



Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., July 23, 2019

MINUTES

1. CALL TO ORDER

The Chairman called the CCU regular monthly meeting of the Consolidated Commission on Utilities for July 23, 2019 to order at 5:38 p.m. He said all five (5) Commissioners were present for a quorum. 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
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo	GM / GWA
John Benavente	GM / GPA
Melinda Mafnas	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
Chris Budasi	AGMA / GWA
John Kim	CFO / GPA
Gilda Mafnas	CFO (A) / GWA
Kelly Clark	Legal Counsel / GWA
Graham Botha	Legal Counsel / GPA

Management & Staff:

Art Perez	Communication / GPA
Vangie Lujan	Compliance & Safety / GWA
Paul Kemp	AGM Compliance & Safety / GWA
Heidi Ballendorf	Communications / GWA
Zina Pangelinan-Charfauros	Personnel Administrator / GWA
Jason Tudela	GWA
Dave Fletcher	GWA
Ron Topasna	O&M Mgr., Water Treatment / GWA
Vien Wong	IT / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex.Office
Ann Borja-Gallarde	Mgmt. Analyst / GWA Ex.Office
Lou Sablan	Board Secretary / CCU

Guest:

Irene Hicks	ABE
Dave Hick	ABE
Fred Keller	IT&E

Vivek	Tristar
Brian Park	Tristar
Mark Miller	Commissioner / PUC
Fred Horecky	ALI / PUC

2. APPROVAL OF MINUTES

The Minutes of April 25, 2019 and May 28, 2019 were presented for approval.

Comm. Guthertz motioned to approve the Minutes subject to verification & written correction, second by Comm. Limitaco. There was no further discussion or objection and the motion passed unanimously.

3. COMMUNICATIONS

3.1 Public Comments – None

4. GWA

4.1 New Business

4.1.1 GM Report

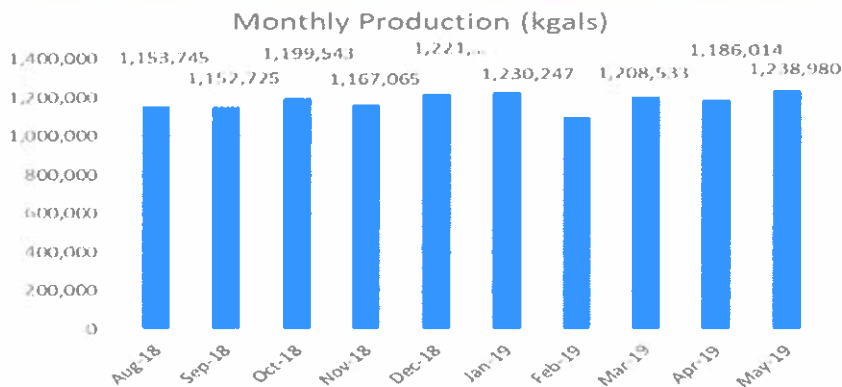
GM Bordallo said there was one item updated on the GM Report provided at the work session related to Waste Water Collection for May / June. While not discussed in detail at this meeting the GM Report which was provided at the GWA Work Session on 7/16 is provided here in detail for the record.

Operations Update

Production (May 2019)

Monthly Production Summary - May 2019		
Deep Wells		36.5 MGD
Active wells =	102 of 120	
Avg days in operation =	31 days	
Total Production =	1,131,672 Kgals	
Springs		0.17 MGD
	31 days	
Total Production =	5409 Kgals	
Ugum Surface Water Plant		2.3 MGD
Avg days in operation =	31 days	
Total Production =	71,736 Kgals	
Tumon Maui Well		0.97 MGD
Avg days in operation =	31 days	
Total Production =	30,163 Kgals	
	1,238,980 Kgals	40.0 MGD

