 per barrel of RFO & ULSFO = \$15,897,600) reducing the \$21,947,585.66 average annual LEAC cost of the Core Tech REPA to \$6,049,985.76 (\$21,947,585.66 Annual Average LEAC Cost of Core Tech REPA - \$15,897,600 reduction of 144,000 barrels of RFO & ULSFO = \$6,049,985.76).<sup>17</sup> Although the Core Tech REPA may increase the LEAC costs when the cost of RFO & ULSFO is less than \$152.41 per barrel in the short-term, such cost increases will likely be off-set in the long-term. For example, GPA's analysis covers a scenario in which the cost of a barrel of Ultra Low Sulphur Diesel Fuel [ULSD] may rise to \$200 per barrel.<sup>18</sup> If this price increase to \$200 occurs during the twenty-five year base term of the Core Tech REPA, then the overall annual LEAC costs will be reduced by \$6,852,414.34 (\$28,800,000 (144,000 barrels of ULSD at \$200 per barrel) - \$21,947,585.66 Annual Average LEAC Cost of Core Tech REPA = \$6,852,414.34 LEAC Cost Reduction). Finally, the Core Tech REPA was reviewed, and it contains terms regarding Representations and Warranties, Performance Requirements and Approvals, Events of Default and Remedies, Payment and Netting, and Interconnection and said terms are commercially reasonable. The Core Tech REPA is not signed by the Parties but is based on a prior contract that was approved by the Guam Office of the Attorney General. Based on the foregoing, the annual cost per MWH, the 1% escalation rate for the Core Tech REPA over the twenty-five-year base term, and the contract provisions are reasonable.

10. The Core Tech 60 MW Tanguisson solar facility project is prudent. As shown above, the LEAC cost savings when the price of oil rises above \$152.41 per barrel serve as an important hedge against rapid or prolonged increases in the price of oil. Additionally, these projects will add 60 MWac capacity to the Island Wide Power System which should mitigate the forecasted 100 MW increase in the demand for

<sup>17</sup> \$110.40 per barrel cost of RFO & ULSFO derived from Marianas Consulting Group, LLC Report dated June 17, 2025 in GPA Docket 25-13 at 4.

<sup>18</sup> GPA Petition at 37.

Order

GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

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energy by 2033 caused by the military build-up.<sup>19</sup> Accordingly, Core Tech project is prudent.

11. The Core Tech 60 MW Tanguisson solar facility project is necessary. Guam P.L. 29-62 mandates GPA's use of 50% renewable energy by 2035. If GPA constructs all its Phase IV renewable energy projects inclusive of the Core Tech's 60 MWac Tanguisson solar facility project, it will reach 39% renewable energy by 2028 which is just 11% under the 50% requirement GPA will have to meet by 2035. Therefore, to comply with P.L. 29-62 mandate of 50% renewable energy by 2035, the Core Tech 60 MW Tanguisson solar facility project is necessary.
12. Based on the foregoing, the Core Tech 60 MW Tanguisson solar facility project is reasonable, prudent, and necessary.

#### **ORDERING PROVISIONS**

After a review of the record herein, GPA's Petition to Approve Phase IV Renewable Energy Acquisition Award to PRG CTI Tanguisson LLC for up to 60 MW of Renewable Energy Capacity, and the PUC Legal Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's partial IFB award to PRG CTI Tanguisson LLC for up to 60 MW of Renewable Energy Capacity, and the REPA for that project are hereby conditionally approved and GPA is authorized to proceed with the finalization of the REPA.
2. GPA shall submit the final drafts of the REPA that GPA and Core Tech execute to the PUC. Upon certification by the PUC Legal Counsel that the Final REPA does not contain material changes from the draft REPA submitted with GPA's Petition in this matter, the PUC's approval shall be final.
3. GPA 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 the PUC's regulatory fees and

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<sup>19</sup> Id., at 3.

Order  
GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

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expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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Order  
GPA's Petition to Approve Phase IV  
Renewable Acquisition Award to  
PRG CTI Tanguisson LLC for up to  
60 MW of Renewable Energy Capacity  
GPA Docket 26-02  
October 30, 2025

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Dated this 30th day of October, 2025.



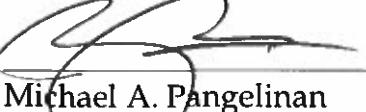
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Jeffrey C. Johnson  
Chairman



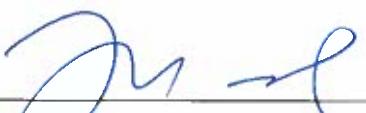
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Rowena E. Perez-Camacho  
Commissioner



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Michael A. Pangelinan  
Commissioner



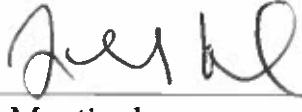
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Joseph M. McDonald  
Commissioner



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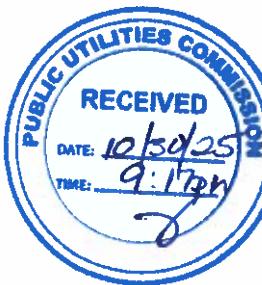
Doris Flores Brooks  
Commissioner



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Peter Montinola  
Commissioner

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GWA Docket 25-07  
 )  
GUAM WATERWORKS AUTHORITY'S )  
SHORT-TERM FINANCING CREDIT ) ORDER  
AGREEMENTS )  
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 )  
 )

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### INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Petition of the Guam Waterworks Authority ["GWA"] for approval of a short-term credit agreement to be entered into with the Royal Bank of Canada ["RBC"], acting through its New York Branch. GWA submits that it is authorized to enter into this transaction pursuant to authority granted by the Guam Legislature under Public Law 37-103, and the Commission's prior approval in GWA Docket 24-05.<sup>1</sup>

### BACKGROUND

In Public Law No. 37-103, the Guam Legislature authorized GWA to establish a program of Commercial Paper and short term financing alternatives, such as bank loans and lines of credit, up to an amount not exceeding \$360,000,000.<sup>2</sup> The Legislature affirmed that GWA had broad authority to utilize a combination of short term and traditional financial tools.<sup>3</sup> Public Law 37-103, pursuant to 12 G.C.A. §50103, further approved the issuance of a GWA borrower financing program provided that the

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<sup>1</sup> GWA Petition to Approve GWA's Short-Term Financing Credit and Fee Agreement pursuant to Public Law No. 37-103, GWA Docket 25-07, filed May 9, 2025, at p. 1.

<sup>2</sup> Public Law No. 37-103, enacted June 5, 2024, Section 2, at pg. 6.

<sup>3</sup> Id. at Section 1, p. 5.

issuance, terms, and conditions of the program were approved by the PUC and the Guam Consolidated Commission on Utilities ("CCU").

Agreements were authorized to be issued in the principal amount from time to time as necessary to provide interim financing for projects identified in GWA's Capital Improvement Program. The purpose of the financing was "to provide interim financing for projects identified in GWA's Capital Improvement Program, to fund GWA's required operating account and operating reserve account balances, to pay operating expenses incurred by GWA..."<sup>4</sup>

The PUC adopts the statement of "BACKGROUND" in GWA's Petition from pg. 1, Line 23, through pg. 3, Line 8. The ALJ filed his Report herein dated October 15, 2025. The PUC also adopts the recommendations and conclusions therein. The PUC makes the following Determinations.

**SINCE 2020, THE PUC HAS REQUESTED THAT GWA ESTABLISH A PROGRAM OF COMMERCIAL PAPER AND SHORT TERM FINANCING ALTERNATIVES, AND HAS APPROVED SUCH A PROGRAM**

A review of the last three GWA 5-year rate decisions in GWA Dockets 19-08 and 24-05 indicate that it was the PUC which initially requested that GWA establish a commercial paper and short term alternatives financing program, and that the PUC has approved the establishment of such a program. In the FY2020 Rate Decision, the PUC and GWA agreed that GWA would explore alternatives to bond financing, such as tax-exempt commercial paper and lines of credit, for future capital borrowing needs.<sup>5</sup> GWA was ordered to conduct a study relative to Financing and Alternatives to bond issuance.<sup>6</sup> In

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<sup>4</sup> Id. at Section 2, pg. 6.

<sup>5</sup> PUC Order, GWA Docket 19-08, FY20 Rate Decision, dated February 27, 2020, at p. 6.

<sup>6</sup> Id. at p. 8.

Order

GWA'S Short-Term Financing Credit Agreements

GWA Docket 25-07

October 30, 2025

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the study, GWA agreed to investigate the availability and relative costs of the use of commercial paper or lines of credit to finance its ongoing capital construction program following issuance of its Series 2020 revenue bonds.<sup>7</sup>

The September 22, 2022, Rate Decision in GWA Docket 19-08 indicated that GWA had completed its Capital Financing Alternatives Study which included Commercial Paper. At that time GWA submitted that there was a need for legislation to authorize the Commercial Paper and short term financing alternatives. PUC Consultant GCG noted that GWA's report illustrated that "the commercial paper program does have the potential to produce reduced interest expenses during the period it is in use." GCG stated that "currently GWA is authorized to "initiate the planning process" regarding the implementation of "a commercial paper program for the next bond financing", which would certainly require legislative approval.<sup>8</sup>

In the September 24, 2024, Five-Year Rate Decision, the PUC ordered as follows: **"Financing available through the TECP plan and financing alternatives shall be utilized in this proceeding, except for a bond issuance that is presently authorized by the Five-Year plan. For purposes of determining rates in this proceeding, GWA will employ short-term construction financing instruments as now allowed by Public Law No. 37-103."**<sup>9</sup> (emphasis added).

**GWA HAS RECEIVED ALL NECESSARY APPROVALS FOR PROCEEDING WITH THE RBC CREDIT AGREEMENT EXCEPT THAT OF THE PUC**

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<sup>7</sup> STIPULATIONS attached to the FY20 Rate Decision at par. 5, p. 5.

