



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O. BOX 2977 • Agana, Guam 96932

Regular Board Meeting CCU Conference Room, Gloria B. Nelson Public Service Building 5:30 p.m., January 26, 2016

MINUTES

1. CALL TO ORDER

Chairman Duenas called the Regular Meeting of December 10, 2015 for GPA and GWA to order at 5:35 p.m. He announced that all four (4) Commissioners were present and there was a quorum. Comm. Guerrero was ill and excused. Those present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Simon Sanchez	CCU Member

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Greg Cruz	CFO / GWA
Melinda Camacho	AGMO / GPA
John Kim	CFO / GPA
Graham Botha	Staff Attorney / GPA

Management & Staff:

John J. Cruz	Manager SPORD / GPA
Lisa San Agustin	Utility Services Mgr. / GWA
Geigi Salayon	GWA
Melvyn Kwek	Manager, Computer Services / GPA
Zina Charfauros	Personnel Services Admin. / HR, GWA
Vangie Lujan	Compliance / GWA
Art Perez	PIO / Communications, GPA
Tom Cruz	Chief Engineer / GWA
Dave Fletcher	O&M / GWA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Fred Horecky	PUC
Andy Niven	PUC
Michael White	DCM Smith
George Watson	Brown & Caldwell
Bill Gilman	Brown & Caldwell
Bill Chang	Brown & Caldwell
Amanda Pampuro	Daily Post

2. APPROVAL OF MINUTES

The Minutes of October 27, 2015 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Santos seconded. There was no further discussion or objection and the motion passed.

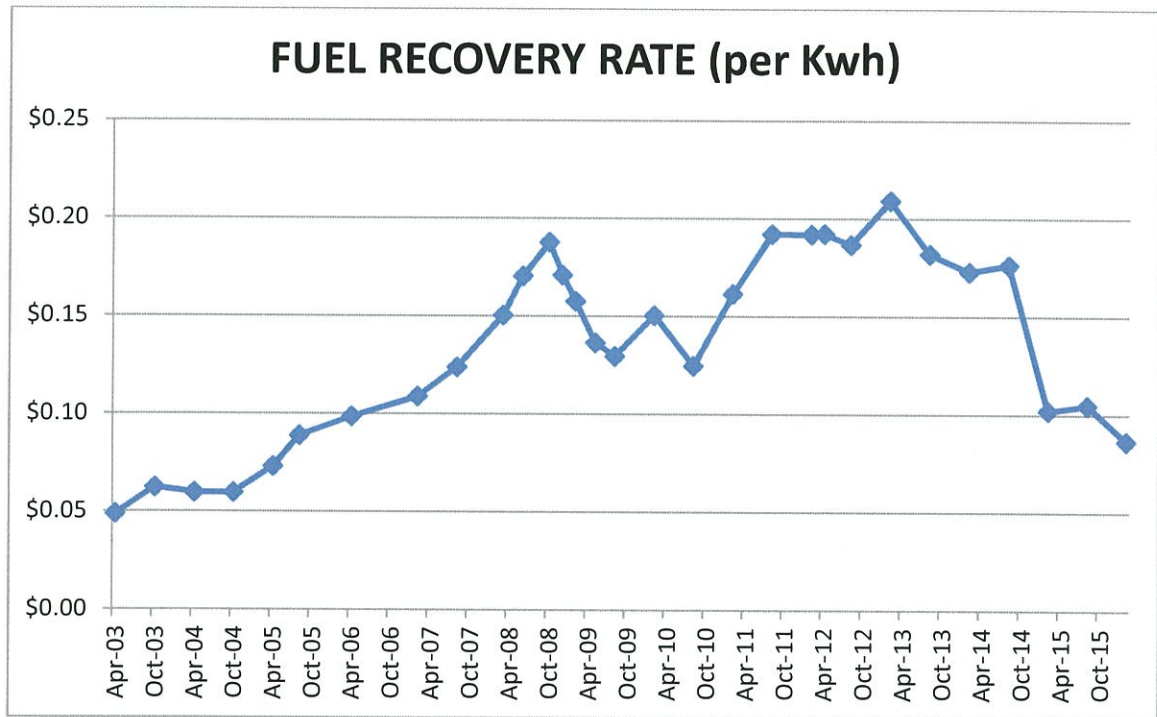
3. GM REPORT / UPDATE

3.1 GPA

This report provides an update on key issues:

1. LEAC Adjustment:

The PUC last night approved a LEAC rate of \$ 0.086613 for the period February 2016 thru July 2016. This represents a 9.2 % decrease in the total bill for a residential customer consuming 1000 KWH. The change would bring the total rate for a 1,000KWH residential bill down to \$0.183/Kwh. The latest rate brings energy rate back to that of August 2005. The following graph shows the historical LEAC rate.