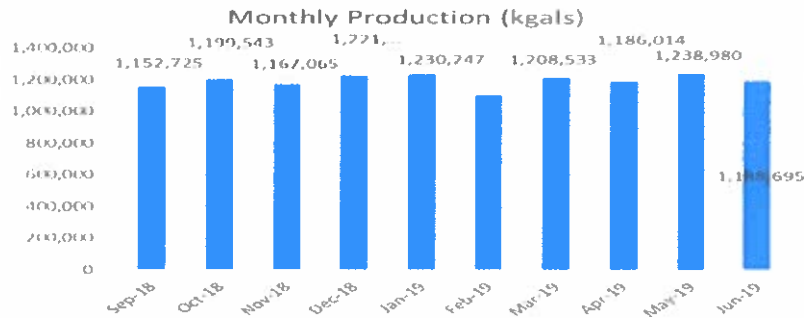
DW Status as of 5/31/2019	
Active	102
Grounded motor or Pump Failure	5
Out of commission	8
Secured, PFOs	2
Temporarily Secured	1
Standby	2
TOTAL	120



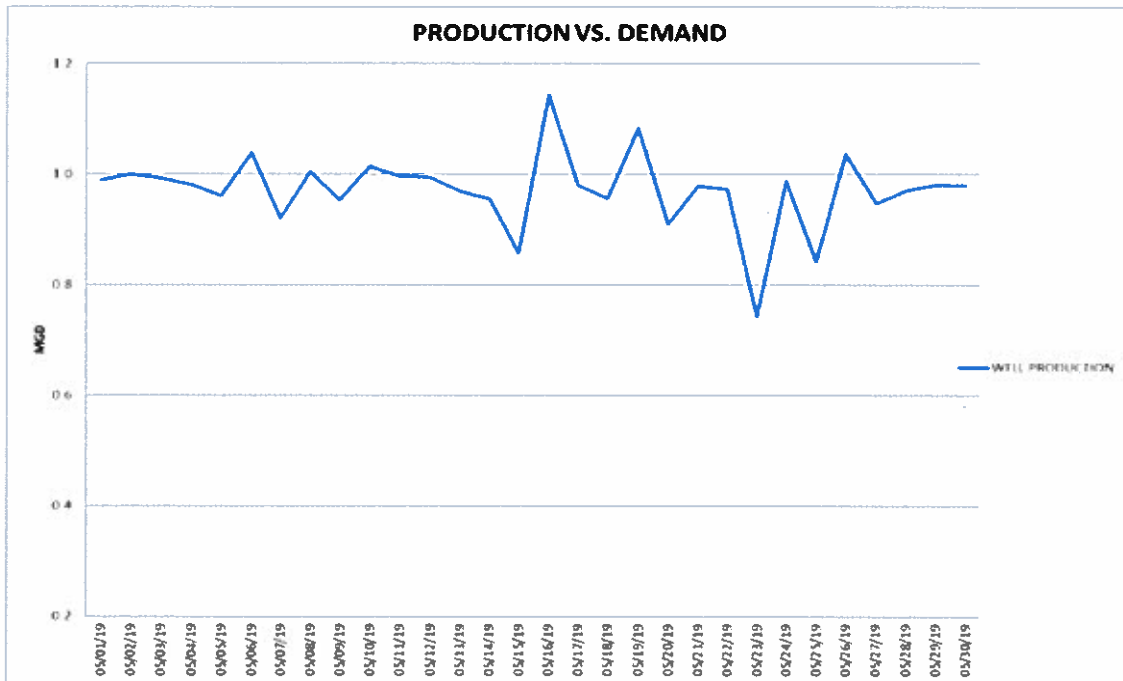
Operations Update
Production (June 2019)

