



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 24, 2017

MINUTES

1. CALL TO ORDER

The Chairman called the regular monthly meeting of January 24, 2017 to order at 5:36p.m. He announced that all (5) Commissioners are present.

Others present at the meeting include:

Commissioners:

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

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Kelly Clark	Staff Attorney / GWA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Vangie Lujan	Compliance & Safety / GWA
Ron Topasna	GWA
Heidi Ballendorf	PIO / GWA
Art Perez	PIO / GPA
Karen Grape	IT / GWA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU
Gilda Mafnas	CFO (Acting)
Dave Fletcher	GWA
Sandra Pablo	GWA Finance
Vicente Pangelinan	GWA

Guest:

Angelica Perez	AM Insurance
Anmarie Muna	AM Insurance

Andy Nivens	PUC
Nestor Licanto	KUAM
Bill Chang	B&C
George Watson	Brown & Caldwell
Craig Bennett	Resident
Kasia Bennett	Resident
Simon Camacho	GPA Retiree
Joseph Cruz	Resident
Andrew P.	PPTC
Telena Nelson	Senator
Darryl Taggerty	Senator Nelson's Office

2. APPROVAL OF MINUTES

The Minutes of December 6, 2016 was presented for approval.

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

3. COMMUNICATIONS

3.1 Public Comments

Simon Camacho addressed the Commission relative to low morale. He is a retired GPA employee and spoke on behalf of employees especially from T&D. He gave the Commission a hard copy of several points of concern and asked the Commission for their review and kind response.

Craig and Kasia Bennett filed a complaint with the Commission regarding their application for water pipe installation to their new single family home. They do not agree with the charges that GWA has imposed on them and wanted the Commission to intervene. They submitted a detailed request and related map with details. The Chairman asked the GM to review their submittal and prepare a response via the CCU for review before submittal to the Bennett's.

Sandra Pablo and Joseph Cruz addressed their concern regarding raw sewage overflow at their residence at Rte 4, Talofoto. Ms. Pablo was very upset at the way GWA handled their situation. They said raw sewage was everywhere in their home and GWA wanted them to take inventory of all the damage in order to file a damage claim and that no claim has been filed; it is still a work in progress. They also mentioned that there was a fandango happening at their neighbor's next door and raw sewage was still all over the yard. Guest who parked in the vicinity of their home was walking on it. She said that GWA's response was one of indifference and is inexcusable.

The GWA GM said that GWA followed the correct procedure relative to this type of incidence and confirmed that all requirements were met.

Art Mendiola, a relative of Ms. Palomo voiced that GWA disagreed with the GM and said that not everything was met; more could have been done to remedy the raw sewage in the yard and said GWA did not do enough.

4. NEW BUSINESS

4.1 GPA

4.1.1 GM Report Update

1. System Capacity Recovery Plan Update:

- The Dededo Combustion Turbine Plant is on schedule to be commissioned by March 31st, 2017. The plant would add 40 MW of reserve capacity into the system. The plant commissioning will complete our capacity recovery plan effort.
- The following updates our generation capacity recovery schedule:

Date	Description (IWPS Capacity)	MW Added	System MW	2017 Proj. Peak MW	Reserve MW
19-Jan-17	GPA Total Capacity***		386	262	124
28-Feb-17	Dededo CT 2 Commissioning	20	406	262	144
31-Mar-17	Dededo CT 1 Commissioning	20	426	262	164
*** Capacity does not include interruptible load, standby generators and Navy capacity.					
Current Outage/Deration:		Capacity	Available	Unavailable	Return Date
	Cabras 1	66	58	8	15-Sep-17
	Medium Speed Diesels Hard Down (3ea.)	13	0	13	30-Sep-17
	Total:			21	
	MW Capacity Available Jan 19th 2017			365	
	Projected January Peak MW Demand			232	
	Available MW Reserve			133	

2 Net Metering: Net Metering Summary Ending December 2016:

Description:	Count	Kw	
Active	1,290	13,409	
Pending	143	1,840	
Totals:	1,433	15,249	
Service:	Count	KW	Kw/Customer
Residential	1,219	10,975	9.0
Others	71	2,434	34.3
Total:	1,290	13,409	10.4
% Residential	94.5%	81.8%	
Estimated 12 Months Revenue Impact:	\$2,502,271		

Net Metering Pay out and Carry Over Credits

Pay Out Credits:

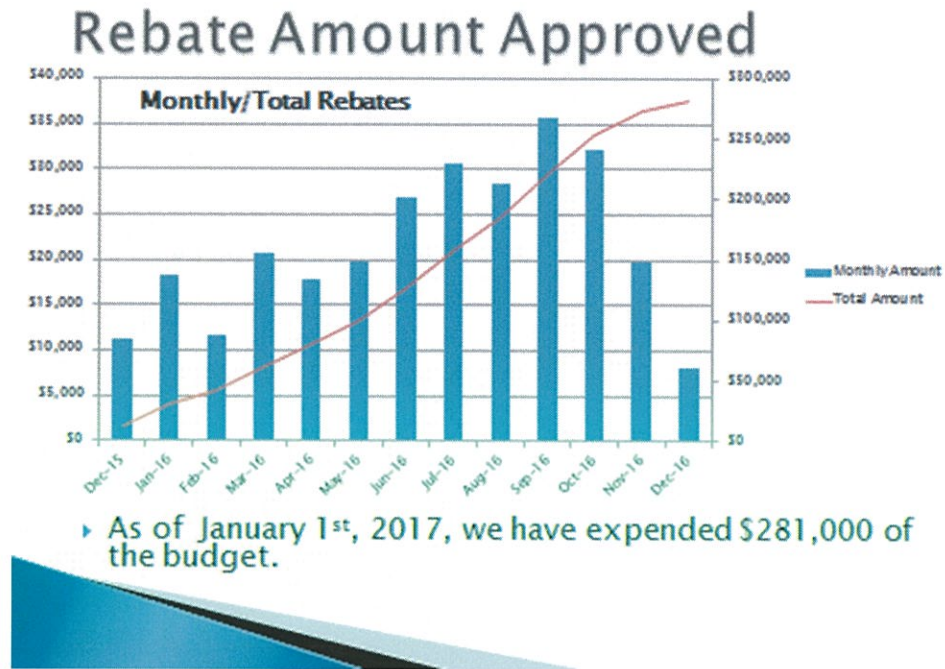
Calender Year	Meter Count	Kwh	Amount	Average \$/Kwh
CY 2015	74	152,793	\$27,480	\$0.180
CY 2016 Estimated	58	171,649	\$32,000	\$0.186

Carry Over Credits:

Calender Year	Meter Count	Kwh	Estimated Amount	Average \$/Kwh
CY 2015	410	462,997	\$83,270.55	\$0.180
CY 2016 Estimated	237	393,433	\$73,346.52	\$0.186

- 3 **Combined Cycle Plant Land Bid:** The bid for about 40 acres of land near the GWA Northern Wastewater Treatment Plant will be issued next week.
- 4 **Bond Ratings:** Standard & Poor and Fitch have both recently affirmed GPA's investment grade rating with stable outlook. The loss of Cabras 3&4 was of concern to the rating agencies, but the continued efforts to update them on a regular basis on our recovery efforts and the minimal impact the explosion had on financials and service made us successful in maintaining our ratings

- 5 **DSM Program Update:** The following summarizes rebates thru January 1st 2017. The paid out rebate to date totals \$281,000.



6 Phase II Renewables Bid:

- Priced proposals were opened on January 13, 2017. GPA is in the process of reviewing submittals to determine the lowest bidder(s).
- Bids for Solar PV system ranged from \$0.062 to \$0.210/ Kwh. Sole bid for Geo-thermal energy was \$0.240/Kwh.
- The notification of successful bidder(s) is targeted for late January.
- A system stability analysis will need to be conducted for the successful bidder(s) proposal to determine the total cost impact for the project.
- I am targeting to provide a recommendation at the February CCU meeting. The contract will require PUC approval.

7 Energy Storage System Bid:

- a. Technical Proposals were received from four companies.
- b. Two companies were deemed acceptable and their price proposal were opened on January 18th.
- c. Recommendation for award was added to tonight's agenda.

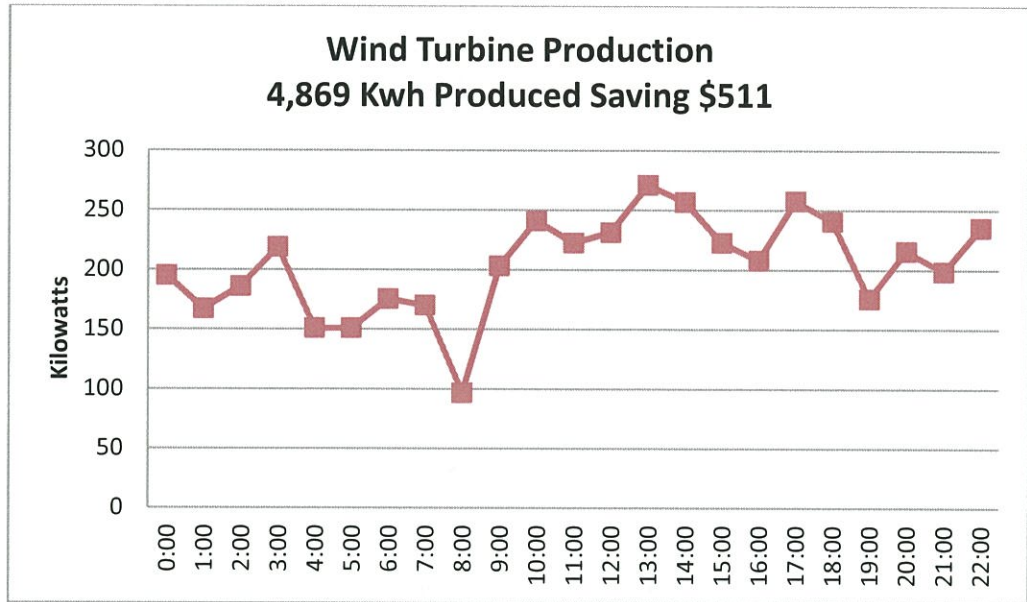
8 Phase III Renewables Bid:

- 9 We expect to announce this bid in February.
- 10 This is for Solar PV on land leased from the Navy.
- 11 Project capacity is about 35 MW

9. Other Key Bid Invitations Updates:

- The bids for the major engine overhaul of Diesel units have been received and are being evaluated. A recommendation will be brought to the CCU at the February meeting.
- LED Luminaires is being re-bid. This delays our change out work by about six months.

