



Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., January 22, 2019

MINUTES

1. CALL TO ORDER

The Chairman called the CCU regular meeting of January 22, 2019 to order at 5:30 p.m. He said four (4) Commissioners were present; Comm. Sanchez was absent and excused. Others in attendance include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer

Executive Mgmt.:

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

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Ron Topasna	O&M Mgr, Water Treatment / GWA
Geigy Salayon	Utilities Service Mgr, Operations / GWA
Vincent Pangelinan	O&M Manager, Water Distribution / GWA
Vangie Lujan	GWA
Dave Fletcher	O&M Mgr. Wastewater Treatment / GWA
Lisa San Agustin	Utilities Services Administrator / GWA
Heidi Ballendorf	Communications / GWA
Patti Diego	Communications / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja-Gallarde	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Mark Miller	PUC
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Sabina Perez	Senator
Angelica Perez	AM Insurance
Clynt Ridgell	Senator
Kurt Bilz	Brown & Caldwell
Jerry Johnson	Brown & Caldwell

2. APPROVAL OF MINUTES

The Minutes of November 27, 2018 and January 10, 2019 were presented for approval.

Comm. Guthertz motioned to approve the Minutes subject to verification and written correction; second by Comm. Limtiaco. There was no further discussion or objection and the motion carried.

3. COMMUNICATIONS

3.1 Public Comments - None

4. GWA

4.1 **New Business**

4.1.1 GM Report

GM Bordallo said there is no change on GM Report reported at the GWA work session with exception of a couple items - under operational issues, page 58-65 in particular, the summary of Typhoon Yutu recovery efforts in Saipan. He applauded GWA crew's efforts there. He updated that GWA did not send additional support and on pages 47 & 48 – he gave updates on CIP and SRF projects and changes to expenditures to the months of Nov/Dec 2018. A full copy of the GM report is available upon request.

Chairman Duenas asked - what grants are available this year and, if there was any effect from federal shutdown happening stateside. The GM responded that FY19 grants has been approved for \$990k for GWA and so far all still looks good - no delays to speak of. He added that the situation is fluid and he will update the Commission as needed.

In closing the GM Bordallo distributed to the Commission hard copies of potential policy initiatives in respond to the Chairman's request via email. The Chairman added he asked both GM's to brief the Commission on initiatives / projects that are part of their respective masterplans so this is not something new. GM Bordallo said that he may be bringing before the Commission which includes affordability initiatives for ratepayers. The chairman also mentioned broad policy issues that the Commission should be thinking about such as the one customer experience, like the holidays that we observe such as executive order holidays. The ones that are legislatively mandated are not the issue; the concern is the ones that are not planned / regularly observed such as the ones granted under executive order. The Commission wants the GM to know how to handle this via some kind of policy so we know how to handle them. There may be schedules already set on the dates that are spontaneously granted via executive order. Another one is the drug free workplace policy which includes alcohol abuse. The chairman said we need a better policy. GM Bordallo said he is also thinking of drafting a formal policy for the purchase of navy water such as a bulk water rate / purchase. It is difficult to try to negotiate any discussion relative to reduction without a formal written policy. Comm. Guthertz commented that the agencies also need to consider a policy about the use of medicinal marijuana. Comm. Limtiaco asked if heavy equipment drivers are required to go

through testing – GM Bordallo confirmed that GPA’s is employee wide and GWA said it’s upon entry. It was mentioned that the testing for GWA is DOA and GPA’s s 3rd party testing. The Commission said that this should be the same for GPA and GWA. Comm. Santos asked the GM’s to do a timeline and not leave it open ended. He also asked the AGMA’s to help work on the holiday schedule so everyone knows what to do.

4.1.2 Financials

CFO Greg Cruz said there is no addition to the financial report presented at the GWA work session and there was no further discussion relative to financials.