<sup>8</sup> PUC Order, GWA Docket 19-08, Rate Decision, dated September 22, 2022, at p. 29.

<sup>9</sup> PUC Order, GWA Docket 24-05, Rate Decision, dated September 24, 2024, and Ordering Provision No. 10, p. 24.

In Resolution No. 23-FY2025, the Guam Consolidated Commission on Utilities approved GWA's request for the execution and delivery of one or more credit agreements pursuant to a financing framework concerning GWA's authority to enter short-term credit facilities:

"On March 25, 2025, by CCU GWA Resolution No. 23-FY2025, the CCU approved GWA's request for the execution and delivery of one or more credit agreements pursuant to a financing framework confirming GWA's authority to enter short-term credit facilities subject to the CCU's review and approval of individual agreements. CCU GWA Resolution 23-FY2025 and its supporting exhibits are attached hereto as **Exhibit A** and are incorporated by reference as if fully set forth herein. Therein the CCU specifically authorized that such loans and agreements shall be issued in such series and amounts and at such times as the Chair or Vice-Chair of the CCU, or the Chief Financial Officer or the General Manager of GWA (the "Designated Officers") deem appropriate, provided that such loans have final maturities no later than 30 years from their dates of issuance, bear interest at such rate or rates and are sold for such price or prices not exceeding any limitation established by the P.L. 37-103 and 12 G.C.A. Chapter 14, and are issued and sold pursuant to the Credit Agreements attached herein and otherwise in compliance with the provisions of both P.L. 37-103 and 12 G.C.A. Chapter 14."<sup>10</sup>

In an email dated August 9, 2025, GWA further explained why GWA Resolution No. 23-FY2025 authorizes GWA management to enter into the Credit Agreement with RBC:

"The CCU's fourth resolve (at Section 4) of Resolution No. 23 explicitly authorizes the approval of the "Credit Agreement presented" specific to any "additions, changes, and modifications as the Designated Officers (or GWA management) shall approve," subject to PUC approval. Please see the fourth through eighth resolves—and particularly Section 4, Section 6, and Section 8 of CCU Resolution No. 23 at Exhibit A-003 of our filings.

The second resolve, at Section 2, also granted broad approvals so Management could enter into "one or more series of loans" pursuant "to the Act and the Credit Agreements". (Exhibit A-002). And Section 4, further permitted and authorized "The Designated Officers" to enter "**one or more credit agreements in the form** of the Credit Agreement presented

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<sup>10</sup> GWA Petition at pgs. 2-3; see also Exhibit A-001-002 to the GWA Petition.

to this meeting with one or more banks." (Exhibit A-003; line 11-13).<sup>11</sup>(emphasis added).

On September 23, 2025, the CCU approved and adopted GWA Resolution No. 61-FY2025, which authorizes the execution and delivery of a Thirteenth Supplemental Indenture and forms of related documents, agreements and actions in connection of the execution of the Revolving Credit Agreement between GWA and Royal Bank of Canada (RBC).<sup>12</sup> Copies of this Resolution and its attached exhibits have been provided to the PUC Commissioners in the packets for the October 30, 2025, PUC meeting. The exhibits include the updated Revolving Credit Agreement dated August 24, 2025, the Thirteenth Supplemental Indenture, and the GWA Preliminary Revolving Credit Facility Term Sheet.

In GWA Resolution No. 61-FY2025, the CCU requests that the PUC approve a final form of the credit agreement between GWA and RBC, and further approve the Thirteenth Supplemental Indenture.<sup>13</sup>

In Resolution 25-011, the Guam Economic Development Authority (GEDA) also approved the execution and delivery of GWA's Revolving Credit Agreement with RBC on September 25, 2025.<sup>14</sup> In accordance with P.L. 37-103, the only remaining approval needed by GWA to enter into the Credit Agreement with RBC is that of the PUC.

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<sup>11</sup> Email from GWA Legal Counsel Theresa Rojas to PUC ALJ Frederick J. Horecky dated August 9, 2025.

<sup>12</sup> Guam Consolidated Commission on Utilities GWA Resolution No. 61-FY2025, approved and adopted on September 23, 2025.

<sup>13</sup> Id.

<sup>14</sup> The Guam Economic Development Authority, Resolution 25-011, approved and adopted on September 25, 2025.

**THE PUC SHOULD APPROVE THE UPDATED VERSION [AUGUST 24, 2025]  
OF THE REVOLVING CREDIT AGREEMENT SUBMITTED  
BY GWA AND THE THIRTEENTH SUPPLEMENTAL INDENTURE**

**A. The Revolving Credit Agreement**

At the ALJ's request, GWA provided a Summary of the credit agreement provisions<sup>15</sup>:

"Under the credit agreement, GWA will have up to a \$75 million loan commitment available (until the Core Tech litigation is settled, GWA may have less than \$75 million of credit available). GWA may draw as needed for short-term financing of capital projects. GWA will pay an annual Commitment Fee of 75 bps on the undrawn portion of the revolver and loan draws will accrue interest, at GWA's option, of either, (i) Base Rate Loans (the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 3.00%, and (c) 9.00%) or (ii) Daily Simple SOFR Loans bearing interest at Daily Simple SOFR plus the Applicable Margin of 1.25%. Draw Fees will be \$500 per draw. Any loan amounts outstanding at the credit agreement expiry at the end of two years, unless extended, will be due and payable."

There are various interest rates, as outlined above, applicable to funds drawn under the Credit Agreement: Base Rate Loans and SOFR Loans (federal reserve rate). Under the Term Sheet there is also a total "Default Interest Rate", which is the Base rate plus 4.0%. Interest Payments and various Fees are due under the Agreement, including commitment fees, amendment fees, and draw fees.<sup>16</sup> The ALJ met with GWA Counsel Theresa Rojas and GWA CFO Taling Taitano on August 20, 2025, concerning the Credit Agreement. At that time CFO Taitano estimated that the SOFR loans would accrue interest at "something like" 5.8%.

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<sup>15</sup> Email from GWA Legal Counsel Theresa Rojas to PUC ALJ Fred Horecky dated October 11, 2025.

<sup>16</sup> Revolving Credit Agreement dated as of September 2025, at p. 26.

The draft agreement appears to be a standard Credit Agreement. It provides for default upon failure of GWA to make required payments and other remedies.<sup>17</sup>

On October 13, 2025, GWA submitted email documentation to the ALJ indicating that RBC has approved “all of the terms of the most recent credit agreement, which was the August 24, 2025 Chapman draft.”<sup>18</sup>

GWA worked closely with GEDA, GEDA’s consultants, GWA’s underwriters, bond counsel, GWA’s financial consultants, and responding banks regarding the Short-Term Financing RFP.<sup>19</sup> RBC was one of a number of banks that responded to the RFP. It has been a lengthy process for GWA to reach agreement with RBC.

GWA has submitted an adequate justification for approval of the Revolving Credit Agreement with RBC. GWA submits that the recent FY2025-FY2029 Five-Year Financial Plan update (trueup proceeding) by the PUC in GWA Docket 24-05 reinforces the need for financing to fund GWA’s Capital Improvement Program. GWA indicated that the loan funds would be expended upon the FY2025-FY2026 Capital Projects. Nominal Dollars, attached to the ALJ Report as Exhibit “1”.

#### B. The Thirteenth Supplemental Indenture

A main purpose of the Thirteenth Supplemental Indenture is to address Revolving Credit Agreements such as the one that GWA proposes to enter into with the Royal Bank of Canada and possibly with other banks. The goal is that “the Credit Agreements

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<sup>17</sup> Id. at Section 7, Events at Default and Remedies, at pgs. 43-45.

<sup>18</sup> On October 13, 2025, GWA provided an email from RBC to the ALJ confirming that it approved the terms of the most recent draft of the Revolving Credit Agreement.

<sup>19</sup> Email from GWA Legal Counsel Theresa Rojas to PUC ALJ Frederick J. Horecky, dated June 13, 2025, in response to PUC Requests for Information at p. 7.

be secured by a pledge of Revenues **on a parity basis to the Bonds...**" GWA desires to designate the Credit Agreement as a Parity Payment Agreement under the Bond Indenture.<sup>20</sup>

GWA Bond Counsel determined that GWA could only borrow under the RBC credit agreement if such agreements were secured by a pledge of Revenues on a parity basis to the Bonds.<sup>21</sup> The Indenture authorizes the issuance of not to exceed \$75,000,000 aggregate principal amount of the Series 2025 Bonds pursuant to the Indenture and the Credit Agreement to raise funds for the purpose of financing the Series 2025 Projects.<sup>22</sup> The Royal Bank of Canada is a signatory to the Thirteenth Supplemental Indenture.<sup>23</sup>

GWA CFO Taling Taitano has provided an explanation of the manner in which funds will be released by RBC and the role of the bonds in the process:

"To access funds under the Revolving Credit Agreement with the Royal Bank of Canada (RBC), the Guam Waterworks Authority (GWA) must submit a formal Notice of Borrowing specifying the amount requested, the borrowing date, and the chosen interest rate option. Each draw must be for at least \$500,000, with any additional amounts in multiples of \$100,000. Once RBC confirms that all legal and financial conditions are met – including that GWA remains in compliance and no defaults exist – the bank transfers the approved funds to GWA's designated account. The agreement functions as a revolving line of credit available for approximately two years, during which GWA may borrow, repay, and reborrow funds as needed, up to the total limit of \$75 million. This access to funding enables GWA to procure Invitations for Bids (IFBs)

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<sup>20</sup> Thirteenth Supplemental Indenture, Attachment B to GWA Resolution No. 61-FY2025, p. 1.

<sup>21</sup> Phone Conference between GWA CFO Taling Taitano and ALJ Fred Horecky on October 13, 2025.

