



**Regular Board Meeting**  
**CCU Conference Room, Gloria B. Nelson Public Service Building**  
**5:30 p.m., September 25, 2018**

**MINUTES**

**1. CALL TO ORDER**

The Chairman called the CCU regular meeting of September 25, 2018 to order at 5:30 p.m. He said all five (5) Commissioners were present. Others in attendance include:

**Commissioners:**

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

**Executive Mgmt.:**

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Melinda Mafnas	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Greg Cruz	CFO / GPA
Graham Botha	Staff Attorney / GPA
Kelly Clark	Staff Attorney / GWA

**Management & Staff:**

Art Perez	PIO / Communications, GPA
Roy Topasna	GWA
Paul Kemp	AGM Compliance & Safety / GWA
Zina Pangelinan-Charfauros	Personnel Administrator / GWA, HR
Vincent Pangelinan	GWA
Tess Camacho	GWA
Gilda Mafnas	Asst. CFO / GWA, Finance
Heidi Ballendorf	Communications / GWA
Patti Diego	Communications / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Lou Sablan	Board Secretary / CCU

**Guest:**

Angela Perez	AM Insurance
Annmarie Muna	AM Insurance
Michael White	CDM Smith

**2. APPROVAL OF MINUTES**

The Minutes of Aug. 28, 2018 and Sept. 6, 2018 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction, second by Comm. Santos. There was no further discussion or objection and the motion carried.

**3. COMMUNICATIONS**

**3.1 Public Comments - None**

**4. GPA**

**4.1 New Business**

**4.1.1 GM Report**

1. **Generation System:** The following summarizes the expected generation capacity projection for **October 2018**. All base load units are expected to be in operation for most of the month. The Cabras steam units are currently limited to 55 MW each to minimize the potential for boiler tube leaks which has been a common occurrence for units.

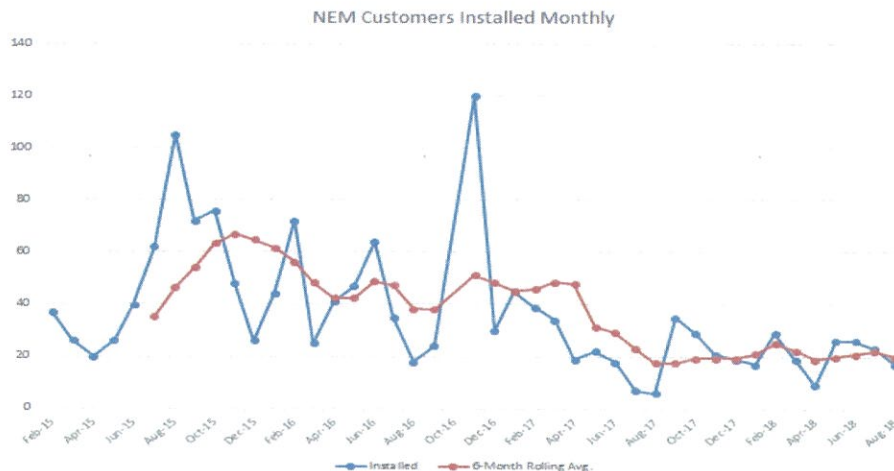
**October 2018 Projected Capacity: 361 MW**  
**October 2018 Projected Demand: 250 MW**  
**Anticipated Reserve Margin: 111 MW**

2. Net Metering Summary ending August 2018:

Description:	Count	Kw
Active	1,750	18,522
Pending	19	241
Totals:	1,769	18,763

Service:	Count	KW	Kw/Customer
Residential	1,657	15,235	9.2
Others	93	3,287	35.3
Total:	1,750	18,522	10.6
% Residential	94.7%	82.3%	
Estimated 12 Months Revenue Impact:	\$3,456,653		





### 3. Demand Side Management Expenses Thru August 2018

Description	FY16	FY17	FY18 as of Aug 31	Total to Date
Regular/OT Pay	\$11,348.80	\$22,256.00	\$20,469.95	\$ 54,074.75
Other Contractual	\$28,278.50	\$85,550.05	\$79,752.25	\$193,580.80
Bank Fees	\$155.00	\$1,032.06	\$1,070.08	\$2,2457.14
Paid Rebates-Split AC	\$154,700.00	\$557,275.00	\$1,039,700.00	\$1,751,675.00
Paid Rebates-Central AC	\$3,400.00	\$8,200.00	\$3,600.00	\$15,200.00
Paid Rebates-Washer/Dryer	\$2,800.00	\$7,425.00	\$31,800.00	\$42,025.00
<b>Total Expenses</b>	<b>\$200,682.30</b>	<b>\$681,738.11</b>	<b>\$176,392.28</b>	<b>\$2,058,812.69</b>

### DSM PROGRAM SUMMARY

DSM Program reduces peak demand and reduces LEAC cost for all customers at a onetime fixed rebate. Program has become very successful and GPA would like to petition the PUC to fund additional rebates under LEAC. DSM eliminates running less efficient peaking units at peak time thereby reducing fuel cost.

DESCRIPTION	AMOUNT
Initial DSM Budget FY'16	\$1,806,014.00
Interest Income as of Aug 18	\$4,500.36
<b>Total Expense</b>	<b>\$2,058,812.69</b>
Ending Balance as of Aug 18	\$(248,298.33)
<u>Addtl.</u> Budget: Approved (FY'18)	\$1,139,189.00
<b>Total Ending Balance as of Aug 18</b>	<b>\$890,890.67</b>

### 4. PUC Dockets:

- The PUC has approved the technical specifications for the new plant. Thank you PUC for the quick turnaround of the petition. The package is being issued to the bid's short listed proponents
- FY 2019 CIP budget Approval is on their September meeting agenda.

