



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

GUAM POWER AUTHORITY WORK SESSION

CCU Conference Room

4:30 p.m., Thursday, May 21, 2020

MINUTES

The CCU Chairman called the May 21, 2020 Guam Power Authority Work Session to order at 4:39 p.m. He said four [4] Commissioners were present – Comm. Santos was excused. Others in attendance include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner
Francis E. Santos	CCU Vice Chair [via GoTo]

Executive Mgmt.:

John Benavente	GM / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Graham Botha	Legal Counsel / GPA

Management & Staff:

Vien Wong	IT Support / GPA
Lou Sablan	Board Secretary / CCU, GPA, GWA

1. ISSUES FOR DECISION

1.1 LEAC Filing for August 2020 to January 2021/ Resolution 2020-09

GM Benavente said that the PUC filing for LEAC is on June 15th. Oil prices have dropped from \$55 to \$30.48 per barrel and there is an opportunity for substantial reduction on the LEAC rates. The GM's presented included the slides attached here.

In his presentation, the GM offered the Commission several scenarios as filing options and the outcome of each scenario relative to under recovery and

Scenario A: No change for current period, Decrease in August 2020 to Jan 2021

Scenario B: 8-Month LEAC beginning decrease on June 1st.

Scenario C: Moderate decrease in June; additional decrease in August

Scenario E: Too high a decrease results in an increase in August.