2. Aggreko 40MW Temporary Power:

The 40MW plant has received its occupancy permit and can be dispatched to 40MW.

3. Power Plant Overhaul/Repair Schedule:

The following details a revised schedule of overhauls and major repairs for the next several months. With the completion of each schedule, the system reserve margin is increased as shown. The shaded items are those approved and in progress. The Dededo Unit 1&2 rehabilitation is before the CCU tonight for approval. The repair of Cabras 3 is schedule to be brought to CCU for consideration on the February 17 workshop.

Targeted Capacity:		436MW		
Description	Added Capacity	Date	System MW Capacity	Reserve MW
Currently		1/20/2016	297	-139
Navy Orote Power Plant	18	2/29/2016	334	-102
Cabras #2 Overhauled	26	4/6/2016	360	-76

Cabras #1 New Transformer	24	5/30/2016	384	-52
TEMES 7 CT Overhauled	14	5/30/2016	398	-38
Dededo CT #1 Rehabilitated	20	5/30/2016	418	-18
Dededo CT #2 Rehabilitated	20	10/31/2016	438	2
Cabras #3 Repaired	39	10/31/2016	477	41
Aggreko Decommissioned	-40	12/31/2016	437	1

The schedule above allows GPA to increase its reserve margin to the targeted reliability level of 1 day in 4.5 years. It would also allow GPA to deactivate the Aggreko units by December 2016.

- Cabras 3&4 Building Roof Removal:** The roof removal work continues and the latest plan is to have the explosion investigative teams access the plant on February 15th to begin conducting their on-site investigation. The various independent teams include BWSC, Mann, Doosan, the Insurance Adjuster and GPA. The following snapshots show the latest progress.



There was lengthy discussion relative to the Cabras roof repair

3.2 GWA

This report provides an update of activities, events or points of interest since the CCU GWA Work Session held last week on January 21, 2016.

1. GWA and DOD NAVFAC ("ONE GUAM"):

- Biweekly meetings continue between GWA and DOD NAVFAC. The following are key points of recent discussions.
 - The Administrative Fee to GWA for the operation of the TMW is \$4800 for this year, and then next year will be less. This is a Licensing fee, to generate the contract yearly. Part of the License Agreement is that it is a turnkey system.
 - GWA is preparing the Preventative Maintenance Manual. GWA is holding up the process because we have not completed the document. GWA submitted a draft of the O&M document that must still be reviewed and approved by DOD before the License Agreement can be signed.
 - GWA also needs to provide or update its SPCC Plan to include the TMW facility. The Chlorine Response Plan has been updated and provided for review.
 - Navy has received State Historic Preservation Office received CATEX (categorical exclusion) approval.
 - As part of the agreement to operate TMW, GWA will provide a connection to Potts Junction. GWA Engineering will be providing a design concept as part of the TMW MOU. A draft design will be submitted this week for DOD review.
 - Meetings will be scheduled for the end of January with GEPA to finalize the facility's Operator Certification level and to discuss the permit to operate the TMW. DOD NAVFAC is responsible for the permits.
 - The Navy needs to clarify which branch (Navy or AF) will sign the ICO letter approving the MOU.
 - TMW start up and Testing is now **estimated to start mid-February with water to GWA system in March**. The water from TMW will go into our system.
 - Captain Jones briefed the Admiral on the progress of "One Guam". This information was also provided to Speaker Won Pat.

