



**Regular Board Meeting**  
**CCU Conference Room, Gloria B. Nelson Public Service Building**  
**5:30 p.m., May 23, 2017**

**MINUTES**

1. **CALL TO ORDER**

The Chairman called the regular monthly meeting of May 23, 2017 to order at 5:35 p.m. He announced that four (4) Commissioners were present and there was a quorum. Comm. Sanchez was excused.

Others present include:

**Commissioners:**

|                  |                   |
|------------------|-------------------|
| Joseph T. Duenas | CCU Chairman      |
| Francis Santos   | CCU Vice Chairman |
| George Bamba     | CCU Secretary     |
| Judi Guthertz    | CCU Treasurer     |

**Executive Mgmt.:**

|                 |                      |
|-----------------|----------------------|
| John Benavente  | GM / GPA             |
| Miguel Bordallo | GM / GWA             |
| Melinda Camacho | AGMO / GPA           |
| Tricee Perez    | AGMA / GPA           |
| John Cruz       | AGMET / GPA          |
| Greg Cruz       | CFO / GWA            |
| Kelly Clark     | Staff Attorney / GWA |

**Management & Staff:**

|                    |                                |
|--------------------|--------------------------------|
| Paul Kemp          | AGM Compliance & Safety / GWA  |
| Dave Fletcher      | GWA                            |
| Vincent Pangelinan | GWA Procurement                |
| Heidi Ballendorf   | PIO / GWA                      |
| Karen Grape        | GWA                            |
| Ron Topasna        | GWA                            |
| Vangie Lujan       | GWA                            |
| Tom Cruz           | Chief Engineer / GWA           |
| Joy Pascua         | GWA Accounting                 |
| Sandra Santos      | GWA Accounting                 |
| Joyce Sayama       | Mgmt. Analyst / GPA Ex. Office |
| Kathy Beleno       | Mgmt. Analyst / GWA Ex. Office |
| Lou Sablan         | Board Secretary / CCU          |

**Guest:**

|                |      |
|----------------|------|
| Charlene Calvo | IP&E |
|----------------|------|

|                |                |
|----------------|----------------|
| Angelica Perez | AM Insurance   |
| Bill Chang     | Brown&Caldwell |
| George Watson  | Brown&Caldwell |
| Kurt Bilz      | Brown&Caldwell |
| Bill Gilman    | Brown&Caldwell |
| Nestor Locanto | KUAM           |
| Jeff Johnson   | PUC            |
| Fred Horecky   | PUC            |
| David Martin   | AM Insurance   |
| Juan Muna      | AM Insurance   |
| Angie Perez    | AM Insurance   |

**2. APPROVAL OF MINUTES**

The Minutes of April 18, 2017 was presented for approval.

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

**3. COMMUNICATIONS**

**3.1 Public Comments - None**

**4. NEW BUSINESS**

**4.1 GPA**

**4.1.1 GM Report Update**

GM Benavente gave his usual GM Update.

**1. System Capacity Recovery Plan:**

- The Dededo Combustion Turbine Plant units #1 & #2 each has been cleared for emergency operations at 20MW each. The plant was used recently to support the maintenance of two baseloads. Guam Environmental Protection Agency (GEPA) has issued approval to operate the plant. I have moved commissioning to sometime in June/July timeframe in order to complete certain work on plant auxiliaries and fire protection.
- The following summarizes our current reserve capacity for May. The highest peak demand so far this month was 256MW compared to the May 2016 peak demand of 254MW.
- Cabras #1 is scheduled for a 60 day overhaul from July 15 thru Sept 15, 2017. This would be our most vulnerable period of CY 2017 because peak demand would be at its highest. We will be asking NavFac to support us during this period with the Orote units under extreme emergency.

