



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., February 23, 2016

MINUTES

1. **CALL TO ORDER**

Chairman Duenas called the Regular Meeting of February 23, 2016 for GPA and GWA to order at 5:30 p.m. He announced that all five (5) Commissioners were present and there was a quorum. Those present include:

Commissioners:

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

Executive Mgmt.:

John Benavente	GM / GPA
Paul Kemp	GM / GWA (A)
Greg Cruz	CFO / GWA
Melinda Camacho	AGMO / GPA
John Kim	CFO / GPA
Graham Botha	Staff Attorney / GPA
Sam Taylor	Staff Attorney / GWA

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
Simon Camacho	Pernix
Annmarie Muna	AM Insurance

2. **APPROVAL OF MINUTES**
Minutes of November 24, 2015 presented for approval

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

3. **GM REPORT / UPDATE**

3.1 **GPA**

GPA - none

3.2 **GWA**

Acting GWA GM Paul Kemp thanked the CCU for the opportunity to perform in the Acting GM capacity. He commended GWA GM Miguel Bordallo and said he was a good choice.

4. **COMMUNICATIONS**

4.1 **Public Comments** - None

5. **LEGAL COUNSEL** - None

6. **NEW BUSINESS**

6.1 **GWA**

6.1.1 **Financial Updates**

CFO Cruz said there are no updates to his report from last week. He said that the current trends are still hitting revenues and demand sales targets; he is seeing improvements in power consumption and water purchases have flattened out; YTD revenues are ahead of last year and spending rate is steady.

6.1.2 **Resolution 19-FY2016 Change Order No. 6 for the Well Rehabilitation and New Wells Design Project**

The objective of the Change Order is to have the design consultant complete the reformatting of the design specification to conform with legal requirements as well have them incorporate SCADA ready components in the design that fits the SCADA Master plan which was not yet completed at the time the wells design drawings and specification were completed. The work by GWA and the design consultant to repackage the design documents and modify design specifications to incorporate SCADA integration spurred additional design hours by the design consultant above what was previously agreed upon. GWA has determined in consultation with USEPA that a portion of the original project scope can be funded with SRF grant funds, and a re-packaging of the project into two separate construction packages ("rehabilitation" and "new construction") will maximize use of the SRF grant funds. The new well design scope is for the proposed wells located at AG-10, AG, 21 and Y-8 and the rehabilitation well design scope is for the existing wells at D-3, D-17, D-18, D-22, and M-9. Change Order #6 will increase the current contract amount by Thirty Four Thousand Ninety Four Dollars (\$34,094.00) and funded by 2010 Bonds. With this addition, the total increase funding amount will be a maximum of One Million Thirty Three Thousand Three Hundred Eight Dollars (\$1,033,308.00). The work related to the additional cost is expected to be completed in a month after the notice to proceed.

Comm. Sanchez motioned to approve; Comm. Santos seconded. The Commission said this was covered during work session; there was no further discussion or objection and the motion passed.

6.1.3 **Resolution 20-FY2016 Approval of the Ministerial Communique on the Pacific Water Agenda**

The objective of this issue is to affirm GWA's support of sustainable water utilities within the Pacific Region, as part of the GWA's membership on the Pacific Water and Wastes Association (PWWA). The PWWA has developed a policy-level Ministerial Communique on the Pacific Water Agenda promoting strong leadership on several themes regarding water utilities, almost all of which coincide with policy objectives espoused by GWA Management and the CCU. The Agenda is to further work on water and sanitation challenges faced by the Pacific Water and Wastewater Utilities into prominence at the regional and national levels. Some critical issues within the Pacific Water Agenda include delivering sustainable, affordable and accessible water and sanitation services to all, Climate Change and Gender Equity. The PWWA is comprised of water utilities/agencies throughout the region of the Pacific Islands, i.e., Guam, CNMI, FSM, Papua New Guinea, Cook Islands, Samoa, Tonga, Kiribati, Marshall Islands, Fiji, Niue, American Samoa, Tuvalu, Tokelau, Vanuatu, Palau, Solomon Islands, New Caledonia, and Nauru.

