



# 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., March 22, 2016**

## MINUTES

### 1. CALL TO ORDER

Chairman Duenas called the Regular Meeting of March 22, 2016 for GPA and GWA to order at 5:30 p.m. He announced that four (4) Commissioners were present and there was a quorum. Those present include:

#### **Commissioners:**

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

#### **Executive Mgmt.:**

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Gilda Mafnas	CFO / GWA (A)
Melinda Camacho	AGMO / GPA
John Kim	CFO / GPA
Graham Botha	Staff Attorney / GPA

#### **Management & Staff:**

John J. Cruz	Manager SPORD / GPA
Linda Benavente	Customer Service. / GWA
Geigi Salayon	GWA
Paul Kemp	AGM Compliance & Safety / GWA
Julie Adams	HR / GWA
Vincent Pangelinan	GWA
Ron Topasna	GWA
Vangie Lujan	Compliance / GWA
Heidi Ballendorf	PIO / 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
Anjelica Perez	AM Insurance
George Watson	Brown & Caldwell
Dontana Keraskes	KUAM
Nestor Licanto	KUAM
Masoud Khan	TGC
Bill Chang	Brown & Caldwell
Kurt Bilz	Brown & Caldwell
Pete Diaz	AECOM
Denis Regnier	D.B.A.

Dan Del Priore	GFT
Irish Olivares	GFT
Triss Ramos	GFT

2. **APPROVAL OF MINUTES**

The Minutes of December 10, 2015, January 26, 2016 and February 23, 2016 were presented for approval.

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

3. **GM REPORT / UPDATE**

3.1 **GPA**

There was no GPA GM Report

3.2 **GWA**

Tumon Maui Well License Agreement:

- Final license is ready for GWA to sign. GWA will sign the license agreement once the MOU is completed.
- GWA is allowed to be observers during the upgrade of the repair work until the MOU and License are signed. As soon as MOU and License signed, GWA staff will start working directly with DOD contractors

GWA and DOD are updating the Framework (Water Integration Strategy):

- Vicinity map of the TMW and Mount Santa Rosa Tanks will be replaced with better maps.
- Ease of access to the AGI well will be confirmed with Lee McKnight.
- Copy of the Framework was provided to DOD Attorney John Masterson

Tumon Maui Well:

- GWA will continue to meet with joint DoD-GWA quarterly meeting status review of the TMW. Checklist will be developed and agreed upon by GWA and DoD personnel involved in the quarterly reviews prior to the first quarterly review

Route 3 and Potts Junction Connection:

- GWA will design and construct the water intertie.
- GWA will determine if relocating intertie at Rt. 3 or Rte. 3A will work best. Meter will be located on DoD side of road.
- Construction will be completed during the first year's license.
- Navy will provide and maintain a Back Flow Preventer which meets GWA standards.
- Water line repair responsibilities between Navy and GWA for the Potts Junction Intertie will be noted on a GWA Rt. 3 connection layout plan.

GWA Public Affairs Office will provide a joint-venture logo for all GWA-NAVY ventures. The logo will be affixed on signs place at TMW and all future joint projects.

**GIAA Water System**

- GWA and GIAA Management have resumed discussions about the continued operation of the GIAA Water System by GWA
- Anticipate draft revised agreement for review and comment in April
- Dialogue on the following issues will continue:
  - Maintenance responsibilities to be clarified
  - Compliance responsibilities to be clarified
  - O&M Costs to be reviewed
  - Recommended improvements or system upgrades to be identified
  - Metered connections
  - Resolution of billing issues
  - Access for GWA operators into secure areas
- Although not tied to the agreement for operating the GIAA water system, GWA is pushing for finalization of proposed reservoir site for GWA Court Order project.