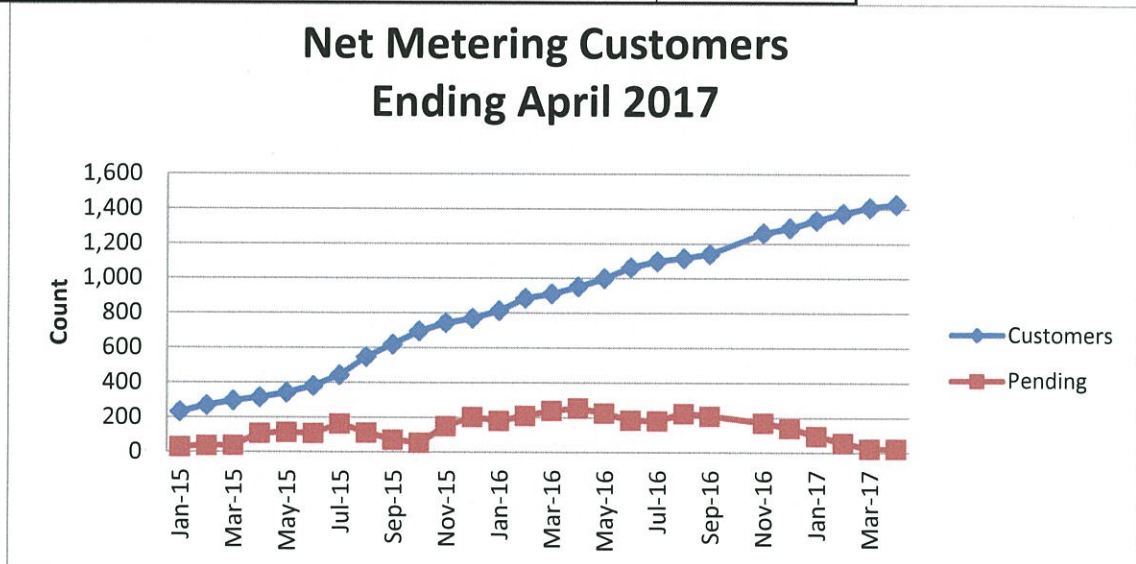
**Generating Capacity Summary :**

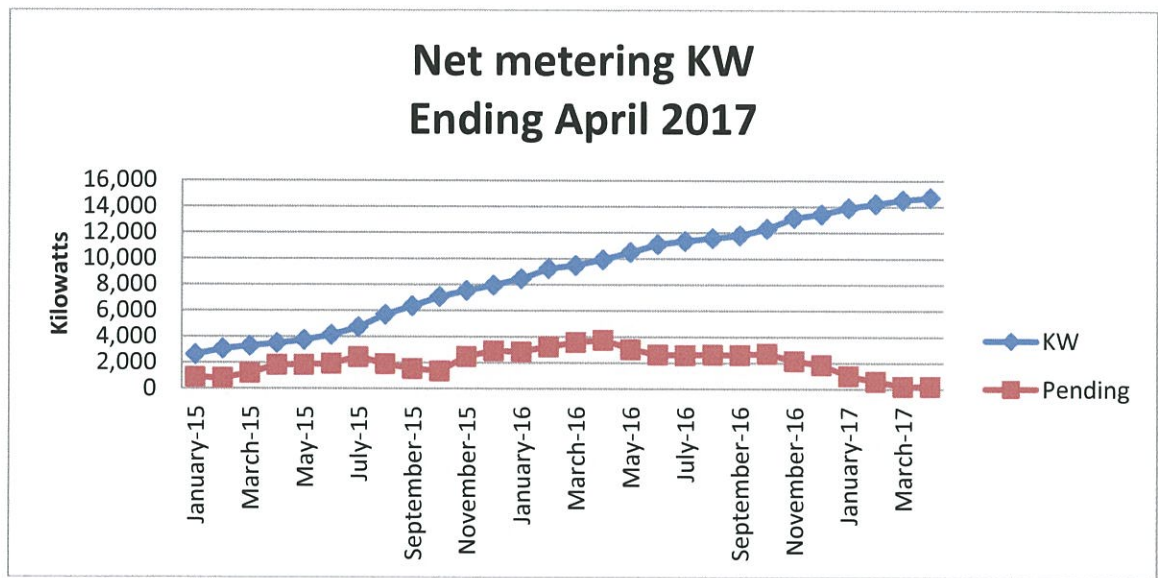
| 18-May-17<br>Generating Units    | Cabras 1 Overhaul |                            |
|----------------------------------|-------------------|----------------------------|
|                                  | May-17            | July 15 thru Sept 15, 2017 |
| CABRAS 1                         | 40                | 0 (a)                      |
| CABRAS 2                         | 63                | 63                         |
| MEC8                             | 44                | 44                         |
| MEC9                             | 44                | 44                         |
| AGGREKO                          | 40                | 40                         |
| MEDIUM SPEED DIESELS ( 10 Units) | 28                | 36                         |
| YIGO CT                          | 15                | 20                         |
| MACHECHE CT                      | 20                | 20                         |
| TEMES CT                         | 39                | 39                         |

|   |            |            |
|---|------------|------------|
| DEDEDO CT1  | 20         | 20         |
| DEDEDO CT2  | 20         | 20         |
| <b>AVAILABLE CAPACITY</b>   | <b>373</b> | <b>346</b> |
| <b>EXPECTED PEAK DEMAND (b)</b>                                       | <b>256</b> | <b>265</b> |
| <b>RESERVE</b>  | <b>117</b> | <b>81</b>  |
| Orote Plant (subject to NavFac approval)                              |            | 18         |
| GPA Standby Generators  |            | 10         |
| <b>Total Reserve/Emergency Capacity</b>                               |            | <b>109</b> |
| Less 2nd Largest Unit   |            | 63         |
| Less 3rd Largest Unit   |            | 44         |
| <b>Capacity Balance</b>   |            | <b>2</b>   |
| <b>(a) Cabras 1 on Scheduled 60 days Boiler/Turbine Overhaul</b>      |            |            |
| <b>(b) Highest exposure is peak demand period between 6pm to 10pm</b> |            |            |

- Net Metering: Net Metering Summary Ending April 2017:**

| Description:                                       | Count              | Kw            |             |
|--|--------------------|---------------|-------------|
| <b>Active</b>                                      | <b>1,427</b>       | <b>14,675</b> |             |
| Pending  | 25                 | 195           |             |
| <b>Totals:</b>                                     | <b>1,452</b>       | <b>14,870</b> |             |
| Service:   | Count              | KW            | Kw/Customer |
| Residential  | 1,352              | 12,137        | 9.0         |
| Others   | 100                | 2,733         | 27.3        |
| <b>Total:</b>                                      | <b>1,452</b>       | <b>14,870</b> | <b>10.2</b> |
| <b>% Residential</b>                               | <b>93.1%</b>       | <b>81.6%</b>  |             |
| <b>Estimated 12 Months Revenue Impact:</b>         | <b>\$2,726,954</b> |               |             |
| <b>Cumulative Revenue Impact FY2009 to FY 2016</b> | <b>\$3,774,761</b> |               |             |