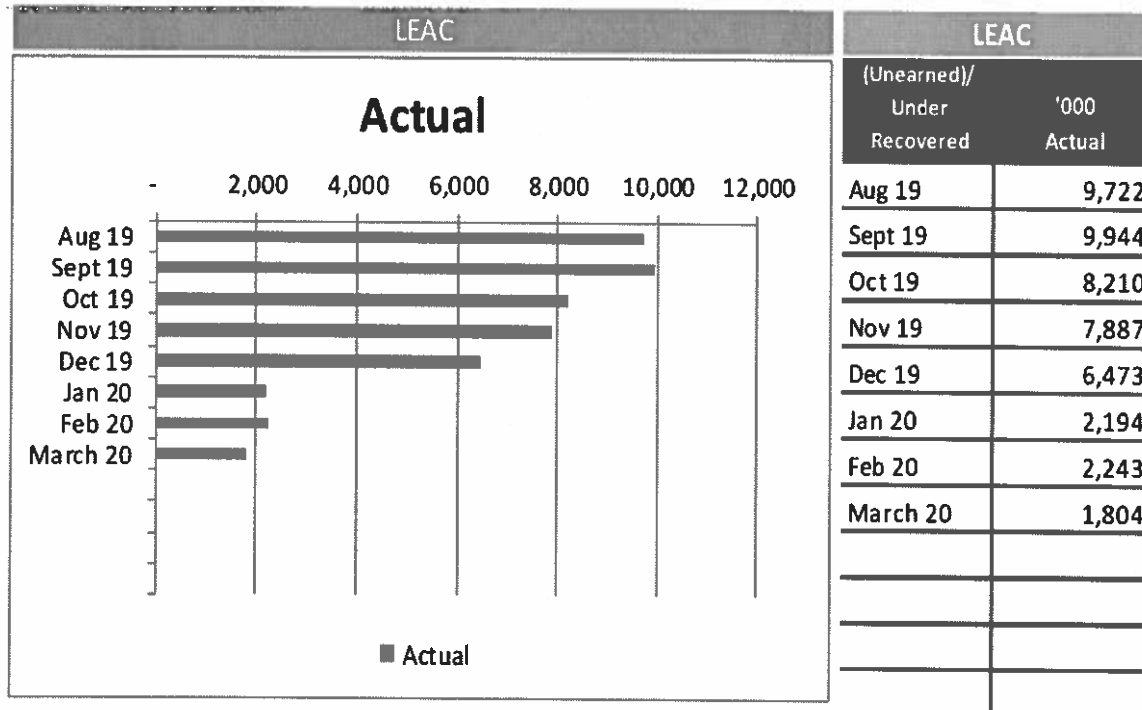
Historical LEAC Over (Under) Recovery

LEAC Period		Approved LEAC Rate	Actual Over (Under) Recovery
2/1/2013	7/31/2013	\$ 0.209271	\$ 1,345,259.01
8/1/2013	1/31/2014	\$ 0.182054	\$ 1,300,093.40
2/1/2014	7/31/2014	\$ 0.172986	\$ (1,137,034)
8/1/2014	10/31/2014	\$ 0.176441	\$ (4,646,872)
11/1/2014	1/31/2015	\$ 0.146666	\$ 661,428
2/1/2015	7/31/2015	\$ 0.102054	\$ 1,757,878
8/1/2015	1/31/2016	\$ 0.104871	\$ (2,467,151)
2/1/2016	7/31/2016	\$ 0.086613	\$ (2,668,603)
8/1/2016	1/31/2017	\$ 0.086613	\$ (9,915,360)
			\$ (5,315,360) (a)
2/1/2017	7/31/2017	\$ 0.105051	\$ (14,050,504)
8/1/2017	01/31/1018	\$ 0.117718	\$ (16,775,982)
2/1/2018	4/30/2018	\$ 0.147266	\$ (13,005,689)
5/1/2018	7/31/2018	\$ 0.154242	\$ (8,422,674)
8/1/2018	1/31/2019	\$ 0.154242	\$ (13,336,698)
2/1/2019	7/31/2019	\$ 0.154242	\$ (10,225,349)
8/1/2019	1/31/2020	\$ 0.154242	\$ (2,193,618)
2/1/2020	3/31/2020	\$ 0.134474	\$ (1,803,778)
4/1/2020	7/31/2020	\$ 0.110039	\$ (358,109) <i>Estimated Under Recovery</i>

(a) Under-recovery Balance after applying the \$4.6 million from the Cabras 3&4 Extra Expense claim

LEAC Under Recovery Balances

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LEAC - Proposed

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(in '000)	SCENARIO A			SCENARIO B		
	April 1 to Jul 31	Aug 1 to Jan 31, 2021	Variance	Jun 1 to Jan 31, 2021	Variance	
Rate	\$ 0.110039	\$ 0.083691	(\$0.026348) -23.9%	\$ 0.089177	(\$0.020862)	-19.0%
Under Recovery on July 31, 2020	\$ 358	\$ -		\$ 3,779		
Under Recovery on Jan 31, 2021		\$ -		\$ -		
Avg Price per Bbl - RFO	\$ 53.42	\$ 35.03		\$ 38.42		
Avg Price per Bbl - Diesel	\$ 65.65	\$ 48.26		\$ 51.01		
Rate with DSM		\$ 0.086800	(\$ 0.003109)			

LEAC – Billing Illustration

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	RATE SCHEDULE R					
	Existing Rate		Scenario A		Scenario B	
			Eff 08-01-20		Eff 08-01-20	
KWH		1,000		1,000		1,000
Monthly Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Non-Fuel Energy Charge						
First 500 KWH	0.069550	34.78	0.069550	34.78	0.069550	34.78
Over 500 KWH	0.086870	43.44	0.086870	43.44	0.086870	43.44
Emergency Water-well charge	0.002790	1.40	0.002790	1.40	0.002790	1.40
Total Electric Charge before Fuel Recovery Charges		94.62		94.61		94.61
Fuel Recovery Charge	0.110039	110.04	0.083691	83.69	0.089177	89.18
Total Electric Charge		<u>\$ 204.66</u>		<u>\$ 178.30</u>		<u>\$ 183.78</u>
Increase/(Decrease) in Total Bill				<u>\$ (26.36)</u>		<u>\$ (20.88)</u>
% Increase/(Decrease) in Total Bill				-12.88%		-10.20%
% Increase/(Decrease) in LEAC rate				-23.94%		-18.96%

It was discussed that with scenario A, residential customers will pay \$204 for June and July and beginning August – January 31, 2020 they pay \$176.30. With Scenario B, residential customers will pay \$183.72 starting June to January 31, 2021. To pass on savings sooner the bill will go down on June 1st OR to pass savings on later, the bill will go down on August.

