



**CONSOLIDATED COMMISSION ON UTILITIES**

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

**Regular Board Meeting  
CCU Conference Room, Gloria B. Nelson Public Service Building  
5:30 p.m., April 28, 2020**

**MINUTES**

**1. CALL TO ORDER**

The CCU Chairman called the regular meeting of April 28, 2020 to order at 5:36 p.m. He said all five (5) Commissioners were present – Comm. Santos was present via GoToMeeting. Others in attendance include:

**Commissioners:**

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

**Executive Mgmt.:**

Miguel Bordallo	GM / GWA
John Benavente	GM / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Taling Taitano	CFO / GWA

**Management & Staff:**

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

**2. APPROVAL OF MINUTES**

The Minutes of November 26, 2019, January 28, 2020 and February 21, 2020 were presented for approval.

Comm. Limtiaco motioned to approve both Minutes subject to verification & written correction. There was no further discussion or objection and the motion carried unanimously.

**3. GPA**

**3.1 GM Report**

GM Benavente updated the Commission on COVID-19 related status – highlights are noted below.

## OPERATIONAL CONTINUITY

- Power generation steady & reliable
- Transmission & distribution steady & reliable
- Divisional support continued
- Employee availability Excellent

## HEALTH & SAFETY

- Work sites restricted to essential and authorized employees
- Customer lobbies closed
- Work areas reconfigured to ensure distancing
- Evolve to virtual participation/work

## SERVICE CONTINUITY

- Customer payments and services available online, by telephone, drop-off, social media
- Urgent/critical customer work orders completed

## PANDEMIC ASSISTANCE

- Assisting Governor, GMH, Public Health, and DPW through Emergency Operations Center (GHS)



Mission-critical functions directly related to generation, transmission, and distribution of electric service continue

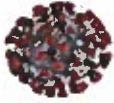
- |                       |   |
|-----------------------|---|
| <b>Key Projects</b>   | <ul style="list-style-type: none"> <li>• Cabras #2 minor overhaul completed. Online as of March 29</li> <li>• Ukudu Plant permitting continues but potential delay</li> <li>• ESS commissioning suspended temporarily</li> </ul>  |
| <b>Key Activities</b> | <ul style="list-style-type: none"> <li>• LEAC reduction (\$0.110039/kwh) approved eff. April 1st billings</li> <li>• Consent Decree entered into judgement eff. April 20, 2020</li> <li>• Additional fuel oil ordered to take advantage of depressed pricing</li> </ul>     |
| <b>Employees</b>      | <ul style="list-style-type: none"> <li>• 3 known/presumed confirmed cases. All have recovered</li> <li>• Unavailability peaked at 27 and currently 11 of 494 unavailable</li> </ul>   |
| <b>Customers</b>      | <ul style="list-style-type: none"> <li>• Expanded payment methods: GWA drive-thru, GPWA pay-by-phone, Fadien drop box, <del>payppa</del>, temp VISA option for business accounts</li> <li>• Services provided via telephone, email, social media, mail, drop box</li> </ul> |
| <b>Communication</b>  | <ul style="list-style-type: none"> <li>• Public service announcements, website, social media</li> <li>• Targeted SMS/email for prepaid customer</li> <li>• Employee emailed daily updates</li> <li>• Daily availability, energy, fuel, outage reporting</li> </ul>          |



## IMPACTS

- |                            |  |
|----------------------------|--|
| <b>Financial</b>           | <ul style="list-style-type: none"> <li>• ↓ 9% Sales for late March and April</li> <li>• ↓ 18% Customer Bills reduced April 1<sup>st</sup> due to lower fuel prices</li> </ul>  |
| <b>Demand</b>              | <ul style="list-style-type: none"> <li>• Peak Demand dropped to lowest point (204 MW) in March but has increased in April (226 MW)</li> </ul>  |
| <b>Business Operations</b> | <ul style="list-style-type: none"> <li>• Adjustment of physical workspaces and schedules to accommodate new public health protections and guidelines</li> <li>• Backlog of customer work orders</li> </ul>                     |
| <b>Key Projects</b>        | <ul style="list-style-type: none"> <li>• UKUDU potentially delayed</li> <li>• ESS delayed</li> <li>• Fuel tank refurbishment delayed</li> <li>• Phase II projects delayed</li> <li>• Phase III OPA Hearings delayed</li> </ul> |