4.1.3 Resolution 11-FY2019 Change Order to Island Wide Well Site Rehab Project W15-004-EPA

The objective of the requested increase in funding is to have funds available to negotiate and execute a final change order that encompasses all additional work items necessary for the final project completion. Items to be addressed in the final change may include but are not limited to the following items:

- Required Changes to Programmable Logic Controller (PLC) configuration,
- Replacement and relocation for electrical handholes to comply with GPA requirements,
- Reimbursement for GPA power invoices for operation of the wells following substantial completion,
- Replacement of components determined necessary for proper operation of the chlorination system,
- Other potential issues regarding system start-up and troubleshooting

This project is located at Groundwater Wells within the villages of Dededo, and Mangilao. Construction activities will be limited to the well sites.

The original contract value for this project is Four Million Six Hundred Eighty-Nine Thousand Eight Hundred Eighty-Eight Dollars (\$4,689,888.00), plus a ten percent (10%) contingency of Four Hundred Sixty-Eight Thousand Nine Hundred Eighty-Eight Dollars and Eighty Cents (\$468,988.80).

With eight (8) previously approved changed orders in the amount of One Million Four Hundred Sixty-Eight Thousand Three Hundred Fifty-Three Dollars and Nineteen Cents (\$1,468,353.19), the current total contract value is Six Million One Hundred Fifty-Eight Thousand Two Hundred Forty-One Dollars and Nineteen Cents (\$6,158,241.19);

This additional funding request of Two Hundred Thirty Thousand Dollars (\$230,000.00) will bring the total authorized funding amount to Six Million Four Hundred Six Thousand Twenty-Three Dollars and Eighty Cents (\$6,406,023.80).

The project will be completed in February 2019 and funding will be from USEPA Grant and, if necessary, revenue funds and GWA Bond Funds applicable to the project.

Comm. Guthertz motioned to approve Resolution 11-FY2019, second by Comm. Limtiaco; there was no further discussion or objection and the motion passed.

4.1.4 Resolution 12-FY2019 Change Orders to DesignServContr for Northern District Waste Water Treatment Plant Upgrade to Secondary Treatment

GWA management has requested additional survey and design services under Amendment 4 to the Contract for Design Services for the Upgrade to the Northern District Wastewater Treatment Plant to

Secondary Treatment. The additional work is for the design of a new waterline between the Route 3 and NDWWTP to convey potable water to meet the increased demands of both the existing plant and the new treatment processes required for the upgrade to secondary treatment. The design of the waterline is necessary, as the existing potable water supply for NDWWTP is not adequate to meet the demands of the new treatment processes. The design and construction of the waterline must be completed prior to December 31, 2021 to ensure that the NDWWTP upgrade is fully functional.

GWA management has also requested additional design services under Amendment 5 to the Contract for Design Services to prepare design plans and specifications for alternative, deductive bid items for the NDWWTP Bid Documents. If construction bids are greater than available Office of Economic Adjustment grant funds, the deductive bid method will be implemented in order to contain the construction bids within the available funding limits. The design work for the deductive bids must be completed prior to mid-March 2019.

The total cost is \$122,678.39 (amendment 4 - \$59,757.33) and (Amendment -: \$62,921.06). GWA Management is seeking approval of an additional \$300,000.00, inclusive of the \$122,678.39 for amendments 4 and 5, and the balance for any change orders that may arise during the remainder of the project. The design services will be completed before December 31, 2021 and will be funded from the Office of Economic Adjustment General Assistance (OEA) Grant OCON 676-16-02

The Chairman added that the OEA Grants have a ceiling of \$173.9M for all the projects.

Comm. Guthertz motioned to approve Resolution 12-FY2019 second by Comm. Limtiaco; there was no further discussion or objection and the motion carried.

5. GPA

5.1 New Business

5.1.1 GM Report

GM Benavente reported on Saipan support saying he spent the weekend there. The GPA team is good and are really working hard to finish the restoration. He is ready to send the last \$500k of materials inventory that they need and said he estimates to bring the GPA team home around 2/17. He also said that CUC is asking to help them some more but that this request it is different issue and not part of the Yutu recovery. FEMA did give them funds for pole hardening. Comm. Limtiaco asked if the assets will also be returning around the same time and the GM said yes that is the plan.

