



# CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority  
P.O. BOX 2977 • Agana, Guam 96932

**Regular Board Meeting**  
**CCU Conference Room**  
**Gloria B. Nelson Public Service Building**  
**5:30 p.m., February 24, 2015**

## MINUTES

### 1. CALL TO ORDER

Chairman Duenas called the regular meeting of the Consolidated Commission on Utilities to order @ 5:31 p.m. He said all (5) Commissioners were present and that there was as quorum . Others present include:

#### **Commissioners:**

Joseph (Joey) Duenas	Chairman
Francis Santos	Vice Chairman
George Bamba	Secretary
Pedro Guerrero	Treasurer
Simon Sanchez	Member

#### **Executive Mgmt.:**

John Benavente	GMCUS / IGM GPA
Tom Cruz	IGM / GWA
Melinda Camacho	AGMO / GPA
Cora Montellano	CFO (A) / GPA
Greg Cruz	CFO / GWA
Graham Botha	Staff Attorney / GPA
Sam Taylor	Staff Attorney / GWA

#### **Management & Staff:**

Paul Kemp	AGM Compliance & Safety / GWA
Paul Lujan	Equipment Superintendent / GWA
Geigy Salayan	Operations / GWA
Art Perez	Public Information Officer / GPA
Karen Grape	IT / GWA
Jude Calvo	GWA
Joyce Sayama	Mgmt. Analyst, Ex. Office / GPA
Heidi Ballendorf	Director of Public Affairs / GPA-GWA
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Vince Taitingfong	IT Mgr. / GPA
Mark Miller	AGM Production & Treatment / GWA
Vince Pangelinan	GWA
Vangie Lujan	Compliance & Safety / GWA
Barbara Cruz	Chief Engineer (A) / GWA
John Cruz	SPORD Mgr. / GPA
Lou Sablan	Board Secretary

**Guest:**

Fred Horecky	PUC
Andy Niven	PUC
Nick Manley	HDR
Daniel Foth	CHA
Bill Gillman	Brown & Caldwell

**2. APPROVAL OF MINUTES**

The Minutes of January 27, 2015 was presented for approval.

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

**3. GM (CUS) REPORT - None**

**4. GM REPORT / UPDATE**

**4.1 GPA**

IGM Benavente gave an update of current events since the CCU workshop of February 11, 2015.

1. A Request for Information (RFI) from PUC consultant Lummus was received and responded to during this period. A conference call between the ALJ Horecky, Lummus and GPA is scheduled for this Friday, February 27<sup>th</sup> at 8am to discuss our responses and see what other information may be required or consensus achieved. A copy of our response to Lummus has been provided to the CCU.
2. USEPA has received the GPA plan for compliance and indications are that we would be meeting after April 16, 2015 to negotiate the consent decree including any changes to the plan, penalties and other conditions to a consent decree. In the past and in other similar situations penalties could be minimized with an acceptable plan and in some cases penalties have been credited to environmental mitigating projects.
3. The CC&B "Go Live" date is as schedule for March 9<sup>th</sup>, 2015. It is expected both GPA and GWA will be ready and the new billing system will be implemented. Although some issues could be expected, we believe the GPA and GWA team are ready to begin utilizing the CC&B and no major flaws are expected with the implementation. There is a resolution before the CCU tonight for Post Implementation Support (PIS), but this is related to application support to operate and maintain the system over a certain period of time in order to insure the successful operation of the system as our personnel gain experience on CC&B.

There are certain inconveniences which will be experienced by our customers for certain periods of time as GPA completes its transition to the new software. Customers will be informed and provided available alternatives for these periods of time. The following outlines key transitions:

- All day closure of GPA business transactions on Friday March 6<sup>th</sup> of the three Customer Service Business Offices, the Fadian Main Office (GBN Building), Hagåtña Satellite Office (Julale Shopping Center) and GPA representatives @ the GWA Upper Tumon Office. All day closure is required to complete all pending transactions/postings to include balancing/posting of utility payments (banks, mail) and finalization of data clean up before conversion cut-off. The GWA business transactions at all these centers will continue as usual.
- Closure of PayGPA.com to begin Sunday, March 01, 2015 @ 12:00 a.m. with all PayGPA web payments ceasing for approximately two months. GPA is implementing a new payment gateway and with the CC&B conversion will need to reregister for the service because the new CC&B requires a 10 digit account number for all customers. Customers will be informed and encouraged to utilize our pay by phone credit card services during this transition period. Approximately 7,000 customers pay on line.
- Registration of new customers with MyEnergyGuam.com will cease immediately until after CC&B Go Live on Monday, March 09, 2015. Existing Customers will be contacted with the completion of CC&B conversion to reregister with the new CC&B 10 digit account number. Approximately 2,700 customers affected.