SCENARIO	(in '000)	Effective June 1	Variance	Effective August 1
A	Rate	\$ 0.110039		\$ 0.083691
	Under Recovery at end of cycle	\$ 358		-
B	Rate	\$ 0.089177	\$ 0.020862 19.0%	\$ 0.089177
	Under Recovery at end of cycle	\$ 3,799		-
C	Rate	\$ 0.098420	\$ 0.011619 10.6%	\$ 0.086879
	Under Recovery at end of cycle	\$ 1,908		-
D	Rate	\$ 0.086800	\$ 0.023239 21.1%	\$ 0.090606
	Under Recovery at end of cycle	\$ 4,261		-

There was lengthy discussion on the various scenarios and the related savings and under recoveries

Comm. Sanchez said that he would like to see ratepayers enjoy a lower rate more sooner than later. Lowering the rate in June will give ratepayers immediate relieve. This would be the 4th decrease since August.

The GM said this he likes and recommends Scenario B because it is a stable rate for a longer period of time and is based on the consumer managing their consumption and it also gives the market time to stabilize.

Comm. Sanchez said all 3 scenarios – A, B and C drops the LEAC to under 9-cents. The difference is the how soon the ratepayers will benefit from the reduction. He said Scenario B gives the ratepayer the largest decrease for the longest period of time.

Comm. Limtiaco said we are all in agreement that the impact to the ratepayer especially during this time is immediate. In Scenario C there will be a decrease in June and then another decrease in August. Although it does not have the same impact on a percentage stand point he really likes the 2-step approach that scenario C offers.

Comm. Sanchez said the sooner we start reduction of the rate to the ratepayers the better. In scenario B, the reduction starts earlier in June and is held steady for eight months. He also mentioned that the difference between rates for scenario A, B and C are pennies on the average bill. His personal preference is to do scenario B that begins on June 1.

Comm. Sanchez motioned to reduce the LEAC based on Scenario B ending in a 19% reduction in LEAC and a 10% reduction in overall bill; second by Comm. Guthertz.

Scenario B reduces LEAC beginning June 1 and will hold through January 31, 2021. The related under recovery will be zero.

The Chairman asked if management is comfortable that the agency can tolerate any under recovery should the outcome be different. The GM said that there will be time to revisit the LEAC should the projections come short. The chairman said the Commission acts on evidence based movements.

Comm. Limtiaco asked CFO if the draft resolution is accurate to Scenario B and the CFO responded yes.

On the motion the vote was 4 ayes, 1 absent and Resolution 2020-09 passed.

1.2 PMC for GPA's Aggreko Temporary Power Units / Resolution 2020-10

GPA's contract with Aggreko expires on January 8, 2021. GPA's new Ukudu power plant and renewable energy contracts are not expected are expected to be commissioned until about 2022-2023. Therefore, to ensure adequate installed capacity to meet system demand, GPA needs to continue operating and maintaining the Aggreko Temporary Power Units located beside GPA's Yigo Combustion Turbine Power Plant.

The term of the new contract is for a three-year base period beginning January 9, 2021 and two (2) additional 1-year extensions. During this period, the PMC will also assure that all necessary activities to ensure efficiency and reliability of the units are accomplished. The plant will be operated and maintained by GPA personnel and supplemented by PMC personnel as necessary.

The anticipated schedule is as follows:

Contract Commencement:	January 9, 2021
Contract Base Period End:	January 8, 2024
Optional Extension Year 1:	January 9, 2024 – January 10, 2025
Optional Extension Year 2:	January 9, 2025 – January 10, 2026

The estimated annual cost is \$3.8M and will be funded with revenue funds. This will result in a \$8.1M reduction in current cost for plant.

1.3 KUDU Power Plant ECA Amendment / Resolution 2020-11

This matter was tabled.

1.4 Recognizing GPWA Employees for Success in Providing Continuous Service for the Island Throughout the COVID-19 Pandemic / Resolution 2020-12

Executive Order No. 2020-04, issued March 16, 2020, declared a public health emergency for the island of Guam due to the potential dangers posed by the Coronavirus (COVID-19), and ordered the closure of non-essential government of Guam services through March 30, 2020. Guam Power Authority and Guam Waterworks Authority (GPWA) were prepared to ensure continuity of essential utility services to the island community during the mandated two-week shutdown and beyond if necessary. GPWA developed a contingent operational plan, while the shutdown was extended. In addition to providing essential utility services, GPWA supported regular business functions to the extent practicable. To minimize exposure and spread of coronavirus, especially to and among employees in mission-critical positions, only approved key, essential employees were allowed entry into Fadian.