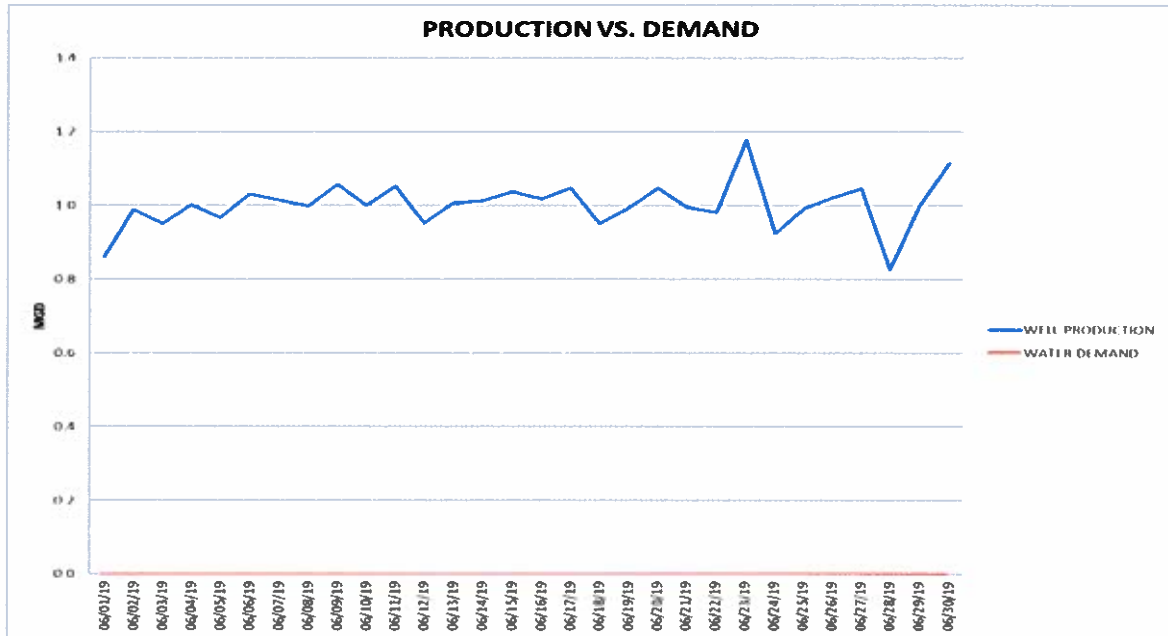
Monthly Production Summary - June 2019		
Deep Wells		36.0 MGD
Active wells =	103 of 120	
Avg days in operation =	30 days	
Total Production =	1,079,487 Kgals	
Springs		0.19 MGD
Avg days in operation =	30 days	*placed on standby
Total Production =	5828 Kgals	
Ugum Surface Water Plant		2.4 MGD
Avg days in operation =	30 days	
Total Production =	71,489 Kgals	
Tumon Maui Well		0.97 MGD
Avg days in operation =	30 days	
Total Production =	29,210 Kgals	
	1,186,014 Kgals	39.5 MGD

DW Status as of 6/30/2019	
Active	97
Grounded motor or Pump Failure	6
Out of commission	8
Secured, PFOs	2
Standby	7
TOTAL	120



Tumon Maui Well Production (May 2019)





4.1.2 Financials

The financial report was included in the meeting packet but were not discussed or questioned.

4.1.4 Resolution No. 38-FY2019 Approval of Fire Hydrant (Dry Barrel) Replacement Project

If approved Resolution 38-FY2019 will allow GWA to replace old, leaking or non-functioning fire hydrants (dry barrel type). GWA has approximately 3,800 fire hydrants throughout the island, specifically, Barrigada, Mangilao, Mongmong-Toto-Maite, Yona, Tamuning, Dededo and Chalan Pago, which were visually inspected and categorized by their condition ranging from “Excellent” to “Extremely Poor”. GWA Water Distribution Operations has been able to replace approximately 300 wet barrel fire hydrants from the condition assessment list in several villages due to the simplicity of just changing out the hydrant body. Replacement of dry barrel fire hydrants, however, is more complicated as the work involves additional construction activities such as trenching, pipe and valve replacement, and pavement/concrete demolition and restoration. GWA crews are able to do these types of work activities however commitment of O&M operations crew would take time away from normal operations duties thus the procurement of a contractor to do the work was determined to be more effective for advancing the hydrant replacement program.