## USEPA Projects

- Summary of all SRF grant funded projects are included as Attachment A
- Design projects (11 total):
  - 1 project completed (ND SSES 7 I/I)
  - 5 project underway
  - 5 projects in procurement
  - 2 in negotiations
  - 1 in contract finalization
  - 2 in procurement package development
- Design-Build projects (5 total):
  - 2 projects in procurement package development
  - 1 project in procurement – Bid opened; under evaluation
  - 2 projects (CM) in procurement package development
- Construction projects (6 total):
  - 1 project underway
  - 2 projects in procurement package development
  - 2 projects (CM) under contract
  - 1 project (CM) in procurement package development

## Court Order

- Performance Summary report (see Compliance Division Report)
- Out of 90 Total items
  - 68 completed
  - 11 items on schedule
  - 11 items delayed
    - SSES (2 items)
    - Agat/SR System Upgrades (3 items)
    - Baza Gardens
    - Sewer Cleaning
    - CCTV
    - CI Residual
    - Meters
    - Sinajana Waterline
- CO 10: A-SR Wastewater System Evaluation: On schedule for compliance
- CO 11: A-SR Wastewater System Upgrades: On schedule for compliance
- CO 9: Interim disinfection measures will not be met; notice sent to USEPA Overflow event: March 11, Mamajanao SPS; required notification provided to USEPA

## 4. COMMUNICATIONS

### 4.1 Public Comments

Mr. Denis Regnier, President of DBA (Degaviso Building Agency) addressed the Commission asking- what happened to SCADA? GM Benavente responded that the Ire-bid process is now at the Committee level for review and will be released very soon. Mr. Regnier said that is very good and had no other questions or comments.

## 5. LEGAL COUNSEL - None

## 6. NEW BUSINESS

### 6.1 GWA

#### 6.1.1 Financials

Acting CFO Gilda Mafnas said there was no change to financial report from the GWA and if the CCU had any questions that she would be glad to respond. Comm. Sanchez referenced page 44, Statement of Operations which show utilities at \$2M below and Admin at \$2M below. The true-up process is coming up in June 2016 and GWA needs to do its annual filing with PUC. GWA's cash flow is large and the Commissioner asked if there is an opportunity to reduce the anticipated 7% rate increase scheduled for next year adding that if there's a way we can help ratepayers that it would be great. He asked management to review this with Finance. The Chairman said prudence requires us to do everything we can to help the ratepayers. Comm. Guerrero asked if this can be placed on the Agenda at the next CCU meeting in April. Comm. Bamba asked the System Development Charge amount at this time; Acting CFO Mafnas reported it is currently at \$8.2M with \$5.2M being scheduled for

expense in the next few years. Comm. Sanchez asked the CFO to report the CCU some idea how they wish to spend the balance.

**6.1.2 Resolution 22-FY2016 Approval of Ground Water Wells Design Project Wells A-Series, D&F**

Resolution 22-FY2016 is relative to approval of the Groundwater Wells A-02, A-07, A-12, D-05, and F-03 Rehabilitation Design Contract with AECOM. The objective of this project is to return the five (5) production wells referenced located within the villages of Agana, Dededo, and Finegayan. Design work will be limited to the property boundaries of the well sites. Doing so will enable additional redundancy and reliability to GWA's drinking water production. The project will consist of a thorough investigation of the wells' existing conditions to accurately determine the cause for removal from service. Upon determining the cause of removal from service, the designer will develop design alternatives to reinstate the wells into service and proceed to fully design the GWA selected alternative. The project deliverables include: well condition assessment data, water quality and quantity analysis reports, geophysical information, and Final "Issued for Bid" plans and specifications.

The design services are expected to run from May 2016 to September 2017. The design services include, but are not limited to, subsurface analysis, general civil, geotechnical, electrical, and mechanical engineering, water quantity and quality analysis, archeological investigation, well capacity testing, and construction support services for five (5) inoperative groundwater wells. The results of this design service will produce engineering design drawings and specifications to be used for the procurement of construction services and throughout the construction phase.