### 5. Phase II Renewable Contracts:

- Contract for HANWAH 60 MW Renewable project was signed Wednesday August 22<sup>nd</sup>.
- Contract for KEPCO- LG CNS 60 MW Renewable project was signed Friday August 24<sup>th</sup>

- These two contracts when completed in 2021 will save the ratepayers over \$43M over the first 5 years of operations (estimated at a LEAC of \$0.11/Kwh)

6. **Typhoon Mangkhut Restoration:** A presentation has been prepared to provide an update of the island-wide power restoration efforts from Typhoon Mangkhut. The presentation was comprised of 29 slides – only highlights are presented here. A copy of the entire presentation is in Master File and is available upon request.

### STORM SUMMARY

❖ **COR 3** 7:00 pm Sept 8<sup>th</sup> Saturday

❖ **COR 2** 7:00 pm Sept 9<sup>th</sup> Sunday  
EOC Activated – GPA RACs staff of four (4) placed on 24-7 shift

❖ **COR 1** 4:00 am Sept 10<sup>th</sup> Monday  
❖ **CPA** ~ 7:00 pm

❖ **COR 4** 12:00 pm Sept 11<sup>th</sup> Tuesday

❖ Damaging winds of 39 mph  
• Monday 1:00 pm to Tuesday 4:00 am  
❖ Destructive winds of 58 mph  
• Monday 4:00 pm – 11:00 pm  
❖ Typhoon force winds of 74 mph  
• Monday 7:00 pm – 10:00 pm

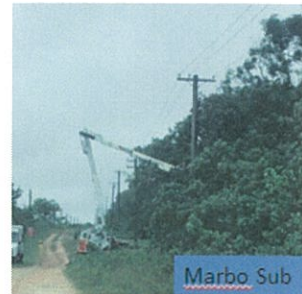
EOC GPA RACs Deactivated – 10:00 am September 17<sup>th</sup> Monday

**T&D Crews active until official stand down  
5:14 pm Monday, September 10<sup>th</sup>**

**T&D Crews resumed activities  
6:00 am Tuesday, September 11<sup>th</sup>**

### STORM PREPARATIONS

- Commenced Friday afternoon, September 7, 2018
- Trimming vegetation away from power lines throughout the island and removing line guards
- Securing power plant buildings, substation buildings, and the GBNPSB
- Topping off all fuel at the power plant tanks, water systems sites, and for the fleet





## DAMAGE ASSESSMENT

- Engineering assessment began on Tuesday, September 11, 2018.
- Transmission and Distribution Damages
  - Down and leaning wooden poles; 4 ea. 35', 12 ea. 45', and 1 ea. 55'
  - Down transmission, distribution primary and secondary power lines and static wire
  - Damaged hardware – insulators, cutouts, lightning arrestors, overhead pole top configurations
  - Damaged equipment – transformers
  - Vegetation coming in contact with power lines
  - Severed wires due to flying debris coming in contact with power lines
  - Sagging primary and secondary lines
- Generation Facilities and Substation Damages
  - Cabras Power Plant Unit 1&2 - Damaged wall panels, parapet, cracked awning windows, AC ducts
  - Central Maintenance – Damaged exhaust fan
  - Dededo CT – Damaged chain link fence and gate
  - Yigo CT – Damaged roll-up door and roof (including insulation)
- Various Substations – Damaged chain link fence, roof, doors, damaged perimeter lighting, burnt bus insulator, vegetation

## PROCUREMENT / WAREHOUSE

CONTRACTS	
• 3 line crews to supplement GPA crews	
• Food, Water, Gatorade and Fruits	
• Safety Supplies: Tools, safety shoes, rain gear, spot lights, safety vests, traffic cones, etc.	
LINE MATERIALS ISSUED	QUANTITY
POLES	12
TRANSFORMERS	2 Pad and 8 Pole Mounts
CROSS ARMS	70
FUSE CUTOUPS	200
FUSE LINKS	900
INSULATORS	440
WIRES	20,000 LF
LIGHTNING ARRESTERS	25
Bolts, Clamps, Clevises, Connectors	

**PROJECTED REVENUE LOSS (BASE RATE)**

Pre-Typhoon Period			Post-Typhoon Period			VARIANCE (KWH)	Projected Sales Loss
Date	Day	Net KWH	Date	Day	Net KWH		
3-Sep	Mon	4,459,346	10-Sep	Mon	3,023,541	1,435,805	\$ 136,799
4-Sep	Tue	4,476,709	11-Sep	Tue	1,358,717	3,117,992	\$ 297,072
5-Sep	Wed	4,505,685	12-Sep	Wed	2,878,520	1,627,165	\$ 155,031
6-Sep	Thu	4,487,488	13-Sep	Thu	3,701,117	786,371	\$ 74,923
7-Sep	Fri	4,565,742	14-Sep	Fri	4,107,311	458,431	\$ 43,678
8-Sep	Sat	4,614,858	15-Sep	Sat	4,463,970	150,888	\$ 14,376
9-Sep	Sun	4,595,994	16-Sep	Sun	4,454,821	141,173	\$ 13,450
<b>TOTAL:</b>		<b>31,705,821</b>			<b>23,987,997</b>	<b>7,717,824</b>	<b>\$ 735,328</b>

**DAMAGE ESTIMATE**

ITEM	COST
Transmission & Distribution	\$729,805
Generation and Substation	\$234,000
Water Systems (labor, fuel, repairs)	Pending
Lost Revenue	\$735,328
Supplies & Contracts	Pending
<b>TOTAL ESTIMATED COST</b>	<b>~\$1,699,133</b>
<b>Total Estimated Loss Most Likely</b>	<b>~\$2.5M</b>

**WATER SYSTEMS**

Location	# of Sites w/Gens	Sites Without Gens	TOTAL
North	92	3	95
Central	65	5	70
South	46	3	49
Portable Gens	4		4
<b>TOTAL</b>	<b>207</b>	<b>11</b>	<b>218</b>

**7 Generator Issues After Storm:**

Overheated – AG2, CD17, F15, Machanao, Y15

Flooded & Submerged – ND4, SD4

GPWA to procure in FY 2019 additional portable generators for Booster Pump Stations which serve high elevation customers and for emergencies due to damaged stationary units