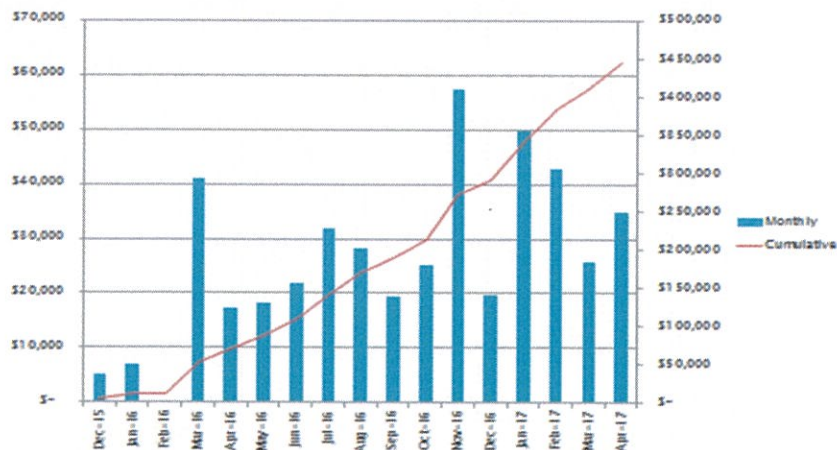




## 2. Renewable Energy Production Summary Thru April 2017:

| Energy Production Source:                            | Kwh                | Oil Barrels Avoided | Fuel Cost Avoided   |
|--|--------------------|---------------------|---------------------|
| NRG Total Production beginning Oct 2015              | 80,506,161         | 130,395             | \$7,171,751         |
| Net Metering Estimated Production beginning Jan 2015 | 35,778,966         | 57,951              | \$3,187,307         |
| Wind Power Production beginning Jan 2016             | 622,465            | 1,008               | \$55,451            |
| <b>Renewables Total:</b>                             | <b>116,907,592</b> | <b>189,355</b>      | <b>\$10,414,508</b> |
| System Heat Rate Kwh/Gal                             | 14.7               |                     |                     |
| System Fuel \$/Bbl.                                  | \$55.00            |                     |                     |

## 3. DSM Program: Rebates thru May 1<sup>st</sup> 2017



▶ As of April 30, 2017, GPA has paid \$444,754 for rebates and contractual services (excluding GPA labor).

**4. Phase II Renewables Bid:**

- The system impact study for the Phase II renewables continues and is near a point where GPA would have adequate information to make its recommendation. I am targeting the June 6th CCU meeting for a decision.

**5. Navy Land Lease for Phase III Renewables:** The lease signing ceremony was conducted on May 16, 2017 at 10am. GPA will now proceed on issuing Phase III renewables bid within the next three months. The lease is for 164 Acres which translate to about 40MW of renewables.

**6. Key Performance Indicators:** Graphs related to historical monthly peak demand, historical kWh sales, system gross heat rate, gross net generation kwh, fuel cargo and fuel consumption were included in the report but not included here. The full report is in Master File.

**4.1.2 Financials**

The CFO reported that April base revenues are within budget; revenue is positive by 2.6M; fuel revenue is lower than projections but better than prior year. Customer growth still slow and steady; operating expense low and better than budget 4.4M better than prior year. Debt service 2.1 better than target

**4.1.3 Resolution 2017-12 Write-Off of GPAs Account Receivables**

Although utilities make best efforts to minimize losses resulting from uncollectible accounts, the service nature of utility activities makes it impossible to prevent such losses once an account has become inactive (disconnected). GPA Customer Service division has made significant strides towards eliminated losses resulting from uncollectible accounts and has brought GPA to a bad debt loss level that is consistent with the best utilities in the country.

It is standard practice for utilities to review their accounts receivable records from time to time to remove accounts that have been determined by the utility to be uncollectible. GPA last wrote off Fiscal Year 2011 uncollectible accounts in March 2015.

GPA's Chief Financial Officer has reviewed outstanding accounts from October 1, 2010 to September 30, 2016 and has determined that the following amounts should be written off:

|  |                        |
|--|------------------------|
| FY2012                                     | \$ 738,246.38          |
| FY2013                                     | \$ 1,015,790.95        |
| FY2011 and prior years not yet written-off | <u>\$ 1,249,780.74</u> |
| Total Proposed Write-Off:                  | \$ 3,003,818.07        |

Comm. Bamba motioned to approve Resolution 2017-12; Comm. Guthertz seconded.

In discussion it was mentioned that this write-off would have no impact on profit and loss and that it will reduce allowances. The CFO mentioned that this process happens 1x per year

There was no further discussion or objection and the motion passed.

**4.1.4 Resolution 2017-13 GPA's Billing Statement Production Graphic Center**

On April 6, 2016, the Guam Power Authority (GPA) entered into a contract with Graphic Center, Inc. to provide professional printing, mailing and processing services of approximately 50,000 electric power billings each month. The original contract became effective on April 18, 2016 for a one (1) year period from the date of award of the contract with the option to extend the contract for four (4) additional one-year periods. The cost of this contract is \$0.396/single page invoice with an estimated annual total

of approximately \$240,000.00 per year. The total cost of the first base year and the option to exercise the extension of four (4) additional one-year periods is estimated to be \$1,200,000.00.