The engineering design services contract was negotiated to be One Million Thirty Six Thousand Five Hundred Fifty Seven Dollars and Thirty Cents (\$1,036,557.30) with options related to subsurface analysis, Construction Procurement and Engineering services during construction at GWA's discretion in the amount of Five Hundred Seventy Four Thousand One Hundred Eighteen Dollars and Sixty One Cents (\$574,118.61) for a total of One Million Six Hundred Ten Thousand Six Hundred Seventy Five Dollars and Ninety One Cents (\$1,610,675.91). The options noted were negotiated by GWA to be on a Time and Materials basis, not to exceed the optional amount. Design service options, if needed, would be based on the existing conditions of the wells, available water quantity and quality at the well locations, discovery of archaeological and cultural resources within the wells' vicinities, and the need for engineering services during construction.

Comm. Bamba motioned to approve Resolution 22-FY2016; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed.

**6.1.3 Resolution 23-FY2016 Approval of 2015-2020 CIP Supplement**

The objective of Resolution 23-FY2016 is to obtain CCU approval for the "2015-2020 CIP Supplement". The 2015-2020 CIP Supplement provides an update of the funding allotments due to GWA being able to acquire an additional Eleven Million Five Hundred Sixty-Nine Thousand Four Hundred Sixty-Three Dollars (\$11,569,463.00) above what was planned to acquire for the construction funds from the 2015 Bond proceeds.

The CIP is an important public communication medium. The CIP gives residents and businesses a view of GWA's direction for capital improvement and a better understanding of the Island's ongoing need for stable revenue sources to fund large or multi-year capital projects. Given the additional funds received via the 2015 bonds the 2015-2020 CIP needs to reflect where the funds will be allotted to in the CIP.

GM Bordallo said this resolution addresses the extra money available due to rate increases and also involves moving around bond funds to address some of the projects.

Comm. Sanchez motioned to approve Resolution 23-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.

**6.1.4 Resolution 24-FY2016 Relative to Creation of Water/WW Systems Control Dispatcher 1**

The Guam Waterworks Authority has determined a need to create the Water & Wastewater Systems Control Dispatcher I position to optimize the operations and maintenance of the water and wastewater systems. This creation is critical to the operations of the Authority to improve the safety, efficiency and reliability of the system and will result in improved services and reduce cost to our ratepayers.

Under the eventual direct supervision of the Chief Water/Wastewater System Dispatcher the purpose of the created position is to monitor the Supervisory Control and Data Acquisition (SCADA) computerized system of the authority to prevent or minimize emergency outages and ensure the facilities function properly and efficiently. The position requires analyzing data to dispatch and accurately communicate to field crews the remote monitoring alarms received from field instrumentation and transmitting systems.

The Systems Control Center will be organizationally located within the Operations Division, under the direct supervision and management of the Chief Water/Wastewater System Dispatcher. Supervision and management of the Chief Water/Wastewater System Dispatcher will include the Trouble Dispatch Section also within the Operations Division of the Authority.

The salary range for the Water & Wastewater Systems Control Dispatcher I at minimum is \$37,162 and at maximum is \$41,875.

Comm. Guerrero motioned to approve Resolution 24-FY2016; Comm. Bamba seconded.

In discussion, GM Bordallo said that the Water & Wastewater Systems Control Dispatcher II position was pulled pending further review and management is only requesting for the Dispatcher I position to be created at this time.

On the motioned the vote was Aye s- 3; Absent (1) and the motion passed. Comm. Sanchez was out of the room when the vote was called.

**6.1.5 Resolution 25-FY2016 Ratification of Services by Xerox Corporation**

Resolution 25-FY2016 requested the CCU to ratify the contract amendment to renew Xerox Corporation's contract for an additional one-year term, as set for in GWA Bid No. IFB-2013-11 Printer Pool Plan. It is necessary as the original contract expired February 4, 2016 and although GWA procurement submitted the contract renewal with enough time to execute the amendment prior to expiration of the original contract, the vendor was delayed in obtaining an authorized signatory to execute the amended contract and did not sign the amendment until the day of expiration of the original contract. This resulted in GWA being unable to certify available funds, or execute the amended contract prior to the expiration date. GWA Management is seeking the ratification of the first amended contract, and approval to certify funds for costs incurred for services provided by the vendor in the intervening period when presented for payment. The printing equipment, goods and services provided by Xerox are necessary to maintain daily operations. The equipment covered under the printer pool plan, and utilized by GWA are located throughout GWA's offices, will cost GWA \$78,426.00 to implement and will be in effect for one year from February 5, 2016. This contract is revenue funded.