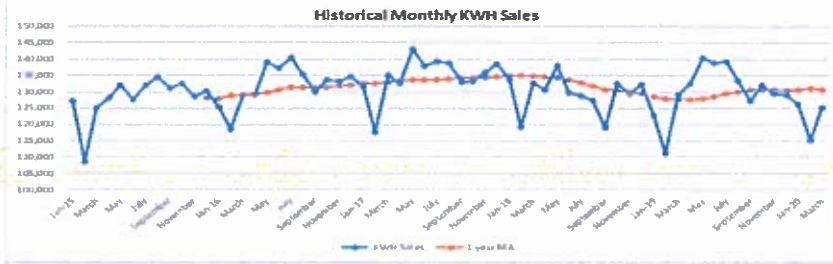
# FY 2020 REVENUE LOSS - \$5.7M



## PROJECTED REVENUE LOSS:

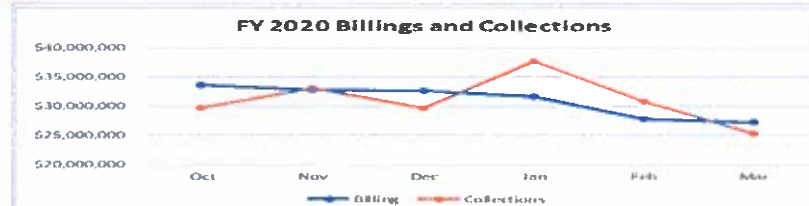
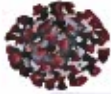
Month	FY 2019 KWH	FY 2020 KWH	% Change	KWH Variance	Base Revenue Variance
					Base @ \$0.098/Kwh
Oct	132,488,734	131,952,844	-0.4%	(535,890)	
Nov	129,557,402	129,421,048	-0.1%	(116,353)	
Dec	132,189,902	128,957,692	-2.4%	(3,232,210)	
Jan	122,589,564	126,130,305	2.9%	3,540,741	
Feb	111,158,952	115,346,464	3.8%	4,187,511	
Mar	129,170,318	125,185,262	-3.1%	(3,985,056)	(\$390,535)
Apr	132,395,702	120,480,088	-9.0%	(11,915,613)	(\$1,167,730)
May	140,411,830	127,774,765	-9.0%	(12,637,065)	(\$1,238,432)
Jun	138,703,568	127,607,282	-8.0%	(11,096,285)	(\$1,087,436)
Jul	139,203,828	129,459,560	-7.0%	(9,744,268)	(\$954,938)
Aug	135,421,884	126,750,790	-6.0%	(6,671,094)	(\$653,767)
Sep	127,049,848	124,508,851	-2.0%	(2,540,997)	(\$249,018)
<b>TOTAL</b>	<b>1,568,921,582</b>	<b>1,513,574,952</b>	<b>-3.5%</b>	<b>(54,746,580)</b>	<b>(\$5,741,857)</b>

## SALES BY RATE CLASS



Rate Class	Mar-18	Mar-19	Mar-20	Mar 2020 versus Mar 2019
Residential	41,542	40,400	43,576	7.9%
Small General Non Demand	6,977	6,549	5,016	-23.4%
Small General Demand	15,917	15,251	14,833	-2.7%
Large Power	26,155	24,794	21,598	-12.9%
Government Small Non Demand	1,194	1,193	667	-44.1%
Small Government Demand	7,889	8,145	8,360	2.6%
Government Large	6,266	5,984	5,578	-6.8%
Navy	25,998	26,078	24,905	-4.5%

## FY 2020 BILLINGS AND COLLECTIONS



FY 2020	Billing	Collections
Oct	\$ 33,590,910	\$ 29,641,313
Nov	\$ 32,756,688	\$ 33,066,937
Dec	\$ 32,648,273	\$ 29,708,886
Jan	\$ 31,659,839	\$ 37,674,261
Feb	\$ 27,870,482	\$ 30,805,800
Mar	\$ 27,350,894	\$ 25,352,559
<b>April as of April 23th:</b>		\$ 17,900,000



## RECOVERY

DAYS TIL REOPEN  
**7**

Full, fluid business operations during ongoing public health emergency while ensuring health & safety protections, accountability, and transparency

- Workplaces**
  - Controlled entry-points & temperature checks
  - PPE required (face covering/masks, at min)
  - Modification of common areas to limit congregation
  - Provide plexiglass dividers between employee and customer
  - Limit access to workplaces to employees only
  - Provide specific employee/customer meeting locations
  - Increased cleaning/disinfection of common & high-traffic areas
- Employees**
  - Ill employees to take leave; RTW with medical clearance
  - Monitor for indicative illness symptoms
  - Consideration of temporary remote work & flexible schedule, if possible/feasible, especially for vulnerable/high-risk employees
- Customers**
  - Promote contactless interaction (online, telephone, email, SM, mail, drop box)
  - Payment plans may be extended with proven payment performance
  - Continue expanded payment methods: GWA drive-thru, GPWA pay-by-phone, Fedian drop box, ~~paygo~~, temp VISA option for business accounts
  - Implement additional temporary services as needed: mandirko mornings, Fedian payment drive-thru, online pay plan process, bulk transaction appointments