Comm. Santos motioned to approve Resolution 2017-13; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

**4.1.5 Resolution 2017-14 Purchase of 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. Bucket trucks will service the transmission and distribution system island wide. There were (2) proponents and Morrico Equipment was determined the lowest and most responsive bidder. Delivery is set at 360 days after Notice to Proceed and the funding source is the FY17 General Plant Capital Improvement Project Budget as approved by the CCU and PUC.

Below is the repair assessment for existing bucket trucks and the estimated cost for the purchase of (3) new bucket trucks.

| Official # | Description                | Year            | Repair Assessment                          |
|------------|----------------------------|-----------------|--|
| 3637       | Bucket Truck(IHC)          | 24 years (1993) | Lower boom overhaul and suspension repairs |
| 4517       | Bucket Truck(Freightliner) | 10 years (2007) | Complete aerial overhaul                   |
| 4661       | Bucket Truck(IHC)          | 22 years (1995) | Engine replacement                         |

| Item             | Vendor            | Qty | Unit Cost    | Extended Cost |
|------------------|-------------------|-----|--------------|---------------|
| 55' Bucket Truck | Morrico Equipment | 3   | \$220,855.00 | \$662,565.00  |

Comm. Guthertz motioned to approve Resolution 2017-14; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

**4.1.6 Resolution 2017-15 Ratification of POLL VOTE on Additional Ultra Low Sulfur Diesel (ULSD) and Lease Additional Storage Tank**

This matter was passed via POLL VOTE on May 18-19 with 4 yes and 1 abstention. It is presented here for official ratification.

The Guam Power Authority, through Resolution 2014-37 has awarded the supply of ULSD for Northern CT Plants, TEMES CT Plant, Cabras Plant, MDI Plant and Talofof Plant to Mobil Oil Guam, Inc. The contracted quantities of about 3.3M gallons for FY-2017 have been exceeded. Mobil continue to supply ULSD to GPA, but with a limited allocation of about 42,000 bbl per month, or higher, if excess volume is available. GPA currently stores about 40,000 bbls of ULSD at the leased tank at the Tristar facility as contingency inventory in the event of sudden spikes in demand due to unforeseen forced outages. On a worse-case scenario, the estimated ULSD consumption can increase up to 4,700 barrels per day, and the current contingency inventory will only be good for about 8 days. During the month of April 2017, in addition to the scheduled overhaul of MEC Unit 8, forced outages to the Cabras 1&2 power plants for a combined outage of about 15 days increased the ULSD consumption to about 4,700 per day. Mobil

allocation of 42,000 barrels for the month of April 2017 to GPA have been consumed and does not have excess supply for GPA. GPA was forced to utilize the contingency inventory at the leased tank at Tristar facility, and the remaining contingency inventory in the leased storage at the Tristar Terminals will not be sufficient for the period from May up to the arrival of Mobil's ULSD shipment in June 08, 2017.

GPA intend to increase the contingency inventory to 15 days to ensure the reliability of ULSD supply to the power plants in the event of sudden spikes in demand due to unforeseen and prolonged forced outages. The 15-day contingency inventory will require about 80,000 to 90,000 bbls of additional ULSD product. GPA would need about 80,000 to 90,000 bbls of additional ULSD product to cover the contingency requirements for May 2017. The remaining inventory from Mobil will only supply GPA until May 19, 2017. About 45,000 bbls of additional ULSD product is readily available for immediate supply and delivery by IP&E Guam to other GPA sites in addition to the Tenjo Vista plant. However, it is anticipated that it will be consumed by May 29, 2017. IP&E have also agreed to supply an additional 60,000 bbls of ULSD to for shipment to GPA before May 29,2017 to cover the immediate need for additional ULSD supply for the period from May 29 thru June 8, 2017.

The total estimated cost for about 105,000 bbls of ULSD that will be supplied by IP&E is about \$8,000,000. The service fee offer for the supply and delivery of the additional ULSD product from IP&E shall be \$0.17 gallon.

In discussion it was decided to amend the resolution and to include the total dollar value in the resolved section of the resolution.

**Comm. Guthertz motioned to approve the amendment; Comm. Santos seconded. The amendment to the resolution passed.**

**On the main motion, the vote passed as per poll vote of 4 yes and 1 abstention.**

#### **4.1.7 Resolution 2017-16 LEAC Adjustment**

The Guam Public Utilities Commission (GPUC) has established a Tariff under which the Guam Power Authority (GPA) is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months through the Levelized Energy Adjustment Clause (LEAC). In the past, GPA experienced the highest LEAC rate of \$0.209271/kWh in February 2013 to the lowest rate of \$0.086613/kWh from February 2016 to January 2017, which was a drop of 58%. The LEAC periods covered from February 1, 2016 through January 31, 2107, GPA maintained the secondary LEAC rate of \$0.086613/kWh in anticipation of lower stabilized prices in the fuel market; during this period, however, GPA recognized a \$6.5M under-recovery of fuel costs as market fuel prices rose instead.