He also stated relative to the policy request by CCU the GM said he will come back by Feb meeting for the holiday matter for sure and will work on a timeline for completion as recommended by Comm. Santos. Others he mentioned include renewable portfolio, new power plant, liquified natural gas, upgrading of transmission system with renewables, long term conversion underground, new revenue sources i.e. electric vehicles to include buses, human resource plan because many employees are of retirement age, customer service benchmarks and tracking. These are just some key matters and management will begin to gather the data and recommendation for presentation to the Commission.

The Chairman also mentioned the plan to bring salaries up to the 50th percentile and what this means in terms of costs. There was discussion on renewables and the utilization of land and economies of scale. He said all these policy initiatives feeds off the Integrated Resource Plan

GM Benavente proceeded to give his usual GM Report Summary.

- 1. Generation System:** The following summarizes the generation forecast for February 2019:
 - Projected Available Capacity: 322 MW
 - Projected Demand: 220 MW
 - Anticipated Reserve Margin: 102 MW
 - MEC 9 scheduled for overhaul Feb. 20th to March 5th.
 - Demand expected to be lower than February 2018
- 2. New 40 MW Energy Storage Systems:** The completion of the 16 MW and 24 MW Energy Storage battery systems are now scheduled for the end of March 2019. The project will improve reliability by mitigating most of the outages due to the tripping of generators and the solar PV farm intermittency (see following pages) related outages by over 70%.
- 3. Demand Side Management (DSM):** DSM Program reduces peak demand and reduces LEAC cost for all customers at a one time fixed rebate. GPA needs to add funding to DSM because the current funding of \$2.9M will be exhausted by next month.

DSM PROGRAM SUMMARY

Description	FY16	FY17	FY18	FY19 thru 10/31/18*	Total to Date
Regular/OT Pay	\$ 11,349	\$ 22,256	\$ 26,122	\$ 12,379	\$ 72,106
Other Contractual	\$ 28,279	\$ 85,550	\$ 116,978	\$ 3,025	\$ 233,831
Bank Fees	\$ 155	\$ 1,032	\$ 1,085	\$ 65	\$ 2,337
Paid Rebates-Split AC	\$ 154,700	\$ 557,275	\$ 1,247,000	\$ 161,150	\$ 2,120,125
Paid Rebates- Central AC	\$ 3,400	\$ 8,200	\$ 4,400	\$ -	\$ 16,000
Paid Rebates-Washer/Dryer	\$ 2,800	\$ 7,425	\$ 48,800	\$ 10,000	\$ 69,025
Total Expenses	\$200,682	\$681,738	\$1,444,384	\$186,619	\$2,513,424

Energy Storage Systems (ESS) Commissioning

Agana Substation ESS Project (24 MW/ 6MWH)



PCS & Transformers

Grading, trenching, conduit installation, and PCS and transformer foundation



Energy Storage Systems (ESS) Commissioning

Talofofu Substation ESS Project (16MW/16MWH)



PCS

Grading, trenching,
conduit installation,
and PCS and
transformer
foundation



4. REVISED SCHEDULE FOR NEW POWER PLANT PROCUREMENT

No.	Activity	Duration (Days)	Cumulative Duration (Days)	Expected Completion
1	IFB Issued to Potential Bidders			10/1/2018
2	Pre-Bid Meeting with Bidders	30	30	11/5/2018
3	Site Visit	1	31	11/6/2018
4	Cut-Off Date for Receipt of Questions	1	32	12/19/2018
STEP 2 - TECHNICAL PROPOSAL EVALUATION				
5	Bid Date - Envelope I and II with exception of Fixed Cap Charge submitted to GPA.	141	141	2/19/2019
6	Complete Evaluation of Technical Proposals & Notify Bidders	45	186	4/5/2019
7	Submittal of Price Proposal Deadline Fixed Capacity Charge (Envelope III)	179	179	3/29/2019
STEP 3 - PRICE PROPOSAL EVALUATION				
8	Conduct Envelope II & III Public Bid Opening Meeting	14	200	4/19/2019
9	Complete Evaluation of Envelope II & III; Invite the First-Ranked Bidder to Clarification Meeting	14	214	5/3/2019
10	Conduct Clarification Meeting(s) with First-Ranked Bidder and other top-ranked Bidders as required and selection of the Selected Bidder.	28	242	5/31/2019
11	Complete Negotiations of ECA with the Selected Bidder.	70	312	8/9/2019
12	GPA Rate Impact Study			8/9/2019
13	CCU Worksession			8/19 Session
14	CCU Meeting			8/19 Meeting
15	PUC Meeting			9/30/2019
16	Obtain CCU and PUC approval	52	364	9/30/2019
17	Sign the ECA with the Selected Bidder.	1	365	10/1/2019
18	IPP achieves financial close and starts construction.	180	545	3/29/2020
19	Phase 1 Commercial Operation Date	600	1145	11/19/2021
20	Phase 2 Commercial Operation Date	300	1445	9/15/2022