2. Line Replacement Project and Chemical Contracts:

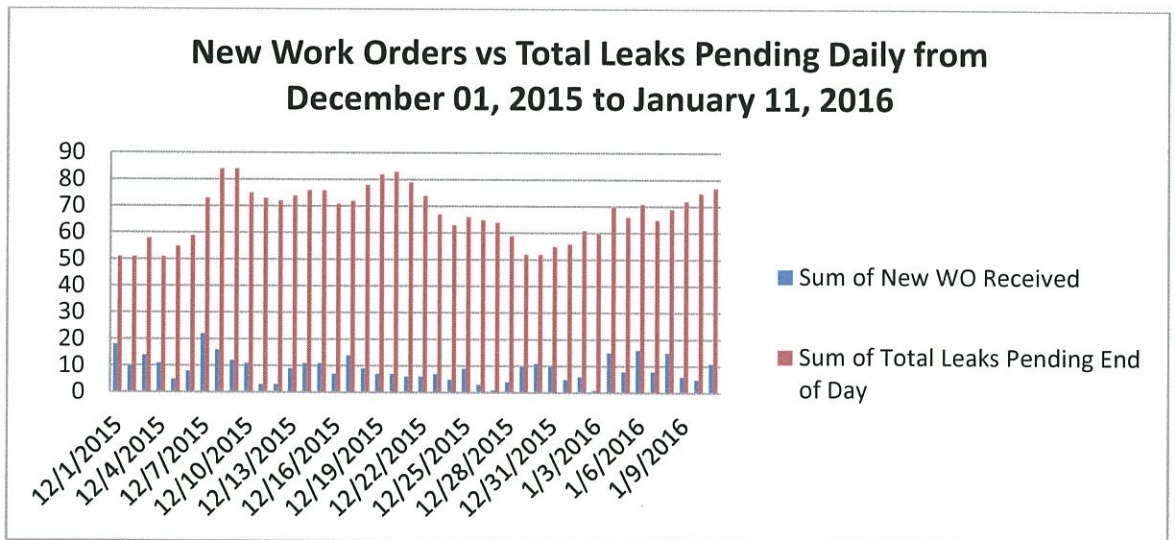
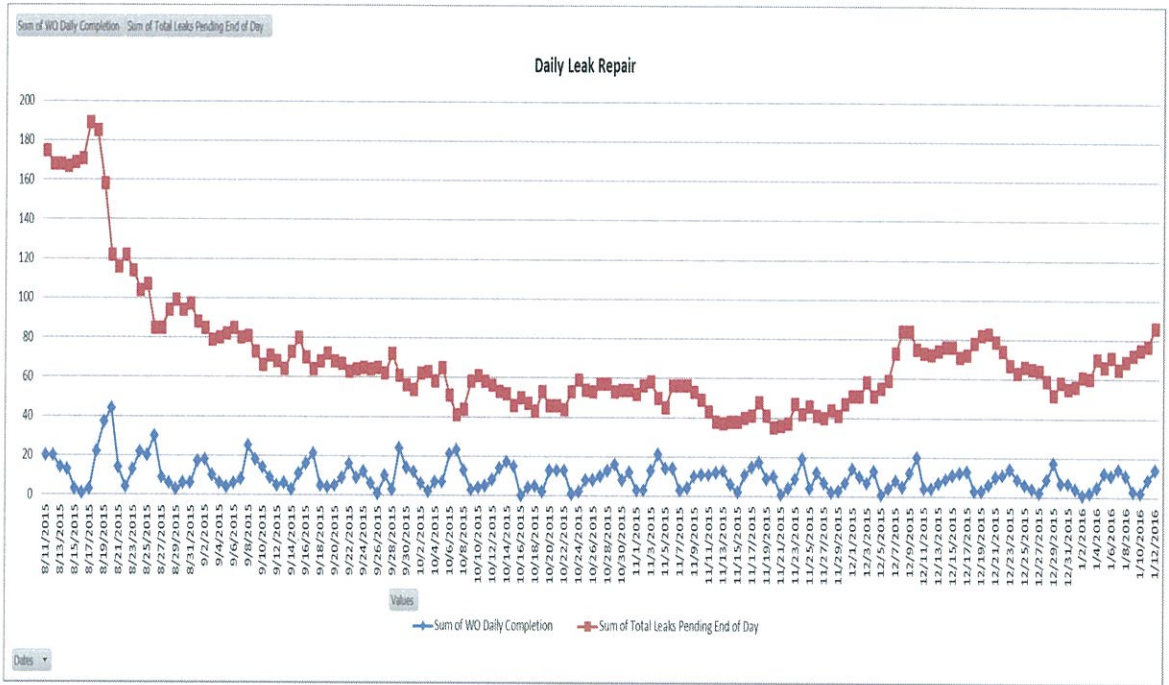
- The Line Replacement project and the Chemical Contracts were both approved by the PUC at last night's PUC meeting.