For the LEAC periods covered from February 1, 2017 to July 31, 2017, GPA obtained the secondary LEAC rate of \$0.105051/kWh which was 50% of full recovery of \$0.123494/kWh to alleviate the impact on ratepayers. The market price of fuel in the initial filing for the current period was projected to be \$54.59/bbl for the (6) six-month period ending July 31, 2017, the current projection for the same period is \$55.38/bbl and the projected price of fuel for the period ending January 31, 2018 is \$56.79/bbl. The recent news that OPEC members and Non-OPEC countries will be supporting the extension of production cuts until March 2018 resulted in fuel oil market price spikes to above \$50/bbl and projected to continue to be between \$50-\$55/bbl range in the next several months.

GPA prefers to gradually true up fuel oil cost by phasing in increases over two (2) LEAC periods in order to again alleviate the impact on ratepayers, and therefore recommends the next LEAC rate to recover only half of the estimated total under recovery to lessen the impact to our ratepayers. For the current LEAC periods covered from August 1, 2017 to January 31, 2018, GPA requests the secondary LEAC rate of \$0.117755/kWh which is again 50% of full recovery of \$0.130450/kWh to alleviate the impact on ratepayers.

GPA has determined that in a phase in approach the Levelized Energy Adjustment Clause factor for secondary voltage service customers as well as alternative voltage customers will need to be increased from \$0.105051/kWh to \$0.117755/kWh for the period of August 1, 2017 to January 31, 2018.

In the phase in approach the effect of the change in the LEAC rate will result in an *increase in the total bill by 6.4% or about a \$12.70 increase on a 1000 kWh power bill*, in order to recover 50% of the projected under-recovery. Based on the phase in approach, an under-recovery of about \$7.8M is anticipated by the end of the LEAC period on January 31, 2018 which will not significantly impact working capital and other financial ratios.

Comm. Bamba asked what the increase meant in dollars and it was reiterated the increase would reflect \$12.70 on 1000 kWh of power consumed. Comm. Guthertz stated that an increase is hard on people and GPA must embark on a strong publicity campaign to clearly explain to the public. The Chairman again stated for the record that the LEAC charge is a pass thru charge and that GPA does not make any money. GPA is only recouping what was paid in advance to the fuel supplier on behalf of all ratepayers.

Comm. Bamba motioned to approve Resolution 2017-16; Comm. Santos seconded. There was no further discussion or objection and the motion carried:

#### **4.1.8 Resolution 2017-17 Bond Issuance to Refinance 2010 Revenue Bonds**

GPA has been pursuing strategies for reducing debt service payments. One strategy that has emerged as a result of historically low interest rates has been the concept of refunding portion of GPA's 2010 Series A revenue bonds for interest rate savings.

GPA expects that opportunities will arise from time to time to refund all or a portion of its other than outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers. Low interest rate warrants action from the CCU.

After several months of reviewing this strategy with Barclays, GPA Bond Counsel, and GEDA, GPA believes this strategy provides significant benefit for GPA ratepayers. This transaction will need the approval of the Guam Legislature, GEDA, the PUC, and the Governor. The CCU desires to pursue this plan for refinancing of GPA's debt service costs in order to provide a net present value savings to ratepayers.

The present value of debt service on the refunding bonds will be at least two percent (2%) less than the present value of debt service on the prior bonds, using the yield on the refunding bonds as the discount rate.

The GM mentioned that this Legislation is similar to GWA's legislation; Comm. Guthertz said she understands that approval of this measure will mean savings on the bond. She asked if these savings can be tapped by the legislature. The Chair responded no because there are bond covenants that GPA must adhere to. The goal is not to impact the ratepayer with a base rate increase

Comm. Santos motioned to pass the resolution; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed:

#### **4.1.9 Resolution 2017-18 Secured Web Gateway Application Software**

The Consolidated Commission on Utilities strongly supports Cyber-Security initiatives to identify opportunities to ensure a safe and secured network infrastructure. The Consolidated Commission on Utilities strongly supports GPA to build a Secure and Reliable Network Infrastructure that is resilient to today's evolving cyber- threat landscape. GPA seeks to procure, install, configure, test and deploy the



Secure Web Gateway solution to protect GPA's Web accessing Servers, Client PCs and Devices. GPA's evaluation committee has selected Pacific Data Systems, who was the only responding bidder. GPA's evaluation committee recommended the award of the RFP GPA-036-17 to Pacific Data Systems.

Pacific Data Systems offers met the requirements of GPA's specifications and the amount offered of \$317,110.63 has been determined to be fair and reasonable, and the cost for the application software with 1,000 users includes Active-Active state, which is defined as 2 applications running concurrently to ensure redundancy and resiliency. The funding source for this procurement is revenue funds.

| Description                              | Amount              |
|--|---------------------|
| Secured Web Gate                         | \$220,396.41        |
| Reporting Solutions                      | \$33,937.25         |
| Installation, Configuration & Deployment | \$40,473.01         |
| Annual Support Services                  | \$3,070.58          |
| Training                                 | \$19,233.38         |
| <b>Total Cost</b>                        | <b>\$317,110.63</b> |

In discussion Comm. Guthertz asked if this software will also benefit GWA and the response was yes. IT has been advised that all procurement must benefit both agencies even if one agency does not need it at this time.