Executive Order No. 2020-05 issued on March 19, 2020 mandated social isolation, prohibiting social gatherings and clarified status of non-essential government of Guam operations. The Government of Guam was operating in a limited capacity. It was expressed that one of the best courses of combat

against community spread is through the reduction of face-to-face interaction with others and the practice of social distancing. In order to best deal with the ongoing Public Health Emergency, both Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) coordinated and provided the following operational plan; I) Direction and Organization; II) Ensuring Essential Operations; III) Ensuring Customer Services; and IV) Supportive Efforts.

On May 10, 2020, Governor Lou Leon Guerrero placed the island in Pandemic Condition of Readiness (PCOR) 2 under the Governor's Executive Order 2020-14. PCOR 2, expanded the categories of businesses and places authorized to reopen with moderate restrictions, including the public-facing functions of GPWA, signaling a positive movement toward normalcy.

In joint coordination, GPA & GWA General Managers ordered the full reopening of the utilities on Thursday, May 14, 2020 in compliance with PCOR 2 restrictions and requirements. To accommodate new health and safety requirements, work schedules were modified to incorporate continued telework and staggered shifts, where possible.

In addition to the Upper Tumon payment drive-thru, in-lobby and online payment options, a new, temporary payment drive-thru service was commissioned at Fadian location on May 14, 2020. Moving forward both utilities resumed full utility operations after a 2-month shutdown. As both agencies return to the business of the utility, employees were reminded to continue to do their part to slow the spread of COVID-19, and continue to promote good safety and health practices promoted by Guam Department of Public Health and Social Services, and the US Center for Disease Control and Prevention.

The coronavirus pandemic has changed our everyday lives and the way we interact with each other, moving individuals toward minimal human contact. Keeping safe, promoting healthy practices, working from home, wearing personal protective gear (mask) and practicing social distancing, is the new norm and for now part of our daily lives.

The CCU recognizes the hard work and dedication of the employees of the Guam Power Authority and Guam Waterworks Authority in providing uninterrupted power and water services to the island community during the pandemic public health emergency.

The CCU wishes to commend the employees of the Guam Power Authority and Guam Waterworks Authority for the successful efforts in providing continuous critical services to the ratepayers and people of Guam during this unprecedented emergency.

Comm. Duenas recommended to change title to "Success in Providing Continuous Service for our Ratepayers rather than "for the Island ...". There was no objection.