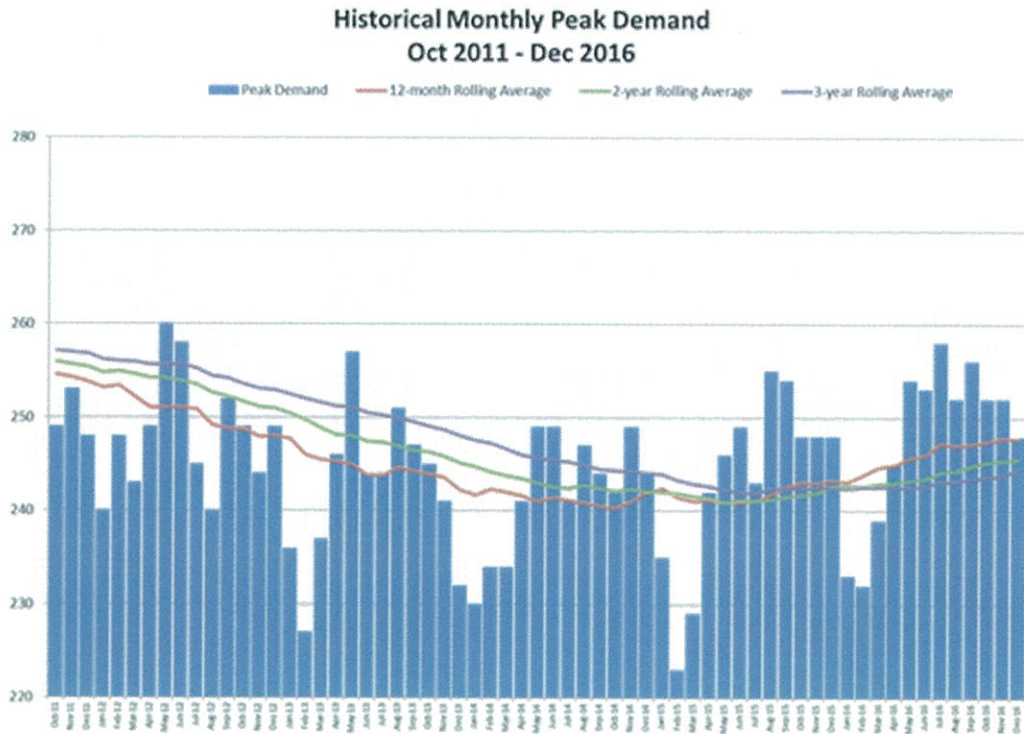
10. **GPA Wind Turbine Production:** The following is the production graph for Sunday, January 23rd



11. **Public Commission on Utilities Dockets:**

- a. A decision on LEAC rate for the period February thru July is expected at their next week regular meeting.
- b. GPA Docket 16-01; Contract extension of the Cabras 3&4 EWP was approved for two months.

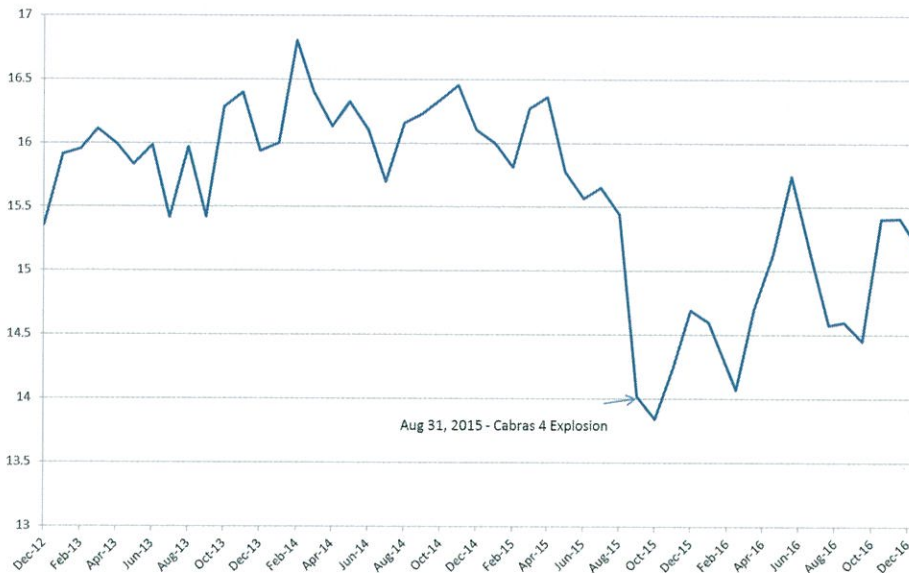
12. **Key Performance Indicators:** The following pages update information thru December 2016.



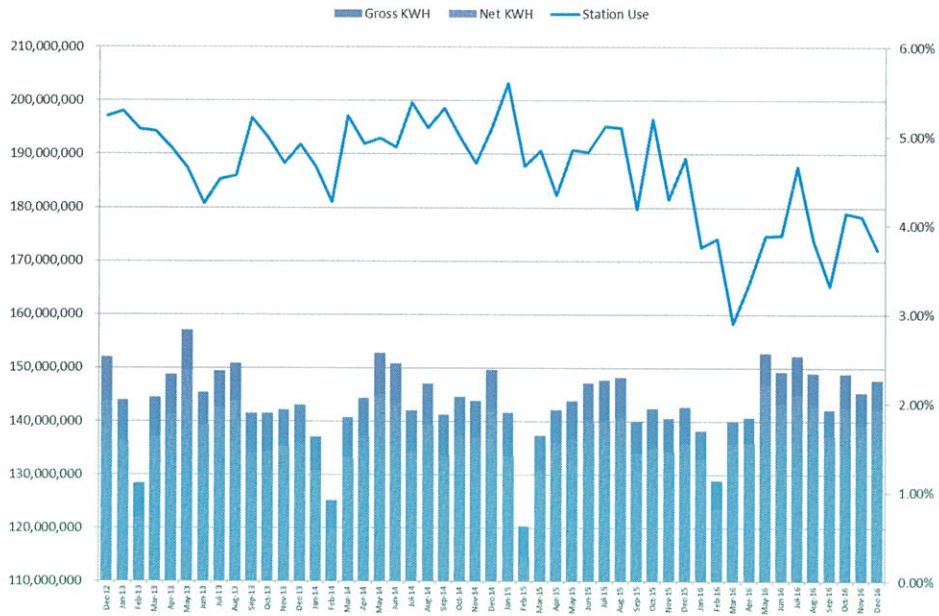
KWH Sales and \$ Revenue December 2012 - December 2016



SYSTEM GROSS HEAT RATE (KWH/Gal) December 2012 - December 2016



Gross and Net Generation (KWH) December 2012 - December 2016



4.1.2 Financials

CFO Kim provided highlights for December 2016

December 2016 Monthly Financial Highlight

2



	Through November 30, 2016				
	Monthly Budget Revenues \$000	Actual Monthly Revenues	Variance	PY FY15	CY vs PY Variance
October	\$ 13,320	\$ 13,702	\$ 382	\$ 13,481	\$ 221
November	13,114	13,622	508	12,769	853
December	13,265	13,695	430	13,617	78
January	12,838			12,694	
February	12,226			12,415	
March	12,720			13,103	
April	13,066			13,300	
May	13,624			13,963	
June	13,488			14,088	
July	13,483			13,963	
August	13,447			13,639	
September	13,179			13,525	
Total	\$ 157,720	\$ 41,019	\$ 1,321	\$ 160,557	\$ 1,152



	Through November 30, 2016				
	Monthly Budget Sales GWh	Actual Monthly Sales	Variance	PY FY15	CY vs PY Variance
October	130,212	133,620	3,408	132,517	1,103
November	128,213	133,235	5,022	128,470	4,765
December	129,585	134,534	5,049	130,157	4,477
January	125,428			125,264	
February	119,112			118,483	
March	123,983			128,934	
April	127,578			128,910	
May	133,054			138,929	
June	131,073			137,074	
July	131,526			140,334	
August	131,966			135,275	
September	129,238			129,932	
Total	1,540,970	401,490	13,478	1,570,340	10,345

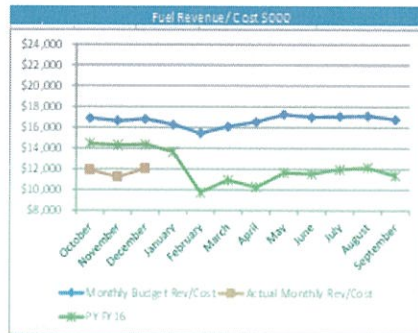


December 2016 Monthly Financial Highlight (Continued)

3



	Through November 30, 2016		
	FY 2016	FY 2017	Variance
October	49,919	50,460	541
November	49,905	50,552	647
December	50,155	50,611	456
January	50,119		
February	50,180		
March	50,212		
April	50,162		
May	50,366		
June	50,306		
July	50,293		
August	50,119		
September	50,207		