**Comm. Bamba motioned to approve Resolution 2017-18; Comm. Guthertz seconded. There was no further discussion and the motion carried.**

**4.1.10 Resolution 2017-19 Purchase of 45ft. Class B Concrete Power Poles**

This procurement is to replenish GPA stock 45' concrete power poles. 45' concrete power poles are required to replace damaged power poles, replace existing wooden power poles, and for line extensions to service new customers. GPA's current balance of power poles is 266 ea. The minimum safety stock amount is 189. At the current rate of usage and the forecasted usage, GPA procurement anticipates the balance of 45' power poles to be below the minimum safety stock level of 189 in under 5 months. The anticipated purchase cost is \$749,600 and will be funded with revenue funds. Delivery is about August 2017

*America's Best Electricmart Inc. and Benson Guam Enterprises Inc.* submitted bids for GPA's consideration. GPA's Evaluation Committee has determined *Benson Guam Enterprises Inc.* to be the lowest responsive bidder for the 45 foot Class B concrete power poles.

The Chairman said this resolution is a basic procurement for supplies and asked for a motion.

**Comm. Santos moved to approve Resolution 2017-19; Comm. Bamba seconded. There was no further discussion or objection and the resolution passed.**

**4.1.11 Resolution 2017-20 Engineering / Technical Services to Support GPA Resource Plans**

GPA was approved to solicit Engineering and Technical Services Supporting GPA's Resource Plan, specifically for the execution of the following tasks:

- (1) Technical Assessment, Transition Support and planning for future operation and maintenance of GPA's Piti #7 (Combustion Turbine and Piti #8 and 9 (Slow Speed Diesel) units. These are currently owned by independent power producers, but ownership will transfer to GPA in December 2017 and January 2019 respectively.

- (2) Technical Assessment, Engineering & Technical Support for Major Maintenance and Activities, and Transition Planning from RFO to ULSD, for GPA's Fuel Bulk Storage Facility. This also includes planning for future operation and maintenance of the facility.
- (3) Other Services related to planning for and executing resource plans such as, but not limited to: Engineering Planning Support GPA's Integrated Resource Plan; a feasibility study on other types of power generating units such as waste-to-energy facilities.

GPA evaluated several proposals from proponents and found LEIDOS to be the most qualified proponent. It is necessary and urgent to award the contract to LEIDOS to complete work necessary to ensure proper transfer of ownership of the Piti #7 Plant and Piti #8 and 9 Plant to GPA, as well as to meet deadlines for the transition to ULSD. The selected firm is based in the US, but will travel to Guam for assessment of facilities as required.

The services to be provided are estimated to cost up to \$1,000,000.00 for Calendar Years 2017 and 2018, depending on the workload assigned to the consultants and urgency of projects. The contract is planned for an initial period of five (5) years, with the option to extend for five (5) additional annual extensions. Most of the services will be funded through O&M, and some through CIP if it involves procurement of equipment, construction, modification and others. The RFP will commence after CCU and PUC approval.

In discussion Comm. Santos asked for clarification on line 22 asking if reference is for calendar year or fiscal year and the GM responded calendar year ending December 2018. The chairman said the GM needs to work on transition of bringing Cabras 7,8 and 9 over to GPA. RE TEMES 7 GM said that discussion of takeover is ongoing. Comm. Bamba asked if management heard from USEPA relative to this matter. Legal Counsel Botha responded that USEPA is still looking over the finances and to date USEPA inquiries have been related to fuel consumption and the like.

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

#### **4.1.12 Resolution 2017-21 Procurement of 34.5kV SF6 Breakers**

This project upgrades the existing aging 34.5 kV power circuit breakers to SF<sub>6</sub> breakers to improve system reliability and personnel safety. The failure of antiquated oil circuit breakers poses a severe burn hazard as the insulating medium is expelled in the air during an explosion and is flammable at high temperatures. The new SF<sub>6</sub> breakers will replace equipment installed at the Barrigada and Harmon Substations and will cost \$291,335.00. The expected completion date is February 28, 2018.

GPA has Capital Improvement Project (CIP) funds identified for SF6 circuit breaker upgrades in their approved FY2017 budget plan.

Five proponents submitted bids - R&D Marketing, America's Best Electricmart Inc., Benson Guam Enterprises Inc., JMI Edison, and Polyphase System Inc. submitted bids for the 34.5kV SF6 Circuit Breakers as part of bid GPA-037-17. *Polyphase System Inc.* was the lowest responsible and responsive bidder for the 34.5kV SF6 Circuit Breakers (Line Item 2.0) and was subsequently awarded the bid.

**Comm. Santos motioned to approve Resolution 2017-21; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.**

#### **4.1.13 Resolution 2017-23 Land for 180MW Power Plant**

The acquisition of land is critical in developing the bid specifications for the bid for the new generation power plant. GPA issued a Multi-Step bid for land in February 2017 which only attracted two bid proposals and was cancelled due to both bids not complying with the bid specifications. There are concerns based on the lack of participation in the recent bid and potential additional delays in the bid

process which may significantly delay the procurement for the new generation power plant. GWA was recently approved to purchase 17 Acres from Guam Ancestral Lands Commission (GALC) for the expansion of the Northern District Wastewater Treatment Plant (NDWWTP). GWA, with support from GALC, successfully obtained legislation authorizing GWA to purchase the property and zone the land for Public Use. GALC has substantial Acreage adjacent to the GWA purchased land which would be ideal for the new generation power plant. A similar arrangement to the GWA purchase would expedite the procurement process for the new generation power plant. GPA has recently determined after consultation with the Engineering, Procurement & Construction Management (EPCM), that it would need closer to 40 acres for the power plant, substation, liquid and natural gas fuel storage and operating facilities. GPA is seeking authorization to pursue a purchase from GALC of 40 acres and any legislation required under a similar arrangement as the recent GWA purchase. Land is adjacent to the site where GWA will be building the NDWWT Plant in Harmon.