<sup>22</sup> Thirteenth Supplemental Indenture, Attachment B to GWA Resolution No. 61-FY2025, p. 1.

<sup>23</sup> Id. at p. S-6.

Order

GWA'S Short-Term Financing Credit Agreements

GWA Docket 25-07

October 30, 2025

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and Requests for Proposals (RFPs) in a timely manner, ensuring that projects can proceed without delay while long-term financing is pending.

Although the debt instruments under this agreement are referred to as "Bonds," the facility operates like a bank loan rather than a traditional bond issue. The term "Bonds" is used to maintain consistency with GWA's 2005 Bond Indenture, which requires that all borrowings secured by system revenues be issued as bonds. In this case, the "Bonds" are not sold to public investors but are held solely by RBC as evidence of amounts borrowed under the revolving facility. This approach ensures that the loan shares the same security pledge and legal standing as GWA's other revenue bonds while providing the flexibility of a short-term credit line."<sup>24</sup>

### **ORDERING PROVISIONS**

Upon consideration of the record herein, GWA's Petition for Approval of a Short-Term Revolving Credit Agreement to be entered into with the Royal Bank of Canada ["RBC"], and 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 Revolving Credit Agreement dated August 24, 2025, between GWA and Royal Bank of Canada (RBC), and any further necessary technical revisions, and all documents or actions necessary to implement the Revolving Credit Agreement, are hereby approved.
2. Pursuant to Public Law 37-103 and this Order, GWA is authorized to enter into the Revolving Credit Agreement with RBC.

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<sup>24</sup> Email from GWA CFO Taling Taitano to ALJ Fred Horecky dated October 13, 2025.

**Order**

**GWA'S Short-Term Financing Credit Agreements**

**GWA Docket 25-07**

**October 30, 2025**

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3. The Thirteenth Supplemental Indenture and the forms, terms, and conditions contained therein, are approved. The Supplemental Indenture is necessary to authorize the Revolving Credit Agreement with RBC. The Revolving Credit Agreement is designated as a Parity Payment Agreement under the Bond Indenture.
4. 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.

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

Order  
GWA'S Short-Term Financing Credit Agreements  
GWA Docket 25-07  
October 30, 2025

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Dated this 30<sup>th</sup> day of October 2025.



Jeffrey C. Johnson  
Chairman



Joseph M. McDonald  
Commissioner



Peter Montinola  
Commissioner



Rowena E. Perez-Camacho  
Commissioner

Michael A. Panglinan  
Commissioner



Doris Flores Brooks  
Commissioner

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

THE GUAM WATERWORKS  
AUTHORITY'S PETITION TO  
APPROVE FUND INCREASE TO HDR  
INC. CONTRACT FOR ASAN SPRINGS)  
REHABILITATION DESIGN PROJECT

) GWA DOCKET 25-10

) ORDER



### INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Approve Fund Increase to HDR Inc.'s [HDR] Contract for Asan Springs Rehabilitation Design Project.<sup>1</sup>
2. GWA is requesting the PUC to approve a Change Order for the GWA - HDR [Contract], Contract for the Asan Springs Rehabilitation Design Project in the amount of \$816,102 which will increase the total contract amount to \$1,610,614.<sup>2</sup>

### BACKGROUND

3. GWA's Asan Springs Water Supply Facility is located in Asan Village on land that is partially owned by the U.S. National Park Service [NPS]. The facility's concrete reservoir was constructed by the U.S. Navy in 1916 to impound the flow of water from the Asan Springs and had been improved by the addition of a pump station and chlorinator building. The facility was shut down in 2004 due to bacterial contamination and inadequate chlorination to treat the water. GWA plans to restore the facility to increase input into the Hagatna-Asan-Piti Integrated Water Supply and Storage System to meet water supply demands in west central Guam and to reduce or eliminate GWA's reliance on water purchased from the U.S. Navy [Project].<sup>3</sup>

<sup>1</sup>Petition to Approve Fund Increase to HDR Inc.'s Contract for Asan Springs Rehabilitation Design Project, GWA Docket 25-10, dated September 5, 2025 [GWA Petition] at 1.

<sup>2</sup>GWA Petition at 6. 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 5 and NPS Notice for Public Comment by April 30, 2022 for GWA Project No. W11-003 BND.

Order

GWA Petition to Approve  
Fund Increase to HDR, Inc. Contract  
For Asan Springs Rehabilitation  
Design Project  
GWA Docket 25-10  
October 30, 2025

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4. The Guam Consolidated Commission on Utilities [CCU] issued Resolution No. 46-FY2016 which authorized \$411,917 to design the Project, and GWA entered into the Contract with HDR to provide design services for the project for the amount of \$374,470.<sup>4</sup> GWA issued Change Order No. 1 to provide additional design services for the Contract in the amount of \$35,599 which increased the total Contract price to \$410,069.<sup>5</sup>
5. The CCU issued Resolution No. 26-FY2019 which added \$382,595 to the Project's funding. GWA subsequently issued Change Order 2 in the amount of \$302,194 for additional design services for the Contract which increased the total Contract amount to \$712,263.<sup>6</sup>
6. GWA has determined that additional compliance improvements are needed to address Per-Polyfluoroalkyl Substance [PFAS] treatment and to determine the Ground Water Under the Direct Influence [GWUDI] status of the Project's water source.<sup>7</sup>
7. GWA and HDR have negotiated a Change Order for the amount of \$741,906 for the PFAS and GWUDI compliance work for the Contract.<sup>8</sup>
8. On August 26, 2025, the CCU issued GWA Resolution No. 51-FY2025 authorized GWA's Management to issue the Change Order for the amount of \$741,906, which increases the total Contract price to \$1,610,614, subject to the PUC's approval, and which authorized the use of GWA's bond funds for the Change Order.<sup>9</sup>
9. On October 24, 2025, PUC Legal Counsel issued his report recommending that the PUC approve GWA's petition to Approve Fund Increase to the Contract for Asan Springs Rehabilitation Design Project.

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<sup>4</sup> Id., at 5.

<sup>5</sup> Id.

<sup>6</sup> Id., at 6.

<sup>7</sup> Id.

<sup>8</sup> Id..

<sup>9</sup> Id., at 7.

Order  
GWA Petition to Approve  
Fund Increase to HDR, Inc. Contract  
For Asan Springs Rehabilitation  
Design Project  
GWA Docket 25-10  
October 30, 2025

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## DETERMINATIONS

10. GWA is required to obtain the PUC's approval of the Contract's Change Order. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for multi-year contracts that exceed the amount of \$1,000,000.<sup>10</sup> Additionally, any financial obligation that involves the use of bond funds must also be reviewed by the PUC.<sup>11</sup> Here, the Change Order will increase the total Contract's cost to \$1,610,614 which exceeds the \$1,000,000 review threshold and GWA will use bond funds to pay said amount. Thus, GWA is required to obtain the PUC's approval of the Change Order.
11. The Change Order's \$741,906 cost is reasonable. The additional PFAS and GWUDI compliance work is estimated to take up to 18 months from the Notice to Proceed date and requires extensive project management, geotechnical investigation, general and detailed design work, engineering and environmental services, water quality analysis and testing, rain gauge and flow monitoring for extended periods, and the creation of an O&M manual for the facility.<sup>12</sup> The project management will cost \$63,920 or 9% of the total cost, the site investigation will cost \$97,530 or 13% of the total cost, general design will cost \$14,672 or 2% of the total cost, detailed design will cost \$250,363 or 34% of the total cost, the bidding process will cost \$20,015 or 3% of the total cost, the O&M manual will cost \$21,180 or 3% of the total cost, the construction services will cost \$34,695 or 5% of the total cost, the GWUDI determination will cost \$168,278 or 23% of the total cost, subcontractors will cost \$53,490 or 7% of the total cost, subconsultant markups will cost \$5,349 or .007% of the total cost, and Guam GRT Tax will cost approximately \$12,414 or .993% of the total cost.<sup>13</sup> Further, HDR states that the actual total for the work is \$825,232, but deducted the amount of \$83,326 from unexpended funds from the original proposal and all change orders resulting in the \$741,906 amount they are charging GWA.<sup>14</sup> Accordingly, the Change Order's \$741,906 cost is reasonable.
12. The Change Order is prudent. Rehabilitating and using the facility will increase the supply of drinking water to central Guam and decrease GWA's dependence on the

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<sup>10</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

<sup>11</sup> Id., at Par.1(d).

<sup>12</sup> GWA Petition at 9-22.

<sup>13</sup> Id., at 19-20.

<sup>14</sup> Id.

Order  
GWA Petition to Approve  
Fund Increase to HDR, Inc. Contract  
For Asan Springs Rehabilitation  
Design Project  
GWA Docket 25-10  
October 30, 2025

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U.S. Navy for drinking water which should reduce the amount GWA expends on such purchases. Thus, the Change Order is prudent.

13. The Change Order is necessary. As stated above, the facility was closed in 2004 because it was producing contaminated water. PFAS is a common contaminant on Guam and GWA is required to treat the drinking water that will be produced by the facility after it has reopened to disinfect impurities, including PFAS, to satisfy both local and federal standards with respect to water quality. Therefore, the Change Order is necessary.
14. Based on the foregoing, GWA's request for the PUC to approve the Change Order is reasonable, prudent, and necessary.

#### **ORDERING PROVISIONS**

After review of the record herein, GWA's Petition to Approve Fund Increase to HDR's Contract for Asan Springs Rehabilitation Design Project, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GWA's Petition to Approve Fund Increase to HDR's Contract for Asan Springs Rehabilitation Design Project is hereby approved and GWA is authorized to expend the amount of \$741,906 on the Change Order.
2. 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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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Order  
GWA Petition to Approve  
Fund Increase to HDR, Inc. Contract  
For Asan Springs Rehabilitation  
Design Project  
GWA Docket 25-10  
October 30, 2025

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Dated this 30th day of October, 2025.