- Termination of Excecleron Prepaid System effective Saturday, February 28, 2015. All prepaid customers will be converted back to postpaid in Utiligy temporarily. Once conversion is completed in CC&B, customers will be contacted to reregister on CC&B. Termination of this contract will save GPA the \$3K monthly Excecleron cost; approximately 26 customers will be affected.
  - Savings with implementation of CC&B:
    - Savings of \$1M per year in credit card transactions by about 15,000 customers.
    - Savings of about \$144K per year for termination of billing contract thru Utiligy by Denovo.
    - Savings of \$36K per year with termination of existing pre-Paid contract with Excecleron.
4. The IGM said the Fleet Gasoline and Diesel Fuel and the slow speed lube oil bid awards have been delayed due to protest received after the workshop of February 11, 2015. Management is working to resolve the issues brought up and most likely bring these for award consideration in the April meeting.

Comm. Sanchez - asked about fines for non-compliance relative to Point #2 (USEPA). IGM Benavente responded that now that management has a plan USEPA can hold GPA accountable. Any exceptions can be discussed and negotiated with USEPA and fines can be negotiated.

On the CC&B matter, the Commission asked why GPA needed to close customer service ops and GWA not need to close. IGM Cruz said that GPA is using the Utiligy program and GWA is using another system. The latter can stay on line and can process manually. GPA is automated. The CCU was not content with having to close for business completely not interfacing with any customers; the CCU said to do it at night or on Saturday. IGM Benavente said he would go back to double check with the Customer Service Management to revisit this matter. The IGM added that with PayGPA - time is needed to implement Gateway Payment System and web payments will be down for 2 mos. PaybyPhone will still be operational. 7,000 customers pay via the web.

#### **4.2 GWA**

IGM Cruz said that the GM Report was same as the one presented at the work session

There was discussion on low water pressure in the north. The IGM reported that there's a pump station alongside the reservoir and in order for pump station to work, the level in tank must be higher than 5 ft. There was issue with well going out which affects the level of the tank and subsequently affects the pressure to customers. He added that there was a substantial leak found in the Tumon area which added to the issue

Agat/ Santa Rita problems are still ongoing. GWA operations met with GMCUS to try to figure out the problem. Comm. Duenas commented that at the GWA workshop management said that this resolution is only the beginning (RESO16-FY2015). IGM Cruz said that the engineering analysis is still being done to determine next best steps. At the end of the discussion, Comm. Sanchez said that the CCU is giving management mixed messages- some Commissioners are saying choke it and others are saying it depends on how many customers are affected. Chairman Duenas addressed GWA management saying that the CCU would like them to come up with the plan and to find the best solution even if it means to buy more water from the Navy. The goal is to provide service to the customer.

Relative to the leaks at Southern High School, the Commission said it behooves management and CCU to help them with their leak because sewer water is being dumped via Navy and GWA is paying for it.

### **5. COMMUNICATIONS**

#### **5.1 Public Comments (2 min. per person)**

BARRY MEAD - Santa Rita resident addressed the Commission complaining about GWA issues in Santa Rita. The residents of Agat and Santa Rita have suffered long enough and all the issues that were mentioned are old news. He said that he is happy that the matter is of priority and will be watching for future improvements / changing stating that it's about time that this matter is being prioritized.

### **6. LEGAL COUNSEL**



## 7. NEW BUSINESS

### 7.1 GWA

#### 7.1.1 Resolution 16-FY2015 Line Replacement Phase III Agat – Santa Rita

IGM Cruz said that GWA was successful in its Line Replacement Projects Phase I and II. IFB's for Phase III was conducted and of the 13 proponents, three (3) received actual bud submittals. Of the three Chi Construction Inc. was determined the lowest most responsive and responsible bid and met all the bid requirements. With Resolution 16-FY2015, management is seeking CCU approval of the bid amount of 705,000 plus a 10% contingency for total of 775,500. The source of funding for this project will be from the 2010 Bond proceeds

Comm. Santos motioned to approve Resolution 16-FY2015; Comm. Sanchez seconded. There was no further discussion or objection and the motion carried.

#### 7.1.2 Resolution 17-FY2015 Leak Repair Phase III Contract Amendment

IGM Cruz said GWA has a current contract with Giant Construction. This resolution is seeking to amend this contract by \$300k to help with backlog of 112 pending leak repairs not to exceed \$300k. The total of the amended contract will be \$687,862 and the funding source will be the 2013 Bond proceeds.

Comm. Santos moved to approve Resolution 17-FY2015 for discussion; Comm. Bamba seconded.