## PREPARATIONS FOR RETURN TO NEW-NORMAL SERVICE

All Divisions Preparing New Standard Operating Procedures which focuses on providing services thru social distancing and limited direct contact amongst employees and customers

- Service Centers**
  - Provide 6-foot spacing markers in payment lines
  - Install plexiglass between customer representatives and customer
  - Provide for drive-thru payment windows
  - Adjust working hours to minimize huge gatherings
- Fedian Facility**
  - Access into workplaces limited to employees
  - Establish employee/customer meeting areas
  - Review workspaces to insure adequate spacings
- Generation Plants**
  - Access restricted to employees
  - Access to others require facility manager approval
- T&D Facilities**
  - Access restricted to employees
  - Access to others require facility manager approval



DAYS SHUTDOWN  
**41**

DAYS TIL REOPEN  
**7**



Comm. Sanchez asked a guesstimate of the total double pay expense and CFO Kim said about \$600k per month.

It was mentioned that the next LEAC adjustment is on June 15 and management plans to project LEAC from June 2020 to January 2021.

The GM reported that GPA will reopen on May 6 notwithstanding any further Government extensions.

### 3.2 Financials

Financials were not discussed

### 3.3 Division Reports

Division Reports were provided but not discussed.

The Chairman called for a 5-minute recess at this point. The time was 6:26pm.

### 3. GWA

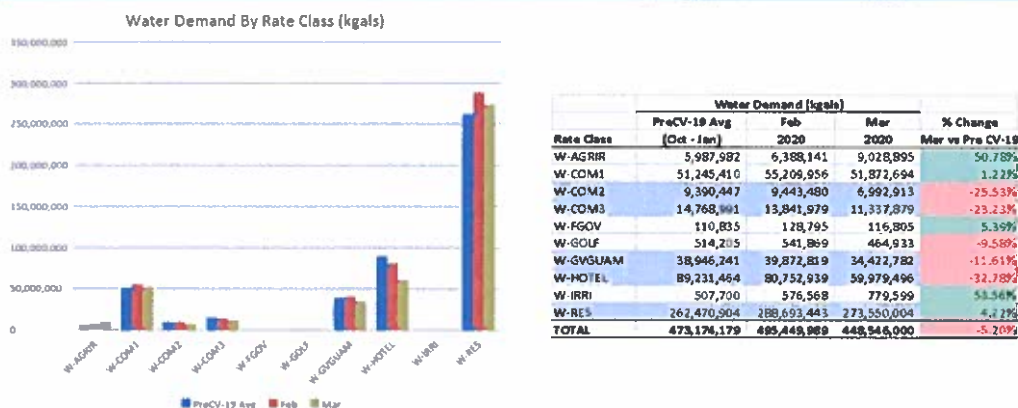
GM Bordallo gave an update on COVID-19 related status.

#### COVID-19 Impact: Continuity of Operations

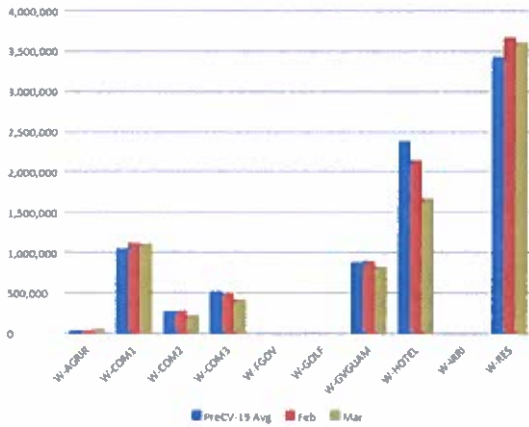
- Essential operations staff to operate as normal
- Non-essential staff
  - Work from home as required
  - On call as required
- Increased PPE where required
- Reduced staffing contingency plans developed
- Reserve operator contingency plans developed
- Emergency pay for essential workers reporting to work sites through the public emergency period
- External Coordination Efforts
  - Regulatory coordination for continued compliance reporting
  - Supply Chain confirmation for critical supplies
  - GUNG activation coordination for Ops staff
  - GHS-OCD Response Action Coordinator activation
  - One-Guam coordination
- Disconnections have been suspended and some previously disconnected customers have been reconnected
- Transition to on-line business processes for customers
- Increase public messaging for service and payment alternatives (including drive thru payment option)
- Working with vendors to move to ACH