## CUSTOMER ENGAGEMENT

- Tracking of customer trouble reports received by Customer Service Representatives CSRs, Facebook direct messenger and GPA personnel.
- Trouble calls received by Customer Service Representatives
  - ❑ Tuesday, September 11<sup>th</sup> – 237
  - ❑ Wednesday, September 12<sup>th</sup> – 498
  - ❑ Thursday, September 13<sup>th</sup> – 345
  - ❑ Friday, September 14<sup>th</sup> – 311
  - ❑ Saturday, September 15<sup>th</sup> – 253
- Facebook Direct Messenger - **428** messages received from September 9<sup>th</sup> to 14<sup>th</sup>
- 12-hour shifts were implemented for (CSRs) assisting with trouble calls and AMI/Command Center Operations.
- Community updates via social media were successful in keeping our customers engaged and informed. Public sentiment improved with frequent updates and photos of the crew's pre-storm trimming and post-storm restoration.

## Communications

1. Updated & Distributed Public Service Announcements (PSAs) to various storm related topics:
  - Voltage Fluctuations; Portable Generator Safety; Appliance Safety; Downed Power Lines; Securing Yard Items; Main Breakers;
2. Damaged Weather Head Process
  - Developed Graphic for process; Issued process to press & stakeholders
3. Typhoon Restoration Process
  - Developed Graphic for restoration process
4. Issued Restoration Updates
  - Media, Stakeholders e.g. GDOE, DPW, MCOG, GWA, Joint Information Center, Social Media
5. Coordinated Inter Agency Support via JIC & EOC
  - GDOE restoration coordination for 41 schools
  - Traffic intersection restoration coordination – GUARNG, DPW & GPD
  - Telecommunication
6. Employee Recall Memorandum from GM-COR 4
7. Updated Admin Staff on Restoration Progress;
  - a) Trouble Call reporting;
  - b) Periodic & Multiple 30 minute outages as necessary

## INFORMATION TECHNOLOGY

### Smart Meter AMI Network

- No damage to the six major collectors in Apra Heights, Barrigada, Dededo, Talofof, Yigo and Umatac.
- Once power was restored, meter activity was seen.

### GPA Network Communications

- All GPA links to substations, Julale, Cabras, T&D, Dededo CT operational
- No reported damage to fiber or related communication equipment.
- The Tier 2 network, GPA's island wide wireless network, was not damaged by the storm.

### GPA Customer Billing and Payment Systems

- Operational, online payments available on Tuesday after the storm

### GPA Datacenter

- Operational throughout the storm and no issues reported.

## PERSONNEL

### • SUPPORT PERSONNEL ACTIVATED TO SUPPORT RECOVERY

- ✓ Safety
- ✓ Procurement – Preparation and Issuance of contracts
- ✓ Customer Services – CSRs staffed at the Dispatch Center, Facebook updates and reporting Facebook messages, tracking trouble reports, and following up with customer inquiries
- ✓ Finance – Certification of purchases, funding, and payments
- ✓ Public Information Office – Joint Information Center (JIC) staffing, liaison with MCOG, GDOE and others
- ✓ Planning & Regulatory – Handled oil spill response, documented transformer damages, and pole installations
- ✓ IT – Maintained network communications, monitored meter communications and health of routers and collectors, coordinated repair and reenergization of routers and collectors with T&D, reported on customers energized
- ✓ SPORD – conducted Fuel inspections and ensured fuel deliveries

### • PERSONNEL ACTIVATED

- ✓ Dispatch – System Dispatching, Generation Dispatching, Trouble Desk, SCADA personnel
- ✓ Transportation – Mechanics in support of heavy equipment and light duty vehicles
- ✓ Engineering – damage assessment (35) + Line Crew Support (26)
- ✓ Generation – all units available except for Aaarekko, which required complete securing to prevent damage, all GPA sites manned through the storm
- ✓ Generation Water System Diesel – 9 personnel covered 207 standby Generator sites
- ✓ Facilities – personnel handling GBNPSB, securing GPA facilities, assessing and repairing facility damages