3. Reorganizational Plan Meeting:

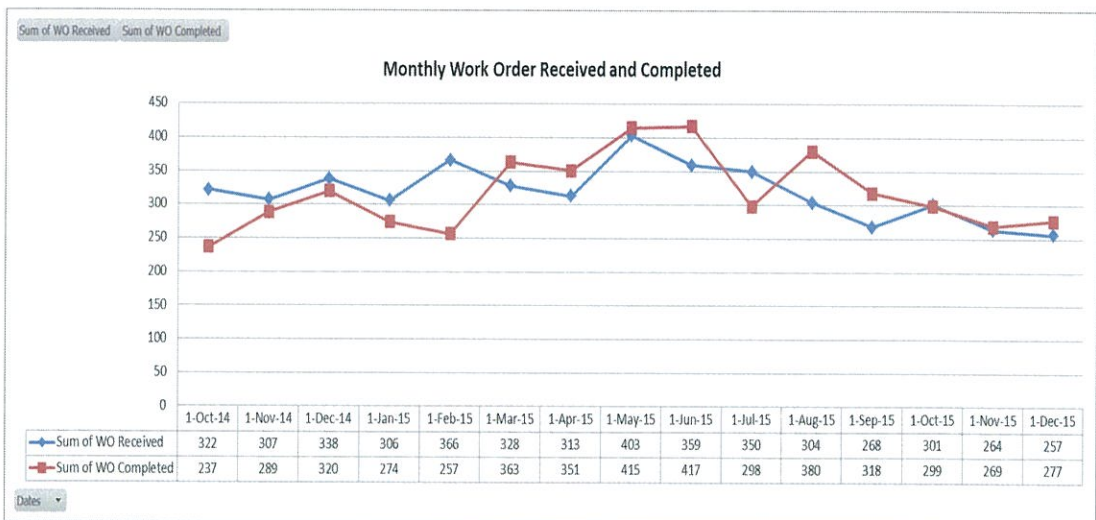
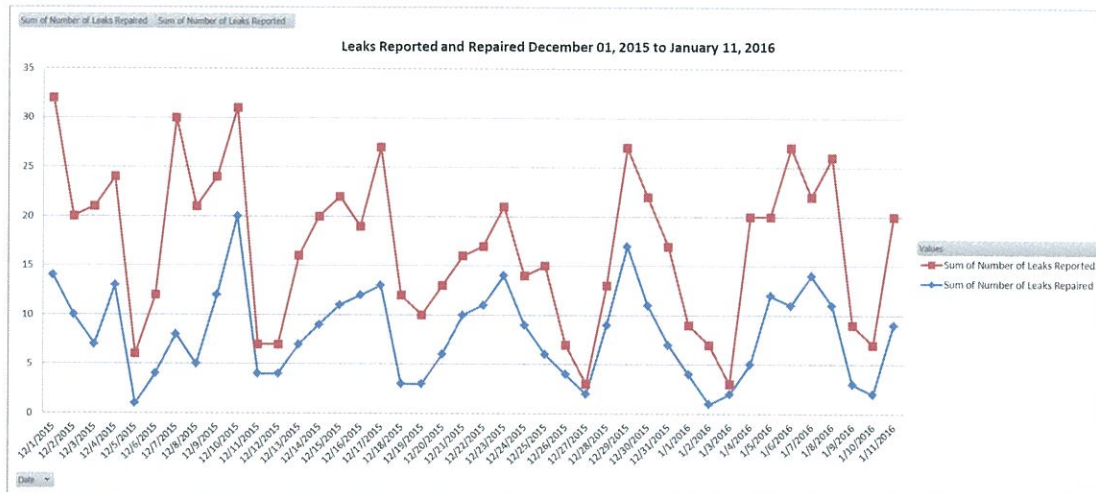
- Commissioner Bamba held his 3rd and final meeting of the proposed reorganization on December 7th, 2015. All key managers were present to discuss the proposed plans. He noted that the overall objective was reorganizing the big picture of the existing staffing patterns, and not to get into the details as much as the previous plan. Managers did discuss some of the ongoing issues as well. Commissioner Bamba thanked everyone for their support and input to the process. Commissioner Bamba noted that there was a desire on the part of the board to streamline the accountability process at GWA and gain input on the proposed draft from the new GM.
- A preliminary review of the draft plan is being conducted and some proposed adjustments are being developed. Additional discussion with the affected divisions and managers are needed to understand operational interactions and confirm that adjustments will provide improvements in efficiency and performance before the proposed adjustments are presented to the CCU. GM plans to have formal presentation on the proposed adjustments by mid-February.
- Commissioner Bamba stated that the directive was for the GM to review & provide recommendations. Miguel Bordallo has performed a preliminary review and has developed some adjustments. The GM would like some time to work with the divisions & make sure the proposed adjustments work for all, and he will present his recommendations at the February 2016 meeting. Sam Taylor stated the timeline for public hearing is 30 days from the time the CCU agrees to the proposed reorganization or says "yes". Per Sam, the Public Hearing is the opportunity for the employees to talk about their issues. Then based on the input received at the public hearing, the CCU can direct changes and/or provide the final approval.