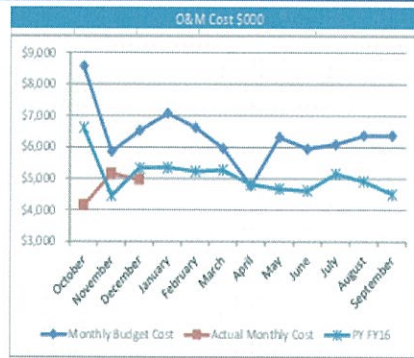


	Through November 30, 2016				
	Monthly Budget Rev/Cost	Actual Monthly Rev/Cost	Variance	PY FY16	CY vs PY Variance
October	\$ 16,901	\$ 11,894	\$ (5,008)	\$ 14,443	\$ (2,548)
November	16,642	11,215	(5,427)	14,305	(3,091)
December	16,820	12,096	(4,724)	14,349	(2,313)
January	16,280			13,663	
February	15,460			9,739	
March	16,093			10,924	
April	16,559			10,256	
May	17,270			11,637	
June	17,013			11,536	
July	17,072			11,966	
August	17,129			12,146	
September	16,775			11,375	
Total	\$ 200,015	\$ 35,145	\$ (15,218)	\$ 146,340	\$ (7,953)



December 2016 Monthly Financial Highlight (Continued)

4



	Through November 30, 2016				
	Monthly Budget Cost	Actual Monthly Cost	Variance	PY FY16	CY vs PY Variance
October	\$ 8,564	4,135	4,429	6,605	2,470
November	5,846	5,158	688	4,452	(707)
December	6,520	4,967	1,553	5,330	363
January	7,063			5,346	
February	6,616			5,220	
March	5,958			5,267	
April	4,763			4,806	
May	6,304			4,662	
June	5,943			4,608	
July	6,083			5,143	
August	6,366			4,906	
September	6,366			4,501	
Total	\$ 76,394	\$ 14,261	\$ 62,133	\$ 60,847	\$ 46,587

Debt service coverage (DSC) calculation-Indenture	2012	2013	2014	2015	2016	YTD Dec 2016
Senior lien coverage	2.13	3.36	3.16	3.62	3.35	3.06
Aggregate debt service coverage	1.35	1.88	1.98	2.62	3.35	3.06
Debt service coverage (DSC) calculation-IPP as O&M						
Senior lien coverage	1.29	2.16	2.25	2.56	2.52	2.38
Aggregate debt service coverage	0.82	1.21	1.41	1.85	2.52	2.38



4.1.3 Resolution 2017-01 Approval of EPCM for New Generation

GPA issued an RFP to provide Engineering and Technical support in the development of procurement of up to 180MW of new generation capacity through an IPP Contract model. The new power plant is required under GPA's USEPA Compliance Plan for the compliance of the Cabras 1&2 and MEC Power Plants under the EGU MATS and RICE MACT regulations. GPA has estimated \$750,000 for the procurement development task. For additional other tasks and scopes of work, GPA will obtain CCU and PUC approval at the appropriate time. These other tasks and scopes are best decided upon as more information is available. For the initial procurement development task GPA has estimated 3-6 months to develop and obtain CCU and PUC approval. GPA's compliance plan has new plants commissioned by December 2020. GPA has obtained approval for use of \$750,000 from 2014 Bond Funds LNG Initial Startup Project through CCU Resolution 2015-21 and PUC Order Docket 15-05 issued on October 29, 2016. GPA evaluated Stanley Consultants, Inc as the most qualified and responsive proposal from the submitted proposals. GPA recommends to award and to assign the initial task of the procurement development for the IPP contract. GPA intends to use the EPCM as Owner's Engineer during design and construction of the power plant which will be negotiated later.

Comm, Santos motioned to approve Resolution 2017-01. Comm. Guthertz seconded.

For the record, Comm. Sanchez recused himself because a company he has interest in may be one of bidders and has potential for conflict. Comm. Bamba may also have conflict and asked to be recused

On the motion there were 3 – ayes and 2 abstentions.

4.1.4 Resolution 2017-02 Approval of Fuel Oil Hedging Program

The objective is to have established agreements with potential hedging counterparties that outline the terms applied to the derivatives transactions between GPA and these counterparties. Henceforth to allow GPA to systematically hedge as the needs arise. There will be associated premium for the volume to be traded depending on the kind of hedging instrument GPA will utilize. The premium cost of the hedging will be around \$1.13 Million. Once GPA receives authorization to petition the PUC for their authorization and approval, the authorization documents will be presented to the various hedging counterparties with the signed agreements for their records. The hedging trade term will be 3-month to 6-month period. The anticipated funding source for this project is LEAC

In discussion Comm. Bamba said to be cautious because hedging is 2-edge sword. Comm. Sanchez asked management if the timing is really now for hedging; he's curious to know what experts are thinking and if they feel now is time to hedge and wants to hear their opinion. CFO Kim said our consultants think it is wise to hedge now vs. later. Comm. Guthertz said in the news this morning the President may go after the oil wells. At the end of discussions, the Commission asked management to look at this a little bit more. They asked management to get Consultants rationale behind their thinking. While the resolutions is only for authority to hedge when needed the Commission said to go back and ask why they are recommending to hedge in the first place.

This resolution was tabled

4.1.5 Resolution 2017-03 Establishment of Internal Audit Positions

This resolution petitions the CCU to create a Utility Auditor I, II, III, Revenue Protection Utility Investigator, and Revenue Protection Utility Analyst positions in the classified service as allowed by Public Law 28-112 and 4 GCA §6303. GPA Personnel Rules and Regulations Section 7.03 (c), authorizes the General Manager to petition the CCU to amend, to include, but not limited to, deleting, adding, or modifying such positions, the approved list of the Authority's Certified, Technical, and Professional positions. The creation of the Utility Auditor I, II, and III positions are essential to assist GPA management and the CCU in the effective discharge of their responsibilities and governance by furnishing independent analysis, appraisals, recommendations, counsel and information concerning activities under audit to the utility. The creation of the Revenue Protection Utility Investigator and Revenue Protection Utility Analyst positions are essential to institute an effective revenue protection program to minimize the loss of revenue due to meter tampering and unauthorized electrical connections. The minimum salary range based on the market data for 2007 for CTP is as follows: Auditor I - \$34,318 per annum; Auditor II - \$43,648 per annum; Auditor III - \$52,820 per

annum; Revenue protection investigator - \$45,420 per annum and Revenue Protection Analyst - \$52,820 per annum. The salaries are funded by revenue funds and once approved by the CCU it will be filed with the Guam Legislature with a waiting period of 30 days.

Comm. Guthertz said these positions are critical and endorses a strong internal audit program.

Comm. Guthertz motioned to approve Resolution 2017-03; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

4.1.6 GPA Resolution 2017-04 / GWA Resolution 17-FY2017 Legislation for Health Insurance

GPA and GWA have recognized that an opportunity for savings exists if GPA and GWA are authorized to procure separate health group insurance for their employees, based on the experience of the Judiciary, which has procured its own health group insurance. The CCU has reviewed the proposed draft legislation which would authorize GPA and GWA to procure separate group health insurance, and the CCU recognizes there is an opportunity for savings.

The General Manager of the Guam Power Authority and the General Manager of the Guam Waterworks Authority are authorized to submit the draft legislation to the legislature for consideration, which if enacted would authorize GPA and GWA to procure separate health group insurance for its employees. Once approved by the CCU and PUC an RFP will be prepared which will determine the costs and benefit package for our employees. If this program comes to fruition, it will be funded by revenue funds.

In discussion, Comm. Guthertz asked if management is going to provide any data to Legislature. Comm. Santos responded that they have all the data and that's what they don't want to show. Comm. Guthertz said she does not want to short change GPA retirees. Comm. Sanchez said GPA/GWA may seek new policy for their employees while retirees remain in the master Guam plan. Comm. Guthertz further stated she does not want to lock out retirees of any potential benefits / savings. Comm. Sanchez then recommended to add "retirees" to the resolution

Comm. Sanchez motioned to approve Resolution 2017-04; Comm. Santos seconded.

Comm. Guthertz motioned to amend Resolution 2017-04 and to add "retirees" on line 21 after the word "employees"; Comm. Bamba seconded

On the amendment to the resolution – all were in favor

On the entire resolution – all were in favor and Resolution 2017-04 passed unanimously.

4.1.7 Resolution 2017-05 Authorization for Diesel Supply for Base Loads and Peaking Units

The Guam Power Authority's current contract for Supply of Diesel Fuel Oil No. 2 for the Baseload Plants and Peaking Units is expiring in December 2017. The fuel supply contract with an increase in the estimated supply quantity is necessary to provide uninterrupted supply of fuel for the Baseloads and Peaking units.

Diesel Fuel Oil No.2 will be supplied to the following plant locations:

- Baseloads (Cabras 1&2 and MEC 8&9)
- Tenjo Vista
- Fast Tracks (Manenggon and Talofoto)
- TEMES CT
- Northern Plants (Dededo CT, Macheche CT and Yigo CT, Aggreko)

The 2-year contract is estimated to exceed \$1.5M requiring prior approval from the PUC. The contract is planned for an initial period of two years to commence on or about January 01, 2018 and to expire on December 31, 2019, with the option to extend for three (3) additional one-year terms. This procurement will be funded by revenue funds. The IFB solicitations will commence after CCU approval.

Comm. Guthertz motioned to approve Resolution 2017-05; Comm. Sanchez seconded. There were 4 ayes and 1 abstention. For the record, Comm. Bamba recused himself.