## TRANSMISSION & DISTRIBUTION

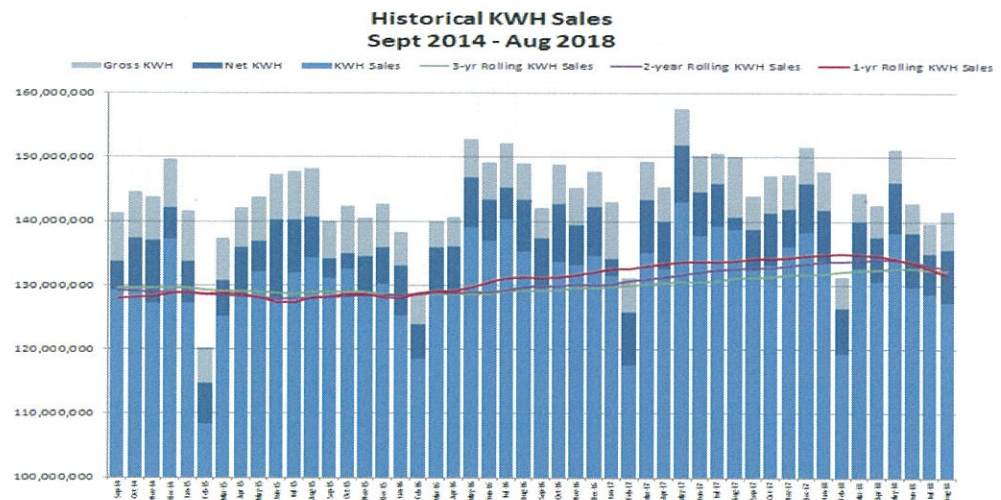
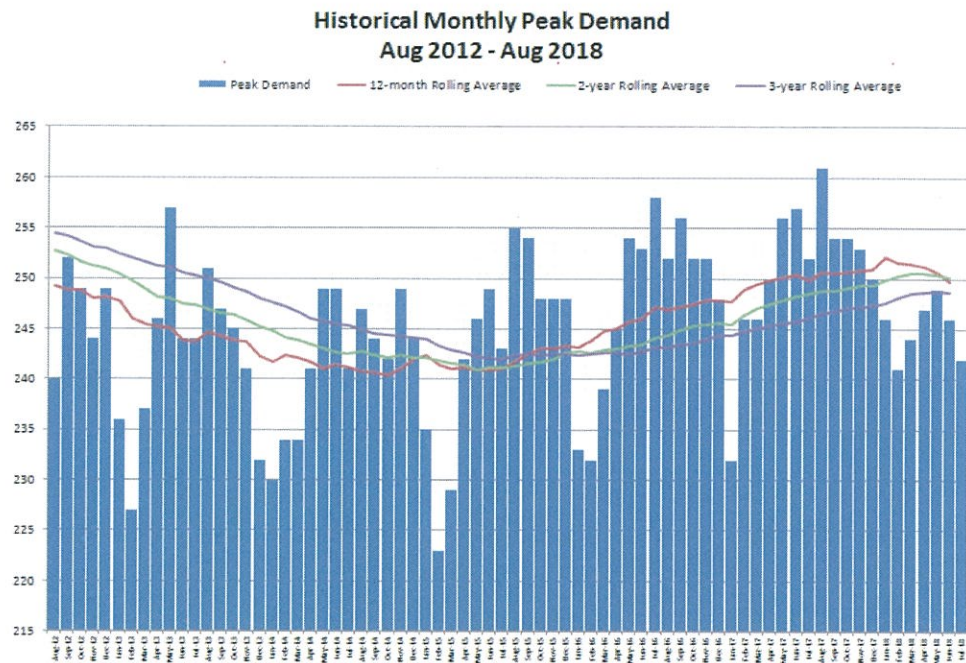
- Line Crews
  - Day Shift
    - North – 4 crews
    - Central – 3 crews
    - Southern – 3 crews
  - Swing/Graveyard Troubleshooters – 3 Crews
- Operators = 3 crews
- Meter shop = 8 electricians for meter change outs, crew support
- Relay shop = 6 electricians for 29 substations
- Substation = 10 electricians for 29 substations
- 4 Safety, 2 HR, 1 IT = Material assembly, traffic control, supply runs
- Engineering = 26 personnel for documentation of crew activities, redesign as necessary, line assessment prior to restoration



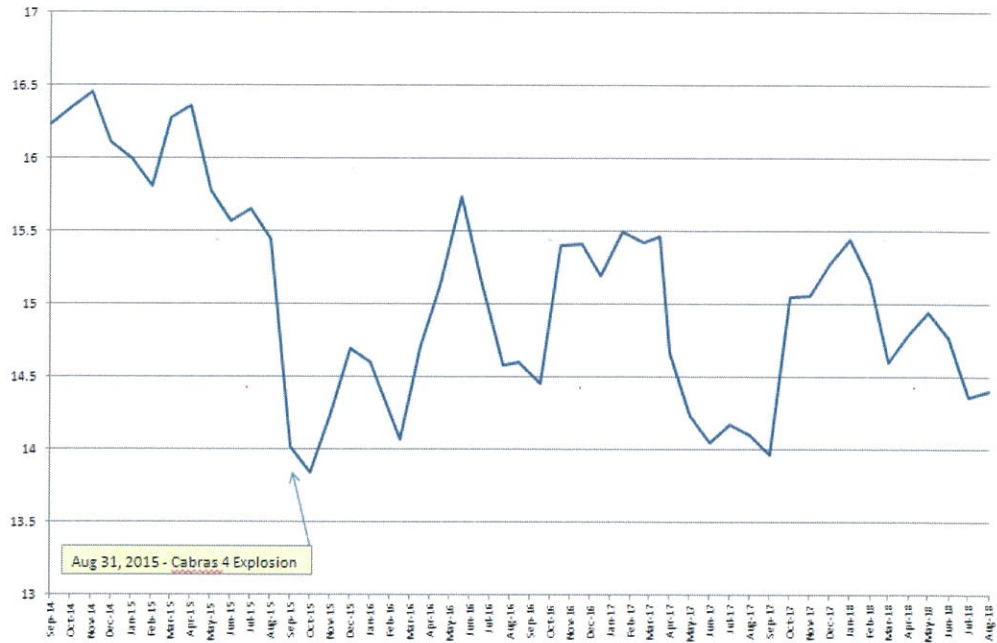
## Summary

- No Injuries!!! Biggest Accomplishment for Very Dangerous Working Conditions
- Recovery Efforts were Excellent! Thank you Employees of GPA and GWA!!!!
- Thank you to the Ratepayers and Public for their patience and understanding!!!
- Teams will meet to determine system and procedural improvements to improve future recovery efforts
- Great Team Work between GWA and GPA to keep water service flowing. Team t meet to recommend additional future improvements

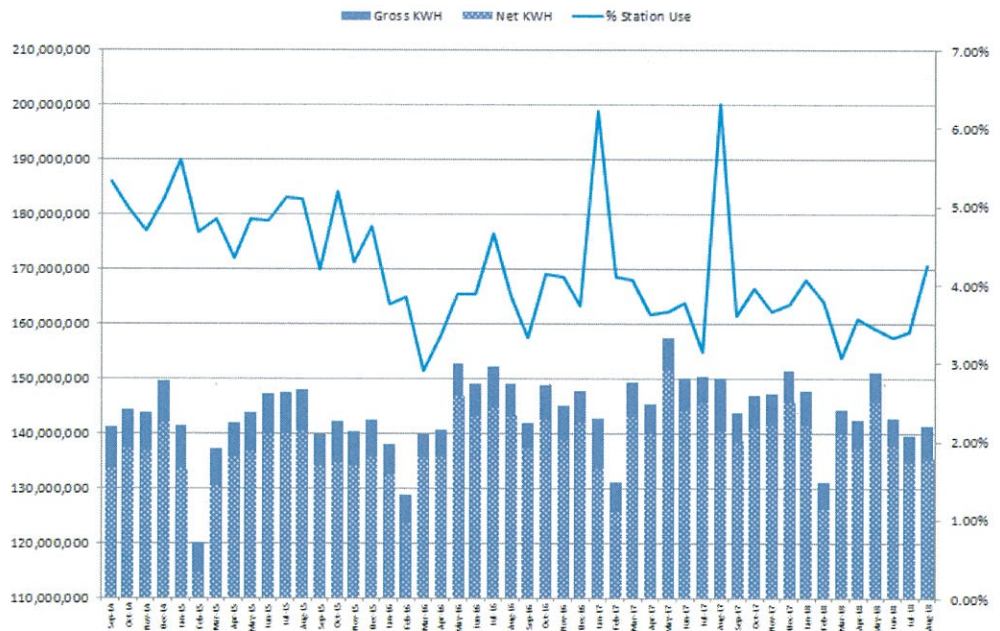
### 7. Key Performance Indicators: The following are indicators thru August 2018.