Compensation has not been determined. Compensation for the property to include but not limited to land exchange, land lease, in kind services, purchase, or a combination of these options to be approved by Guam Power Authority (GPA), the Consolidated Commission on Utilities (CCU) and Guam Ancestral Lands Commission (GALC) and will have one hundred eighty (180) days to finalize a compensation agreement.

Comm. Santos asked what GPA owns around Tanguisson. There was discussion about cost of pipeline from Tanguisson uphill to the new property. There was discussion about storage capacity relative to tanks at Tanguisson. GM Benavente said management will look into this. There was mention that the fuel needs to be trucked not pumped.

Comm. Guthertz moved to approve Resolution 2017-23; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

The Chairman called for a 5-minute break. It was 6:50 p.m.

#### **4.2 GWA**

##### **4.2.1 GM Report Update**

The GM Report while not discussed was provided and is in Master File.

##### **4.2.2 Financials – Not discussed**

##### **4.2.3 Resolution No. 28-FY2017 Construction Mgmt. Services Contract Amendment for the Southern SSES Rehabilitation–Phase II Project**

The objective of the overall intent of the “Southern SSES Rehabilitation – Phase II (Santa Rita-Baza Gardens-Talofofa)” project is to reduce I&I within the wastewater collection system and decrease the volume of storm water that enters into the collection system tributary to the Baza Gardens and Agat-Santa Rita WWTPs causing GWA to incur additional costs to operate the sewer pump stations and treatment plants. GWA requires a construction manager to manage all construction activities therefore the request for approval of Change Order #2 is to ensure construction management services are available during periods when delays occur due to various reasons. In this particular case, the contractor is claiming additional delays however GWA is assessing the validity of these claims.

The construction manager submitted a cost proposal of Eighty One Thousand Four Hundred Fifty Five Dollars and Eighty One Cents (\$81,455.81). The approval of the Change Order #2 will increase the overall contract amount to Two Hundred Ninety Eight Thousand Ninety Six Dollars and Fifty Cents (\$298,096.50). The additional work is anticipated to be completed by the end of July 2017. The funding for this project will be USEPA Grant Funds and, if necessary, GWA Bond funds under WW 09-06 Wastewater Collection System Replacement/Rehabilitation

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

**4.2.4 Resolution No. 29-FY2017 Baza Gardens Wastewater Cross Island Pumping and Conveyance Phase III Construction Project**

The objective of the overall intent of the "Baza Gardens Wastewater Cross Island Pumping and Conveyance" project is to convey/pump the wastewater flowing to the Baza Gardens WWTP to the new Agat-Santa Rita WWTP along Route 17 and Route 2. This construction procurement is Phase III of multiple three phases. Phase I and II are currently in construction. Phase III includes, but not limited to, the construction of one sewer pump station located at the Baza Gardens WWTP facility, standby generator and above-ground fuel tank, equalization basins, and 10,481 linear feet of 10" diameter PVC 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 complete the entire project, including Phase III, by April 30, 2018.

The bid proposal amount for Phase III is Fifteen Million Five Hundred Thirty Thousand Eight Hundred Ninety Two Dollars (\$15,530,892.00). GWA management is also seeking a five percent (5%) contingency of the bid amount or Seven Hundred Seventy Six Thousand Five Hundred Forty Four Dollars and Sixty Cents (\$776,544.60) which would bring the total authorized funding amount to Sixteen Million Three Hundred Seven Thousand Four Hundred Thirty Six Dollars and Sixty Cents (\$16,307,436.60). The project completion date is around April 30, 2018 and the funding source is Bond Funds and CIP's

Comm. Santos motioned to approve Resolution 29-FY2017; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

**4.2.5 Resolution No. 30-FY2017 GWA's FY2017 Annual True-Up**

The purpose is to approve GWA's 2017 True-Up and Fiscal Year 2018 Budget. This document must be submitted to the Public Utilities Commission by June 1, 2017 as required by the GWA's Five (5) Year Rate Plan approved by the CCU and PUC in 2013.

The Fiscal Year 2018 Budget requests a 4% increase for basic and non-lifeline rates across all customer classes (as originally earmarked in the Rate Plan) and a 3.75% increases for the legislative surcharge.

FY 2018 water, wastewater and other sources of revenues and O&M expenses are estimated at approximately \$112 million and \$84 million respectively. Upon submission in June, the PUC will conduct its review over the summer and normally provides approval by August or September 2017. The funding source for this matter is revenues.

Chair made it clear that this does not include the borrowing that GWA wants to do in the next few months. Comm. Bamba further commented that GWA management must be certain that GWA's debt service is met and ratios are maintained because we could go into technical default which we cannot afford.