The lowest bid proposal submitted that was deemed responsive and responsible was by Mega United Corporation of One Million Two Hundred Forty-Two Thousand Six Hundred Seventy Dollars (\$1,242,670.00). GWA management also seeks a ten percent (10%) contingency or One Hundred Twenty-Four Thousand Two Hundred Sixty-Seven Dollars (\$124,267.00) to bring the total authorized funding request to One Million Three Hundred Sixty-Six Thousand Nine Hundred Thirty-Seven Dollars (\$1,366,937.00) and will come from both bond and revenue funds. Anticipated completion date for the project is 365 days from the time the Notice to Proceed is issued.

Comm. Guthertz motioned to approve Resolution 38-FY2019 for discussion second by Comm. Sanchez

In discussion GM Bordallo gave an update on the number of hydrants being repaired / replaced. He confirmed that overall there are 1600 hydrants being replaced and of that 750 will be the target for the first 5 years. Comm. Guthertz asked about new developments if it's a private development the developer puts in the hydrants and it becomes maintenance for GWA. For government or new schools the contractor will install them and again GWA will maintain them. Comm. Guthertz commented that this is an amazing initiative because it keeps public safe. Comm. Limtiaco asked how many dry barrels will be replaced the first 5 years and GM Bordallo said 190.

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

4.1.5 Resolution No. 39-FY2019 Approval of Contract with Total Chemicals and JMI Edison Add'l Purchase of Wastewater Chemicals

This resolution will provide wastewater treatment chemicals to the Northern District and Hagåtña WWTPs for chemically enhanced primary treatment as required by USEPA and specified in § II A Paragraphs 2 and 5 of the 2011 Court Order, and to the Agat-Santa Rita Wastewater Treatment Plants for secondary treatment to ensure the reduction of solids and the discharge of effluent complying with permits for those facilities.

The total of the contract is Two Million Six Hundred Twenty-Seven Thousand Five Hundred Thirty-Six Dollars and Fifty-Six Cents (\$2,627,536.56) for Inorganic Coagulant for three years based on an estimated annual consumption of 803,528 at \$1.09 per pound with Total Chemical Resources, Inc. and One Million Sixty-Four Thousand Fifty-Three Dollars and Fifty-Three Cents (\$1,064,053.53) for Anionic Polymer for three years based on the annual consumption of 111,763 at \$1.16 per pound and Cationic Polymer at an annual consumption of 138,061 at \$1.63 per pound with JMI Edison.

GWA management is also seeking a ten percent (10%) contingency in the amount of \$262,753.66 for the contract with Total Chemicals bringing the total authorized funding to Two Million Eight Hundred Ninety Thousand Two Hundred Ninety Dollars and Twenty-Two Cents (\$2,890,290.22) and an amount of \$106,405.35 for the contract with JMI Edison which would bring the total authorized funding to One Million One Hundred Seventy Thousand Four Hundred Fifty-Eight Dollars and Eighty-Eight Cents (\$1,170,458.88). The funding source for this procurement is O&M funds. The contract is for three (3) years with two (2) one (1) year options to renew.

Total Chemical Resources, Inc was awarded the bid for Inorganic Coagulant ("ACH"), JMI Edison was awarded the bid for Anionic Polymer and Cationic Polymer.

Comm. Guthertz motioned to approve Resolution 39-FY2019 second by Comm. Limtiaco. The motion carried and the vote was unanimous.

5. GPA

5.1 New Business

5.1.1 GM Report

The GM updated the Commission that there is no longer a protest on new power plant. They had 14 days to go to OPA and there was none. The GM said he plans to bring the bid results to the CCU in the August meeting. The GM congratulated GPWA 1st place on Liberation Parade. He said there is a presentation on LEAC but there really is no change. The CFO passed out hard copies of management's recommendation to the Commission for their review. The recommendation is to hold LEAC.

There was discussion on temporary streetlight as public service for funerals. GM Benavente described the service. The GM will give the CCU a summary on how many of these types of requests are handled annually.

Comm. Santos asked the difference between GPA SL or DPW SL The GM said the latter is metered and DPW pays for it. Other Gov SL are lights that some agencies pay. It was mentioned that GVB has their own streetlight that is metered.

Comm. Guthertz wants a copy of the streetlight map. Management will put this on CD and distribute to the Commission.