4.1.8 Resolution 2017-06 Relative to Contract Award Energy Storage System Phase I

The project will help alleviate system frequency issues and support renewable energy integration. The ESS is required to mitigate issues resulting from the intermittency of the solar generation from the NRG solar farm and net-metering solar PV throughout the island. This storage system will be located at the Agana Substation: 24 MW and the Talofofo Substation: 16 MW. The project cost is estimated to be: Design and Construction: \$34,999,070 and Annual O&M: Starting from \$217,040 and increases to \$400,997 by year 25. The anticipated completion date is 12 months from Notice to Proceed. Management identified the funding source to be:

Design/Construction:

\$34,632,781 from 2014 Series A Revenue Bond

\$366,289 from FY2018 CIP Budget

O&M:

\$217,040-\$400,997 from O&M Budget

**Multi-Step Bid No. GPA-082-15
Energy Storage System Phase I
Step 2 Evaluation of Priced Proposals Results**

	LG CNS		LSIS	
	24 MW Agana	16 MW Talofofo	24 MW Agana	16 MW Talofofo
Design & Construction	\$ 16,799,554	\$ 18,199,516	\$ 25,096,815	\$ 22,079,750
Fixed O&M Annual Fee				
Year 1	\$ 108,520	\$ 108,520	\$ 394,662	\$ 394,662
Year 2	\$ 111,259	\$ 111,259	\$ 394,662	\$ 394,662
Year 3	\$ 114,075	\$ 114,075	\$ 394,662	\$ 394,662
Year 4	\$ 116,969	\$ 116,969	\$ 394,662	\$ 394,662
Year 5	\$ 119,943	\$ 119,943	\$ 394,662	\$ 394,662
Year 6	\$ 123,000	\$ 123,000	\$ 394,662	\$ 394,662
Year 7	\$ 126,143	\$ 126,143	\$ 394,662	\$ 394,662
Year 8	\$ 129,373	\$ 129,373	\$ 394,662	\$ 394,662
Year 9	\$ 132,693	\$ 132,693	\$ 394,662	\$ 394,662
Year 10	\$ 136,106	\$ 136,106	\$ 394,662	\$ 394,662
Year 11	\$ 139,615	\$ 139,615	\$ 394,662	\$ 394,662
Year 12	\$ 143,222	\$ 143,222	\$ 394,662	\$ 394,662
Year 13	\$ 146,931	\$ 146,931	\$ 394,662	\$ 394,662
Year 14	\$ 150,744	\$ 150,744	\$ 394,662	\$ 394,662
Year 15	\$ 154,663	\$ 154,663	\$ 394,662	\$ 394,662
Year 16	\$ 158,694	\$ 158,694	\$ 394,662	\$ 394,662
Year 17	\$ 162,837	\$ 162,837	\$ 394,662	\$ 394,662
Year 18	\$ 167,098	\$ 167,098	\$ 394,662	\$ 394,662
Year 19	\$ 171,479	\$ 171,479	\$ 394,662	\$ 394,662
Year 20	\$ 175,984	\$ 175,984	\$ 394,662	\$ 394,662
Year 21	\$ 180,617	\$ 180,617	\$ 394,662	\$ 394,662
Year 22	\$ 185,380	\$ 185,380	\$ 394,662	\$ 394,662
Year 23	\$ 190,279	\$ 190,279	\$ 394,662	\$ 394,662

Year 24	\$ 195,316	\$ 195,316	\$ 394,662	\$ 394,662
Year 25	\$ 200,498	\$ 200,499	\$ 394,662	\$ 394,662
Site Present Value	\$ 17,521,245	\$ 18,841,964	\$ 28,435,773	\$ 25,589,486
Total Cost	\$ 36,363,208		\$ 54,025,259	

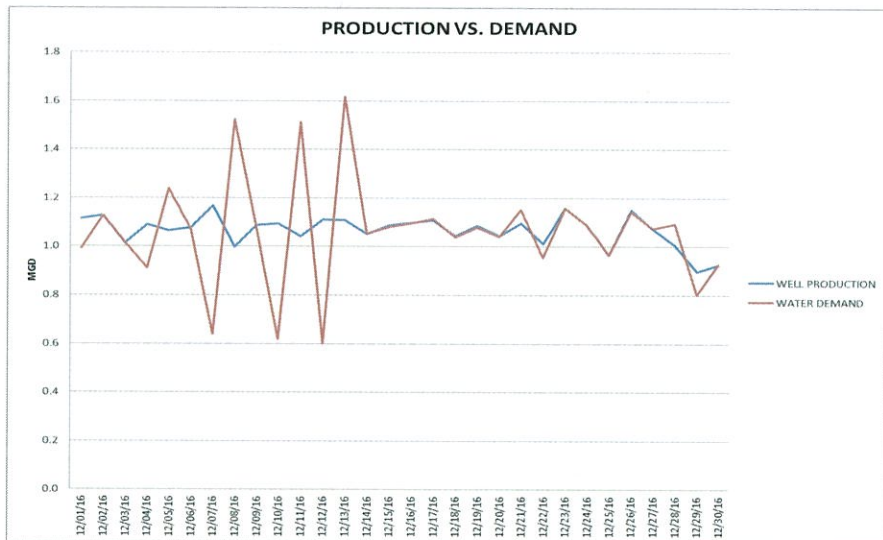
Comm. Guthertz motioned to approve Resolution 2017-06; comm. Sanchez seconded. There was no further discussion or objection and the motion passed unanimously.

4.2 GWA

4.2.1 GM Report Update

1. TMW License Agreement:

- a. GWA continues operations and maintenance at TMW.
- b. Operation has been affected by multiple equipment issues:
 - i. Fan failure: unit being serviced
 - ii. Oxygen sensor: failed; replacement being procured
 - iii. Level indicator: failed; replacement being procured – affected booster pump operation feeding into system; operating with adjustment to setpoints.
- c. GWA has met with DoD and DPW/PB to finalize GWA's work for the Potts Junction intertie.
- d. Production:
 - i. Fairly consistent between 1.0 and 1.2 million gallons per day (MGD), with the exception of several events tripped equipment events - see chart below.
 - ii. Total production in November was **27,098,700 gallons**. Total Production in December was 33,124,400.



2. Easement Request for Agat WWTP Project

- a. NBG Installation Commanding Officer approved the easement grant at no cost.
- b. Still waiting on Commander Navy Installation Command on the term and type of request approval.
- c. GWA is willing to do 50% of the maintenance of the easement as part of the contribution.
- d. GWA will pay for appraisal and survey for legal meets and bounds if needed for the agreement.

3. Interoperability Options – future projects

- a. Santa Rosa.
- b. Route 15 line connection.
- c. Agana Heights tanks (GWA and Naval Hospital).
- d. Urunao and the Wildlife Refuge.

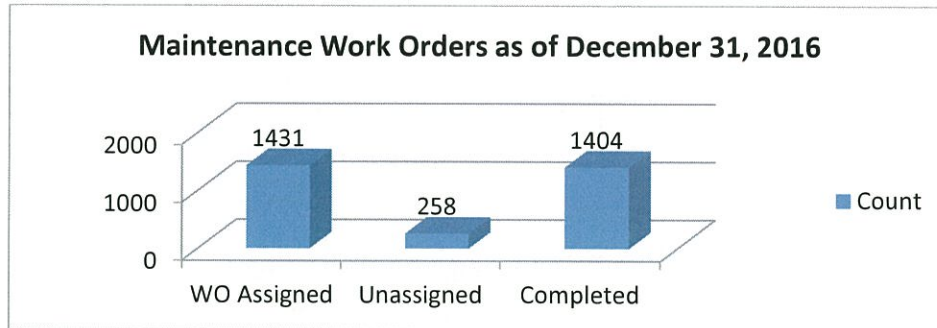
OEA Grants – Guam Water-Wastewater Infrastructure Projects

- PM/CM award pending; negotiations finalized.
- GWA is providing assistance to USEPA for NEPA process associated with initial project; formal NEPA activities pending contract (USEPA).
- NGLA Monitoring Wells – final siting report issued; prioritization underway to set preference for installation locations and rehabilitation.
- GWWIST meeting scheduled for February in Guam.

Action Item	Date (Target)	Date (Actual)	Status
Project Funds Available	Oct-15 / July-16	AUG-30-16	Completed
Land Acquisition	Sep-16 (?) Jan-17		On-target
Procure PM/CM Firm	Apr-16 / Jan-17		On-target
Procure Design Firm	Oct-16 (?) Jul-17		On-target
Design -- 30/60/90/Final -- Review	Nov-17 Jun-18		On-target
NEPA Analysis and Determination	Aug-17 Feb-17		??
Procure Construction Firm	Jun Dec-18		On-target
Construction Complete/Commence Operations	Nov-21		On-target
Sewer line connection from MCB to GWA infrastructure	TBD (?) Jul-19		On-target
MCB Initial Operating Capability	Jul-22		On-target

Asset Management

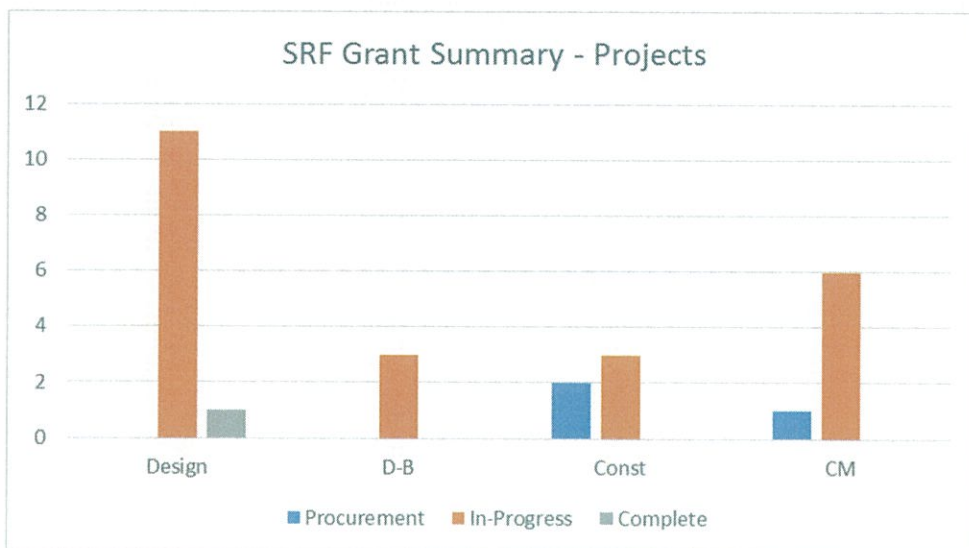
- CMMS system went live on October 3, 2016.
- Weekly and monthly meetings continue
- Over 3,000 Work Orders issued so far.
- Over 1,404 Work Orders completed.