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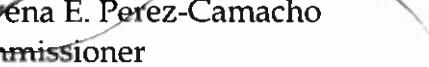
Jeffrey C. Johnson  
Chairman

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Rowena E. Perez-Camacho  
Commissioner

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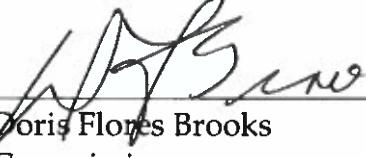
Michael A. Pangelinan  
Commissioner

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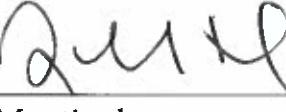
Joseph M. McDonald  
Commissioner

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Doris Flores Brooks  
Commissioner

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Peter Montinola  
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GWA DOCKET 25-11

GUAM WATERWORKS AUTHORITY'S)  
PETITION TO PROCURE DESIGN )  
SERVICES FOR DEEP WELL VFD AND )  
ELECTRICAL UPGRADES )

ORDER



**INTRODUCTION**

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Procure Design Services for Deep Well VFD and Electrical Upgrades.<sup>1</sup>
2. GWA is requesting that the PUC authorize GWA to issue a solicitation to procure professional engineering design services to design and integrate solutions such as Variable Frequency Drives [VFD] to allow for adjustable production flow rates, energy storage systems to manage short-term power interruptions, and three-phase power balancing equipment to stabilize and optimize energy supply for pumping systems and GWA estimates the services will cost \$1,000,000.<sup>2</sup>

**BACKGROUND**

3. GWA operates 120 deep wells for the production of potable water. During the first seven months of FY2025, GWA had expended \$519,000 for corrective maintenance on pumps and motors at various wells as a result of pump and motor failures, and GWA had \$970,000 for such costs in FY2024 and over \$1,100,000 such costs for FY2023. In addition to incurring these costs, the pump and motor failures also result in additional labor costs, opportunity costs, and result in a loss of customer satisfaction and trust in GWA's ability to provide safe drinking water.<sup>3</sup>

<sup>1</sup>GWA Petition to Procure Design Services for Deep Well VFD and Electrical Upgrades, GWA Docket 25-11, dated September 5, 2025 [GWA Petition] at 1.

<sup>2</sup> GWA Petition at 1-2. 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 4.

Order

Petition to Procure Design Services  
for Deep Well VFD and Electrical  
Upgrades  
GWA Docket 25-11  
October 30, 2025

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4. Additionally, a number of GWA's wells are experiencing chloride levels that are trending higher, which is a symptom of saltwater intrusion and to mitigate this, GWA must lower the production flow rate at the affected wells.<sup>4</sup>
5. GWA believes that the solution to these problems is to solicit for professional engineering design services to explore options to mitigate the power anomalies and equip the wells with the ability to adjust their production flow rate, including the use of VFDs that would enable the well pumps to operate at variable speeds, energy storage devices to ride through momentary power outages or brownouts, and three-phase power balancing equipment to ensure optimal power supply for the well pumping equipment.<sup>5</sup>
6. On May 27, 2025, the Guam Consolidated Commission on Utilities ("CCU") issued GWA Resolution No. 39-FY2025 finding that it was necessary for GWA to solicit for professional engineering design services for Deep Well VFD and Electrical Upgrade to ensure the water system's resilience and to maintain excellent water services to the public, and it authorized GWA's management to petition the PUC authorize GWA to issue a solicitation for those services due to those services being expected to cost \$1,000,000.<sup>6</sup>
7. On October 24, 2025, PUC Legal Counsel issued his report recommending that the PUC approve GWA's Petition to Procure Design Services for Deep Well VFD and Electrical Upgrades.

## DETERMINATIONS

8. GWA must obtain the PUC's authorization to issue a solicitation for the procurement for professional engineering design services for Deep Well VFD and electrical upgrades. 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>7</sup> Here, GWA estimates that the cost of the professional engineering design services will be approximately \$1,000,000 which meets the review threshold.

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<sup>4</sup> Id., at 2.

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

<sup>6</sup> Id., at 5-6.

<sup>7</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

Order

Petition to Procure Design Services  
for Deep Well VFD and Electrical  
Upgrades  
GWA Docket 25-11  
October 30, 2025

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Therefore, GWA must obtain the PUC's approval of the solicitation for the professional engineering design services prior to issuing it.

9. GPA's estimated cost of the professional engineering design services is reasonable. GWA must use these services to evaluate and upgrade 120 deep wells, and this would result in an average cost of \$8,333.34 per well ( $\$1,000,000 / 120 \text{ wells} = \$8,333.34$ ). Hence, GWA's \$1,000,000 estimated cost for the professional engineering design services is reasonable.
10. GWA's solicitation for the professional engineering design services is prudent. As shown above, from FY2023 to FY2024, GWA incurred \$2,589,000 in corrective maintenance costs resulting from pump and motor failures at GWA's deep water wells. The expenditure of \$1,000,000 for the professional engineering design services will likely create the electrical solutions that will prevent or substantially reduce these costs in the future. Thus, GWA's solicitation for professional engineering design services is prudent.
11. GWA's solicitation for professional engineering design services is necessary. These services will result in a more reliable, resilient, and safer drinking water system while protecting Guam's aquifer from the threat of saltwater intrusion. Therefore, the professional engineering design services are necessary.
12. Based on the foregoing, GWA's request to issue a solicitation to procure professional engineering design services for Deep Well VFD and electrical upgrades is reasonable, prudent, and necessary.

#### **ORDERING PROVISIONS**

After reviewing the record herein, GWA's Petition to Procure Design Services for Deep Well VFD and Electrical Upgrades, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GWA's Petition to Petition to Procure Design Services for Deep Well VFD and Electrical Upgrades is hereby approved.
2. GWA is authorized to issue a solicitation to procure professional engineering design services to design and integrate solutions such as VFD to allow for

Order

Petition to Procure Design Services  
for Deep Well VFD and Electrical  
Upgrades  
GWA Docket 25-11  
October 30, 2025

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adjustable production flow rates, energy storage systems to manage short-term power interruptions, and three-phase power balancing equipment to stabilize and optimize energy supply for pumping systems.

3. In accordance with the PUC's Contract Review Protocol for GWA, GWA must submit all contracts approved for prior PUC Approval that arise from the aforementioned solicitation which exceed the amount of \$1,000,000 or contracts arising under the aforementioned solicitation that will be funded using Bond Funds.
4. 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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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Order

Petition to Procure Design Services  
for Deep Well VFD and Electrical  
Upgrades  
GWA Docket 25-11  
October 30, 2025

Dated this 30th day of October, 2025.



Jeffrey C. Johnson  
Chairman



Rowena E. Perez-Camacho  
Commissioner

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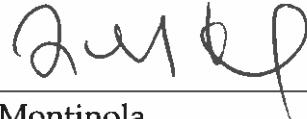
Michael A. Pangelinan  
Commissioner



Joseph M. McDonald  
Commissioner



Doris Flores Brooks  
Commissioner



Peter Montinola  
Commissioner

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GWA Docket 26-01  
                          )  
REQUEST BY THE GUAM )  
WATERWORKS AUTHORITY TO ) ORDER  
APPROVE PRESSURE ZONE )  
REALIGNMENT PHASE II PROJECT )  
                          )  
                          )



### INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition seeking PUC approval to enter into a Construction Contract with Sumitomo Mitsui Construction Co., LTD for GWA's Pressure Zone Realignment Phase II Project.<sup>1</sup>
2. The Phase II project is divided into Phases 2A and 2B. Phase 2A was funded by grant funds and is still under construction. Phase 2B of the Phase II project, which is the focus of GWA's Petition, is to construct pressure reducing/sustaining valve (PRSV) stations, to include flow meters, vaults, electrical infrastructure, and waterlines at 16 sites across the island.<sup>2</sup> The sixteen sites are indicated in Exhibit "1", which is attached to the ALJ Report.<sup>3</sup>
3. The Work of the project is comprised of construction of Pressure Reducing/Sustaining Valve (PRSV) and Meter Stations and other improvements at different locations. It includes piping and connections, concrete vaults, electrical systems, SCADA systems, concrete control buildings, site work, pavement

<sup>1</sup> GWA Petition to Approve the Construction Contract for Pressure Zone Realignment Phase II Project with Sumitomo Mitsui Construction Co., LTD, GWA Docket 26-01, dated October 10, 2025 ("GWA Petition").

<sup>2</sup> GWA Petition at p. 1.

<sup>3</sup> Exhibit "1" to the ALJ Report, List of 16 Sites for Pressure Zone Realignment projects (GWA Petition at p. 2).

restoration, testing, startup, and appurtenant work at all sites, as shown and specified, complete and operable in accordance with Contract Documents.<sup>4</sup>

## **BACKGROUND**

4. On February 14, 2024, GWA issued IFB-02-ENG-2024 for the construction of the Pressure Zone Realignment Phase II Project. Phase 2A of the project has been funded and is now continuing. This docket focuses upon Phase 2B, the purpose of which is "to construct pressure reducing/sustaining valves (PRSVP) and meter stations.<sup>5</sup>
5. There were two bid proposals. The GWA engineering team analyzed the proposals received on July 26, 2024, and determined that Sumitomo Mitsui Construction Co., LTD, was the only responsive bidder and the lowest responsible bidder, meeting all bid requirements set forth by GWA.<sup>6</sup>
6. Sumitomo Mitsui Construction Co., LTD submitted a Base Bid proposal of Twenty-Three Million Two Hundred Forty-Two Thousand Seven Hundred Seventy-Seven Dollars (\$23,242,777.00), and GWA Management approved it as acceptable.<sup>7</sup>
7. On January 28, 2025, GWA Management sought approval from the Guam Consolidated Commission on Utilities to enter into a contract with Sumitomo for the bid amount, along with a ten percent (10%) contingency of Two Million Three Hundred Twenty-Four Thousand Two Hundred Seventy-Seven Dollars and Seventy Cents (\$2,324,277.70).<sup>8</sup>

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<sup>4</sup> Technical Specifications for GWA Pressure Zone Realignment Construction – Phase 2, GWA Project No. W18-001-BND, prepared in March 2023 by GHD, Executive Summary at p. 1.