ACTION: Provide SL MAP to Comm. Judi Guthertz (Assignee(s): Melinda Mafnas; Due Date: 07/24/2019)

There was discussion on the history of streetlights and its appropriation. Comm. Sanchez said the legislature has not changed the fee; Comm. Duenas said DPW is not following standard on routed highways and shared areas / intersections that are very dark.

5.1.2 Financials

The usual financial report was provided in the packet but not discussed.

5.1.3 Resolution No. 2019-10 Diesel Fuel Oil #2 Contract

The Guam Power Authority's current contracts for Supply of Diesel Fuel Oil No.2 for the Baseload and Peaking Plants expire on December 31, 2019. The new fuel supply contracts are necessary to provide uninterrupted supply of fuel for the power plants.

These contract service the Baseload and Peaking Power Plants which were split into four (4) specified delivery sites:

- Site Location 1 (Yigo CT and Aggreko)
- Site Location 2 (Macheche CT and Dededo CT)
- Site Location 3 (Piti 7)
- Site Location 4 (Cabras 1&2, MEC 8&9, Manenggon Diesel Plant, and Talofofo Diesel Plant)

The aggregate cost for the two-year contract base period with *Mobil Oil Guam for Sites 1, 3 & 4* is \$113,384,400 (subject to change depending on prevailing market price for diesel) of which \$12,254,800.00 is for the Fixed Service Fee cost.

The total cost for the two-year contract base period with *IP&E Holdings, LLC for Site 2* is estimated at \$33,280,000 (subject to change depending on prevailing market price for diesel) of which \$3,536,000.00 is for the Fixed Service Fee cost.

The aggregate *contract value* for all the site locations for the two-year contract base period is estimated at \$146,664,400 (subject to change depending on prevailing market price for diesel) of which *\$15,790,800.00 is for the Fixed Service Fee cost.* LEAC will be the funding source and the contract is a two-year base period with three one-year extension options.

Comm. Sanchez motioned to approve Resolution 2019-10 second by Comm. Guthertz.

Comm. Santos asked how does the CCU get notified on fuel prices if the prices drop. GM Benavente said typically management gives the Commission this information once the prices are set.

On the motion there was no further discussion and the motion carried. The vote was unanimous.

5.1.4 Resolution No. 2019-11 Out of Service Inspection & Refurbishment of GPA Bulk Storage Fuel Tanks

If passed, this resolution will allow GPA to comply with regulatory requirements. GPA will comply with the regulatory requirements by procuring services for the bulk storage fuel tanks out of service inspection and refurbishment 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 internal inspection was conducted in 2007 and inspections are required every ten (10) years. Upon completion of the project, they will be utilized to store ULSD fuel to supply Piti Power Plant 7 and upon ULSD conversion for Piti Power Plants 8 and 9 and the proposed 180 MW power plant.

On September 25, 2018 CCU approved Resolution 2018-20 authorizing GPA to solicit competitive bids for the Bulk Storage Fuel Tanks Out of Service Inspection and Refurbishment through an Invitation for Bid process and to petition the PUC for approval to issue bids to procure a contractor for the project. Then on October 25, 2018 the PUC approved GPA's petition to issue an Invitation for Bid related to the procurement of Bulk Storage Fuel Tanks Out of Service Inspection and Refurbishment.

The anticipated cost is \$8,969,510.00 for Tristar Agility contract and will be funded by Cabras 3&4 insurance proceeds. It is anticipated that the project will take 24 months to complete beginning in August 2019 with completion in August 2021

Comm. Guthertz motioned to approve Resolution 2019-11 second by Comm. Sanchez.

Comm. Limtiaco questioned the types of fuel that we currently purchase. GM Benavente responded Ultra Low Sulfur Fuel and Low Sulfur Fuel. The Commissioner also asked what is the cost savings anticipated once the tanks are refurbished and GM Benavente said about \$4M annually. For clarity, it was mentioned that the savings will not be realized until the new plant is place. GM Benavente gave a scenario of the planned phase in of the refurbished tanks saying that it has a lot to do with timing. It was mentioned that the refurbishment of the tanks will begin once approved by PUC. Once the refurbishment is done and the new plant is in commissioned, GPA will no longer need to rent storage tanks from a 3rd party.