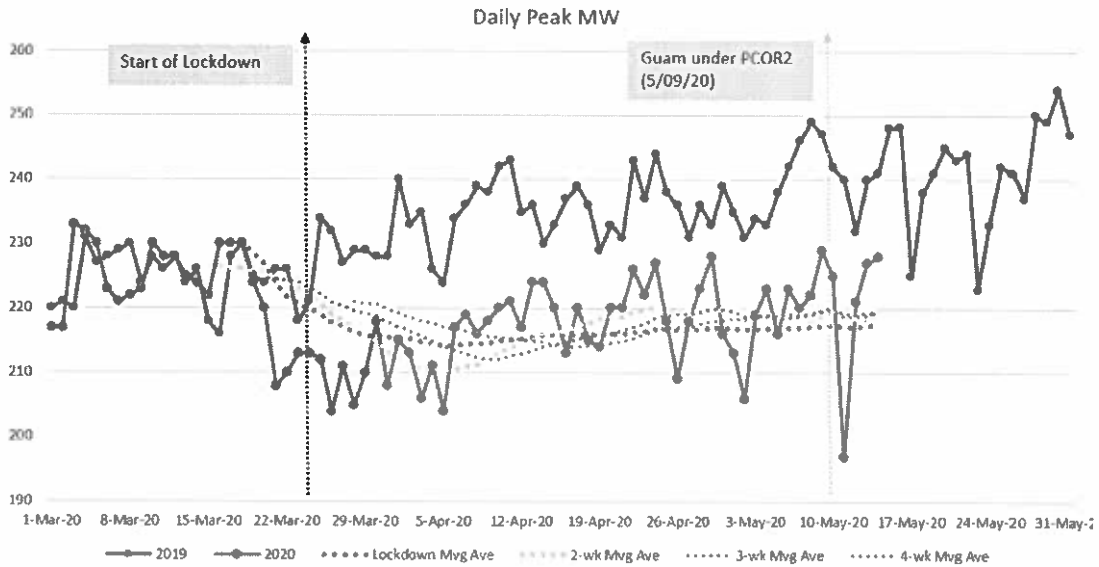
2. GM REPORT

2.1 Updates

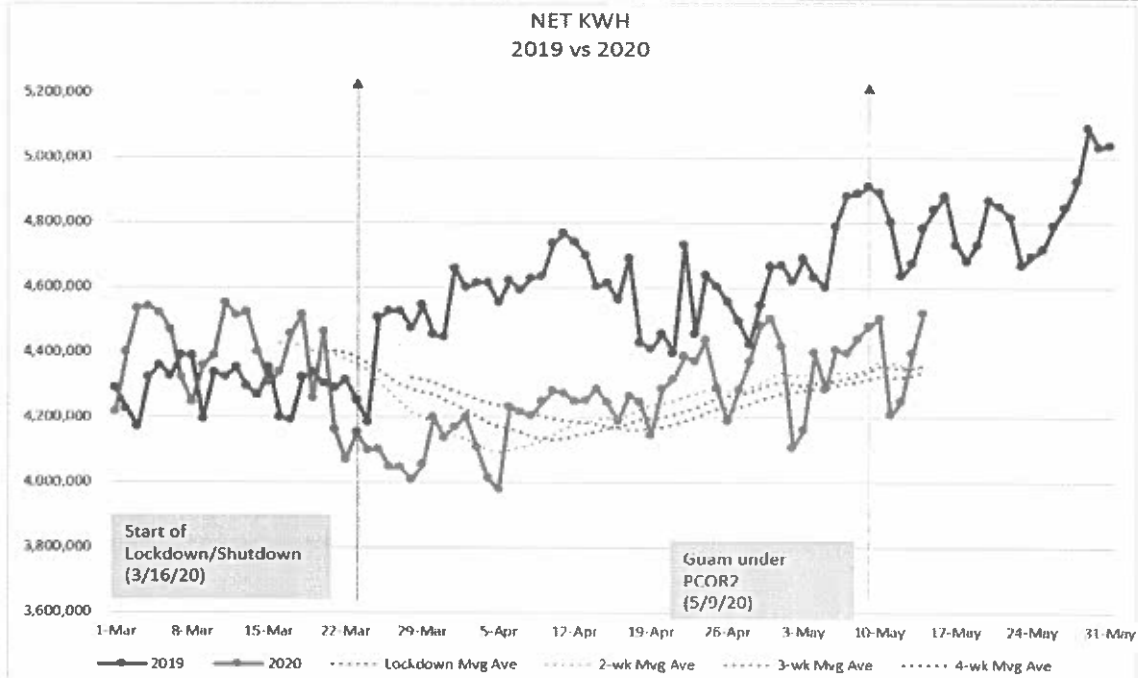
The GM gave his usual GM report and highlighted the following slides.