**SYSTEM GROSS HEAT RATE  
(KWH/Gal)  
Sept 2014 - Aug 2018**

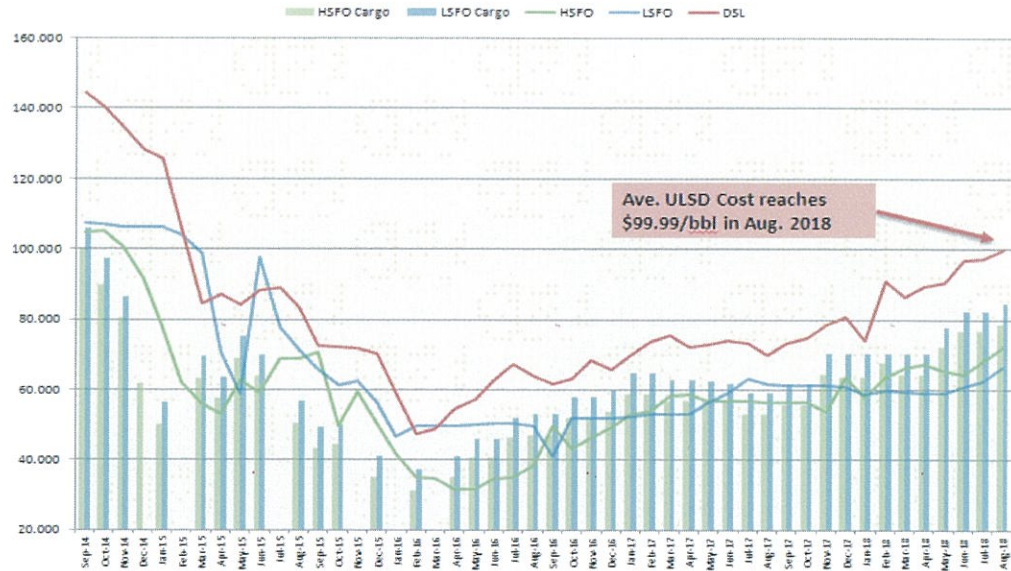


**Gross and Net Generation (KWH)  
Sept 2014 - Aug 2018**





**Fuel Cargo and Fuel Consumption Costs (\$/bbl)  
Sept 2014 - Aug 2018**



**4.1.2 Financials**

CFO Kim gave his usual highlights for August 2018 – revenue were short budget was \$14M v. \$13M actual mostly due to weather which has been the same pattern for the past 2 months; fuel revenue / cost remains below budget \$19M v. \$21M and prior year at \$17M; O&M Expenses are below budget \$5.9M v. \$6.4M; customer growth remains steady at 51,500; debt service is at 1.78 and LEAC under recovery is at \$7.3M

**4.1.3 Resolution 2018-17 Relative to NET Metering Credit Recommendation**

If approved, Resolution 2018-17 will allow management to file and respond to the Guam Public Utilities Commission (PUC) order under Docket No. 08-10 (December 29, 2008), Exhibit A which states:  
 “The NM Rider is available to all customers without limitation as to the aggregate capacity of Customer-Generator installations on the GPA System. However, at the time the number of Customer-Generators exceeds one-thousand (1000) customers this issue will be reviewed by the PUC and a determination made as to the continued offering of the NM Rider for new ‘net metering’ customers.”

GPA achieved the milestone of 1000 net metering customers in June 2016. As of August 31, 2018, GPA has 1,764 net metering customers resulting in an approximate \$3,456,653.00 annual subsidy by non-net metering customers. Additionally, GPA has conducted and completed as ordered by the Consolidated Commission on Utilities (CCU) several public meetings to address net metering stakeholders’ concerns and obtain feedback; evaluate stakeholder feedback; perform analysis regarding net metering impacts on the GPA especially on non-net metering customers; propose recommendations on whether or not changing the current net metering program is in the best interests of customers while insofar as practical alleviating net metering customer concerns.

The Consolidated Commission on Utilities supported the net metering program through the years in full support of promoting renewable energy to offset fossil fuel energy production. The Consolidated Commission on Utilities has been monitoring the growth of the Net Metering Program including the financial impact the program will have on non-net metering customers.



The petition is to decrease net metering subsidy evenly over a 5-year period beginning CY'2019. This recommendation will save non-net metering customers approximately \$3,456,653.00 annually and will take effect upon approval of the Guam Public Utilities Commission. The funding source will come from the Levelized Energy Adjustment Clause (LEAC).