Comm. Duenas commented that management needs to create a summary list of other things that have to be done such as the transmission line improvements or storage tanks at Okudu etc.

On the motion there was no further discussion and the motion carried; the vote was unanimous.

6. OTHER

6.1 Potential Ad Hoc CCU Committees

Chairman Duenas said that there is a suggestion made by Comm. Sanchez to form an Ad Hoc for Communications Committee, once the objectives are met the Committee will go away. Despite best efforts to provide info to ratepayers, they continue to have many questions about their services and how their services are affected by decisions and actions taken by utility employees, management and the CCU. In the past communication and public outreach efforts have been led by management with some involvement by the CCU. The CCU however are direct elected representatives of ratepayers and should assist management in improving public outreach To this end, Comm. Sanchez introduced the notion to create a subcommittee on Public Outreach and Communication, led by (2) CCU members.

Comm. Santos motioned to create Communication AdHoc Committee called Public Outreach and Communications Committee second by Comm Guthertz.

In discussion Chairman suggested Commissioners Sanchez and Guthertz as reps on the committee, they accepted.

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

6.2 CCU FOIA Responses

Comm. Duenas said there is a need to develop a Standard Operating Procedure to deal with FOIA responses from the Commission. Currently there is nothing in the law that speaks about this relative to Boards and Commissions. Comm. Sanchez said that a policy should be formulated but for now the interim handlers for the FOIA responses should be our counsels.- for a GWA issue, the GWA counsel will respond; if for a GPA issue, the GPA's counsel will respond.

There was also discussion on who and what can be FOIA'd, it is Comm Duenas' position that FOIA's are for documents, a question cannot be part of a FOIA. Further the Commission can be FOIA'd but not individual commissioners. The CCU is a collective body made of (5) Commissioners and they Commission can be FOIA'd but the individual Commissioners cannot be FOIA'd.

Comm. Guthertz commented that she has worked with many boards and commissions and she has never had to respond as an individual for a FOIA. She agrees with Comm. Sanchez that the FOIA requests should be routed to the 2 legal counsels for a response.

Comm; Sanchez motioned to task the 2 legal counsels to develop a policy for the handling FOIA's for the Commission or its individual members, to research the legal standards therein and report back at the next regular meeting in August second by Comm. Guthertz.

It was mentioned that there are some FOIA's still pending responses and Counsel Kelly is already working with the Board Secretary to gather what was sent to the Commission after June 1.

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

ACTION: Develop CCU SOP on how to respond to CCU FOIA's (Assignee(s): Kelly Clark, Graham Botha; Due Date: 08/27/2019)

6.3 GPA Drug Policy

GPA and GWA adopted a drug and alcohol policy in Oct. 2018 and then the AG, Barret-Anderson at the time opined that drug testing cannot be done to everyone. Her opinion was that you can test specific positions but not randomly test everyone.

Discussion followed Comm. Limtiaco said he has not seen any legal opinion and asked what is the opinion. Counsel Botha said that 80-90% of GPA's employees are randomly selected for testing via the DLS laboratory in Hawaii. Comm. Duenas said that GPA had a zero tolerance policy with the first offense being your last offense – 1x and you are out. Comm. Sanchez said that perhaps GPA should review GWA's policy to see if they want to something similar. Comm. Duenas said maybe counsel should go back to the AG to ask for his opinion re the 100% random testing.

ACTION: To get AG's opinion on 100% random testing (Assignee(s): Graham Botha; Due Date: 08/27/2019)

7. ANNOUNCEMENTS

7.1 Next CCU Meetings

The Chairman announced that the next meeting would be a work session for GWA on August 20 , a work session for GPA on August 22 and the regular monthly CCU meeting on August 27th.

8. ADJOURNMENT

There being no other business to bring before the Commission, the meeting adjourned at 6:41 p.m.

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Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO Secretary