Comm. Bamba motioned to approve Resolution 25-FY2016; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed.

**6.1.6 Resolution 26-FY2016 Relative to Various Land Registration Actions**

This resolution is to obtain CCU approval of Change Order No. 1 for the Duenas Camacho and Associates (DCA) land survey contract to conduct work necessary for unregistered properties to be registered with DLM. There were a few properties identified by DCA that were "Unregistered" properties and as such, GWA would like to work towards registering the properties as assets of GWA to be properly documented with DLM. One or more of these few properties may be associated with projects for which there are critical timelines, and it is prudent and reasonable, given the nature of land registration proceedings on Guam, to develop and submit the needed surveys in a timely manner, and therefore avoid all possible delay.

GWA management is working to more clearly define the exact scope of services required for these few unregistered properties, in order to obtain them at the lowest possible cost, but has estimated such work to cost between Sixty Thousand (\$60,000.00) and One Hundred Seven Thousand (\$107,000.00). DCA will conduct additional research on the unregistered properties after which they will prepare "registration" maps to be approved by all necessary parties.

The resolution asks the Commission to approve Change Order No. 1 increasing the amount of the contract to One Hundred Seven Thousand Dollars (\$107,000.00) for a total contract amount of Nine Hundred Ninety-Nine Thousand Nine Hundred Dollars (\$999,900.00). This is for DCA to conduct the work necessary to ensure that all unregistered GPA properties be duly registered with DLM. The funding source is the 2015 Bond Proceeds.

GM Bordallo said the existing contract for survey services is close to the end of its life and is requesting to extend it. He recommends approval of the Change Order not to exceed the specified amounts.

Comm. Bamba motioned to approve Resolution 26-F2016; Comm. Guerrero seconded. The vote was 4 ayes and the motion passed (Comm. Sanchez returned to the room in time for voting on this resolution)

**6.1.7 Resolution 27-FY2016 Relative to GFT Collective Bargaining Agreement**

The Guam Federation of Teachers has been formally recognized under the Public Employee-Management Relations Act as the exclusive bargaining unit for GWA. Under 4 G.C.A. § 10111(a)(6) GWA's management (which includes the CCU), is prohibited from agreeing to negotiate with an exclusive bargaining unit. GWA and GFT have negotiated a proposed Memorandum of Understanding (MOU) and Collective Bargaining Agreement (CBA) in good faith and all that remains is for the CCU to approve the MOU and CBA.

The CBA is cost neutral, rather it relates to how GWA applies its personnel rules and involves some minor modifications to the existing rules. Once approved by the CCU, the CBA will last for a period of one (1) year.

Comm. Guerrero motioned to approve Resolution 27-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.

## **6.2 GPA**

### **6.2.1 Financials**

CFO Kim reported that Revenues are \$1.4M better than prior year. He said that the residential segment is experiencing growth and kWh sales are also up verses prior year. Comm. Sanchez said it seems the system demand is greater; CFO Kim said overall the numbers are still ahead of last year. O&M is favorable and close to prior year. Reserves are 5.5M for write-off's. Collection ratio is very good. Annual provision for bad debt is .26%

Comm. Guerrero asked the CFO to verify if the accountability of customer count is accurate – there are 600+ customers in one month.

A lengthy discussion followed on sales and the possible rationale on lower revenues despite a growth in kwh sales. There is more net metering that impacts customer sales. Comm. Duenas said more customers are upgrading to efficient equipment. It was mentioned that commercial customers were also taken off line which directly impacts kwh sales. Comm. Sanchez added that LEAC dropped in February by 20% which also impacts sales.

GM Benavente said for the April meeting he will do a presentation on status of generation and management's plan to address it.