PEAK DEMAND WILL BEGIN INCREASING

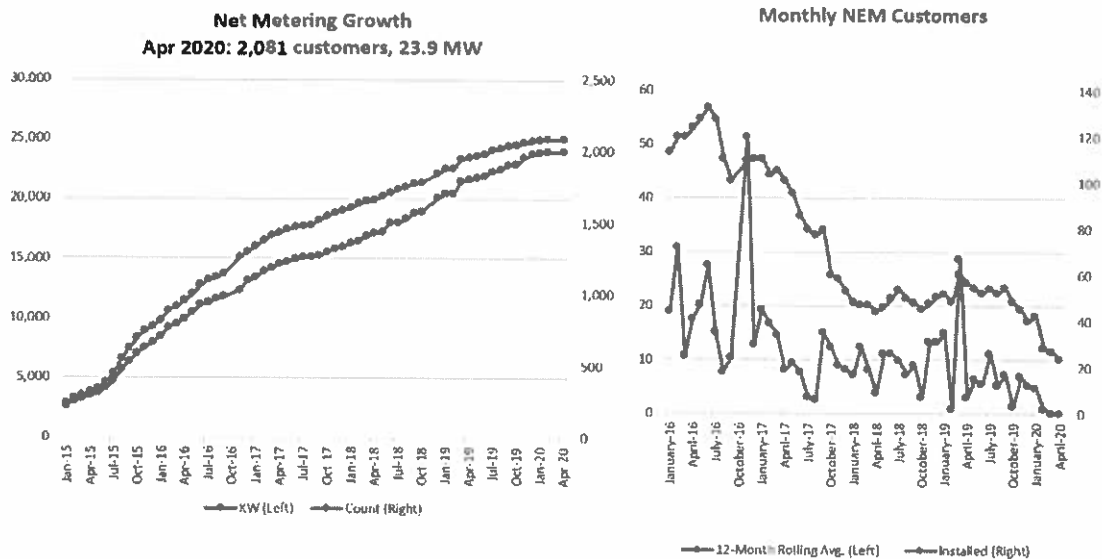
1. **Generation System:** The following is the generation forecast for May 2020:
 Projected Available Capacity: 383 MW
 Projected Demand: 235 MW
 Anticipated Reserve Margin: 148 MW



NET ENERGY PRODUCTION RECOVERING GOOD INDICATOR FOR SALES



2. Net Metering (NEM) Growth Thru April 2020:



3. DSM Program Expenses

Description	FY16	FY17	FY18	FY19	FY20 As of 03/31/20	Total to Date
Regular/OT Pay	\$11,348.80	\$22,256.00	\$26,121.83	\$50,715.19	\$17,610.32	\$128,052.14
Other Contractual	\$28,278.50	\$85,550.05	\$116,977.50	\$3,025.00		\$233,831.05
Ads & Radio Announcements				\$7,500.00	\$1,500.00	\$9,000.00
Paid Rebates- Split AC	\$154,700.00	\$557,275.00	\$1,349,825.00	\$1,374,650.00	\$299,300.00	\$3,735,750.00
Paid Rebates- Central AC	\$3,400.00	\$8,200.00	\$4,400.00	\$6,500.00	\$500.00	\$23,000.00
Paid Rebates- Washer/Dryer	\$2,800.00	\$7,425.00	\$57,200.00	\$110,800.00	\$26,600.00	\$204,825.00
Total Expenses	\$200,527.30	\$680,706.05	\$1,554,524.33	\$1,553,190.19	\$345,510.32	\$4,334,458.19
Bank Interest (+)	\$1,676.42	\$1,722.74	\$1,222.29	\$730.05	\$246.83	\$5,598.33
Bank Fees	\$155.00	\$1,032.06	\$1,085.08	\$1,247.54	\$210.00	\$3,729.68

**Expenses for March '20 are preliminary and may be subject to adjustment during reconciliation process.*

General Manager's Report (con't)

4. **Energy Storage System (ESS) Update:** Project suspended until the moratorium on in-coming air transportation and the 14-day quarantine requirement are lifted. Commissioning parties consist of many off-island technical expertise required to complete commissioning work.
5. **KEPCO 60 MW Solar PV Project:** Project Financing has been achieved by KEPCO and their Security Development Deposit of \$6,054,636 has been posted with GPA. Project Commercial Operational Date (COD) is Jan 21, 2022.
6. **HANWHA 60 MW Solar PV Project:** HANWHA posted their Security Development Deposit of \$4,624,161 with GPA on September 11, 2019. Project Commercial Operational Date is August 22, 2022.
7. **Integrated Resource Plan (IRP) 2020:** Stakeholder meetings suspended until island pandemic emergency lifted. However, virtual stakeholder meetings are being planned which may allow this process to continue earlier.