5. **LEAC Update:** GPA has recommended that it will not petition for a change in the LEAC factor for the period of February 1, 2019 to July 31, 2019. The LEAC rate to remain at **\$0.154242/kWh** effective for the period from February 1, 2019 thru July 31, 2019. Based on this status quo approach, an under-recovery of about **\$5.0M** is anticipated by the end of the LEAC period on July 31, 2019. The PUC will be establishing the rate later this month after we have provided updated information.

6. **Status of GPWA SCADA Project:** The system will improve system dispatching and day to day coordination between GPA and GWA. The commissioning of the GPWA SCADA Project will be in March 2019. The integration of the GWA Ugum Plant SCADA into the new system is expected by late February.

7. **Rating Agencies:** On December 12, 2018, CCU/GPA/GEDA updated the rating agencies, Fitch and S&P. The updates were particularly important in light of the impact on the island from tax changes and the frequent storms that we have been experiencing. I believe our investment grade ratings remain firm and stable as we continue to work on ways to achieve an upgrade. **Last week Moody's upgraded our rating to stable from negative.** Early last year, Moody's downgraded GPA to negative outlook due to GovGuam financial outlook.

8. **Phase III Renewables Bid:** The bid opening date has been issued. The bid request is for about 40MW of solar PV renewables to be constructed on Navy leased land; 30-year lease of 164 acres of Navy property for 40 MW solar PV Plant. Technical Proposals are due April 12, 2019. Award is targeted for this summer.

9. **PITI 8 & 9 (MEC Units):** This month, GPA takes ownership of the Piti 8 & 9 Units. The PUC has approved GPA Docket 18-13, Petition to extend the Piti 8 & 9 Contract with Osaka Gas for an additional 5 years. GPA is now working with Osaka gas to implement needed capital investments in order to improve the reliability of the units and extend its life for the next 10 to 20 years.

10. **Apprenticeship Program:** The next cycle of twenty (20) apprentices all in the T&D area began with orientation on January 22nd. There were 314 applicants vying for the program with 100 applicants passing the exams and were interviewed in December 2018. Twenty out of the 100 were selected to begin their apprenticeship on January 22nd.

11. **PGR Contract Deposit:** A clause in the contract provided for arbitration which was triggered thru the district court. The decision of the arbitrators was that GPA was not damaged and therefore deposit retained as liquidated damages is to be returned. GPA has return the deposit. GPA is removing similar languages from future contracts.

12. **December Tour of Power Plants in Michigan:** The tour taken by the SPORD Manager, New Power Plant Project Manager and myself was very informative. We were able to see first hand what power plants similar to what may be offered on the ongoing bid looked like. Additionally, we were able to discuss what issues we need to be cognizant of as we evaluate the bids. The following shows the combined cycle plant in Holland, Michigan and the Wartsila plant in Milwaukee, Michigan. The General Managers of both public power utilities personally took us on the tours.