## COVID-19: Impact on Operations

Demand Information FY2020 through March

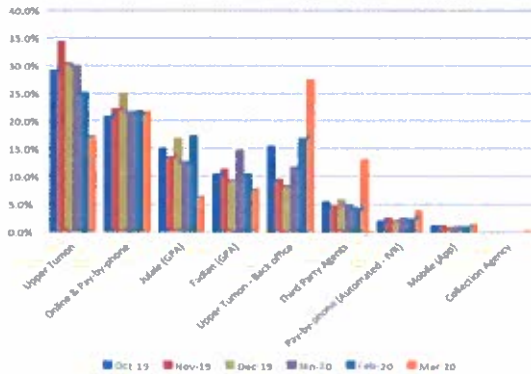


Total Revenue by Rate Class (\$)

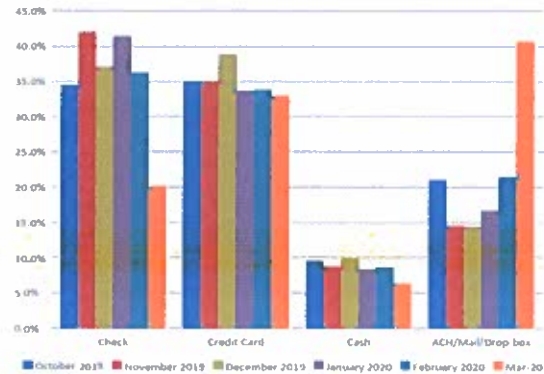


Rate Class	Total W and WW Revenue (\$)			% Change Mar20 vs PreCV-19	% Change Mar20 vs Mar19
	PreCV-19 Avg (Oct-Jun)	Feb 2020	Mar 2020		
W-AGRI	34,838	36,544	50,543	45.1%	15%
W-COM1	1,046,616	1,120,913	1,103,609	5.4%	6%
W-COM2	271,876	274,059	213,047	-21.6%	-13%
W-COM3	514,130	482,773	416,310	-19.0%	-8%
W-FGOV	2,677	3,079	2,979	11.3%	-20%
W-GOLF	8,115	8,436	7,716	-4.8%	6%
W-GVGLUM	880,866	892,602	816,199	-7.3%	-14%
W-HOTEL	2,379,925	2,141,413	1,665,452	-30.0%	-24%
W-IRR	3,223	3,716	4,876	51.3%	43%
W-RES	3,425,527	3,667,326	3,605,207	5.7%	7%
<b>TOTAL</b>	<b>8,567,793</b>	<b>8,630,862</b>	<b>7,886,048</b>	<b>-8.0%</b>	<b>-7%</b>

Collections by Location (Oct'19 - Mar'20)



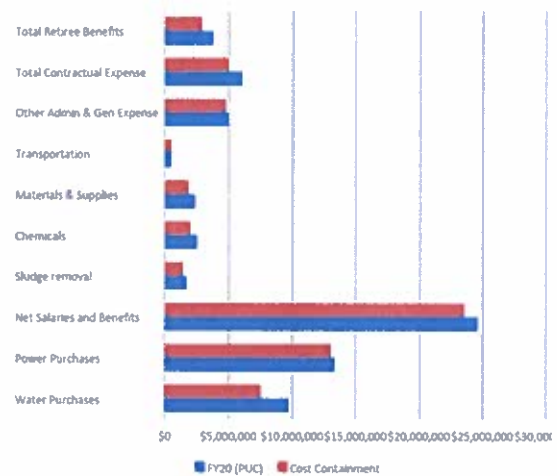
Collections by Type (Oct'19 - Mar'20)



**Initiated Cost Containment Plan based on the following actions to better manage our finances through the balance of this fiscal year**

- **Personnel expenses:**
  - Suspend all hiring EXCEPT for identified critical Operations positions.
  - Suspend any new detailing of positions
  - Suspend all overtime except for emergency situations
  - Suspend Saturday Customer Service hours through September 30, 2020. All other Customer Service centers will resume upon reinstatement of normal operations.
  - Schedule O&M work during the normal workweek only, except where 3-shifts are required (Rovers, SCC, Dispatch)
- **Contractual expenses**
  - Suspend contracted CCTV work
  - Reduce pump-truck rental
  - Reduce grounds maintenance work by 50%
  - Reduce motor rewinding services
  - Reduce / suspend subscription services
- **Operational expenses**
  - Maximize the number of wells on standby
  - Reduce and monitor fuel purchases
  - Suspend travel and training except for required certification training
- **Other measures to reduce cash outlays**
  - Defer IFCP transfers / expenditures
  - Prioritize outlays that provide a corresponding efficiency or O&M expense reduction