<sup>5</sup> Id. at p. 1.

<sup>6</sup> Id.

<sup>7</sup> Id. at p. 2.

<sup>8</sup> Id. at pgs. 2-3.

8. In GWA Resolution No. 15-FY2025, the CCU authorized GWA Management to accept the bid from Sumitomo Mitsui Construction Co., LTD, and to include the 10% contingency.<sup>9</sup> GWA was authorized to enter into the Contract with Sumitomo Mitsui Construction Co., LTD. Total funding for the project was approved in the amount of \$25,567,054.70 (including Phases 2A and 2B).<sup>10</sup> GWA did not submit the Contract to the PUC for approval “as the funding for Phase 2A was entirely grant monies.”<sup>11</sup>
9. The CCU indicated that the Base Bid work consisted of the Contractor furnishing all labor, tools, equipment and materials necessary to complete the construction of the Pressure Zone Phase II work to include, but not limited to earthwork, pipework, roadway repair, PRVs, PRSVs, flow meters, concrete work, electrical work, fences and gates, SCADA, testing and start-up under the provisions of the bid documents and in accordance with applicable GWA standards.<sup>12</sup>
10. Attached to the CCU Resolution is the cost breakdown for the entire Phase II Project on a site-by-site basis.<sup>13</sup>
11. GWA is requesting PUC approval to enter into the Construction Contract with Sumitomo Mitsui Construction Co., LTD. The Contract, dated April 11, 2025, without technical data, has been provided to the Commissioners in their packets. The Contract is supported by detailed Technical Specifications of 517 pages, providing requirements for the construction of each of the 16 sites. The table of contents from such specifications is attached to the ALJ Report as Exhibit “2”.
12. The ALJ filed his Report herein dated October 22, 2025. The PUC adopts the conclusions and recommendations therein.

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<sup>9</sup> Id.

<sup>10</sup> GWA Petition at Exhibit A-03.

<sup>11</sup> Id.

<sup>12</sup> GWA Petition at Exhibit A-03.

<sup>13</sup> GWA Petition at Exhibit A-06-A-013.

## DETERMINATIONS

13. In response to the ALJ's Requests for Information No. 1, GWA has clarified the scope of work, budget, and funding source for this Phase II project.<sup>14</sup> Phase 2A and Phase 2B of the GWA Phase II Project each involve a distinct scope of work, budget, and funding source.<sup>15</sup>
14. The Phase 2A project award, totaling \$14,956,418.00, has already been funded by grants.
15. The Sumitomo total bid amount of \$23,242,777.00 includes the bid amount for Phases 2A +2B. Phase 2B, totaling \$8,286,659, will be funded by grants, internally funded CIP, and Series 2025A Bond Monies.<sup>16</sup>
16. The new amount of Phase 2B funding, \$8,286,659.00, which GWA describes as a "Proposed Change Order", requires PUC approval. In the Contract, GWA had estimated that the cost for Phase 2B would be \$7,522,551.00. GWA has now explained the reasons for the increased amount for the Change Order, which relate to increased costs for five of the sites.<sup>17</sup> Also, since this contract award is a multi-year procurement, the amount that the PUC must approve is "the estimated total cost of the Procurement", which includes all amounts GWA intends to expend on the entire Phase II project.<sup>18</sup>
17. GWA has indicated the breakdown for Phase II costs as follows:

	<b>Amount</b>	<b>Notes</b>
Phase 2A Award	\$ 13,854,832.16	Grant M-98T48323
	\$ 1,101,585.84	Grant M-96902619
<b>Total</b>	<b>\$ 14,956,418.00</b>	

<sup>14</sup> GWA's Response to ALJ's RFI No. 1, dated October 17, 2025, at pgs. 1-2.

<sup>15</sup> Id.

<sup>16</sup> Id.

<sup>17</sup> Email from GWA Legal Counsel Theresa Rojas to PUC ALJ Fred Horecky dated October 22, 2025.

<sup>18</sup> Admimistrative Docket, Contract Review Protocol for Guam Waterworks Authority, Docket 00-04, dated October 27, 2005, at par. 9.

Order  
GWA Petition to approve Pressure Zone  
Realignment Phase II Project  
October 30, 2025

Phase 2B Proposed Change Order	2B Sub-	
Total		\$ 8,286,359.00
	Total	\$ 23,242,777.00

Phase 2B Funding	Amount	Notes
USEPA Grant No. M-98T48323	\$ 772,151.84	US EPA Grants
PW 09-04 Pressure Zone Realignment	\$ 5,624,399.03	IFCIP Monies
MP-PW-Pipe-15 Pressure Zone Realignment Phase 2	\$ 1,889,808.13	2025 Series A Bonds
Total	\$ 8,286,359.00	

19

18. Of the total contract award amount proposed of over \$25M, over \$15M is funded by grants.
19. The CCU justifies the expenditure of additional funds as a change order for the Phase 2B project based upon the assertion that the Pressure Zone Realignment Phase II Project is “critical.”
20. In the GWA Resolution, the CCU stated as follows: “...GWA currently has a number of **critical** projects as part of GWA’s Capital Improvement Program (CIP), including the installation (i.e. reparation, rehabilitation , replacement, relocation, or development) of pressure reducing/sustaining valves (PRSV), flow meters, and their appurtenances, as stated in GWA’s Pressure Zone Realignment Plan, and Water Resources Master Plan...”<sup>20</sup> (emphasis added).
21. In its Response to ALJ’s RFI No. 1, GWA has further explained why the Phase 2B project is “critical”: “Pressure Reducing Valves (PRV) and Pressure Reducing Sustaining Valves (PRSV) are mechanical devices installed within a water distribution system meant to automatically reduce higher pressure to a lower more manageable source. **These valves are essential and critical to establishing pressure zones in the distribution system.** In areas without PRV’s, GWA’s operators are

<sup>19</sup> GWA’s Response to ALJ’s RFI No. 1, dated October 17, 2025, at p. 2.

<sup>20</sup> GWA Petition at Exhibit A-01.

often forced to manually “choke down” valves to reduce pressure where needed and these manual chokes are a less precise and sustainable method. Installing PRV’s would give us greater control over the pressure level in our system. **Pressure zones are imperative and critical to controlling water pressure throughout our network and to protecting our pipes and other infrastructure from higher pressure levels.** Installed pressure zones also save energy and ensure reliable service.”<sup>21</sup> (emphasis added).

22. Based upon the explanation of GWA, the Pressure Zone Realignment is “critical” and “necessary.” Without the implementation of these projects in the GWA water distribution system, GWA will be unable to properly reduce high pressure to a lower more manageable source. PRVs are necessary to protect pipes and other infrastructure. Without PRSVs, GWA would be compelled to manually reduce pressure, which is “a less precise and sustainable method.” PRSVs will give GWA greater control over the pressure in the water system. Pressure zones are “imperative.”
23. The ALJ concludes that the Sumitomo Contract, along with the detailed specifications, are adequate to protect the interests of GWA and the ratepayers in the proper construction of the sites.
24. The Phase 2B projects and funding sought by GWA are also prudent and reasonable. Without the projects, GWA would be left with a water system that would be unable to properly regulate water pressure. It would not be prudent to forego the pressure zone realignment measures which are needed to properly regulate the system.
25. In terms of the “critical” nature of the Phase II Projects, the cost involved appears to be “reasonable.” The overall cost of over \$23M for the Pressure Zone Realignment Project is considerable; however, GWA has greatly reduced the cost of this project by securing over \$15M in grant funds. Therefore, the change order amount for

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<sup>21</sup> GWA Response to ALJ’s RFI No. 1 at p. 1.

Order  
GWA Petition to approve Pressure Zone  
Realignment Phase II Project  
October 30, 2025

Phase 2B of \$8,286,359.00 is reasonable, given the extensive nature of the projects at 16 sites contemplated by this Petition.

26. The PUC should not approve the ten percent (10%) contingency of \$2,324,277.70 requested by GWA for the Sumitomo Mitsui contract. At present it is unknown whether a contingency will be necessary. Under the GWA Contract Review Protocol, GWA is authorized to incur contract expenses up to 20% over the amount authorized by the PUC without prior PUC approval.<sup>22</sup> Should a contingency be required for this Contract award, GWA has adequate remedies under the Contract Review Protocol.
27. The contract time for final completion of Phase 2B (as well as Phase 2A) is a 760 days' timeline, which is expected to be completed by June 30, 2027 (the Notice of Proceed was issued April 21, 2025).<sup>23</sup>

#### **ORDERING PROVISIONS**

Upon consideration of the record herein, GWA Petition to Approve the Construction Contract for Pressure Zone Realignment Phase II Project with Sumitomo Mitsui Construction Co., LTD, and 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 award to Sumitomo Mitsui Construction Co., LTD for IFB-02-ENG-2024, Pressure Zone Realignment Construction Phase II Project, for a funding amount of the base bid, \$23,242,777.00, is approved.

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<sup>22</sup> Admimistrative Docket, Contract Review Protocol for Guam Waterworks Authority, Docket 00-04, dated October 27, 2005, at par. 9.

<sup>23</sup> GWA's Response to ALJ's RFI No. 1, dated October 17, 2025, at pgs. 2.

Order  
GWA Petition to approve Pressure Zone  
Realignment Phase II Project  
October 30, 2025

2. GWA is authorized to enter into the Construction Contract with Sumitomo  
Mitsui Construction Co., LTD for GWA's Pressure Zone Realignment Phase II  
Project, and a Change Order for Phase 2B.
3. The award is reasonable, prudent, and necessary.
4. 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.