13. **Net Metering (NEM) Credit Adjustment:** CCU approved GPA filing a petition to the PUC to consider changes to the existing net metering credit. GPA filed with PUC for adjustment of net metering credits from retail to avoided cost with a Grandfather phase-out approach over 5 years to the GPA avoided cost credit. PUC has engaged its consultant Daymark to review the petition and work is on-going at this time. The following summarizes Net Metering Customers as of December 2018:

Net Metering Summary Ending December 2018:			
Description:	Count	Kw	
Active	1,840	20,053	
Pending	19	241	
Totals:	1,859	20,294	
Service:	Count	KW	Kw/Customer
Residential	1,741	16,077	9.2
Others	99	3,976	40.2
Total:	1,840	20,053	10.9
% Residential	94.6%	80.2%	
Estimated 12 Months Revenue Impact:	\$3,791,657		

14. Streetlights Conversion to LED

- Transition to LED (about 6,000 lights changed and 10,000 more to be replaced in FY 2019 & FY 2020)
- 3,750 Units totaling about \$568K being awarded for delivery in 10 weeks. Balance of about 6,000 Units for changeout in FY 2020
- LED lights changeout may include monitoring capability so that real time determination of lights out is made. Subject to economic feasibility and technology improvement.
- Transition to LED will result in cost savings which could be use to add about 2,731 additional lights at todays cost (see cost summary which follows).
- Streetlight Requirement Policy Should be Established

June 2018 Billing Data:				
Counts:	Type	250 Watts	150 Watts	Totals:
	HPS	1,765	7,947	9,712
	LED	779	5,708	6,487
		2,544	13,655	16,199
Cost:	Type	250 Watts	150 Watts	Totals:
	HPS	\$79,592	\$235,576	\$315,168
	LED	\$28,511	\$133,940	\$162,451
	Total:	\$108,103	\$369,516	\$477,619
\$/unit	Type	250 Watts	150 Watts	
	HPS	\$45.09	\$29.64	
	LED	\$36.60	\$23.47	
	Savings / Unit:	\$8.50	\$6.18	
	Monthly Savings			\$41,882
	Annual Savings			\$502,586
Balance for Changeout		250 Watts	150 Watts	Totals:
Remaining HPS Units		1,765	7,947	9,712
Estimated Material Cost		\$353,177	\$1,107,097	\$1,460,273
Estimated Additional Monthly Savings		\$14,993.91	\$49,097.17	\$64,091.07
Estimated Additional Annual Savings				\$769,092.88
Material Payback Period (Years)				1.9
Potential Additional Village Streetlights				2,731

GPA YUTU SUPPORT

ManPower

- 33 Personnel
- Rick Quidachay, Asst T&D Mgr
 - 11 Linemen
 - 6 Operators
 - 5 Engineers
 - 2 Substation Electricians
 - 1 Relay Technician
 - 2 Generation Mechanics
 - 2 Generation Electricians
 - 2 Heavy Equipment Mechanics
 - 1 Safety Officer

Equipment

- 4 Bucket Trucks
- 2 Vans
- 1 Light Cart
- 1 Flatbed
- 3 Utility Trucks

Materials

- 439 Power Poles
- 140,000 LF of Primary & Secondary Wire
- 92 Transformers
- 1,020 Crossarms
- Insulators, Connectors, Clamps, Nuts, Bolts

GPA CREWS - ENERGIZED CUSTOMERS

Date	No. of Meters	Total No. of Meters
1/8/2019	17	17
1/9/2019	62	79
1/10/2019	36	115
1/11/2019	14	129
1/12/2019	18	147
1/13/2019	40	187
1/14/2019	64	251
1/15/2019	37	288



Pole Installation Summary

	Poles (55')	Poles (45')	Poles (35')	Primary Wire (spans)	Secondary Wire (spans)	Service	Framing	XFMR
Assessment Damage Count	17	1544	211	5483	2353			318
	1772							
Repair Work Completed	57	1069	114	1084	222	470	663	179
	1240							
Remaining	532			4399	2131			139



5.1.2 Financials

Financials were not discussed.

5.1.3 Resolution 2019-01 Contract Extension with IP&E for Fuel Bulk Storage Facility

The 2-Year based period of the contract with IP&E for the Management, Operation, and Maintenance of the GPA Fuel Bulk Storage Facility under GPA-014-17 is set to expire on September 30, 2019, with three optional one-year extension.