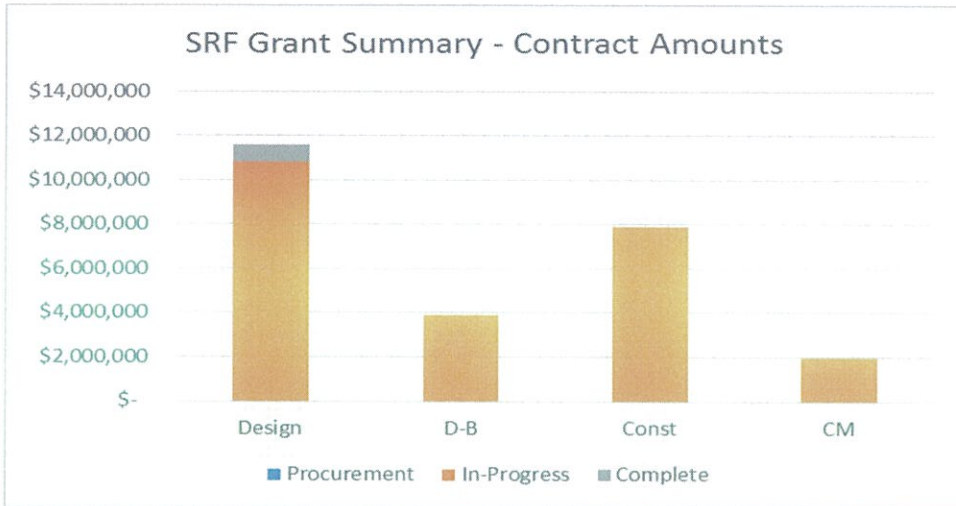
USEPA SRF Projects

- Summary of all SRF grant funded projects are shown below.

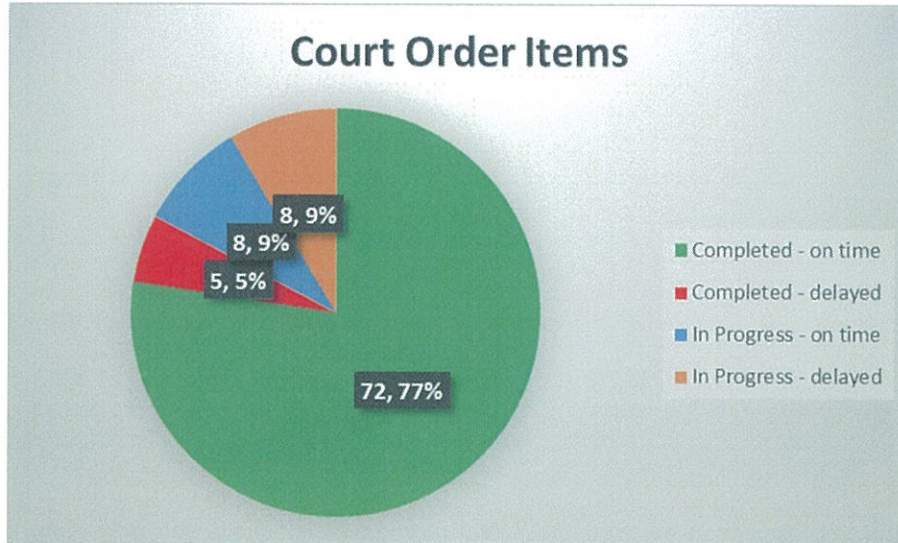
SRF Grant Summary - Projects					
	Procurement	In-Progress	Complete	Totals	%
Design	0	11	1	12	44%
D-B	0	3		3	11%
Const	2	3		5	19%
CM	1	6		7	26%
Totals	3	23	1	27	
%	11%	85%	4%		



SRF Grant Summary - Contract Amounts					
	Procurement	In-Progress	Complete	Totals	%
Design	\$ -	\$ 10,812,544	\$ 792,980	\$ 11,605,524	46%
D-B	\$ -	\$ 3,898,896		\$ 3,898,896	15%
Const	\$ -	\$ 7,883,710		\$ 7,883,710	31%
CM	\$ -	\$ 1,969,876		\$ 1,969,876	8%
Totals	\$ -	\$ 24,565,026	\$ 792,980	\$ 25,358,006	
%	0%	97%	3%		



Court Order



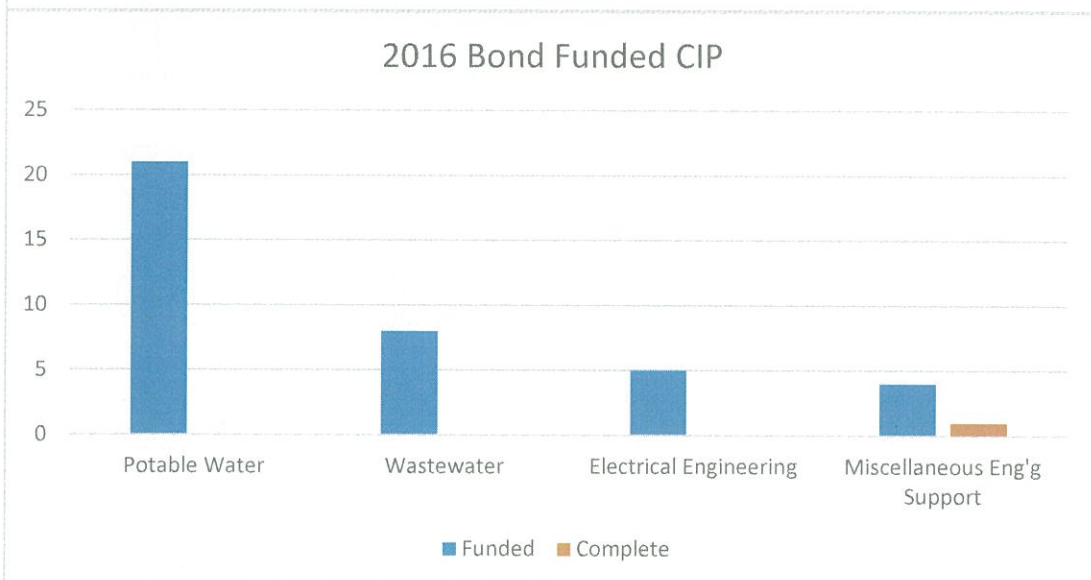
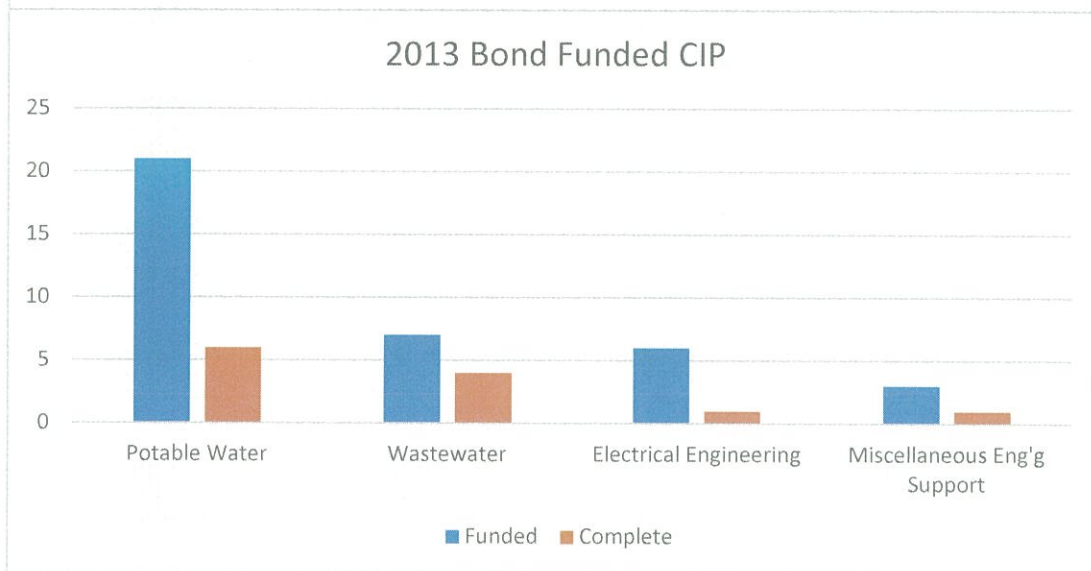
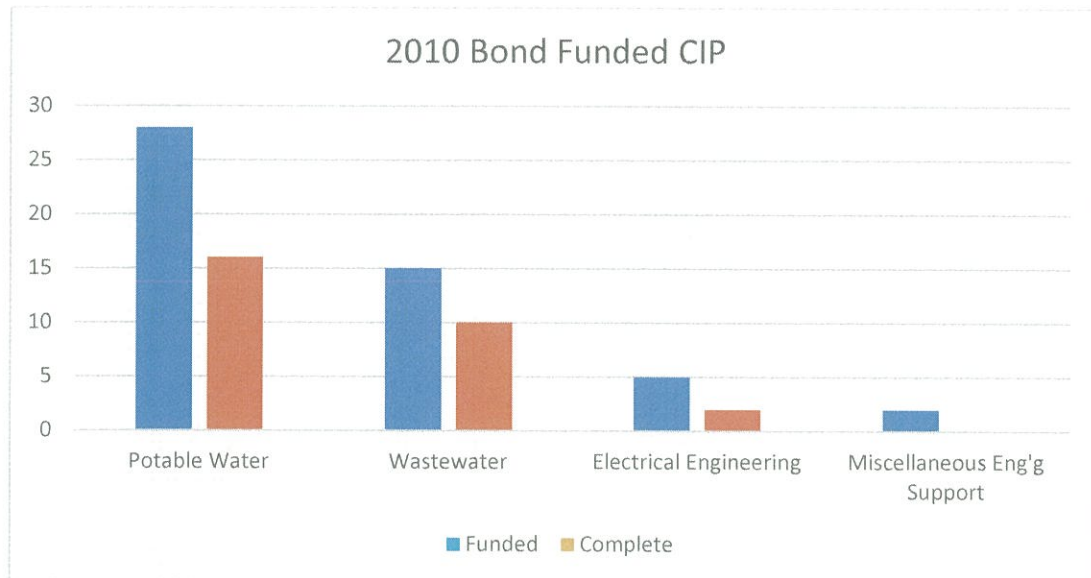
Court Order Summary			
	Court Order Items	%	Performance (on-time or completed)
Completed - on time	72	77%	
Completed - delayed	5	5%	
In Progress - on time	8	9%	
In Progress - delayed	8	9%	91.4%
Totals	93	100%	