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

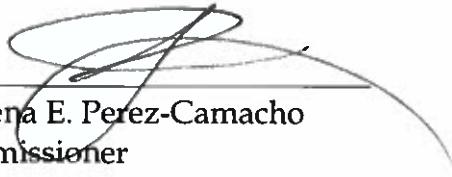
Order

GWA Petition to approve Pressure Zone  
Realignment Phase II Project  
October 30, 2025

Dated this 30<sup>th</sup> day of October 2025.



Jeffrey C. Johnson  
Chairman



Rowena E. Perez-Camacho  
Commissioner

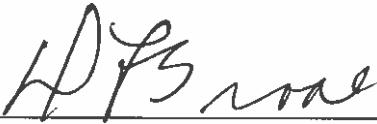


Joseph M. McDonald  
Commissioner



Peter Montinola  
Commissioner

Michael A. Pangelinan  
Commissioner



Doris Flores Brooks  
Commissioner

## BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF: ) GWA Docket 26-02  
                          )  
THE GUAM WATERWORKS )  
AUTHORITY'S ISSUANCE OF A ) ORDER  
COMPETITIVE PROCUREMENT FOR )  
ENGINEERING AND CONSTRUCTION )  
SERVICES )  
                          )  
                          )

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### INTRODUCTION

This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Petition of the Guam Waterworks Authority ["GWA"] which requests PUC approval for issuance of a Request for Proposals ("RFP") to procure professional construction management services for AG-10, AG-12, and Y-8 Deep Well Development and an Invitation to Bid ("IFB") to procure construction services for (1) AG-10, AG-12, and Y-8 Deep Well Development and (2) A-2, A-7, A-12, D-5, and F-3 Deep Well Rehabilitation.<sup>1</sup>

### BACKGROUND

Existing ground water wells A-02, A-07, A-12, D-05, and F-03 have several design and construction features that need updating to current GWA and industry standards. Wells A-02, A-07, and D-05 are no longer in service and have been abandoned. Deep Well A-12 is still operational, but the design is inadequate for the cooling of the pump

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<sup>1</sup> GWA Petition for Issuance of a Competitive Procurement for Engineering and Construction Services, dated October 10, 2025, at p. 1 ("GWA Petition").

Order

GWA Request to Issue Competitive  
Procurements for Engineering and  
Construction Services, Deep Well  
Development and Rehabilitation  
October 30, 2025

system, which limits production capacity. Deep Well F-03, while currently active, requires rehabilitation.<sup>2</sup>

The GWA Petition sets forth the scope of work for these two projects:

"The A-series rehabilitation project is to perform full renovation of each listed well, including demolition work, new piping, drilling new well holes, installation of new pump and motor, new electrical systems, new well casings and screens, new chlorination buildings, and other miscellaneous site upgrades.

AG-10, AG-12, and Y-08 Deep Well Development project is to construct three potable water wells. The project will involve the development of three new well sites, including well construction, piping, drilling new well holes, pump and motors, utility/chlorination building, electrical systems, SCADA, and other miscellaneous site development."<sup>3</sup>

The ALJ submitted his Report herein dated October 22, 2025. The PUC adopts the conclusions and recommendations therein.

## DETERMINATIONS

### 1. GWA's Contract Review Protocol

GWA seeks to procure professional construction management services and construction services for issuance of an RFP and IFBs. GWA anticipates that the total contract costs

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<sup>2</sup> Id. at pgs. 1-2.

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

Order

GWA Request to Issue Competitive  
Procurements for Engineering and  
Construction Services, Deep Well  
Development and Rehabilitation

October 30, 2025

for each of the projects will exceed \$1 Million. The GWA Contract Review Protocol requires that the PUC must review “[A]ll professional services procurements in excess of \$1,000,000...”.<sup>4</sup> The proposed procurements must be approved by the PUC “before the procurement process is begun.”<sup>5</sup>

## 2. The Need/Justification for the Procurements

In GWA Resolution No. 52-FY2025, the Guam Consolidated Commission on Utilities stated that it “has determined that there exists a need for certain additions and improvements for GWA’s water and wastewater system, including but not limited to water production...”.<sup>6</sup> The CCU indicated that GWA management was seeking to solicit for professional engineering design, construction management and construction services for water projects that have been listed in GWA’s 5-year Capital Improvement Plan.<sup>7</sup>

In GWA Resolution No. 52-FY2025, the CCU specifically references the two projects that are the subject of the current petition:

(1) A-2, A-7, A-12, D-12 and F-03 Deep Well Rehabilitation

“For this project an Invitation for Bids would be issued for construction. The services required are described as follows: Rehabilitation and Deep Wells A-2, A-7, A-12 and F-3 including new well columns, pump stations, piping, chlorination, electrical, instrumentation, and miscellaneous site upgrades.”<sup>8</sup>

(2) AG-10, AG-12, and Y-8 Deep Well Development.

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<sup>4</sup> Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at par. 1(c).

<sup>5</sup> Id. at par. 1.

<sup>6</sup> GWA Petition at Exhibit A-01.

<sup>7</sup> Id.

<sup>8</sup> GWA Petition at Exhibit A-02.

Order

GWA Request to Issue Competitive  
Procurements for Engineering and  
Construction Services, Deep Well  
Development and Rehabilitation

October 30, 2025

For this project a Request for Proposals would be issued for Construction Management and an Invitation for Bids for construction. The project is described as follows: Construction of Deep Wells AG-10, AG-12, and Y-8 “including new well columns, pump systems, piping, chlorination, electrical, instrumentation, and miscellaneous site upgrades.”<sup>9</sup>

The CCU further found that “**the advertisement to solicit professional engineering design, construction management, and construction services is necessary to ensure the water and wastewater system’s resilience and to maintain excellent services to the public**” (emphasis added).<sup>10</sup> The CCU authorized the management of GWA to submit a petition to the PUC for the procurement of the construction management and construction services for the projects.

GWA concludes that the PUC should approve and authorize GWA to procure construction management and construction services for AG-10, AG-12 and Y-08 Deep Well Development, and construction services for A-2, A-7, A-12, D-5, and F-3 Deep Well Rehabilitation. GWA contends that these projects are “reasonable, prudent and necessary.”<sup>11</sup> After GWA determines which contractors that should be awarded these projects, and the amounts to be awarded, it will request an approval from the PUC for the proposed contracts and the award amounts.<sup>12</sup>

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<sup>9</sup> Id.

<sup>10</sup> GWA Petition at Exhibit A-04.

<sup>11</sup> GWA Petition at p. 2.

<sup>12</sup> GWA Petition at p. 3.

Order

GWA Request to Issue Competitive  
Procurements for Engineering and  
Construction Services, Deep Well  
Development and Rehabilitation

October 30, 2025

### **ORDERING PROVISIONS**

Upon consideration of the record herein, GWA Petition for Issuance of a Competitive Procurement for Engineering and Construction Services, and 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. GWA is authorized to issue a Request for Proposals ("RFP") to procure professional construction management services for AG-10, AG-12, and Y-08 Deep Well Development and an Invitation for Bids ("IFB") to procure construction services for (1) AG-10, AG-12 and Y-8 Deep Well Development and (2) A-2, A-7, A-12, D-05 and F-3 Deep Well Rehabilitation.
2. 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.

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

Order

GBA Request to Issue Competitive  
Procurements for Engineering and  
Construction Services, Deep Well  
Development and Rehabilitation  
October 30, 2025

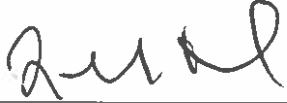
Dated this 30<sup>th</sup> day of October 2025.



Jeffrey C. Johnson  
Chairman



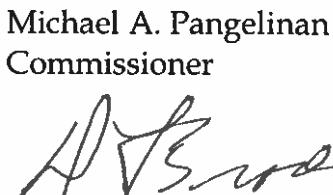
Joseph M. McDonald  
Commissioner



Peter Montinola  
Commissioner



Rowena E. Perez-Camacho  
Commissioner



Michael A. Pangelinan  
Commissioner



Doris Flores Brooks  
Commissioner

# GUAM PUBLIC UTILITIES COMMISSION

Jeffrey C. Johnson  
Chairman

Peter B. Montinola  
Vice Chairman

Commissioners

Joseph M. McDonald  
Michael A. Pangelinan  
Rowena E. Perez-Camacho  
Doris Flores-Brooks

Suite 207, GCIC Building  
Post Office Box 862  
Hagåtña, Guam 96932  
Telephone: (671) 472-1907  
Fax: (671) 472-1917  
Email: [info@guampuc.com](mailto:info@guampuc.com)

Lourdes R. Palomo  
Administrator

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Marie M. Leon Guerrero  
Administrator-in Training

-----  
Sheila M. Salas  
Administrative Assistant

Frederick J. Horecky  
Chief Administrative Law Judge

Joephet R. Alcantara  
Administrative Law Judge

Anthony R. Camacho  
Legal Counsel



## RESOLUTION NO. 26-01

### RELATIVE TO PROFESSIONAL SERVICES AGREEMENT FOR ADMINISTRATIVE LAW JUDGE

**WHEREAS**, the **GUAM PUBLIC UTILITIES COMMISSION** ("PUC") is an autonomous instrumentality independent of the Executive and Legislative Branches of the Government of Guam; and

**WHEREAS**, the **PUC** is empowered pursuant to its (1) Procurement Guidelines and Procedure, ratified and approved at its Regular Meeting held on April 25, 2025, and (2) Title 12, Guam Code Annotated, Chapter 12, to retain those professional services required by the **PUC** in the performance of its duties.