Comm. Sanchez asked how Aggreko expenses are being handled. FO Kim confirmed that management is using the insurance advance of \$5M to pay Aggreko and added that only the variance between total advance and net balance expense will affect P&L.

### **6.2.2 Resolution 2016-15 Approval of GWA Contract for Water / Wastewater Services**

Water and wastewater services are critical for system operations and sanitary purposes for all employees and visitors within GPA facilities. GPA has 40 plants & substations that require water and wastewater services. GPA has budgeted \$1,500,000.00 for these services for FY2016 which will be on-going and funding is from O&M.

In discussion it was mentioned that this expense is already included in the annual budget to pay water and wastewater services to GWA which is over the \$250k GM obligatory threshold and will be a contract so management is bringing it to the Commission for approval. Comm. Sanchez said it seems redundant to approve it again since it is already approved in the budget.

It was decided to table the resolution for counsel review to see if this resolution is really needed.

### **6.2.3 Resolution 2016-16 Approval of Contract for 3<sup>rd</sup> Party M&V Services for GIAA**

GIAA, GPA and Johnson Controls Inc. (JCI) entered into a Performance Contract in May 2012 for the installation of energy efficiency and conservation improvement measures at the airport, saving GIAA more energy and money. Under the Performance Contract JCI would perform the scope of work for the energy efficiency and conservation improvement measures and GPA would provide 3<sup>rd</sup> party Measurement and Verification (M&V) services. GPA contracted McDonough Bolyard Peck (MBP) to provide the M&V services for a base contract of one (1) year for the amount of \$100k and mutually agreed that the contract can be extended for additional years but not more than 5 years. Since its inception, the contract has already been renewed twice for a total annual of \$200k. GIAA and GPA desires to amend the contract again for a 3<sup>rd</sup> year for an additional \$106k bringing the overall total of the contract to \$306k and over the \$250k GM obligatory threshold. Resolution 2016-16 seeks CCU approval for the contract extension. Year three (3) will be completed at the end of 2016. Base contract year and second year were completed already and GIAA handled the funding.

Comm. Sanchez motioned to approve Resolution 2016-16; Comm. Bamba seconded. On the motion there was no further discussion or objection and the motion passed unanimously.

### **6.2.4 Resolution 2016-17 Relative to Insurance Adjusters Contract Renewal**

GPA procured forensic accounting and insurance claim services from The Greenspan Co. / Adjusters International to assist in the quantification, documentation and presentation of the loss sustained as a result of the recent explosion at Cabras 3&4. Resolution 2016-17 authorizes management to convert the fee compensation of the contract with Greenspan from an hourly basis to a contingency basis. The objective is to provide GPA a means to defer the payment of fees to Greenspan and to set a cap on the amount to be incurred for their services. If the total amount of the insurance coverage is paid out to GPA, the maximum amount paid to Greenspan would be approximately \$13M. The completion of the settlement of the insurance claim will be contingent on the negotiations with and the determination of the insurance companies and the funding source for this expense would be the insurance proceeds.

Comm. Bamba motioned to pass resolution 2016-17 for discussion; Comm. Sanchez seconded.

In his clarifying question Comm. Sanchez asked if the 3% & 5% incentive based fee structure is standard practice. CFO Kim responded that he sought advice from Comm. Santos on this matter and Comm. Santos confirmed that it is a normal fee structure. If GPA receives \$100M the adjuster will receive 3%; anything above \$100M the fee is 5%. The maximum coverage for GPA's anticipated \$300M claim payment is \$13M.

Relative to hourly rate vs. recovery compensation for adjusters, it was mentioned that a recovery compensation is better for GPA because adjusters only get paid when GPA gets paid. If the hourly rate applies, adjusters get paid up front.

Comm. Sanchez asked for an update on the insurance claim and CFO Kim said the assessment still ongoing and estimates about 3-4 months before more solid information is provided.

On the motion, there was no further discussion and the motion carried.