5. Cost Savings Based on Prompt Leak Repair:

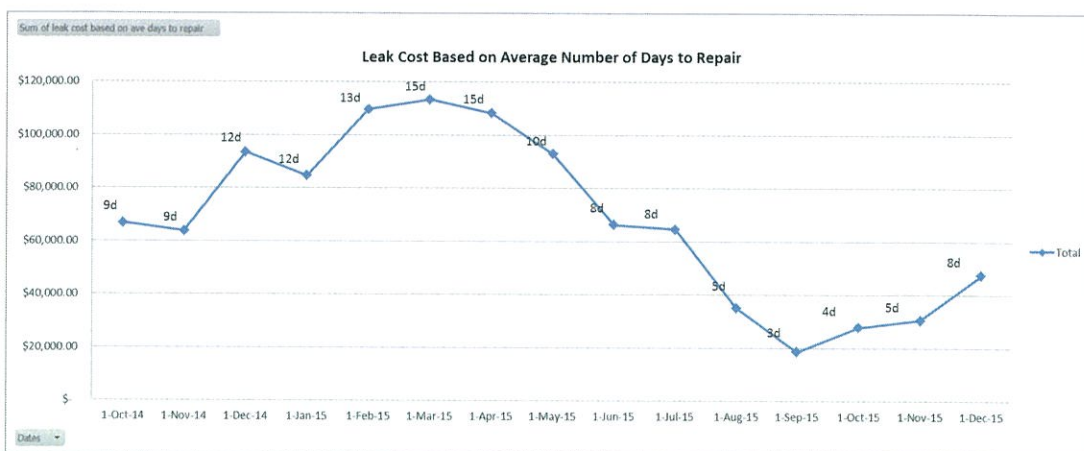
- Pending Leak Repairs as of January 11, 2016:

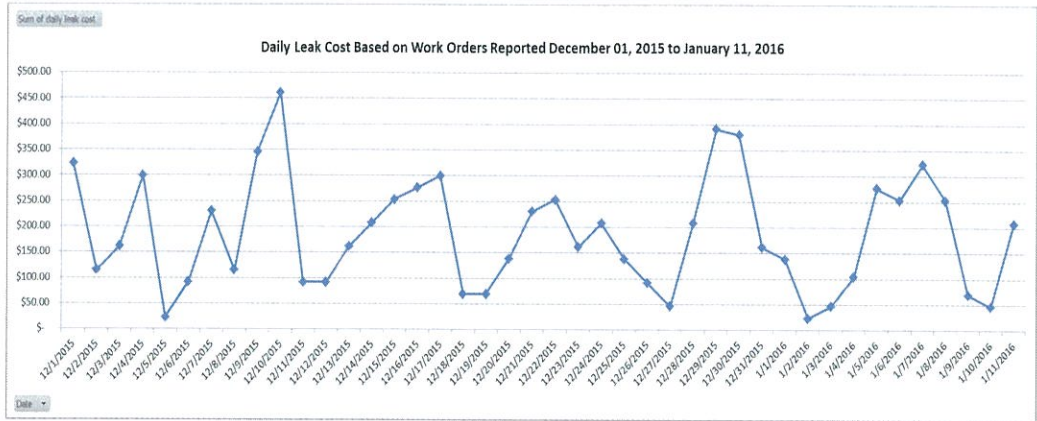


6. Pending Leak Repairs as of January 11, 2016 (con't.):



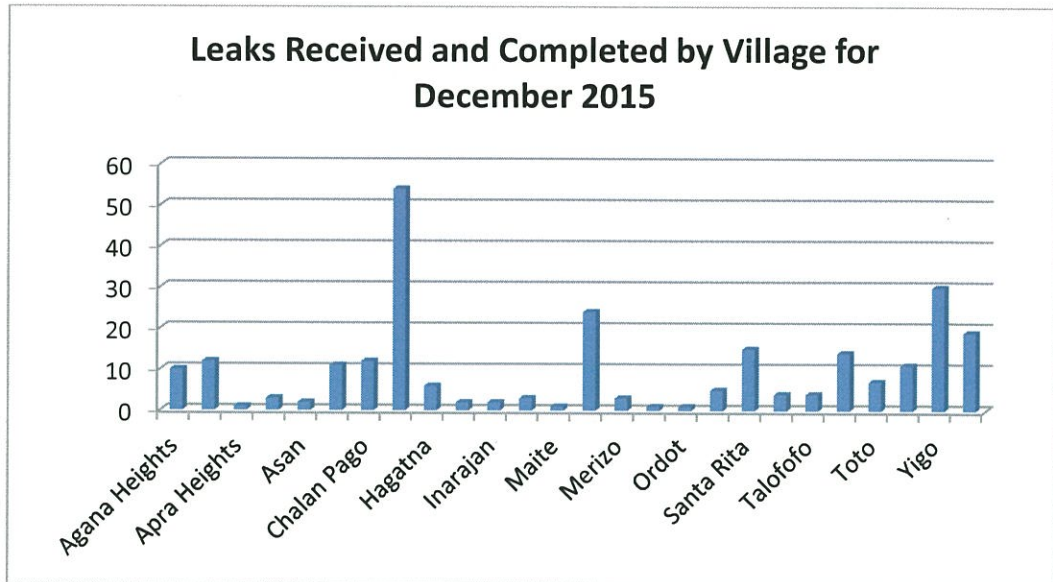
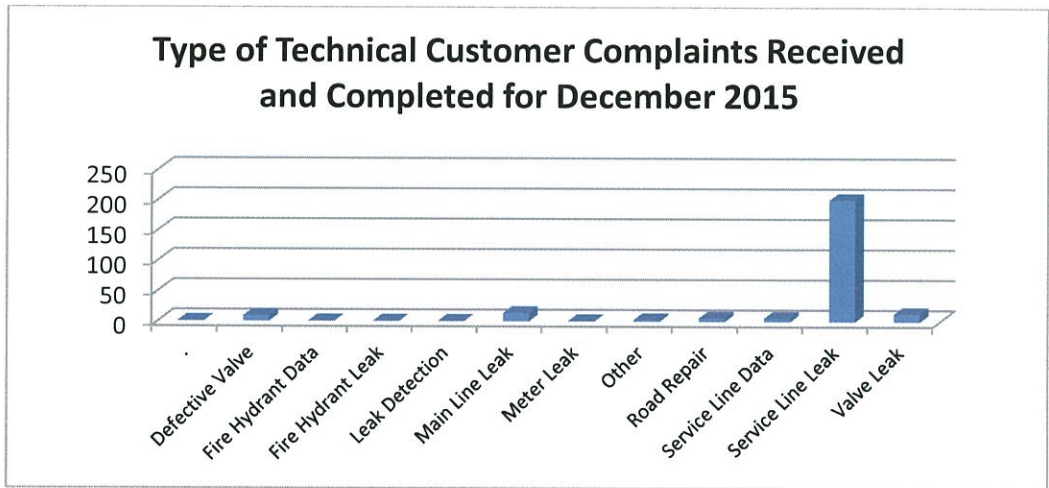
- **Cost Savings Based on Prompt Leak Repair:**





Assumptions:

1. Leak rate = 4 gpm
2. Cost per kgal = \$4.00



- **Update/Summary of All USEPA Projects:**
 - A Summary of all SRF grant funded projects was provided as "Attachment A" and found in Master File

4. **COMMUNICATIONS**
4.1 **Public Comments - None**

5. **LEGAL COUNSEL - None**

6. **NEW BUSINESS**

6.1 **GWA**

6.1.1 **Financial Updates**

CFO Cruz reported that 1st Qtr. revenues are lagging but is confident that projections will be met. He said Accounts Receivable is up and there was discussion about status of Dept. of Public Health and Social Services and Dept. of Education particularly. There was also discussion on the Balance Sheet relative to the issue of aging payables. CCU asked CFO to consider taking more proactive stance on paying the bills. There was discussion on unrestricted cash v. trade payables and CCU is of the opinion that there are funds there to pay down payables on a more timely manner.

6.1.2 **Resolution 16-FY2016 - Approval of the Route 4 Relief Sewerline Design Contract With AECOM**

The objective of the project is to better understand the wastewater collection system condition along Route 4, from Sinajana to the Agana Main Pump Station and to develop engineering reports, design and specification to repair/rehabilitate or replace deteriorated, damaged gravity sewer lines. The design services are expected to run from February 2016 to February 2017. The design services include but are not limited to general civil engineering, geotechnical engineering, and archeological investigation for approximately 7,500 linear feet of wastewater collection system. The outcome of the design services will produce an evaluation/analysis report as well as design drawings and specifications to be used for bidding the construction activities.

The sewer collection line to be evaluated and designed is located between Sinajaña and Hagatña, starting on Route 4 in Sinajana to the Agana Main Pump Station on Route 1. The engineering design services contract was negotiated to be Six Hundred Thousand Dollars (\$600,000.00) with options related to Construction Procurement and Engineering Services during construction GWA management is also seeking a ten percent (10%) contingency of Seventy Nine Thousand Four Hundred Dollars (\$79,400.00) which would then bring the total authorized funding amount to a maximum of Eight Hundred Seventy Three Thousand Four Hundred Dollars (\$873,400.00). The engineering design service is anticipated to be fully completed by February 28, 2017. The options, if authorized by GWA, are anticipated to occur concurrently with the bidding and construction period. Funding for this project will be from USEPA Grant Funds with an estimated project budget of Three Million Four Hundred Ten Thousand Seven Hundred Dollars (\$3,410,700.00).