- 8 items delayed
 - SSES (2 items)
 - Agat/SR System Upgrades (2 items)
 - Sewer Cleaning
 - CCTV
 - CI Residual Monitors
 - Meters
- Final Date to complete all Court Order items is December 21, 2020.
- Overflow or Bypass events reported to USEPA – 6 events reported in December 2016 and January 2017
 - 4 – Manholes due to rain (Rt. 10 by Wendy's, Rt. 4 by McDonald's, 2x by Harmon Lift Station–2016 & 2017)
 - 1 – Sensor failure (Rt. 10 Pump Station)
 - 1 – Manhole & residential backup due to rags & grease (Talofofo)
 -

CIP Summary

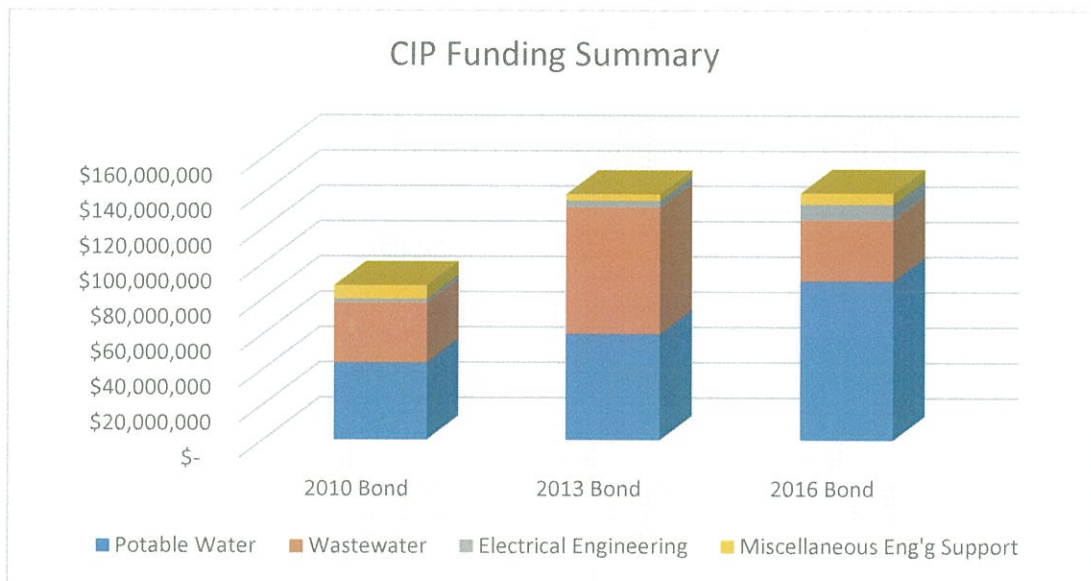
CIP Summary - Project Encumbrance

	2010 Bond		2013 Bond		2016 Bond		Total CIP Projects	%
	Funded	Complete	Funded	Complete	Funded	Complete		
Potable Water	28	16	21	6	21	0	31	53%
Wastewater	15	10	7	4	8	0	16	27%
Electrical Engineering	5	2	6	1	5	0	9	15%
Miscellaneous Eng'g Support	2	0	3	1	4	1	3	5%
Totals	50	28	37	12	38	1	59	100%
% of Total CIP by Fund Source	85%		63%		64%			
% of CIP Funding Completed	56%		32%		3%			



CIP Summary – ProjectAmounts

	2010 Bond		2013 Bond		2016 Bond		Total CIP Projects	%
	Funded	%	Funded	%	Funded	%		
Potable Water	\$ 43,671,000	50%	\$ 60,082,000	43%	\$ 90,148,000	65%	\$ 193,901,000	53%
Wastewater	\$ 34,070,000	39%	\$ 71,823,000	52%	\$ 34,727,000	25%	\$ 140,620,000	38%
Electrical Engineering	\$ 1,920,000	2%	\$ 3,645,000	3%	\$ 8,750,000	6%	\$ 14,315,000	4%
Miscellaneous Eng'g Support	\$ 7,741,000	9%	\$ 3,775,000	3%	\$ 6,394,460	5%	\$ 17,910,460	5%
Totals	\$ 87,402,000	100%	\$ 139,325,000	100%	\$ 140,019,460	100%	\$ 366,746,460	100%
%	23.8%		38.0%		38.2%			

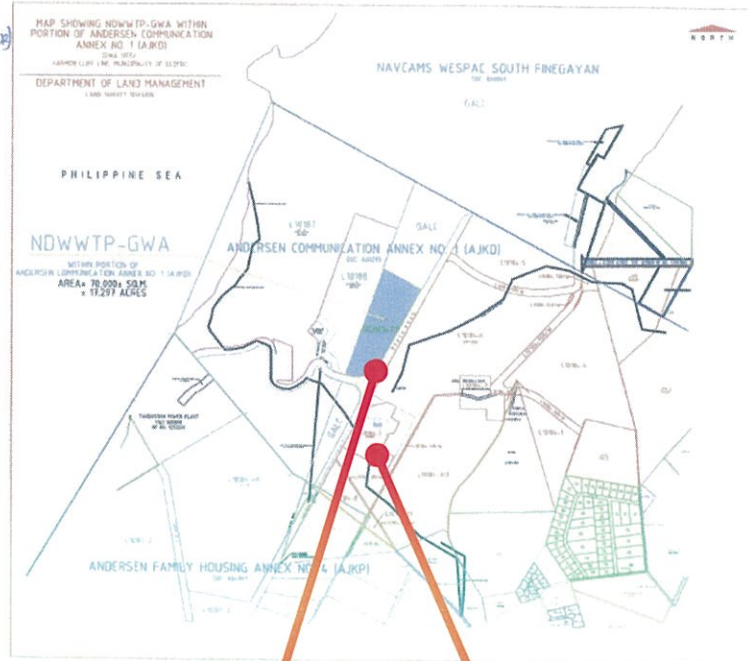


Land Acquisition Status

- ALC property for NDWWTP:
 - Legislation authorizing acquisition submitted;
 - public hearing was held with supporting resolutions and testimony from ALC, CCU and GWA;
 - bill to be heard at next legislative session.
- CLTC properties: On December 27, 2016, DOLM Director found that the appraisals were in order and approved the fair market value established for the lots transferred by public laws to the Guam Waterworks Authority.
- Private properties needed for Court-order improvement projects: completed or pending survey. See Land Acquisition chart below.

GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
	Ugum	Private	Relevant documentation sent on 01/05/17 to legal for condemnation process.
	Manenggon	Private	Contract of sale transmitted to property owner. Survey map transmitted 01/10/17 to DOLM for final approval. GWA still awaiting action from property owner.
	Santa Rita	Gov't. – CLTC	Survey map sent on 01/10/17 to DOE for signature.
	Astumbo	Gov't. - CLTC	Survey map on-going
	Upper Tumon	Gov't. - CLTC	Survey map transmitted 01/06/17 to DOLM for final approval.
	Piti	Private	Engineering currently reviewing options for relocating the Piti tank from current location to area east of the Nimitz Estate Subdivision. Second letter sent 01/10/17 to private property owner for interest in land acquisition.
Deep Well	Y-8	Gov't. - CLTC	GWA engineering working to obtain appraisal and survey services.
	AG-12	Dept. of Agriculture/ Manhita Farms	GWA engineering working to obtain appraisal and survey services.
Booster Pump Station	Brigade	Private	Survey severance map transmitted 01/05/17 to surveyor for corrections by DLM. Appraisal report completed. "Offer" letter being drafted for land owner.