#### **6.2.5 Resolution 2016-18 Relative to Annual Emission Contract Renewal**

GPA entered into a contract with TRC Environmental Corp for the Annual Emissions Testing at various plants to ensure that each plant's emissions are within the limits and in compliance according with the facilities Title V Permit. Annual testing is conducted at Manengon Diesel, Talofoto Diesel, Tenjo Vista, Macheche CT, and Yigo CT Power Plants. The contract has a base period of 3 years with the option to renew for 2 additional years for a maximum contract of 5 years. Resolution 2016-18 requests the CCU to approve the renewal of the contract to complete the base contract and exercise the option to renew for (2) years. Actual costs have averaged about \$141,000 a year and will be slightly higher with the installation the Oxidation-Catalysts in 2014. This has required us to use Man-lifts for accessing test ports during Annual Testing. These ports had to be moved to a higher location. The cost estimate is now \$175,000/year and will exceed the \$250k GM obligatory threshold. The source of funding is from O&M budget.

Comm. Sanchez motioned to pass Resolution 2016-18; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

#### **6.2.6 Resolution 2016-19 Relative to GDOE Solar Contract**

Public Law 32-095 mandates that the CCU to review and approve the Solar Purchase Agreement between the Guam Education Financing Foundation (GEFF) and the Guam Department of Education (GDOE). The proposed agreement provides for solar PV systems at four GDOE schools. The system must not exceed 80% of the power used by the school, and not to exceed 80% of GPA billing. The school sites include Okkodu High School, Astumbo Middle School, Liguana and Adacao Elementary School. In its assessment, GPA ordered a system impact study to determine what mitigation measures, if any, may be required by the installation of the proposed solar PV systems at the four schools. GPA reviewed the agreement and concludes that the solar PV system proposed by GEFF meets the requirements set forth in PL-32-095. Management recommends that the CCU approve said Solar Purchase Agreement. The funding will be provided by Guam Education Financing Foundation.

Comm. Sanchez motioned to approve Resolution 2016-19; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

### **7. OLD BUSINESS**

#### **7.1 GWA**

##### **7.1.1 Tumon Maui Well Matter**

This matter was not discussed.

### **8. ANNOUNCEMENTS**

#### **8.1 Next CCU Meeting**

The Chairman announced that the next CCU work session will be for GWA on April 20 and GPA on April 21. He also confirmed that all future GPA Work Sessions will be re-scheduled to the 3<sup>rd</sup> Thursday following the Wednesday GWA Work Sessions for the remainder of the year. The next CCU meeting will be on Tuesday April 26 at the regularly scheduled time.

The Chairman also announced that Legal Counsel advised there are a couple of items for discussion in Executive Session. He called for a 10-minute recess before moving the meeting to Executive session. The time was 6:47 p.m.

### **9. EXECUTIVE SESSION**

The meeting was called back to order in Executive Session. It was 7:05 p.m.

**9.1 Personnel Matters**

This matter was discussed.

**9.2 Litigation**

This matter was discussed

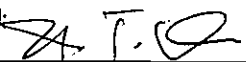
The Chairman announced that the meeting was back in regular session and asked for any motions.

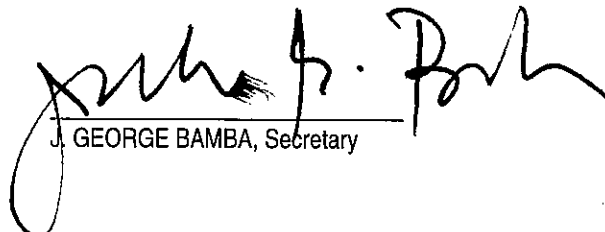
Comm. Sanchez motioned and Comm. Bamba seconded that the Chairman and the GPA GM be authorized to execute action as discussed in Executive Session in regards to personnel matters. There was no further discussion or objection and the motioned passed unanimously.

**10. ADJOURNMENT**

There was no further business to bring before the Commission; and the meeting adjourned at approximately 9:00 p.m.

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Attested:   
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JOSEPH T. DUENAS, Chairman

  
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J. GEORGE BAMBA, Secretary