Comm. Santos motioned to approve Resolution 16-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.1.3 **Resolution 17-FY2016 – Relative to New Bank Signatories**

Due to recent change in executive management, GWA must update its bank signatories. Resolution 17-FY2016 authorizes certain employees to sign checks and financial instruments including, but not limited to, letters of credit as well as for the authorization of electronic transactions on behalf of the Authority.

Comm. Bamba motioned to approve Resolution 17-FY2016; Comm. Sanchez seconded. There was no further discussion or objection and the motion carried.

Comm. Santos inquired re protocol on check and balance. The CFO said any amount of 10k needs two signatures.

6.2 **GPA**

6.2.1 **Financial Updates**

After CFO Kim gave his usual update, there was discussion on GPA's cash position; CCU addressed the CFO saying there needs to be a better handle on cash position; they asked the CFO to take a look at this to and give them a better explanation of how much there is and how management intends to use the funds. There seems to be a lot of money in kitty. CCU said to give a list -Ex: 2010 bond proceeds' this is what was planned, this actual spend, if different why?

The Commission also discussed net metering - how does it affect the base rate. They would like to see an impact study on this issue.

6.2.2 Resolution 2016-01 - Tank 1902 Product Recovery

Tank 1902 is due for API out-of-service inspection and requires repairs. It has served as a storage tank for GPA Residual Fuel Oil (RFO) storage since 1998. The bulk content of Tank 1902 was transferred into a substitute Tank 1903. However, there is approximately 4,750 barrels (bbls) of unpumpable GPA product (RFO) remaining in the tank. The objective is to empty Tank 1902 of GPA product so TTGI may perform the necessary cleaning, inspection, and repairs. Tristar Bulk Fuel Storage Terminal in Agat.. TTGI submitted cost proposals (Exhibit A). Option 3 was determined to be the lowest cost at about \$955k. The dead stock needs to be blended with diesel cutter stock to lower the viscosity of the product and facilitate the flow for transfer and recovery. TTGI has the expertise to perform the blending operations and blending components are readily available at the TTGI facility. Completion is approximately 2-3 months after GPA approval. Funding source is FY16 Revenue Funds. The project is required under clause 26 of the Storage Lease Agreement with TTGI. Two (2) quotes were obtained by TTGI for the unrecoverable product disposal costs.

Comm. Santos motioned to approve; Comm. Sanchez seconded. Motion passes with 3 ayes and 1 abstention

6.2.3 Resolution 2016-02 – CT PMC for Dededo 1&2, Macheche & Yigo

The GPA Combustion Turbine Power Plants have had significant operations and maintenance issues resulting in systemic long-term unavailability and capacity derations. A performance management contract with qualified contractor will provide GPA valuable assistance to meet availability, reliability and efficiency standards. The contractor is expected to provide overall management, operation and maintenance of the units, as well as management of procurement and inventory; plant engineering; and other support as in the execution of CIPs or Major O&M projects. The CT plants are important as they provide additional capacity following Cabras 3&4 Incident, and post-Aggreko contact period and currently they are the best units responding to intermittency from Solar PV power supply (NRG Contract) . The PMC will manage Dededo CT, Macheche CT and Yigo CT.

This is anticipated cost for this project which is based on a 5-year contract with options to extend

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year
Fixed Management Fee	\$640,000	\$655,360	\$671,089	\$687,195	\$703,687
O&M – Dededo	\$225,000	\$230,400	\$235,930	\$241,592	\$247,390
O&M – Macheche	\$125,000	\$128,000	\$131,072	\$134,218	\$137,439
O&M – Yigo	\$150,000	\$153,600	\$157,286	\$161,061	\$164,927
O&M Total	\$500,000	\$512,000	\$524,288	\$536,871	\$549,756
TOTAL	\$1,140,000	\$1,167,360	\$1,195,377	\$1,224,066	\$1,253,443

Fixed Management Fees and O&M Budgets will be funded through revenue funds – O&M. Current funding is enough for FMF and O&M, with a request to reallocate O&M funds for Generator Assessment into CT PMC FMF/O&M.

Capital Improvement Projects will be funded through 2014 bond funds, and by reallocating 1999 Excess Bond Funds and 2010 Bond Funds (see Exhibit C of resolution). GPA has also reached out to the US Department of Defense for funding support.