O&M Expenses: Budget vs Cost-Containment



- E.O. 2020-04 (issued 16MAR2020) suspended all non-essential government operations
- E.O. 2020-05 (issued 19MAR2020) clarified **essential** infrastructure includes **utility operations and services** supporting those operations
- DPHSS Guidance (issued 19MAR2020) clarified **essential** infrastructure include **public works construction**
- GWA issued CIP Memorandum (19MAR2020) to GWA Engineering staff, contractors, engineers and construction managers to ensure continuity of CIP projects
- Initially, a handful of contractors notified GWA of COVID-19 impacts to staffing/schedule
  - ProPacfic Builder Corp.: Route 4 Sewerline Rehabilitation project
  - Infratech: Route 1 (Asan – Adelup) Sewerline Rehabilitation project
  - Giant Construction: Talofolo Sewer Improvements project
  - Giant Construction: GWA Line Replacement – Phase IV (permitting stage)
  - Giant Construction: Pale Ferdinand Waterline Replacement (permitting stage)
  - Black Construction: NDWWTP Upgrades
  - AC: Hyundai Reservoir Project (subcontractor DN Tanks affected by travel restrictions)
- Work was suspended at two sites temporarily; Contractors have resumed operations

#### CIPs affected by GovGuam closure

- Tamuning Hot Spots Sewer Line Rehabilitation and Replacement - building permit stage
- Sinifa, Santa Rosa, Santa Rita Reservoirs - building permit stage
- Fire Hydrant Replacement Phase 1 - building permit stage
- Piti Reservoir - waiting on comments from Department of Agriculture for easement request
- Yigo & Astumbo Reservoirs - waiting on contractor license renewals to complete electrical work and remainder of punch list items
- Northern & Southern Reservoirs - requires meeting with GFD for Agfayan & Inarajan BPS design

#### CIPs in pipeline delayed if PHE extends

- Pressure Zone Realignment Phase 1 – NTP issuance
- Tank Repair and Bypass Construction – NTP issuance (Hold up of these 2 permits will impact construction/repair/inspection schedules for the tanks)
- Water well meter replacement - NTP issued
- NWWTP outfall diffuser – Selection stage
- Bayside Sewer PS rehabilitation – Selection stage

- All **water and wastewater services are being provided** as normal
- Transitioned handling of regular service issues to **“on-line” options**
  - Customer Service: new service requests, billing issues, and inquiries
  - Engineering: utility verifications, inspections, permits (new construction service inspections suspended; to be evaluated)

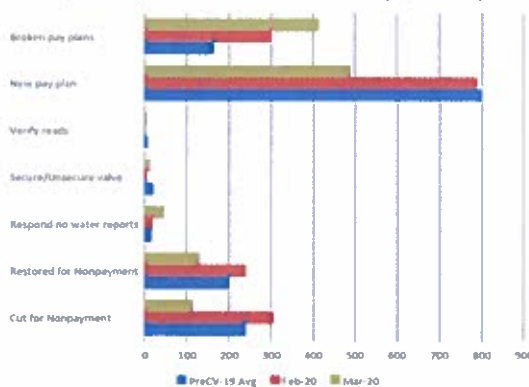
#### Payment for GWA services provided

- Suspension of disconnection through emergency period
- Payment plans / deferrals for residential customers impacted by CV-19
- Increased/promote payment options / keeping accounts current
- Suspend limits on credit card transactions

#### 7-Ways to Pay

1. Mobile App: **PAY GPWA**
2. Pay On-line: **PAYGWA.COM**
3. Pay By Phone: **647-4PAY**
4. Auto Pay: ACH form on website
5. Drop Box: Upper Tumon, Fadian
6. Pay Via Mail: POB 3010, Hagatna
7. Drive-Thru: Upper Tumon

USD Collection Activities FY20 thru March (no. of accts)



Activity	Collection Activities			% Change	
	Oct - Jan	Feb-20	Mar-20		
Cut for Nonpayment	Pre-CV-19 Avg	239	305	115	51.8%
Restored for Nonpayment	199	240	130		34.8%
Respond no water reports	16	18	46		187.5%
Secure/Unsecure valve	20	6	13		35.8%
Verify reads	7	3	5		25.9%
New pay plan	800	789	489		38.9%
Broken pay plans	163	297	412		153.4%

Pay Plan Detail

PERIOD	TOTAL BROKEN	TYPE OF PAY PLAN BROKEN		
		ARREARS	BACK BILL	HARDSHIP
03/01/20 THRU 03/16/20	187	174	13	0
03/16/20 THRU 03/21/20	102	96	6	0
03/22/20 THRU 03/28/20	124	121	3	0
03/29/20 THRU 04/04/20	83	67	16	0
04/05/20 THRU 04/11/20	18	17	1	0
04/12/20 THRU 04/18/20	16	14	2	0
04/19/20 THRU 04/25/20	13	10	2	1
<b>TOTAL</b>	<b>543</b>	<b>499</b>	<b>43</b>	<b>1</b>