Bill No. 293-22(CO)
Exhibit A



ALC Lot Proposed for Use

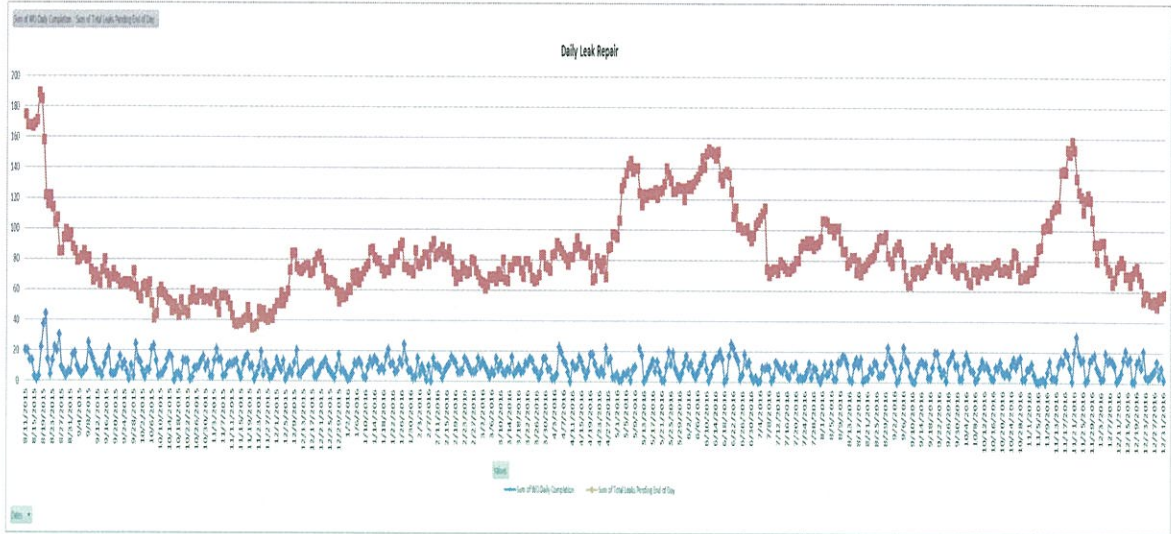
Existing NDWWTP Site

GUAM OFFICE OF PUBLIC AUDITOR FY2016 FINANCIAL HIGHLIGHTS REPORT

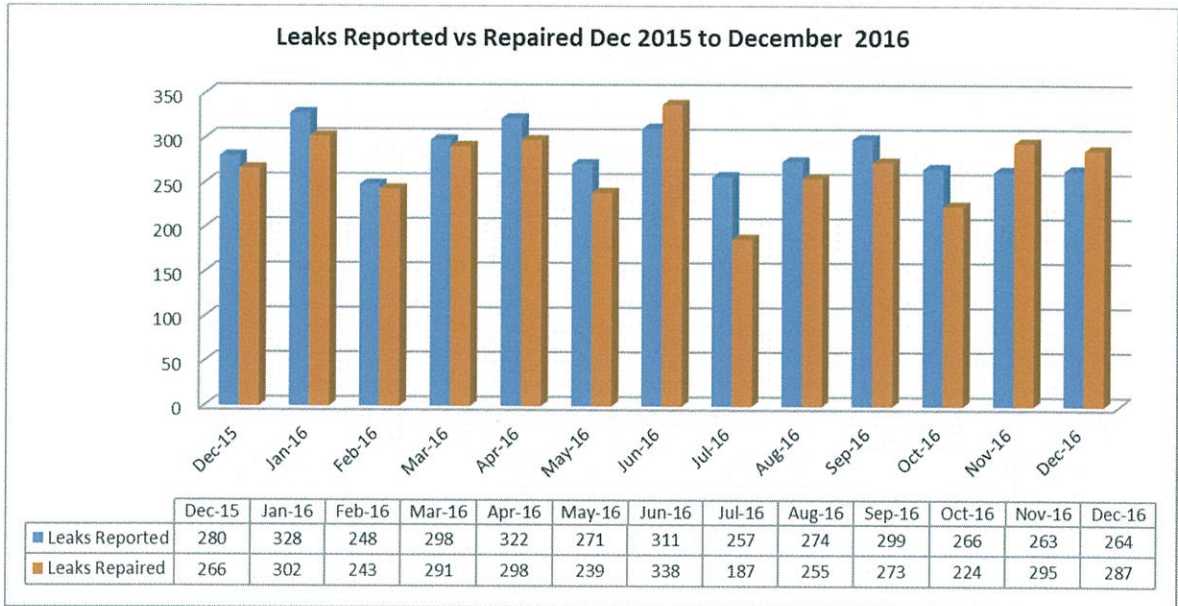
- On January 17, 2017, the Guam OPA submitted their report on GWA's FY2016 Financial Highlights. Items highlighted in this Report were as follows:
 - GWA Achieves Low-Risk Auditee Status
 - Debt Service and Future Borrowings
 - Military Build-up Funding
 - Increase in Operating Revenues, Operating Expenses, Non-Operating Expenses
 - Unaccounted Water (values calculated using AWWA M-36 standards is 53%)
 - Water Rate History
 - Governmental Accounting Statement – Pension Liability
 - Reports on Compliance and on Internal Control and Major Federal Programs

Key Operational Issues

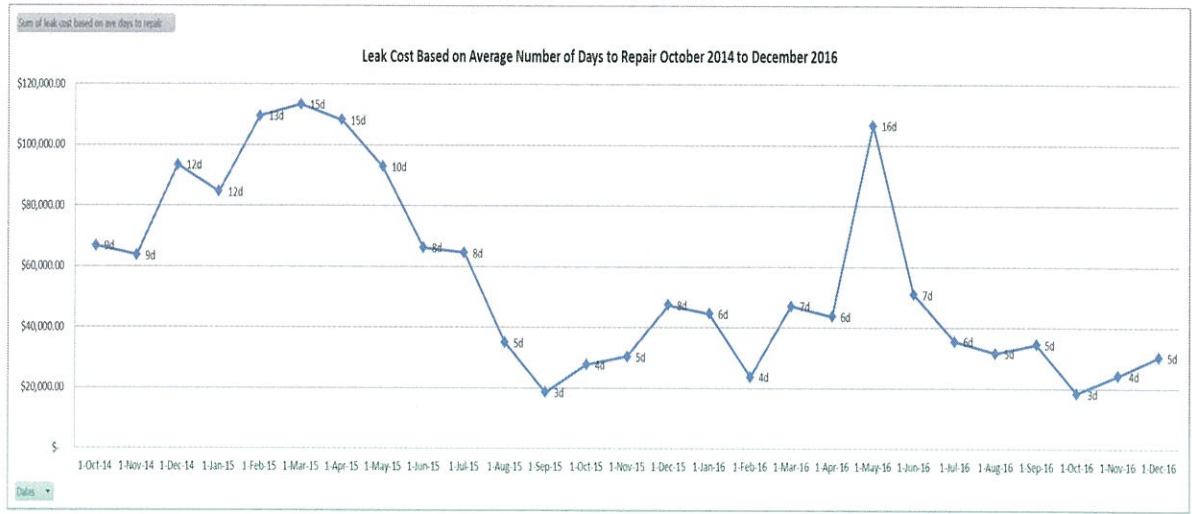
Leak Repair: WOs Completed & Pending (Daily)
(up to December 31, 2016)



Leak Repair: Leaks Reported and Repaired (Monthly)



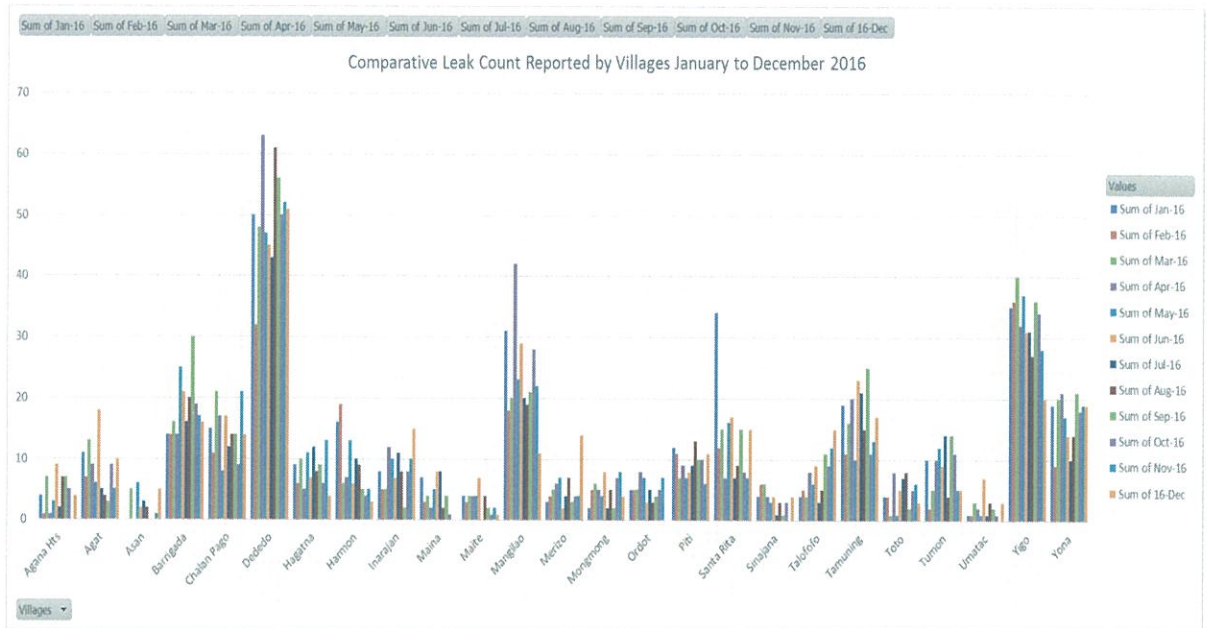
Leak Repair: Cost Savings – Days to Repair (Monthly)



Assumptions:

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

Leak Repair: Reported by Village



4.2.2 Financials

DASHBOARD

December 2016 YTD Budget vs Actual (\$000)

Category	Description	Budget FY17	Actual FY17	Variance
Rate Based Revenues	Water	\$17,617	\$16,227	(\$1,390)
	Wastewater	\$10,137	\$9,596	(\$541)
	Total	\$27,754	\$25,823	(\$1,931)
Operations & Maintenance	Salaries & Benefits	\$5,675	\$4,358	(\$1,317)
	Power	\$3,185	\$2,798	(\$387)
	Water Purchases	\$2,029	\$1,839	(\$190)
	A&G	\$2,806	\$1,992	(\$815)
	Contractual	\$888	\$721	(\$168)
	Total	\$20,268	\$16,772	(\$3,516)

Category	FY17	FY16
Accounts Payable \$\$/Days	\$4,789 / 59 days	\$4,909 / 53 days
Accounts Receivable \$\$/Days	\$18,104 / 52 days	\$16,709 / 51 days
Days Cash On Hand	157 days	178 days
Annual Debt Service (Revenue Bonds)	\$24,565	\$22,225
Debt Service Coverage (Bond/PUC)	2.16 / 2.62	2.33 / 2.54

Debt as a Percent to Gross Revenue



(1) Gross Revenues excludes SIDC
(2) Debt Service Excludes Cap I

4.2.3 Resolution No. 11-FY2017 Ratification of Poll Vote Amending Positions for the Assistant GM of Operations (AGMO) and the Assistant GM of Administration (AGMA)

Resolution 11-FY2017 asks the Commission to amend the Assistant General Manager of Operations position description and specifications, and salary range to support the Agency's daily operations within its Water and Wastewater Divisions; providing effective and efficient delivery of safe drinking water and services to the community. It also asks to amend the Assistant General Manager of Administration position title, position description, and salary range to support the Agency's daily operations within its Administrative and Support Divisions providing quality customer service to both internal and external customers at the most effective, efficient and cost-effective manner.