Out of three bidders that participated in Phase I – Qualitative Proposal Evaluation, two submitted qualitative proposals that met or exceeded the minimum requirements to qualify for Phase II – Price Proposal Evaluation. The lowest-priced, responsible and responsive bidder is TEMES.

Comm. Santos motioned to approve; Comm. Sanchez seconded. Motion passed unanimously

Comm..Santos said he would like management to advise the balance of the 1999 and 2010 bonds.

6.2.4 Resolution 2016-03 - Relative to Interim Streetlight Tariff

GPA is seeking to implement an interim streetlight tariff as provided in Exhibit A to apply to LED Streetlights installed on the GPA system to provide savings in energy and fuel for the customer. Savings may be used by the customer to install additional streetlights or reduce expenses with the savings. Both the Private Streetlights (Rate Schedule H) and Public Streetlights (Rate Schedule F) need to be amended to include the LED Streetlights.

The following lamp types will be added and the corresponding wattage and kWh per month will be used in the computation of the Energy Charge and the LEAC:

<u>Lamp Type</u>	<u>Wattage</u>	<u>kWh per month</u>	<u>Amount per lamp per month</u>
Light Emitting Diode (LED 250)	120	43.2	\$26.15
Light Emitting Diode (LED 150)	67	24.1	\$19.10

The proposed amendments are to be effective with meters read on and after March 1, 2016 after CUC and PUC approval.

Comm. Santos motioned to approve Resolution 2016-03 for discussion; Comm. Santos seconded. - passed

In discussion it was determined that it is more economical to do it in-house rather than outsource project because cost of LED fixture is lower. Comm. Sanchez said he likes GM's plan because GPA is using Govt. money to fund project.

On the motion there was no further discussion / objection and motioned passed.

6.2.5 Resolution 2016-04 – Relative to Merchant Banking

The current vendor, Data Management Resources (DMR), issued a letter noting that they will cease providing merchant banking services effective January 31, 2016. DMR is working with their processor to extend the deadline. A new RFP for merchant banking services need to be issued. GPA believes that the merchant banking services is critical to the operations and immediate replacement need to be found. These services are necessary in order for our customers to pay on-line, as well as for GPA to process credit card payments for all walk-in customers. The merchant banking services will be utilized by the GPA Customer Service & Cashier's offices at the GBN Public Service Building in Fadian and Julale Office in Hagatna. The contract will cost approximately \$1,000,000 per year. It is a one- year contract period which includes four options, and with each option to extend for one-year period for GPA and GWA. The funding source for this project is revenue funds.

Comm. Sanchez motioned to approve Resolution 2016-04; Comm. Santos seconded

Comm. Sanchez suggested amending the resolution to add GWA to the Resolution , to assign a GWA Resolution Number and insert phrase GWA after GPA wherever it occurs in the resolution; Comm. Bamba seconded the amendment and the amendment passed without objection

On the main motion there was no further discussion or objection and the notion passed as amended.

7. **OLD BUSINESS - None**

8. **ANNOUNCEMENTS**

8.1 Next CCU Work Session

Chairman Duenas announced that the next CCU meeting would be a work session for GPA on 2/10/16 and GWA on 2/17/16. The February CCU meeting is scheduled for 2/23/16

Further the Chairman announced that Legal Counsel recommended some items for discussion during Executive Session but called for a 5-minute recess. It was 7:19 p.m.

The meeting resumed with Executive Session at @ 7:30 p.m.

9. **EXECUTIVE SESSION**

9.1. **Personnel Matter**

This matter was discussed.

9.2. **Legal Issue**

This matter was discussed.

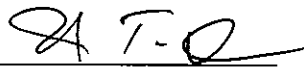
The Chairman announced that the meeting is now back to regular session and asked for a motion.

Comm. Sanchez motion that based on discussion during Executive Session, the GWA GM is instructed to carry out the decision of Commission as discussed during Executive Session; Comm. Santos seconded. There was no further discussion or objection and the motion carried.

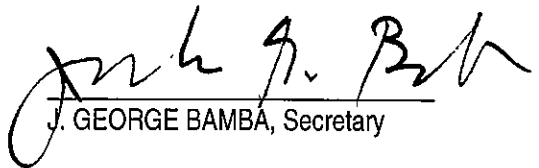
10. **ADJOURNMENT**

There was no further business to bring before the Commission; and the meeting adjourned at approximately 9:10 p.m.

\\s\\
b/s

Attested: 

JOSEPH T. DUENAS, Chairman



J. GEORGE BAMBA, Secretary