**GWA Workforce availability  
as of April 23, 2020**

1	Healthy	352	93.37%
2	Sick, not COVID-19 related	9	2.39%
3	COVID-19 Medical Risk	2	0.53%
4	COVID-19 Quarantined	2	0.53%
5	Military Leave	8	2.12%
6	LTD	4	1.06%
<b>Grand Total</b>		<b>377</b>	<b>100.00%</b>

**GWA Workforce availability  
as of April 23, 2020**

[ 12 ]	Healthy/Reporting for duty at worksite	261	69.23%
[ 13 ]	Healthy/Reporting for duty - Teleworking	90	23.87%
[ 14 ]	Military Leave	8	2.12%
[ 15 ]	LTD/Workers Comp	4	1.06%
[ 04 ]	Employee sick - symptoms unrelated to COVID-19	9	2.39%
[ 05 ]	Employee's direct exposure to a household member - COVID-19 confirmed case	1	0.27%
[ 06 ]	Employee's direct exposure to a household member being tested for COVID-19	1	0.27%
[ 09 ]	Employee or household member is at medical risk (i.e. COVID-19 vulnerable)	2	0.53%
[ 11 ]	Employee wants to electively self-quarantine; status not considered vulnerable - does not report for duty	1	0.27%
<b>Grand Total</b>		<b>377</b>	<b>100.00%</b>

- **Essential workers reporting to work sites**
  - PPE and sanitation supplies provided
  - Vehicle sanitation between each shift
  - Interaction minimized
  - Social distancing practiced to the extent possible
  - Daily safety messaging and updates
- **Non-essential workers teleworking from home**
  - VPN access expanded
  - GWA equipment deployed
  - Telework Policy and Procedures issued
  - Telework Work Plan & Agreements being finalized

CFO Kim said all of Finance team have been all been set up with their computers and VPN but is some connectivity issues and employees are using their own internet / power etc.

There was discussion on teleworking and Comm. Santos said this is the new normal.



Comm. Limtiaco asked about timeclocks and commented that this is one large multi-million dollar business that still does manual time sheets. Comm. Duenas added that the E-One software will help with this issue.

Comm. Sanchez said hotels are our largest customers and they are down by 33% and referencing agriculture, he said this sector is up by 45%. GM Bordallo said its due to dry season irrigation.

Comm. Sanchez asked for status on the Asan Adelup. GM Bordallo updated that the project has been delayed perhaps until the end of the calendar year.

The GM update the Commission on GWA's Series 2020 Bond Process. Following is brief highlights.

- All needed approvals obtained with [PUC action on March 26<sup>th</sup>](#)
- Document development
  - Consulting Engineers Report: Near Final Draft in review (complete April 30<sup>th</sup>)
  - Preliminary Official Statement: Updated Draft in development (post May 19<sup>th</sup>)
  - Call to discuss CER and POS scheduled for Thursday this week
- Ratings Activity
  - COVID-19 and PUC Approved Rate Plan [presented April 16<sup>th</sup>](#)
  - Ratings presentation [scheduled May 8<sup>th</sup>](#)
- Marketing and Pricing
  - Timing and final scheduling are market dependent
  - GWA, GEDA and team are monitoring market developments
  - EMMA Notice of Proposed Issuance [posted March 24<sup>th</sup>](#) – no feedback yet
  - Soonest to be in the market is [mid-May](#)

Top 20 Reported Guam Investors -- As of April 2020 (in \$millions)

As of April 2020, Guam's top 20 reported holders own over \$1.7 billion in Guam's municipal bonds