**RECOMMENDATION**

1. CCU approve GPA filing a petition to the PUC as shown herein to consider changes to the existing net metering credit
2. Recommend an implementation plan for billing NEM customers on net billing: Buy All/Sell All or similar billing models
3. GPA files with GPUC for adjustment of net metering credits from retail to avoided cost
4. It is recommended that for existing NEM Customers, implement a Grandfather phase-in approach over 5 years to the GPA avoided cost credit as shown on the following page. Adjustments for LEAC, line loss and variable cost changes done annually.
5. For future NEM customers, credit set at the GPA avoided cost

<b>Migrate to Avoided Cost in Phases as Follows:</b>			
<b>Year</b>	<b>Estimated Kwh</b>	<b>*\$/Kwh</b>	<b>Subsidy</b>
<b>CY 2018</b>	<b>33,921,230</b>	<b>\$0.1006</b>	<b>\$3,411,623</b>
<b>CY 2019</b>	<b>33,921,230</b>	<b>\$0.0805</b>	<b>\$2,729,298</b>
<b>CY 2020</b>	<b>33,921,230</b>	<b>\$0.0603</b>	<b>\$2,046,974</b>
<b>CY 2021</b>	<b>33,921,230</b>	<b>\$0.0402</b>	<b>\$1,364,649</b>
<b>CY 2022</b>	<b>33,921,230</b>	<b>\$0.0201</b>	<b>\$682,325</b>
<b>CY2023</b>	<b>33,921,230</b>	<b>\$0.0000</b>	<b>\$0</b>
<b>Total Subsidy:</b>			<b>\$10,234,869</b>
<b>*Subsidy decreased evenly over 5 years</b>			
<b>Avoided Cost Credit set annually by PUC in a similar protocol as LEAC</b>			
<b>All excessed credits trued up at the end of each year</b>			

In discussion it was mentioned that with existing customers, they would be phased down as recommend for 5 years and new NEM customers would immediately be placed on the recommended avoided cost program. All this is based on PUC adopting GPA's recommendation.

There was discussion on how other states are handling their respective NEM program and it was mutually agreed that this is different depending on variables pertinent to that states jurisdiction. GPA's recommendation could be considered an aggressive way to a balanced scenario. Other states have different ways of handling NEM but the impact on that utility is different from that of Guam. The difference is that other utilities base rate is lower than Guam where the base rate is larger which does not even consider the cost of fuel. There must be parity and balance so no one ends up subsidizing anyone. Many states are moving away from NEM because of the negative impact to non-NEM customers.

Comm. Bamba said he is concerned about the existing customers and changing the rules in the middle of the game.



Comm. Duenas said we realize the value of solar and the savings that comes from it. The CCU could modify the management's proposal if desired. At the end of the day we must come to some sort of avoided cost plan to be fair to everyone.

GM Benavente understands CCU position but stressed his concern that this matter must be addressed because it eventually impact base rates. The urgency is the cost of \$3,5M is coming from base rate revenues and if this is not controlled, it will impact base rates.

SS open to chairman's thinking of shorter phase down but apply to everyone - current and new NEM customer - example 5-year phase down for everyone to give some flexibility. Because of the revenue concern this may be a fair compromise. This of course all predicated on the PUC's review and

The GM said he is ok with this adjustment because it accomplishes the objective which is to begin implementation of a phase down.

Comm. Sanchez motioned to amend line 67 of the resolution to read verbiage "evenly to all NEM customers, existing and new". The amendment was second by Comm. Bamba. On the amendment all were in favor; on the main resolution, all were in favor and the motion passed.

#### **4.1.4 Resolution 2018-20 Relative to Bulk Storage Fuel Tanks Internal Inspection & Refurbishment**

This project involves the internal inspection and refurbishment of the bulk storage fuel tanks and appurtenances located at the GPA Bulk Storage Tank Facility, Piti. The tanks need to undergo the required internal inspection to comply with regulatory requirements and refurbish as necessary to ensure the structural integrity and safe operations of the tanks. The project also includes upgrading of the facility's auxiliary system to assure uninterrupted supply of fuel for the power plants. The last inspection was conducted in 2007. Inspections are required to be performed every ten (10) years.

The project is anticipated to commence on FY 2019 and the target completion is on FY 2021 and will cost about \$ 8,000,000.00 requiring both CCU and PUC approvals. Funding source is the Cabras 3&4 insurance proceeds.

Comm. Sanchez motioned to approve Resolution 2018-20 second by Comm. Santos.

Comm. Bamba said for the record that he recused himself from this matter.

There was no further discussion or objection and the motion passed 4 ayes and 1 abstention.

#### **4.1.5 Resolution 2018-21 Relative to Constructing New ULSD Line for Bulk Storage Tanks**

USEPA has mandated GPA to utilize ULSD for the power plants by year 2021. Resolution 2018-21, if approved, will approve the construction of 8-, 12-, and 24-inch diameter pipes with supports/pedestals, pipe manifolds, valves and pumping station appurtenances for ULSD fuel. The pipeline system will connect to Navy Tie-In, Tanks 1934 and 1935, and to Piti Power Plants 7, 8, and 9. The project is estimated at \$5,900,000.00 requiring approval from CCU and PUC and will be funded by Cabras 3&4 insurance proceeds. The project will commence on FY 2019 and the target completion is on FY 2020. The IFB solicitation will commence immediately after CCU & PUC approval.

Comm. Sanchez motioned to approved Resolution 2018-21 second by Comm. Santos.

For the record, Comm. Bamba announced that he recuses himself from this matter.



There was no further discussion or objection and the motion passed with 4 ayes and 1 abstention

#### **4.1.6 Resolution 2018-22 Relative to Award of Property Insurance Policy**

Guam Power Authority's Bond Indenture agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost." The indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry." GPA's current Property Insurance policy is set to expire on November 1, 2018. The insurance risk manager and the insurance broking team has configured, with the goal in mind of improving, to the greatest extent possible, the terms and conditions of GPA's property insurance policy for the next three years.

It was mentioned that GPA's premium was reduced from \$6,450,000.00 per year to \$4,355,000.00 per year for a savings of \$2,095,000.00. The new insurance policy period will extend from November 1, 2018 to November 1, 2021 for the following premium: The next three annual installment premiums will be billed at \$4,355,000.00 and exercise an option to increase the coverage from \$200M to \$300M property policy for an additional \$100,000.00. The funding source is Revenue Funds

In discussion Comm. Santos said that it is prudent to review the language in the policy carefully. The Commission requested CFO Kim to have an outside professional with experience review the policy and opine if the language is sufficient. It was further recommended to approve the resolution subject to this review and to bring the policy & resolution back to the Commission with amendments if needed. Chairman Duenas added that due to the urgency of the matter, if needed, this meeting could be recessed for a week to give the underwriters a chance to review the policy. After more deliberation, it was decided to recess this meeting to allow the review by the underwriters. The resolution was tabled and discussions will reconvene at the continuation meeting next week.