Comm. Guerrero asked if the items listed on Exhibit A is the referenced backlog and asked if there were others not listed. The IGM confirmed that Exhibit A is a snapshot of leaks discovered up until 2/20/15 numbering 206 and the referenced 112 is part of this list. Comm. Bamba asked the total # of backlog and asked how management plans to address the backlog issue. IGM Cruz responded that the level of staff in operations is nowhere close to what GWA needs so the approval of Resolution 17 will certainly help management get caught up. Comm. Sanchez added that Phase III of the leak repair contract is to supplement current day to day operations.

On the motion, there were 3 ayes, 1 nay and 1 absent. Comm. Sanchez stepped out of the room during the vote.

#### 7.1.3 Resolution 18-FY2015 Ratification of GCIFI Change Order Nos. 12&13

IGM Cruz explained that Resolution 18-FY2015 is relative to two (2) change orders - #12 valued at \$9,070 and #13 valued at \$18,819 with a current contract with Guam Community Improvement Foundation Inc. (GCIFI). They were hired to convert the Agana Waste Water Treatment Plant to Chemically Enhanced Primary Treatment. He said that during the construction period operational issued related to the clarifier #2 and the step screed required immediate attention which the contractor, GCIFI, was able to address. Management decided to have the contractor start the work prior to the Change Orders being fully executed to take advantage of the opportunity to complete the work. The source of funding for the change order will be from the CIP balance of the Moratorium Short Term Loan.

Comm. Sanchez moved to approve Resolution 18-FY2015; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

#### 7.1.4 January 2015 Financials

CFO Cruz gave brief highlights for January 2015. He said GWA's financial condition continues to show improvements. Revenues are trending 2% slightly above projections and O&M expenses 6% below budget. Payables and Receivables are within average range of 60-65 days old. Cash flow remains marginal and unrestricted cash flow decreased from approximately \$2.4M at the beginning of the year to approximately \$76k ending January 31, 2015. YTD Collections is about \$27.9M compared to \$29.7M in billings. Bond Covenants continue to be met and debt service coverage is at 1.25. A copy of his entire report is in Master File.

### 7.2 GPA

#### 7.2.1 Resolution 2015-11 RFO #6 Contract Extension

IGM Benavente explained that the RFO #6 Supply contract with Hyundai Corp. expires on August 31, 2015 and it allows for (3) 1-year options to renew annually upon mutual agreement. GPA negotiated for a reduction in the contract fee for the first year extension option and the contractor agreed to lower the contract fees and submitted its proposal under different scenarios with the lower prices guaranteed for the 2-3 year contract extensions. Management evaluated the proposals and has determined the offer will provide an estimated total savings of approximately \$46,226.415M. In addition, the contractor agreed to improve the quality specification without additional

expense to GPA which will improve efficiency of the affected equipment. This resolution seeks CCU approval to amend the existing contract accordingly. Management's recommendation is to approve extension to lock in the premium and petition the PUC .

**Comm. Sanchez motioned to approve Resolution 2015-11; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.**

#### **7.2.2 Resolution 2015-12 GIAA 3<sup>rd</sup> Party M&V Services**

Guam International Airport, Johnson Controls and GPA entered into an Amended Performance Contract for the installation of energy efficiency and conservation improvement measures at the airport. JCI was to perform the scope of work and GPA was to provide third-party Measurement and Verification (M&V) Services. Under the Contract, GIAA would be responsible for the payment for the services provided by both JCI and GPA. GPA subcontracted the M&V services for one year to EMCE Consulting Engineers for a total of \$173,175. GPA and GIAA desires to amend the contract with ENCE Consulting Engineers to extend for an additional year for the additional amount of \$159,365 increasing the total contract amount to \$323,540. Resolution 2015-12 seeks CCU approval to amend the Contract accordingly.

**Comm. Bamba motioned to approve Resolution 2015-12 for discussion; Comm. Santos seconded.**

In discussion it was mentioned that GPA will be reimbursed by GIAA because this is part of GIAA's energy contract. GIAA pays fairly quickly after invoice is presented

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

#### **7.2.3 Resolution 2015-13 Milsoft OMS Maintenance Contract**

As part of the Smart Grid initiative, GPA has upgraded the Milsoft Utility Solutions Outage Management System Suite and hardware with the Smart Grid Investment Grant funding in the amount of \$247,182.11. This upgrade provides real time outage notifications and other functions. Annual maintenance fee in support of SMART GRID initiative for the system \$49k per year bringing the overall total for 5-year period above the GM's \$250k obligating authority. Resolution 2015-13 requests the CCU for their approval

**Comm. Sanchez moved to approve Resolution 2015-13; Comm. Bamba seconded. There was no further discussion or objection and the motion passed**