**WHEREAS**, the **PUC** has the authority pursuant to its (1) Procurement Guidelines and Procedure, ratified and approved at its Regular Meeting held on April 24, 2025, and (2) Title 12, Guam Code Annotated, Section 12103(a) to appoint administrative law judge(s) who shall serve at the pleasure of the **PUC**, and whose duties and compensation shall be determined by the **PUC**.

**WHEREAS**, the services of one of the consultant/administrative law judge of the **PUC** is scheduled to terminate in March, 2026, and the **PUC** will have the need for the services of an additional administrative law judge;

**WHEREAS**, on July 15, 2025, the **PUC**, as Purchasing Agency, issued a Request for Proposal for In-House Counsel ("RFP No. 25-01").

**WHEREAS**, applicant **Kristina L. Baird** responded to RFP No. 25-01 and it was determined by the **PUC** that the award of a contact under RFP No. 25-01 should be made to Kristina K. Baird, as Administrative Law Judge, as the most responsive and qualified offeror as determined by evaluating experience and other relevant factors.

**WHEREAS**, the **PUC** agrees to ratify and affirm the Administrative Law Judge Services Agreement with Kristina L. Baird more particularly described hereinabove; and

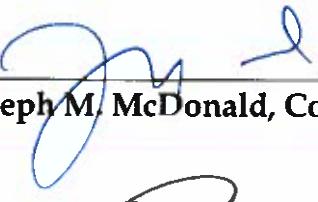
**NOW THEREFORE**, in due consideration of the above recitals and for good cause shown, the **PUC** hereby resolves that:

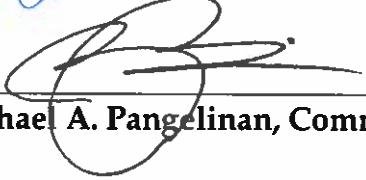
1. The Administrative Law Judge Services Agreement with Kristina L. Baird is hereby approved; and
2. The **PUC** hereby ratifies and affirms the Administrative Law Judge Services Agreement with Kristina L. Baird more particularly described hereinabove; and
3. That the Chairman is authorized to sign all documents necessary to effectuate the above referenced agreement.

**[SIGNATURES TO FOLLOW ON NEXT PAGE]**

DULY AND REGULARLY ADOPTED ON THIS 30<sup>TH</sup> DAY OF OCTOBER,  
2025.

  
Jeffrey C. Johnson, Chairman

  
Joseph M. McDonald, Commissioner

  
Michael A. Pangelinan, Commissioner

  
Peter B. Montinola, Vice Chairman

  
Rowena E. Perez-Camacho,  
Commissioner

  
Doris Flores-Brooks, Commissioner

## **ADMINISTRATIVE LAW JUDGE SERVICES AGREEMENT**

This Administrative Law Judge Services Agreement (“Agreement”) is made effective this 30th day of October, 2025, between **Kristina L. Baird, Esq.** (“ALJ”), whose address is Post Office Box 13045, Santa Rita, Guam 96915, and the **GUAM PUBLIC UTILITIES COMMISSION** (the “Commission” or the “Purchasing Agency”), whose address is Suite 207, GCIC Building, 414 W. Soledad Avenue, Hagåtña, Guam 96910.

### **RECITALS**

**WHEREAS**, the Commission is empowered pursuant to its (1) Procurement Guidelines and Procedure, ratified and approved at its Regular Meeting held on April 25, 2025, and (2) Title 12, Guam Code Annotated, Chapter 12, to retain those professional services required by the Commission in the performance of its duties.

**WHEREAS**, the Commission has the authority pursuant to its (1) Procurement Guidelines and Procedure, ratified and approved at its Regular Meeting held on April 24, 2025, and (2) Title 12, Guam Code Annotated, Section 12103(a) to appoint administrative law judge(s) who shall serve at the pleasure of the Commission, and whose duties and compensation shall be determined by the Commission.

**WHEREAS**, on July 15, 2025, the Commission, as Purchasing Agency, issued a Request for Proposal for In-House Counsel (“RFP No. 25-01”).

**WHEREAS**, the ALJ responded to RFP No. 25-01 and was determined by the Commission that the award of a contact under RFP No. 25-01 should be made to Administrative Law Judge as the most responsive and qualified offeror as determined by evaluating experience and other relevant factors.

**NOW THEREFORE**, the Commission and the ALJ in consideration of the premises and the mutual covenants hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **SECTION ONE** **SCOPE OF SERVICES**

The ALJ agrees to serve in the capacity as Administrative Law Judge to the Commission to fully and competently perform the following scope of services:

1. Act as Administrative Law Judge to the Commission;
2. Have knowledge in and prepare opinions and rules, regulations and reports at the request of the Commission, or their designee(s) in:

- (a) Matters relating and concerning the operation and purpose of the Commission;
- (b) Matters relating to regulatory compliance and public utilities;
- (c) Matters concerning administrative adjudication; and
- (e) Matters pertaining to federal, regulatory or local statutes.

3. Serve as presiding officer in formal proceedings/hearings before the Commission;
4. Prepare cases for formal hearing before the Commission;
5. Issue subpoenas as authorized by statutes, rules, regulations or procedures;
6. Administer oaths or affirmations;
7. Assess witness testimony and rule on the admissibility and presentation of evidence;
8. Prepare proposed decisions for consideration by the Commission;
9. Conduct investigations into proposed rate changes or matters affecting the Commission;
10. Assist the Commission in reviewing, evaluating and recommending actions to be taken by the Commission;
11. Hold conferences to settle issues and mediate disputes between parties;
12. Provide special services as requested by the Commission; and
13. Other Tasks: The Commission may require other related tasks not specified above.

The ALJ agrees that in no instance shall it represent the interest of any person, natural or legal, against the Commission in any court action.

## **SECTION TWO**

### **CONTRACT TERM**

The term of this Contract shall commence upon the execution hereof and continue for one (1) year with four (4) options to extend for a period of one (1) year each, not to

exceed a total contract period of five (5) years with Commission approval. The initial term of the contract shall be for a period of one (1) year. Upon the expiration of the initial term, the contract shall automatically renew for an additional one (1) year term unless terminated by the PUC prior to the expiration of the initial term. The contract may be renewed annually, for additional one (1) year periods, but not to exceed a total contract term of five (5) years. The Commission is not obligated to renew the contract after the initial term or for any additional one (1) year periods and does not have to give reason(s) if the Commission elects not to renew. Whether to renew after the initial term, or for each additional 1-year period thereafter, is at the sole discretion of the Commission. Any reference to year in this agreement shall mean a twelve-month period. This agreement may be terminated by either party upon 30 days written notice.

### **SECTION THREE**

### **COMPENSATION**

The Commission shall compensate the ALJ according to the hourly rate schedule, attached hereto as "Exhibit A," for actual time devoted to performing the above-enumerated services. The ALJ's monthly billings shall not exceed the sum of \$20,000.00 per month without prior approval or subsequent ratification by the Certifying Officer of the Commission.

The ALJ shall invoice the Commission for payments on a monthly basis and shall be required to provide a record of hours worked and the description of work. The Commission's obligation for payment of the ALJ's fees and costs shall be subject to the availability of funds for such payment.

The Commission will closely monitor the performance of work by the ALJ and the Commission has determined that it would not be practical to use any other type of contract to obtain the needed services. The ALJ agrees that she shall not receive any of the benefits given full-time non-contractual employees of the Government of Guam.

### **SECTION FOUR**

### **REIMBURSEMENT OF EXPENSES**

The Commission shall reimburse the ALJ for the following expenses if incurred on behalf of the Commission:

1. Travel, food, lodging, and other related traveling expenses, provided the prior approval of the Commission is obtained for such travel and provided further that reimbursement for such travel expenses shall be pursuant to the Commission's policy and rates for per diem compensation;
2. Long distance telephone calls, messenger and delivery fees, postage, photocopying, parking, and other similar items customarily paid for by clients.

3. Any other expenses provided that the prior approval of the Commission has been obtained; and
4. Any other expenses that although the prior approval of the Commission was not obtained, the Commission determines to have been beneficial and justified.

The ALJ shall provide vouchers and receipts, together with a brief explanation of such expenses that it has incurred for the benefit of the Commission.

#### **SECTION FIVE** **COMPLIANCE WITH LAWS AND REGULATIONS**

In performing the work provided for herein, the ALJ agrees to fully comply with any and all applicable laws, rules, and regulations adopted or promulgated by any governmental agency or regulatory body, both territorial and federal. The ALJ assumes full responsibility for the payment of all contributions, payroll taxes, or assessments, territorial or federal, and further agrees to meet all requirements that may be specified under regulations of administrative officials or bodies charged with enforcement of any territory or federal laws on this subject.

#### **SECTION SIX** **ACCESS TO RECORDS**

The ALJ shall maintain all books, documents, papers, accounting records, and other evidence concerning the expenses and costs incurred by the ALJ's performance and shall make such material available to the Commission or its designee(s) for inspection and copying upon request during the term of this Agreement.

#### **SECTION SEVEN** **FINAL PAYMENT AND RELEASE OF CLAIMS**

Final payment shall be made upon satisfactory delivery and acceptance of all services as herein specified and performed under this agreement. Prior to final payment, as a condition precedent thereto, the ALJ shall execute and deliver to the Commission a release, in a form approved by the Commission, of claims against the Commission arising under or by virtue of this agreement.

#### **SECTION EIGHT** **INDEPENDENT AGENT**

For the purpose of the Government Claims Act, 5 GCA Ch. 6, the ALJ shall not be considered an agent of the Commission with respect to any acts performed by it in

connection with the discharge of the duties of this contract. There shall be no employee benefits provided under this contract, such as health or life insurance, retirement benefits, vacation leave or sick leave, and there shall be no withholding of taxes by the Commission. The ALJ contracts herein with Commission as an independent contractor and is neither an employee nor an agent of the Commission for the purpose of performing the services hereunder. The Commission therefore assumes no responsibility of liability for the acts of the ALJ which are performed in its independent and professional capacity.