The objective is to continue and exercise the first (1st) year extension of the contract commencing in October 01, 2019, to ensure uninterrupted, reliable operation of the facility for the supply of fuel to the GPA plants. The first (1st) year contract extension is estimated to cost about \$859,329.00 for the required services under the contract (Exhibit A) commencing October 1, 2019 and expiring Sept. 30, 2020 and will be funded under the fuel budget. Other services will be funded through O&M, and some through CIP if it involves procurement of equipment, construction, modification and others.

It was announced that IP&E Guam LLC has been awarded the contract through a multi-step IFB process.

Comm. Limtiaco inquired how the awardees are awarded - was it mutual consent or solely GPA. GM Benavente said it was solely GPA. The Commissioner also asked about the scope of the contract and GM confirmed it is full scale maintenance. It was also clarified that GPA staff was never responsible for this type of service; it was always handled by a 3rd party.

Comm. Guthertz motioned to approve Resolution 2019-02 second by Comm. Limtiaco. There was no further discussion or objection and the motion passed 4 yes, 1 absent.

5.1.4 Resolution 2019-02 Authorizing Construction for Tumon Bay Lateral Conversion Project

The Tumon Bay Lateral Underground Conversion Project is designed to convert the existing overhead laterals along San Vitores Road to an underground system. The project will also upgrade the system to address voltage delivery issues. This project will provide an underground system that will remain intact in the event of a typhoon, consequently greatly minimizing restoration efforts for this area. The project was originally planned to install a primary and secondary underground system along 11 sites along San Vitores Road in Tumon. Based on available funding, the project will convert five sites (Fiesta Hotel Lateral, Dai Ichii Condo Site, Behind Pacific Bay Hotel, Behind DFS, and the Lotte and Nikko Hotel Areas).

The primary line will be placed underground and residential and commercial customers within the project area will be converted to an underground service through pad-mounted transformers.

Total Cost for the five sites \$5,280,033

Tumon Lateral - Job Order 100114	Estimated Cost	Core Tech Bid Cost
Mobilization/Demobilization		\$ 1,106,341.00
Permits		\$ 83,573.00
Site 1, Fiesta Hotel	\$ 371,367.00	\$ 403,149.00
Site 2, Dai Ichii	\$ 618,945.00	\$ 326,313.00
Site 3, Cushing Zoo	\$ 200,538.18	\$ 553,748.00
Site 4, Behind Bank of Guam	\$ 800,502.20	\$ 672,179.00
Site 5, Behind San Vitores church	\$ 470,398.20	\$ 501,161.00
Site 6, Behind Acanta Mall	\$ 264,083.20	\$ 201,055.00
Site 7, Behind Pacific Bay Hotel	\$ 577,682.00	\$ 341,829.00
Site 8, Behind Tumon Sands	\$ 1,171,869.20	\$ 1,029,309.00
Site 9, Behind Park Arcade Building	\$ 379,619.60	\$ 527,479.00
Site 10, Behind DFS	\$ 2,989,916.98	\$ 1,530,017.00
Site 11, Nikko	\$ 1,605,130.70	\$ 1,488,811.00
TOTAL	\$ 9,450,052.26	\$ 8,764,964.00
Total Site for Sites 1,2,7,10, 11 and Mobilization and Permits ONLY	\$5,280,033.00	

Time delivery to complete work is 12 months upon issuance of NTP and will be funded via GPA 2010 Revenue Bonds at the costs indicated here.

Current Budget:	\$2,552,000
Reallocated Bond Funds:	<u>\$2,800,000</u>
	\$5,352,000

It was mentioned that Core Tech and Kinden were the only bidders

Comm. Guthertz motioned to approve Resolution 2019-02 second by Comm. Limtiaco. There was no further discussion or objection and the motion carried.

6. ANNOUNCEMENTS

6.1 Next CCU Meetings

The Chairman announced that the next meeting would be the GWA Work Session on February 21; GPA Work Session on February 26 and the regular monthly CCU meeting on February 26.

He called for a 5-minute recess before Executive Session; it was 6:10 p.m.

Executive Session began at 6:15 pm.

7. EXECUTIVE SESSION

7.1 Personnel Matters

This matter was discussed.


8. ADJOURNMENT

With no further business to bring before the Commission, the meeting was adjourned at 7:00 p.m.

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Attested:



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO Secretary