Comm. Bamba motioned to approve; Comm. Sanchez seconded there was no further discussion or objection and the motion passed.

6.1.4 Resolution 21-FY2016 Approval of Draft Tumon Maui Well License

Resolution 21-FY2016 is relative to the Department of the Navy's (DoN) facility, the Tumon Maui Well, at an extraction of water rate limited to 800 gallons per minute. There is a planned interconnection between the GWA and the Department of the Navy (DoN) systems at Route 3 and Potts Junction. GWA will commit to providing 210 gpm to the DoN Cantonment via the intertie. This project is necessary and urgent as the expected date of operation for the TMW is March 2016. The Tumon Maui Well is located along Route 3 and Potts Junction, Dededo. The cost related to this project is \$4,800 in license fee for the first year and will be paid with GWA's existing operation budget. The expected date of operation is March of 2016.

Comm. Sanchez motioned to approve; Comm. Guerrero seconded . There was no further discussion or objection and the motion carried.

6.2 GPA

6.2.1 Financial Updates

CFO Kim reported that base revenues are lower than budget compared to PY; overall revenues are still flat; kwh sales compared to PY is lower; number of customers is about 50,000 ; fuel price is still dropping; O&M currently \$5.3M budget \$6.3 compared to PY favorable v. PY. Comm. Santos said to CFO Kim that he would like to see the A/R details at every meeting.

6.2.2 Resolution 2016-05 Cabras 3 Repairs

GM Benavente said that this resolution and the next 2 resolutions are related to the presentation given by GM earlier. Comm. Sanchez inquired how does management know how much \$ is being reimbursed and is there any indication from the insurers that repairing Cabras 3 is a best? GM Benavente responded so far indication is that GPA will be reimbursed. There was some discussion regarding the validity of moving forward with repairs despite uncertainty of the claim amount being reimbursed by the insurers.

Comm. Santos motioned to table this resolution until adjusters meeting in March and further details are available; Comm. Guerrero seconded. This resolution and other (2) following resolutions tabled until March meeting.

It was also mentioned to table any matters on the Agenda related to insurance.

6.2.3 Resolution 2016-06 Cabras 3&4 AE Services

This matter was tabled.

6.2.4 Resolution 2016-07 Cabras 3&4 Bridge Crane

This matter was tabled

6.2.5 Resolution 2016-09 Dandan to Talofoto Substation Fiber Project

This project provides the design, purchase, and installation of a new 96-strand fiber optic cable between Dandan Substation and Talofoto Substation. This will connect the new Dandan Substation to the GPA network and give capability for remote access to download meters, relays, and SCADA equipment. In addition, the fiber will provide better and faster relay coordination. The fiber optic cable will be installed in the 4" communication conduit that runs along the Dandan Substation to Talofoto Substation transmission line with expected completion date of October 31, 2016.

The Dandan Substation to Talofoto Substation Fiber Project will cost \$432,695.28. The total project cost breakdown is as follows:

Design	\$	18,762.12
Equipment/Materials	\$	257,908.76
Construction	\$	<u>156,024.40</u>
TOTAL	\$	432,695.28

GTA Teleguam (GTA) was the sole bidder that submitted a bid for GPA's consideration and was determined to be responsive. GPA has secured the use of 2014 Revenue Bonds for this project.

Comm. Sanchez motioned to approve; Comm. Santos seconded . There was no further discussion or objection and the motion carried:

6.2.6 Resolution 2016-11 Phase III Renewable Land Lease

Resolution 2015-11 requests CCU's approval to enter a lease with Navy and seek PUC approval. After successfully qualifying in July 2015 for Navy's lease solicitation for 192 acres, GPA and Navy initiated negotiations for a lease agreement of 32 years for GPA to develop approximately 45MW of Solar PV on 8 Navy owned sites. Presently GPA is authorized to acquire 80MW of renewable capacity under the PUC approval of the 2008 IRP (Docket 08-06, 12/29/08). CCU Resolution 15-32 authorized GPA to work with Navy and to seek PUC approval for acquisition of an additional 45 MW of renewable capacity. Navy property identified for potential PV sites include four sites in Northern Guam (South Finegayan, former Tumon Tank Farm, Harmon Booster Station, and Harmon Annex) and four sites at Naval Base Guam. These properties are being considered for up to 37 years lease to GPA. Sites may be removed during Navy lease process. Site maps are provided in Master File.