#### **7.2.4 Resolution 2015-14 / GWA Resolution 19-FY2015 CC&B Post Implementation IT Support**

Both GPA and GWA have entered into a contract with WIPRO Ltd. for the implementation of the Customer Care and Billing Software. The Go Live date was to be November 24, 2014 and GPA was authorized to enter into a contract for \$3M. Several problems have arisen that impacted the ability to "Go Live". The GM utilized his authority to enter into the following change orders - \$130k to provide for technical support, \$5k to address some compatibility issues with banking data, \$370k to extend the GoLive from Nov. 24 2014 to January 25, 2015, \$80k for WIPRO expert to assist in software testing , \$15,750 for report development with WIPRO, \$131k each for both GPA and GWA to extend the GoLive from January 25 to March 9, 2015 and post implementation support for IT 0 \$291.772k for GPA and \$40,218 for GWA. These change orders exceed the GM's obligating authority for both GPA and GWA. Resolution 2015-14 seeks approval to enter into these task orders on behalf of both GPA and GWA.

In discussion, Chairman Duenas commented that when we do this billing system we will be saving money. IGM then explained the benefits of moving to CC&B one of which is related to merchant fees. GPA is paying banks \$2M per year in merchant fees. CC&B will enable GPA to bill \$2.50 per credit card transaction that will generate \$400k in revenues per year. Other benefits were also mentioned.

**Comm. Santos motioned to approve Resolution 2015-14; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.**



**7.2.5 Resolution 2015-15 Performance Mgmt. Contracts Cabras 1,2,3 & 4**

GPA has a 5-year Performance Management Contract with Taiwan Electrical and Mechanical (TEMES) for Cabras 1&2 expiring on Sept. 30, 2015. The 5-year PMC Contract with East West Power (EWP) for Cabras 3&4 expires on June 30, 2015. GPA's resource plans and USEPA regulatory compliance measures indicate the deactivation of Cabras 1,2,3 &4 units by 2020. The PMC provides GPA valuable assistance in continued operation and maintenance to include life extension projects and meeting availability, reliability and efficiency standards. Management expects to reduce PMC fees at the Cabras Generating Facility by as much as \$1.5M per year over the next 5 years by pursuing a new bid for a single PMC for all four Cabras plants. The new contract shall reflect necessary changes that balance reliability, risk and costs leading up to deactivation by focusing on repairs and upgrades to maintain reliability and plant life only up to the unit deactivation dates. The anticipated contract mobilization of a single PMC is Sept. 1, 2015 and operational commencement by Oct. 1, 2015 and requires a 3-month extension of EWP PMC to Sept. 30, 2015. Resolution 2015-15 asks the CCU approval for the latter and to allow the GM to petition the PUC to pursue a multi-step bid invitation for a single PMC for Cabras 1, 2, 3 &4.

Comm. Sanchez moved to approve Resolution 2015-15; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed.

**8. OLD BUSINESS - None**

**9. ANNOUNCEMENTS**

**9.1 Next CCU Work Session & CCU Meeting**

Chairman Duenas announced that the CCU will have a GPA work session on March 11, a GWA work session on March 18 and the CCU meeting on March 24<sup>th</sup>.

The Chairman announced that Legal Counsel Taylor advised of an Executive Session item for discussion and asked for a motion.

Comm. Bamba motioned to move the meeting into Executive Session; Comm. Santos seconded. There was no objection and the meeting was moved to Ex. Session. It was 8:15 p.m.

**10. EXECUTIVE SESSION**

**10.1 Personnel Matter**

This matter was discussed in Executive Session

Comm. Bamba motioned to move the meeting back to Regular session; Comm. Santos seconded. It was 8:50 p.m.

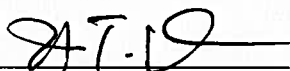
Chairman Duenas said he needs a motion to approve what was discussed in Executive Session.

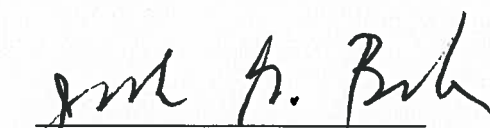
Comm. Guerrero motioned that Mr. Mark Miller be appointed Interim GM for GWA with salary of \$140k per annum; Comm. Bamba seconded. There was no objection or discussion and the motion carried.

**11. ADJOURNMENT**

With no further business to discuss, Comm. Santos moved to adjourn the meeting; Comm. Bamba seconded. There was no objection and the meeting adjourned at 8:51 p.m.

\\s\\  
bls

Attested:   
JOSEPH T. DUENAS, Chairman

  
J. GEORGE BAMBA, Secretary