	GWA	BPT	HOT	GPA	QIAA	Section 30	GDOE	GovGuam GO	PAG	Total Guam Holdings (\$000s)
Mutuen	89.64	195.23	6.57	42.03	12.41	39.26	19.61	3.43	2.06	410.23
Mackay Shields	82.02	80.74	20.62	18.59	21.43	10.17	-	-	11.33	244.89
Vanguard	56.13	84.30	-	61.62	13.07	4.39	-	-	-	219.50
AllianceBernstein	12.25	65.50	-	23.52	0.88	22.94	1.97	6.34	-	133.39
Capital Research	18.09	35.54	11.51	21.59	15.64	5.53	-	-	5.82	113.72
Invesco	5.97	15.94	-	48.07	13.00	6.75	-	2.75	-	97.42
GSAM	37.50	9.76	-	4.87	18.54	12.03	5.86	2.75	5.70	96.93
USAA   Victory Capital	44.16	5.00	-	26.61	2.26	12.25	-	-	1.50	91.77
MFS	15.29	11.03	-	7.31	1.91	3.92	35.03	-	0.80	75.29
Franklin	16.26	-	10.38	25.99	5.00	-	-	-	-	57.62
Thorburn Investment	10.43	11.48	-	24.54	-	-	-	-	-	46.44
Wells Capital	13.89	5.04	-	1.00	6.12	0.60	5.24	-	7.26	39.15
PrudBridge	-	16.61	-	1.46	-	6.90	-	-	0.50	25.47
American Century	9.34	1.00	-	8.37	-	-	2.50	-	1.50	22.71
Atacquire	5.84	8.78	-	1.00	-	-	-	-	2.13	17.74
Van Eck	5.41	6.69	-	0.85	0.20	1.62	1.10	-	-	15.86
Fidelity	-	-	-	6.88	8.79	-	-	-	-	15.47
DWS Investment	2.50	-	-	6.21	3.00	-	-	-	2.00	13.71
Putnam Investment	-	-	0.25	3.00	-	-	1.00	4.30	3.77	12.91
SII Investment	2.30	2.75	-	0.50	-	0.50	2.73	-	-	8.48
<b>Total</b>	<b>426.73</b>	<b>558.37</b>	<b>48.33</b>	<b>333.76</b>	<b>122.23</b>	<b>126.35</b>	<b>73.63</b>	<b>20.05</b>	<b>49.86</b>	<b>1,758.66</b>

## 4.2 Financials

In response to the Global Health Emergency declared by the World Health Organization and the national emergency declared by President Donald Trump, on March 14, 2020. Governor Lourdes A. Leon Guerrero, issued Executive Order 2020-03 declaring a state of emergency to respond to Novel Coronavirus (COVID-19). Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, the prohibition of large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases.

From October 2019 through February 2020, 56% of payments came through the customer service offices in Upper Tumon, Julale, and Fadian. Based on the Executive Orders, GPWA customer service offices were closed on March 16. However, on March 23, 2020, GWA reopened its Upper Tumon drive-thru for the convenience of our cash paying customers as well as those who prefer to make payments in person. GWA has also been encouraging its customers through flyers, social media, and press releases to use alternate ways of paying their water bills.

While YTD consumption improved compared to last year (water consumption +1%, wastewater consumption +3%), March 2020 consumption was down compared to March 2019 (water consumption -15%, wastewater consumption -2%). We continue to monitor bills as they drop in April to determine the impact on hotel consumption due to the lack of tourists as well as on business and government demand due to the closure of non-essential businesses and government agencies. See Schedule K for Water Demand for FY2015 to FY2020.

Revenues are being continuously monitored and a cost containment plan has been put into effect. However, the public health emergency has required additional outlays for emergency pay and other COVID-19 related expenses. While sufficient cash reserves are in place, management will continue to assess the situation and make any course corrections required to ensure continuity of services to our customers while keeping the safety of our staff the highest priority.

### **Balance Sheet**

- Total Assets & Deferred Outflows of Resources were about the same at \$912.1M in March 2020 compared to \$913.0M in September 2019 or a decrease of \$885K. Current Assets decreased by \$5.6M, Property, Plant and Equipment increased by \$19.5M, and Other Noncurrent Assets decreased by \$14.4M. Note that Schedule F contains a schedule of restricted and unrestricted cash and investments.
- The \$17.0M or -2% decrease in Liabilities & Deferred Inflow of Resources of \$696.7M at March 2020 from \$713.8M September 2019 was primarily due to decreases in Current Liabilities of \$16.3M.
- Accounts Receivable days were 47 in March 2020 as compared to 50 in September 2019 and Accounts Payable days were 37 in March 2020 as compared to 38 in September 2019.