GPA and Navy have negotiated the lease to include In Kind Considerations (IKC) which will offset the lease cost. The In Kind Considerations is based on the GPA's proposed solar development in response to the Navy lease solicitation. It includes the valuation of the Solar PV facility, its grid interconnection and a potential for Navy to a legal and physical access service during island system outages which was not previously available. GPA anticipates the lease signing by March 2016 subject to PUC approval.

It is estimated that solicitation for solar development will take approximately 1 year from announcement to award and about 2 years for construction to include project design and permitting. GPA will be submitting solicitation documents for approvals at a later time. GPA intends to seek LEAC recovery as the funding source for renewable energy contracts.

Comm. Sanchez motioned to approve; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed:

6.2.7 Resolution 2016-12 Purchase of 6 New Bucket Trucks

The objective of the purchase is to maintain efficiency by replacing aged bucket trucks and to provide reliable equipment to allow line crews to conduct repairs and maintenance on the transmission and distribution system in an efficient and cost effective manner. Unreliable equipment translates to extended outages and longer response times.

The list below details the status of repairs for broken bucket trucks

Official #	Description	Age	Repair Assessment
2694	Bucket Truck (IHC)	18 years (1998)	Platform rotational overhaul
4660	Bucket Truck (IHC)	19 years (1997)	Electrical and aerial systems
5059	Bucket Truck (GMC)	26 years (1990)	High pod failure/engine overhaul
1575	Bucket Truck (Kenworth)	23 years (1993)	Body and electrical systems
2590	Bucket Truck (IHC)	22 years (1994)	Complete aerial overhaul
3957	Bucket Truck (IHC)	19 years (1997)	Transmission replacement and aerial overhaul

Bucket trucks will service the transmission and distribution system island wide. The estimated cost for purchasing them follows:

Item	Vendor	Qty	Unit Cost	Extended Cost
55' Bucket Truck	Morrigo Equipment	3	\$209,362.00	\$628,086.00
65' Bucket Truck	MidPac Far East	3	\$251,000.00	\$753,000.00
			TOTAL	\$1,381,086.00

Delivery is set at 360 days after Notice to Proceed and FY16 General Plant Capital Improvement Project Budget as approved by the CCU and PUC is the funding source. Two bids were received from Morrigo Equipment and MidPac Far East

Comm. Sanchez motioned to approve; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.2.8 Resolution 2016-13 Authorization to Procure for Property Insurance

This matter was tabled.

6.2.9 Resolution 2016-14 Parking Lot Paving

This project provides the design and construction of parking lot for the GPA employee and visitor at GPA Cabras Compound. The intent is to comply with Guam Homeland Security requirements and relocate the existing parking currently located on Port Authority of Guam property to the land parcel owned by GPA and is adjacent to the facility's west perimeter fence. The proposed Cabras Compound Employee and Visitor Parking Lot Project will cost \$265,400.00. The expected completion date is September 30, 2016 and GPA has secured the use of 2014 Revenue Bonds for this project. There were six (6) qualified bidders that submitted for GPA's consideration. Maeda Pacific Corporation was determined to be the lowest responsive bidder.

Comm. Sanchez motioned to approve; Comm. Bamba seconded . There was no further discussion or objection and the motion passed.

7. **OLD BUSINESS - None**

8. **ANNOUNCEMENTS**

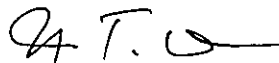
8.1 **Next CCU Work Session**

The Chairman announced that the next Work Session will be for GWA on 3/16 and GPA - 3/17. The next CCU meeting is March 22nd.

9. **ADJOURNMENT**

There was no further business to bring before the Commission; and the meeting adjourned at approximately 7:00 p.m.

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Attested: 
JOSEPH T. DUENAS, Chairman


J. GEORGE BAMBA, Secretary