### **5. GWA**

#### **5.1 New Business**

##### **5.1.1 GM Report**

GM Bordallo said there is no change to the GM report that was given at last week's GWA Work Session. Only change being the production numbers.

##### **5.1.2 Financials**

CFO Cruz reported that sales targets are still 4% below sales projection. Spending (driven by sales) remains under budget. Debt Service Coverage is still healthy. Water purchases is better - GWA is buying less water. Relative to water production the CFO said he still questions the accuracy of the report because he doesn't see the correlation in the numbers. More discussion followed and the Commission asked the CFO to look into this and work with the Utility Services Administrator to determine further steps to resolve.

##### **5.1.3 Resolution 50-FY2018 Relative to Approval of the Talofof Sewer Improvement Project**

If approved, Resolution 50-FY2018 will provide new sewer pump stations and associated piping improvements to service an area of gravity sewer piping which was never properly connected to GWA's wastewater system. In doing so, GWA would eliminate the need to provide both contractor and in-house pumper trucks, other equipment and manpower, three to five times per week just to remove wastewater from a portion of the collection system for which complete the installation of necessary sewer pumping stations did not occur. For decades GWA has had to continue this pumping activity, which is highly inefficient and costly to all sewer rate payers. The construction of the sewer pump stations will allow for more adjacent lots to connect onto the existing gravity system as well as improve the operations of the collection system in Talofof. The new SPS will be located on Chalan Kanton



Ladera Street, Leonardo Tenorio Street, E. Johnny S. Taitague Street, and Chalan Ayuyu in the village of Talofoto.

The total lowest bid proposal submitted was Two Million Four Hundred Eleven Thousand Four Hundred Eighteen Dollars (\$2,411,418.00). GWA management further seeks on top of the total bid proposal a ten percent (10%) contingency of Two Hundred Forty-One Thousand One Hundred Forty-One Dollars and Eighty Cents (\$241,141.80), to bring the total authorized funding amount to Two Million Six Hundred Fifty-Two Thousand Five Hundred Fifty-Nine Dollars and Eighty Cents (\$2,652,559.80).

The contract period is 450 calendar days from NTP thus the completion of the project is potentially February 2020. Funding for this project will be from the USEPA State Revolving Fund and, if necessary, GWA Bond funds and SDC funds applicable to this project. It was mentioned that nine (9) companies picked up bid packages and four (4) bids were submitted on August 22, 2018.

Comm. Bamba motioned to approve Resolution 50-FY2018 second by Comm. Guthertz. There was no further discussion or objection and the motion passed unanimously.

#### **5.1.4 Resolution 51-FY2018 Approval of Contract Extension for Well Rehab and New Well Design, GHD Inc.**

GWA management is working to execute the construction procurement for the GWA New Wells at AG-10, AG-12 and Y-8 project, for which the engineering firm GHD, Inc. was the Engineer of Record (EOR). The objective of the project is to “reopen” the design contract with GHD and extend the period of this contract for a period until such time the new wells at AG-10, AG-12 and Y-8 are complete. Having GHD on-board during the bidding process as well as the construction activities will allow for all technical questions specific to the design to be answered.

The development of AG-10, AG-12 and Y-8 Deep Wells will allow GWA to increase its production capacity reserve that may be necessary for anticipated growth from the military build-up as well as directly improve water pressure to properties close to the new well locations

AG-10 is located in Dededo along Chalan Koda, AG-12 is located in Dededo along Chalan Bada and Y-8 is located in Yigo along Chalan Islas Marianas. GWA negotiated with GHD for fees related to the additional scope or work, and GHD submitted a final fee proposal in the amount of One Hundred Seventy Thousand (\$170,000.00), which will be handled on a Time and Materials basis. The source of funding for the Change Order will be from the Bond proceeds under CIP PW PW 05-14 “New Deep Wells and Down Hard”, PW 09-02 Water Wells or System Development Charge funds.

GWA Management anticipates the EOR will be involved with the bidding process and will have limited involvement during the construction activities, both of which may take 18 months to complete.

GM Bordallo said there is three wells left to complete and is asking to reopen contract value at \$170k

Comm. Guthertz motioned to approve Resolution 51-FY2018 second by Comm. Bamba. There was no further discussion or objection and the notion carried unanimously.

#### **5.1.5 Resolution 52-FY2018 Change Order Baza Gardens WW Cross Island Pumping and Conveyance Phase I / II Contract**

This is a court ordered project. This resolution will address pending Change Order proposals with the Phase I and Phase II contractor for the Baza Gardens Wastewater Cross-Island Pumping and Conveyance System project located along Route 17 and Route 2A. Critical scheduling of the installation work for the last leg of the 21-inch diameter gravity main that would complete the wastewater conveyance system to the new Agat-Santa Rita WWTP has been affected by the delay in completing work at the WWTP, and



therefore was Change Ordered to the Phase I and II contracts. In executing this particular work all contingency funds authorized for the Phase I and II contacts were depleted and as such prior Change Order Proposals that GWA has deemed acceptable and would have been funded by such contingencies, now require additional CCU action to allow GWA management to address them.

GWA management is seeking CCU approval for additional funding for Change Order Proposals related to the Phase I and Phase II contracts in the amount of Three Hundred Twenty-Four Thousand Three Hundred Fifty-Two Dollars and Fifty-Eight Cents (\$324,352.58) and One Hundred Twenty-Eight Thousand Nine Hundred Seventy-Five Dollars and Twenty-Six Cents (\$128,975.26), respectively.