MEETING	DATE	AGENDA
1	To be rescheduled	-Introduction to the IRP and Stakeholder Process -Demand and Fuel Price Forecasting -Existing Supply-side Resources -Environmental Regulations -Update on GPA's Power Plant -DSM, Net Metering and GPA's Smart Grid Network -Renewable Energy & Energy Storage Systems -Progress in Other Areas of Operation -[Open Session w/ Stakeholders]
2		Stakeholder Breakout Sessions & Feedback
3&4	Pending updated schedule	Results

General Manager's Report (con't)

8. **Credit Rating Agencies:** We have had conference calls with all three rating agencies. We have provided updates on the impact of COVID-19 on the utility. GPA is confident it will maintain its investment grade rating, although like many other utilities credit watches are in effect.
9. **FY 2019 Audit:** The audit has been completed and issued. All publication and notification requirements have been done.
10. **Generation KPI's:** The following graphs show the updated system information through April 2020:

3. ISSUES FOR DISCUSSION - None

4. OTHER DISCUSSION

4.1 CCU Rules – Not discussed.

5. DIVISION REPORTS

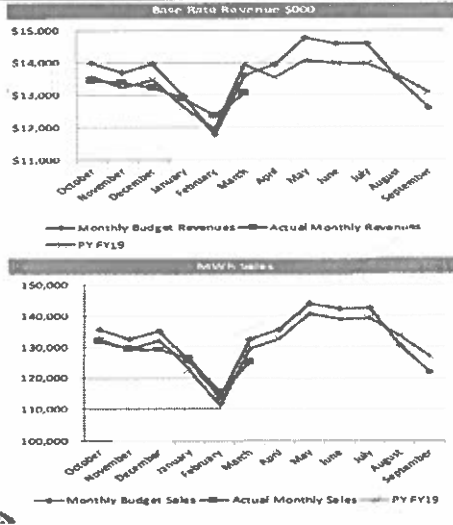
No reports were discussed except finance.

5.1 Administration: Customer Service, HR, Procurement, Safety

5.2 Communications

5.3 Engineering & Technical: Engineering, IT, Planning & Regulatory, SPORD

March 2020 Monthly Financial Highlights



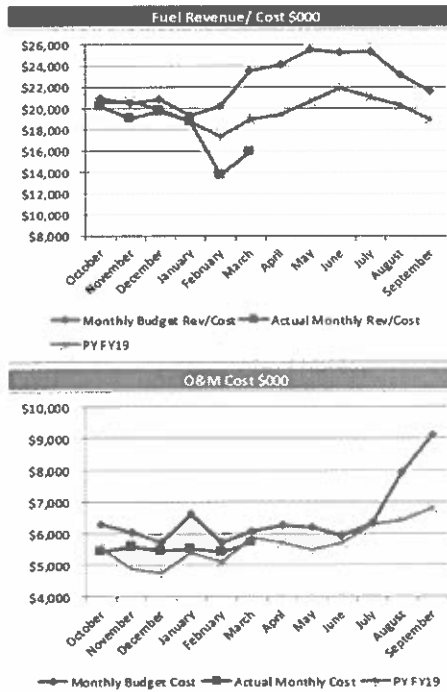
Through March 31, 2020

Month	Monthly Budget Revenues \$000	Actual Monthly Revenues	Variance	PY FY19	CY vs PY Variance
October	\$ 13,682	\$ 13,440	\$ (242)	\$ 13,564	\$ (124)
November	13,940	13,216	(724)	13,203	(711)
December	12,940	12,888	(52)	13,467	(579)
January	11,772	12,357	585	12,616	741
February	13,587	13,039	(548)	13,915	(876)
March	13,915	13,520	(395)	13,926	(406)
April	14,755	14,057	(698)	13,520	(1,178)
May	14,558	13,977	(581)	13,977	(581)
June	14,563	13,951	(612)	13,951	(612)
July	13,499	13,595	96	13,595	0
August	12,585	13,073	488	13,073	0
September					
Total	\$ 163,763	\$ 78,288	\$ (85,475)	\$ 160,865	\$ (2,908)

Through March 31, 2020

Month	Monthly Budget Sales mwh	Actual Monthly Sales	Variance	PY FY19	CY vs PY Variance
October	135,650	131,953	(3,697)	132,489	(3,167)
November	137,721	126,421	(11,300)	129,517	(11,184)
December	135,343	128,959	(6,384)	132,190	(3,222)
January	125,456	120,130	(5,326)	122,590	(2,736)
February	113,726	113,346	(380)	111,159	(2,187)
March	132,206	125,185	(7,021)	129,170	(3,031)
April	135,521	132,396	(3,125)	132,396	(3,125)
May	143,721	140,412	(3,309)	140,412	(3,309)
June	142,093	138,704	(3,389)	138,704	(3,389)
July	142,383	139,204	(3,179)	139,204	(3,179)
August	130,434	133,422	2,988	133,422	0
September	121,840	127,060	5,220	127,060	0
Total	1,591,092	756,993	(834,099)	1,668,322	(71,329)