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

**4.2.6 Resolution No. 31-FY2017/ GPA Resolution 2017-22 Relative to Authorizing an Increase of Obligating Authority for the General Managers of Guam Power Authority and Guam Waterworks Authority**

The current obligating authority granted to the General Managers of GPA and GWA by the CCU is limited to \$250,000. Any GPA or GWA expenditure above the \$250,000 threshold requires the Consolidated Commission on Utilities approval. The Consolidated Commission on Utilities grants approval for expenditures above the \$250,000 threshold based on sound justification and prudent governmental and

business practices. The current process requires GPA and GWA to return to the CCU for approval of any change orders of any amount approved above the \$250,000 threshold.

The objective of the Resolution is for a streamlined approval process by allowing the General Managers of GPA and GWA the authority to obligate their respective agencies up to and including the threshold amount of \$750,000.00. The \$750,000.00 threshold will not alter or diminish the current statutory requirements of any applicable notification to the Guam Attorney General's office and/or Guam Public Utility Commission approval.

**Comm. Santos motioned to approve Resolution 31-FY2017; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.**

**4.2.7 Resolution No. 32-FY2017 Relative to Ratification of Purchases Under Indefinite Quantity Contract with Badger Meter Inc. for GWA Water Meters Various Sizes and Accessories**

This request will be used in purchasing water meters to replace defective meters currently installed island wide. Based on AWWA recommendation Meter Maintenance practice normally meters last 20 years but because of Guam's unique climate conditions and other factors affecting meter performance, GWA meter projection performance will only last for 15 years. Therefore, we need to replace at least 3000 meters annually so that we could maintain our revenue to max. Finance is in agreement and we need to anticipate what locations to target every year.

The total was \$947,120.46 for the purchases of water meters during the initial contract term of 3 years.

**PO Purchases**

| <b>Badger PO No</b>     | <b>PO Amount</b>    | <b>PO Date</b> |
|-------------------------|---------------------|----------------|
| 299095                  | \$35,205.27         | 2/22/2016      |
| 299176                  | \$11,659.70         | 3/10/2016      |
| 299326                  | \$3,001.71          | 3/30/2016      |
| 299501                  | \$102,727.15        | 5/20/2016      |
| 299506                  | \$107.30            | 5/20/2016      |
| 299508                  | \$7,291.20          | 5/20/2016      |
| 299769                  | \$10,722.58         | 8/12/2016      |
| 299861                  | \$14,355.00         | 9/1/2016       |
| 299963                  | \$43,088.30         | 9/26/2016      |
| 300089                  | \$28,710.00         | 10/24/2016     |
| 300312                  | \$49,793.35         | 12/14/2016     |
| 300343                  | \$43,065.00         | 12/20/2016     |
| 300515                  | \$57,420.00         | 2/7/2017       |
| 300583                  | \$14,355.00         | 3/8/2017       |
| 300610                  | \$50,242.50         | 3/23/2017      |
| <b>TOTAL</b>            | <b>\$471,744.06</b> |                |
| <i>*as of 5/11/2017</i> |                     |                |

**Additional Purchases**

| <b>Description</b> | <b>Amount</b>       | <b>Qty</b>                    |
|--------------------|---------------------|-------------------------------|
| Badger MagMeters   | \$44,726.40         | 21 large meters various sizes |
| 3/4" meters        | \$430,650.00        | 3,000 meters                  |
| <b>Total</b>       | <b>\$475,376.40</b> |                               |

**Summary**

|                      |                     |
|----------------------|---------------------|
| PO Purchases         | \$471,744.06        |
| Additional Purchases | \$475,376.40        |
| <b>TOTAL</b>         | <b>\$947,120.46</b> |

The indefinite quantity contract will be in place for an initial term of 3 years and purchases will be ongoing on an as-needed basis over the life of the contract term. The funding source was Internally Funded Capital Improvement Projects.

The GM commented that this ratification part is important because the original procurement was estimated at \$150k per year for 3 years. In actuality our need exceeded this amount and approval was not sought prior to exceeding this amount for which he apologized.

Comm. Bamba moved to approve the resolution; Comm. Santos 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 CCU meeting would be on June 6<sup>th</sup>.

The Chairman said there were matters for discussion in Executive Session relative to litigation.

Chairman called for a 5-minute break before executive session; It was 7:09 p.m.

7. **EXECUTIVE SESSION**

7.1 Litigation Matter

This matter was discussed.

The meeting was moved to Regular Session again at 7:25 p.m. and the Chairman said a motion is in order.

Comm. Bamba motioned to approve the action of the Commission as discussed in Executive Session; Comm. Guthertz seconded. All were in favor with no objections.

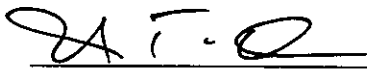
8. **ADJOURNMENT**

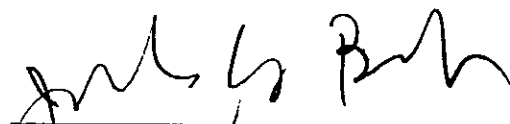
There was no further business to bring before the Commission and the meeting was adjourned at 7:30 p.m.

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Attested:

  
\_\_\_\_\_  
JOSEPH T. DUENAS, Chairman

  
\_\_\_\_\_  
J. GEORGE BAMBA, Secretary