GWA management seeks CCU approval for additional funding for the Change Order Proposals for Phase I and Phase II noted above, plus a ten percent (10%) contingency to these amounts or Thirty Two Thousand Four Hundred Thirty-Five Dollars and Twenty Six Cents (\$32,435.26) and Twelve Thousand Eight Hundred Ninety-Seven Dollars and Fifty-Two Cents (\$12,897.52) respectively, to bring the total authorized funding to the Phase I contract to Eight Million Six Hundred Thirty-Nine Thousand Three Hundred Forty-Six Dollars and Fifty-Nine Cents (\$8,639,346.59) and a total authorized finding for Phase II to Six Million Three Hundred Fifty-Six Thousand Eight Hundred Seventy Dollars and Forty Eight Cents (\$6,356,870.48). The funding source will come from wastewater bonds applicable to the project as well as System Development Charge funds. It was mentioned that expected completion date is December 2018.

Comm. Sanchez said that the System Development Charge is being used and public awareness should be given to let ratepayers how the money is being spent.

Comm. Bamba motioned to approve Resolution 52-FY2018 second by Comm. Guthertz. There was no further discussion and the motion passed unanimously.

#### **5.1.6 Resolution 53-FY2018 Relative to Charge Off of GWA Receivables Deemed Uncollectible**

The purpose is to approve adjustments to GWA's receivables for inactive accounts from the fiscal years 1996 through 2014 that have exceeded the statute of limitations and to fairly state the outstanding balance. The estimated amount of these outstanding balances is \$9.3 million, however, allowances for doubtful accounts are recognized and reported in the financial statements each year as "bad debt". It is management's intent to complete the required adjustments prior to closing FY2018.

In discussion CFO Cruz said the underlying reason driving this action is the 4-year statute of limitations and that the accounts in question are predominantly residential customers. He added that this is 2% of collectibles there is no reason to keep it in the books as receivable since there's no legal remedies to force collection.

Comm. Sanchez asked if the statute of limitation is 4 years Is there something we could do to minimize the perception of a large sum being written off. Perhaps do the write off in 7 years rather to wait so long, Management said they would look into this.

Comm. Bamba motioned to approve Resolution 53-FY2018; second by Comm. Guthertz. There was no further discussion or objection and the motion passed.

## **6. ANNOUNCEMENTS**

### **6.1 Next CCU Meetings: GWA Work Session: 10/16; GPA Work Session 10/18; CCU Meeting 10/23**

The Chairman announced that the next meeting would be a GWA Work Session on Oct. 16; a GPA Work Session on Oct. 18 and the regular monthly CCU meeting on the October 23.



7. **EXECUTIVE SESSION**

7.1 **Personnel Matter**

This matter was discussed.

The Meeting was recessed until 4:30 p.m., Tues., Oct. 2, 2018

**Continuation of the Regular CCU Board Meeting of Sept. 25, 2018  
CCU Conference Room, Gloria B. Nelson Public Service Building  
4:30 p.m., Tues., October 2, 2018**

The Chairman called the meeting to order at 4:45 p.m. and announced that this is the continuation of the recessed meeting of the CCU on Tues., Sept. 25<sup>th</sup>. All (5) Commissioners were present. Others in attendance include:

**Commissioners:**

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

**Executive Mgmt.:**

John Benavente	GM / GPA
Melinda Mafnas	AGMO / GPA
John Kim	CFO / GPA
Kelly Clark	Staff Attorney / GWA

**Management & Staff:**

Art Perez	Public Information Officer / GPA Communications
Lou Sablan	CCU Recording Secretary / GPA-GWA

**Guest:**

Ann Marie Muna	AM Insurance
Angelica Perez	AM Insurance

**New Business**

**4.1.6 Resolution 2018-22 Relative to Award of Property Insurance Policy**

Chairman Duenas said the property and casualty insurance must be approved because it needs PUC approval and because the policy must be in place by Nov. 1.

CFO Kim said this is insurance for GPA properties – a bid for 3 years with 2 1year options. There is only 1 sole bidder. There is a reduction in price of about \$2.1M and he is asking for CCU approval. Within the option there's \$200M coverage and option to increase to \$300M for additional \$100k per annum. He is asking for approval of the latter as well.

Comm. Santos motioned to approve Resolution 2018-22 second by Comm. Guthertz.

In discussion Comm. Sanchez asked status of the additional information requested by the Commission. Comm. Santos confirmed it was received and that he would send him the data.

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

On the matter relative to the CCU Policy regarding P.L 34-116 the FY19 Budget Law which was passed at the Tuesday, 9/25/18 meeting, Comm. Sanchez said he would like to ask a question of the GPA & GWA Legal Counsels. In P.L. 34-116, the Legislature intended to prevent public corporations, among others, from hiring new personnel from Sept. 1, 2018 through Dec. 31, 2018 and prohibit any promotions, along with any incremental or other upward pay adjustments for employees during FY2019. The Commission voted at the 9/25/18 meeting to adopt a policy to not recognize the Legislature's mandate based on an opinion from Atty. General Rapadas – AG12-0014 dated January 9, 2012.

Comm. Sanchez sought GPA/GWA counsel's legal opinion on AG Rapadas' opinion that Executive Powers cannot be restricted. Comm. Sanchez said he is not clear on GPA/GWA legal counsel's opinion whether they agree with the Rapadas opinion or not so he asked both Counsel's Botha and Clark. Both Atty. Clark and Botha responded that they reviewed AG Rapadas's Opinion and they do not have any issues with it and can use this Opinion to defend the CCU, if needed.

#### **8. ADJOURNMENT**

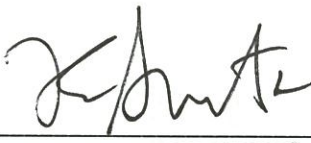
With nothing further to discuss, the meeting adjourned at 5:00 p.m.

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Bls

Attested:

  
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JOSEPH T. DUENAS, Chairman

  
\_\_\_\_\_  
J. GEORGE BAMBA, Secretary  
FRANCIS E. SANTAS