March 2020 Monthly Financial Highlights (Continued)



Through March 31, 2020

Month	Monthly Budget Rev/Cost \$000	Actual Monthly Rev/Cost	Variance	PY FY19	CY vs PY Variance
October	\$ 20,923	\$ 20,165	\$ (758)	\$ 20,550	\$ (385)
November	20,471	19,088	(1,383)	20,711	(1,622)
December	20,876	19,697	(1,179)	19,969	(1,722)
January	19,351	18,820	(531)	18,822	(529)
February	20,219	13,701	(6,518)	17,368	(3,667)
March	23,505	15,968	(7,537)	19,017	(3,049)
April	24,094	19,442	(4,652)	19,442	(4,652)
May	25,552	20,711	(4,841)	20,711	(4,841)
June	25,263	21,932	(3,331)	21,932	(3,331)
July	25,314	21,082	(4,232)	21,082	(4,232)
August	23,190	20,331	(2,859)	20,331	(2,859)
September	21,662	18,935	(2,727)	18,935	(2,727)
Total	\$ 270,418	\$ 107,439	\$ (162,979)	\$ 238,868	\$ (32,550)

Through March 31, 2020

Month	Monthly Budget Cost \$000	Actual Monthly Cost	Variance	PY FY19	CY vs PY Variance
October	\$ 6,290	\$ 5,411	\$ 878	\$ 5,951	\$ 340
November	6,016	5,572	444	4,875	(697)
December	5,725	5,460	265	4,762	(698)
January	6,607	5,521	1,086	5,399	(1,222)
February	5,701	5,417	284	5,114	(303)
March	6,050	5,723	327	5,869	185
April	6,258	5,704	554	5,704	554
May	6,179	5,485	694	5,485	694
June	5,922	5,703	219	5,703	219
July	6,321	6,276	45	6,276	45
August	7,908	6,421	1,487	6,421	1,487
September	9,102	6,797	2,305	6,797	2,305
Total	\$ 78,876	\$ 53,105	\$ (25,771)	\$ 67,956	\$ (10,920)

March 2020 Monthly Financial Highlights (Continued)

Through March 31, 2020							
	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020
Residential	43,887	43,920	44,144	44,329	44,479	44,203	44,509
Commercial	5,261	5,273	5,291	5,303	5,289	5,154	5,352
Government	1,077	1,090	1,074	1,075	1,070	1,072	1,059
Streetlights	1,152	1,151	1,152	1,138	1,138	1,135	1,128
Navy	1	1	1	1	1	1	1
Total	51,378	51,435	51,662	51,846	51,977	51,565	52,049

Debt service coverage (DSC) calculation-indenture	2015	2016	2017	2018	2019	2020
Senior lien coverage	3.62	3.28	2.65	2.53	1.97	1.74
Aggregate debt service coverage	2.62	3.28	2.65	2.53	1.97	1.74
Debt service coverage (DSC) calculation-IPP as O&M						
Senior lien coverage	2.56	2.45	1.79	1.65	1.64	1.55
Aggregate debt service coverage	1.85	2.45	1.79	1.65	1.64	1.55

CFO Kim reported that collections were at 93% for April; May was at 85%. Collection - CFO said April 93% of bill; May 85%.

Comm. Sanchez asked management to update the Commission regarding the payment plan program for those who have opted to defer their bills.

5.5 Operations: Facilities, Generation, PSCC, T&D, Transportation

6. ANNOUNCEMENTS

6.1 Next Meeting

The Chairman announced that the next meeting would be the CCU Meeting on May 26.

7. ADJOURNMENT

There being no other business to bring before the Commission, Comm. Sanchez motioned to adjourn the meeting second by Comm. Guthertz. There was no objection or discussion and the meeting adjourned at 5:48 p.m.

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Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO Secretary