The Agency currently employs just one Assistant General Manager for Compliance & Safety, while the other divisions of as much importance function without an Assistant General Manager at its helm, thus limiting effective communications direct to the General Manager while at the same time, affecting operations to provide statuses by Superintendents or Managers, who would otherwise be addressing the water | wastewater needs of our community. The Assistant General Manager of Operations, if approved, will be under the direct supervision and management of the General Manager while overseeing and ensuring optimal performance of our Water and Wastewater Divisions. The Assistant General Manager of Administration & Support, if approved, will be under the direct supervision and management of the General Manager while overseeing the following divisions: Human Resources, Procurement, Supply & Warehouse, Fleet & Equipment, Information Technology and Engineering.

Public Law 28-112, Section 9 (3) requires GPA and GWA to post a petition on their websites for ten (10) days (not including Saturdays, Sundays and government of Guam holidays). After the 10 days posting, the petition can then be forwarded to the CCU for their disposition at any regularly scheduled meeting. GWA has met the posting requirements. Additionally, Guam law requires notice of such posting to each newspaper of general circulation and broadcasting station, which airs regular news programs within Guam.

GWA will certify funding for the position available for the filling and retention of its certified, technical and professional newly created position. The funding of this position does not have an impact on the General Fund.

Comm. Santos moved to approved Resolution 11-FY2017; Comm. Bamba seconded. There was no further discussion or objection and the motion passed unanimously.

4.2.4 Resolution No. 12-FY2017 Ratification of Poll Vote of Bid Award for Diesel Fuel Oil No. 2 and Regular Unleaded Automotive Gasoline for Transportation Fleet / Heavy Equipment

To supply GWA Diesel Fuel Oil No. 2 and Regular Unleaded Automotive Gasoline for GWA's Transportation Fleet and Heavy Equipment, and Yes, it's necessary and urgent, without the fuel, GWA cannot meet its daily operational needs and activities. The estimated fuel cost for Unleaded gasoline with Mobil Oil Guam is \$1.523 per gallon at 115,000 gallons of unleaded gasoline per year at a cost of \$175,145.00. The estimated fuel cost for Diesel Fuel with IP&E is \$1.3200 per gallon at 50,000 gallons of diesel per year at a cost of \$66,000. The estimated annual total is \$241,145.00 and will be funded through O&M. Fuel Services for GWA's vehicle and equipment fleet will be on-going for the duration of the initial 3-year contract with the option to renew for an additional 2 years, 1-year term.

Comm. Sanchez moved to approve Resolution 12-FY2017; Comm. Santos seconded. On the motion, there was no further discussion or objection and the motion passed.

4.2.5 Resolution No. 13-FY2017 Ratification of Poll Vote Relative to Baza Gardens WW Conveyance and Pumping Phase II Project

The objective of the overall intent of the "Baza Gardens Wastewater Cross Island Pumping and Conveyance" project is to convey/pump the wastewater treated at the Baza Gardens WWTP to the new Agat-Santa Rita WWTP along Route 17. This construction procurement is Phase II of multiple three phases. Phase I is current in construction. Phase II involves construction of one sewer pump station located near Windward Hills Country Club with 3-75 hp pump and standby generator, 1767 linear feet of gravity line with sizes 15 inches in diameter and 14,298 linear feet of 12 inches in diameter and force main. The impetus of this project is the 2011 Court Order requirements under Paragraph 13, but which GWA has established deadlines under Paragraph 14. The urgency for this project is that GWA is working to issue an NTP for construction by January 31, 2017 in order to stay within the projected project completion date. The construction contract length of this project is 365 calendar days after an NTP is issued to the contractor.

Phase II project is located along Route 17 closest to Baza Gardens. The bid proposal amount for Phase II is Five Million Nine Hundred Nineteen Thousand Forty Five Dollars and Forty Three Cents (\$5,919,045.43). GWA management is also seeking a 5% contingency of the bid amount or Two Hundred Ninety Five Thousand Nine Hundred Fifty Two Dollars and Twenty Seven Cents (\$295,952.27) which would bring the total authorized funding amount to Six Million Two Hundred Fourteen Thousand Nine Hundred Ninety Seven Dollars and Seventy Cents (\$6,214,997.70). The funding for this project will be from the 2016 Bond Funds under the line items CIP WW 11-03 "Baza Gardens STP Replacement" and Internally Funded CIP.

Comm. Sanchez motioned to approve Resolution 13-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion carried.

4.2.6 Resolution No. 14-FY2017 Relative to GWA's Bond Reallocation and CIP Update

The objective of the resolution is to reallocate 2010, 2013 and 2016 Bond proceeds from CIP line items, which contain a "balance" from which CIP projects can be deferred until a later date so as to move forward with CIP projects that do not have sufficient funding to execute a contract. In addition this resolution seeks CCU approval of the Updated Capital Improvements Plan "January 2017" given the requested reallocation of bond funds will affect availability of CIP bond funding.

The Bond reallocation will affect the Baza Gardens WWTP (WW 11-03), Umatac-Merizo WWTP (WW 12-07) and Northern District WWTP (WW 17-02). Funds from the 2010, 2013 and 2016 Bond fund totaling Twenty-Nine Million Six Hundred Thousand Dollars (\$29,600,000.00) will be reallocated to the three WWTPs noted above. The construction contract length of this project is 365 calendar days after an NTP is issued to the contractor.

Comm. Guthertz motioned to approve Resolution 14-FY2017; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

4.2.7 Resolution No. 15-FY2017 Relative to Program Management/Construction Management Contract for the Office of Economic Adjustment "Guam Water and Wastewater Infrastructure Improvements" Project

Collaborative discussions between GWA, the CCU, the Office of the Governor of Guam, DoD, USEPA and the Office of Economic Adjustment (OEA) resulted in GWA being deemed the proper entity to serve as “owner and operator” of the Guam civilian water and wastewater projects which are necessary given the impacts associated with the Marines Corps relocation to Guam. The objective of the resolution is to seek approval for Brown and Caldwell to be the Program Management/Construction Management (PM/CM) team who will provide support services related to design, construction and operational needs as part of the execution of the Guam Civilian water and wastewater projects which are necessary.

The projects the PM/CM will provide support services for include the NDWWTP Treatment Upgrades, the GWA Interceptor Sewer Refurbishment (AAFB to NDWWTP), and the NGLA Monitoring System Expansion/Rehabilitation.

The project locations are the NDWWTP Treatment Upgrades which will convert the plant from advance primary treatment to secondary treatment, (2) the GWA Interceptor Sewer Refurbishment (AAFB to NDWWTP) to rehabilitate sewer lines ranging in sizes from 18 inches to 42 inches, and (3) the NGLA Monitoring System Expansion/Rehabilitation which is a project that intends to refurbish up to twelve existing monitoring wells and installation of up to seven new monitoring wells at various locations on DoD and GovGuam property over the northern Guam lens.

The fee for the project management and construction management services to be provided is a fixed fee amount of Fourteen Million Seven Hundred Ninety Thousand Three Hundred Forty-Six Dollars (\$14,790,346.00). GWA Management further seeks CCU approval of a five percent (5%) contingency of Seven Hundred Thirty Nine Thousand Five Hundred Seventeen Dollars and Thirty Cents (\$739,517.30) that would bring the total funding amount to Fifteen Million Five Hundred Twenty Nine Thousand Eight Hundred Sixty-Three Dollars and Thirty Cents (\$15,529,863.30). The program management/construction management services will be for a five-year (5) period.

Comm. Bamba motioned to approve Resolution 15-FY2017; Comm. Sanchez seconded. There was no further discussion or objection and the motion passed unanimously.

4.2.8 Resolution No. 16-FY2017 Relative to Amending the Construction Management Services for the PW 12-04 Chaot and Agana Heights Design/Build Reservoir Replacement Project

The objective of the resolution is to amend the current contract with AMOrient Engineering to cover construction management services that occurred between the period December 2015 to December 2016 work which was due to continued delays from the construction contractor. The project location is at Chaot and Agana Heights reservoir locations. The amendment of the contract would increase the contract value an additional Three Hundred Forty Six Thousand Five Hundred Forty-One Dollars (\$346,541.00) to bring the total contract amount to One Million Six Hundred Twenty Eight Thousand Five Hundred Twenty-One Dollars and Twenty Eight Cents (\$1,628,521.28). Funds from the liquidated damages received from the contractor due to delays on project completion will be applied to fund the construction management work. GWA management also contemplates using Internal Funded CIP, along with PW 12-04 and PW 05-05 as alternate sources until such time “re-imbusement” from funds held from the contractor as part of liquidated damages is made.

Comm. Bamba motioned to approve Resolution 16-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

5. OLD BUSINESS – None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings

The Chairman announced that the next meeting would be a work session for GWA on Feb. 15, followed by GPA work session on Feb. 16 and CCU regular monthly meeting on Feb. 21.

He then asked for a motion to move the meeting to Executive Session and referenced legal counsel's related affidavit.

Comm. Bamba motioned to move the meeting to Executive Session; Comm. Guthertz seconded and the meeting moved to Executive Session..

The Chairman called for a 10 minute recess before executive session.

7. **EXECUTIVE SESSION**

7.1 **Personnel Matter**

Executive Session began at 7:40 p.m. and this matter was discussed.

8. **ADJOURNMENT**

There was no further business to bring before the Commission and the meeting was adjourned at 8:50 p.m.

llsll

bls

Attested:



JOSEPH T. DUENAS, Chairman



J. GEORGE BAMBA, Secretary