### **SECTION NINE** **RESPONSIBILITY OF THE ALJ**

The ALJ shall be responsible for the professional and technical accuracy of all work and materials furnished under this Agreement. The ALJ shall, without additional cost to the Commission, correct or revise all errors or deficiencies in her work. The Commission's review, approval, acceptance of, and payment of fees for services required under this Agreement, shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the ALJ's failure to the Commission for all costs of any kind which may be incurred by the Commission as a result of the ALJ's negligent performance of any of the services performed under this Agreement.

### **SECTION TEN** **ASSIGNMENT OF AGREEMENT**

The ALJ may not assign this Agreement, or any sum becoming due under the provisions of this Agreement without the prior written consent of the Commission.

### **SECTION ELEVEN** **GENERAL COMPLIANCE WITH LAWS**

The ALJ shall be required to comply with all Federal and Territorial laws and ordinances applicable to this work. The ALJ has provided the Commission with a copy of its current business license.

### **SECTION TWELVE** **ACCESS TO RECORDS AND OTHER REVIEW**

The ALJ, including his subcontractors, if any, shall maintain all books, documents, papers, accounting records and other evidence operating to costs incurred and to make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of the final payment under the Agreement, for inspection by the Commission.

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## **SECTION THIRTEEN** **OWNERSHIP OF DOCUMENTS**

All briefs, memoranda and other incidental work of the ALJ or materials furnished hereunder shall be and remain the property of the Commission including all publication rights and copyright interests, and may be used by the Commission without any additional costs to the Commission.

## **SECTION FOURTEEN** **INDEMNITY**

The ALJ agrees to save and hold harmless the Commission, its officers, agents, representatives, successors and assigns and other governmental agencies from and all suits or actions of every nature and kind, which may be brought from or on account of any injury, death, or damage arising or growing out of the acts or omissions of the ALJ, her officers, agents, servants or employees under this Agreement.

## **SECTION FIFTEEN** **CHANGES IN SCOPE OF WORK AND SERVICES**

### **15.1 Commission Initiated**

The Commission may, at any time, by written order, make changes to the general scope of this contract in the services to be performed. The ALJ shall not make any changes to the general scope without the written approval of the Commission.

If such changes cause an increase or decrease in the ALJ's cost of, or time required for, performance of any services under this Agreement, the Agreement shall be modified in writing accordingly. Any claim for adjustment under this section must be made in writing to the Commission within thirty (30) days from the date of receipt by the ALJ of the notification of change; provided, however, the Commission, if it determines the facts justify such action, may receive and consider and adjust any such claim asserted at any time prior to the date of final settlement of the Agreement. Nothing provided in this section shall excuse the ALJ from diligently proceeding with the work so charged.

### **15.2 Initiated by the ALJ**

If the ALJ believes that a change in the scope of services is necessary and desirable to the furtherance of the interest of the project under this Agreement, the ALJ shall make a request, in writing, for the Commission to issue a Change Order. Such requests for Change Order shall include the proposed change in scope of services, as well as the proposed change in compensation and/or schedule associated with granting such a Change

Order. The Commission shall, in response to such request for Change Order, utilize the same options as stated above.

## **SECTION SIXTEEN**

### **TERMINATION**

Either of the parties hereto may, by written notice to the other, terminate this Agreement in whole or in part upon thirty (30) days written notice either for convenience or default. Upon such termination, all briefs, reports, summaries, completed work and work in progress, and such other information and materials as may have been accumulated by the ALJ in performing this Agreement shall, in the manner to the extent determined by the Commission, become the property of and be delivered to the Commission. If the contract is terminated by the ALJ or by the Commission for cause, prior to its completion, the ALJ shall reimburse the Commission for any travel costs associated with this contract and the Commission may retain as set-off for such expenses any funds owed to ALJ in the Commission's possession.

## **SECTION SEVENTEEN**

### **SEVERABLE PROVISIONS**

If any provision of this Agreement shall be deemed by a court of competent jurisdiction to be invalid, then such provision shall be deemed stricken from the Agreement and the Agreement shall be enforced according to its valid and subsisting terms and provisions.

## **SECTION EIGHTEEN**

### **GOVERNING LAW**

Venue of any action brought under this Agreement shall lie in the Territory of Guam exclusively. This Agreement shall be governed by and construed in accordance with the laws and court decisions of the Territory of Guam.

## **SECTION NINETEEN**

### **COMMISSION NOT LIABLE**

The Commission assumes no liability for any accident or injury that may occur to the ALJ, his or her agents, dependents, or personal property while en route to or from this territory or during travel mandated by the terms of this Agreement.

## **SECTION TWENTY**

### **APPROVALS**

Any approvals required herein by the Commission shall mean approval by the Public Utilities Commission is required unless another person is designated by the Commission to issue particular or limited approvals on certain matters.

## **SECTION TWENTY-ONE**

### **CONFLICTS**

The ALJ agrees to disclose to the Commission any possible conflict of interest that may arise in representing the Commission's interest, and obtain a written waiver from the Commission regarding its conflict. Should any possible conflict of interest arise, the ALJ agrees not to disclose or otherwise use any matters learned from the Commission to the disadvantage of the Commission.

## **SECTION TWENTY-TWO**

### **INTEREST OF THE ALJ**

The ALJ covenants that she presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The ALJ further covenants that in the performance of this Agreement, no person having such interest shall be employed.

## **SECTION TWENTY-THREE**

### **GUAM TAX**

The ALJ is responsible for payment of all applicable Guam Taxes.

## **SECTION TWENTY-FOUR**

### **NO WAIVER OF LEGAL RIGHTS**

No waiver of any breach of the Agreement shall be held to be a waiver of any other or subsequent breach, or of any right that the Commission may have for damages. Each party reserves the right to correct any error that may be discovered in any invoice that may have been paid to the ALJ and to adjust the same to meet the requirements of the Agreement.

## **SECTION TWENTY-FIVE**

### **SUCCESSORS AND ASSIGNS**

Subject to the limitations on assignment and transfer herein contained, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

## **SECTION TWENTY-SIX**

### **BREACH OF CONTRACT TERMS**

Any violation or breach of terms of this Agreement on the part of the ALJ may result in the suspension or termination of this Agreement or such other action that may be necessary to enforce the rights of the parties of this Agreement. The duties and obligations

imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

### **SECTION TWENTY-SEVEN** **COVENANT AGAINST CONTINGENT FEES**

The ALJ warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the ALJ to solicit or secure this Agreement, and that she has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the ALJ, any fee, commission, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this Agreement.

For breach or violation of this warranty, the Commission shall have the right to annul this Agreement without liability, or, in its discretion to deduct from the contract price of consideration or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

### **SECTION TWENTY-EIGHT** **INFORMATION TO BE FURNISHED TO THE ALJ**

All information, data, reports, and records as are existing, available, and in the Commission's custody, and necessary for the carrying out of the services shall be furnished to the ALJ without charge by the Commission, and the Commission shall cooperate with the ALJ in every reasonable way during all phases of the project. The ALJ hereby agrees to indemnify and hold the Commission harmless from any losses, damages, costs, claims, suits and judgments, expenses of any nature or kind, including the ALJ's fees, arising from any defects or failures attributable to ALJ's unreasonable or imprudent reliance on the aforementioned documents.

### **SECTION TWENTY-NINE** **WARRANTY AGAINST EMPLOYMENT** **OF SEX OFFENDERS (PUBLIC LAW 28-98:2)**

The ALJ warrants that no person providing services on behalf of the ALJ has been convicted of a sex offense under the provisions of Chapter 25 of Title 9 GCA or an offense as defined in Article 2 of Chapter 28, Title 9 GCA, or an offense in another jurisdiction with, at a minimum, the same elements as such offenses, or who is listed on the Sex Offender Registry.

If any person providing services on behalf of the ALJ is convicted of a sex offense under the provisions of Chapter 25 of Title 9 GCA or an offense as defined in Article 2 of Chapter 28, Title 9 GCA or an offense in another jurisdiction with, at a minimum, the same elements as such offenses, or who is listed on the Sex Offender Registry, that such person

will immediately be removed from working at said agency and that the administrator of said agency be informed of such within twenty-four (24) hours of such conviction.

**SECTION THIRTY**  
**ENTIRE AGREEMENT**

This Agreement and exhibits or attachments hereto constitute the entire agreement between the parties, and no prior or contemporaneous written or oral promises, representations or assurances shall be deemed to alter the provisions hereof. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the retention of the ALJ by the Commission and contains all of the covenants and agreements between the parties with respect to such retention in any manner whatsoever. Each party to this agreement acknowledges that no representation, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which is not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

**SECTION THIRTY-ONE**  
**NOTICES**

Notices to either party will be sent to:

**GUAM PUBLIC UTILITIES COMMISSION**  
Suite 207, GCIC Building  
414 W. Soledad Avenue  
Hagåtña, Guam 96910

**ALJ: Kristina L. Baird, Esq.**  
Post Office Box 13045  
Santa Rita, Guam 96915

**[SIGNATURES CONTINUED ON NEXT PAGE]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**ADMINISTRATIVE LAW JUDGE:**

*Kristina L. Baird*  
KRISTINA L. BAIRD, Esq.

By:

**PURCHASING AGENCY:**

**PUBLIC UTILITIES COMMISSION**

*J.C.J.*  
JEFFREY C. JOHNSON,  
Chairman

By:

*Lourdes R. Palomo*  
LOURDES R. PALOMO,  
Administrator

**CERTIFIED FUNDS AVAILABLE:**

By:

*J.C.J.*  
JEFFREY C. JOHNSON,  
PUC Certifying Officer

## **HOURLY RATE SCHEDULE**

Kristina L. Baird ..... \$ 250.00

## **EXHIBIT "A"**