### **Statement of Operations and Retained Earnings**

- Total Operating Revenues for March 2020 of \$8.8M were 13% or \$1.3M less than budget and 9% or \$856K less than March 2019 due to the impact of the COVID-19 emergency.
- Year to Date Operating Revenues as of March 2020 of \$55.5M were \$5.2M or 9% less compared to budget and were about the same as last year. Note that the budget, as adopted by the PUC rate order, projected a 5% increase for the entire fiscal year. The rate increase went into effect in March 2020 slightly offsetting reductions in consumption.
- Total Operating Expenses for March 2020 of \$7.1 M were \$547.2K or 7% less than budget, with all expenses coming in below budget except for Depreciation; there were three pay periods processed in March. Total Operating Expenses for March 2020 were 3% or \$176.7K more than March 2019 with the increases in Utilities of \$77.5K and Depreciation of \$253.5K offset by decreases in Salaries and Benefits of \$4.8K, Administrative & General Expenses of \$32.1K, Contractual Expense of \$72.2K and Retiree Benefits of \$45.2K.
- Year to Date Operating Expenses at March 2020 of \$43.6M were \$2.2M less than budget of \$45.7M with expenses coming in below budget except for Depreciation, and Provision for Bad Debts. Year to Date Operating Expenses at March 2020 were \$2.1M or 5% more than last year's \$43.6M with increases in Utility Costs of \$1.1M, Administrative & General Expense of 213.9K and Depreciation of \$1.50M offset by decreases in Net Salaries and Benefits of \$150K, Contractual Expenses of \$313.5K, and Retiree Benefits of \$278.7K.
- Earnings from Operations for March 2020 of \$1.7M were 30% or \$756.9K less than budget and 37% or \$1.0M less than March 2019. Net Assets for March 2020 of -\$88.8K were \$3.3M less than budget mainly due to no activity in Grants from US Government and -\$4.4M less than March 2019 due to no activity in AFUDC and Grants from US Government.
- Year to Date Earnings from Operations as of March 2020 of \$11.9M were 20% or \$3.0M less than budget and 14% or \$1.9M less than YTD Earnings as of March 2019. Year to Date Change in Net Assets as of March 2020 of \$15.5M were \$3.6M less than budget mainly due \$5.2M less in Grants from US Government than projected. Year to Date Change in Net Assets as of March 2020 were \$3.6M or 19% less than YTD as of March 2019.

**Key Financial Indicators**

Indicator	Target	February 2020	March 2020
DSC YTD			
• Per Section 6.12 of Indenture	1.25	1.45	1.42
• Per PUC / CCU	1.40	1.45	1.42
Days – Cash on Hand	120 days	221 days	187 days
Collection Ratio			
• Month to Date	98%	101%	95%
• Year to Date	98%	99%	98%
Days Billed	30	29	29
Account Receivable Days	45	45	47
Account Payable Days	45	34	37
Employee Count	400 FTE	379FTE	379 FTE
Water Customers	42,644	42,722	42,250
Wastewater Customers	29,687	29,419	29,194

**4.3 Resolution No. 22-FY2020 Relative to Approval of Change Order No. 5 and Approving Additional Contingency Funds for the Route 4 Relief Sewer Line Rehabilitation and Replacement**

The objective of the Route 4 Relief Sewerline Rehabilitation and Replacement Project is to install cured in place pipe (CIPP) lining in an existing sewer to rehabilitate the sewer by eliminating infiltration into the existing sewer main so that it can be placed into service and relieve excess flows in the adjacent sewer main serving Sinajana, Ordot, Chalan Pago, and nearby villages connected to the main sewer trunk line coming into Hagatna on Route 4. The CIPP work is being done under a contract with InsituForm Inc and is nearing completion.

In order to compensate InsituForm for performing unanticipated significant and excessive cleaning and to seal four sewer service lines encountered while performing work under the original scope of work in the contract, two Change Orders are needed to finish the contract work. The additional work is within the general scope of work for the contract and it is most practical and efficient to have InsituForm perform the work as an integral part of their construction. In order to have installed the CIPP liner, the additional cleaning had to be done. In order to re-connect the four unanticipated existing sewer service lines to the newly lined CIPP main to maintain service to those customers, the re-instatement of those lines is necessary and must be done at this time.

The contract contingency amount previously authorized by the CCU when the contract was awarded has been used on four Change Orders preceding the work discussed herein and consequently, the contingency amount remaining is currently insufficient to execute the two necessary Change Orders to complete the work outlined above. Additional contingency funds must be authorized by the Commission so that GWA can execute the change orders.

The segments of existing sewer that required additional cleaning are on Route 4 as it approaches Route 1 and on segments on Route 1 downstream of the intersection with Route 4. The four sewer service lines to be reinstated are on Route 1 in front of Chamorro Village and serve Chamorro Village.

Change Order 5 will cost \$165,245.12 and require an additional authorization of \$114,058.57 in contingency funds for the contract. A Change Order for the service line sealing is estimated to cost \$75,000. In total, these amounts sum to \$189,058.57. This Resolution requests a contingency increase in the amount of \$200,000.00 to provide a modest amount in anticipation of a cost proposal from the contractor for the service line reinstatements. The funding source for the contract and for the additional contingency funds requested in this Resolution is the System Development Charge as well as EPA grant funds.

Work on the additional cleaning has already been performed as it was required to advance the project and prepare for the installation of the CIPP liner. The Project Manager required the contractor to support

and justify his claim for the amount of cleaning judged to be additional. Once the requisite information and data was provided and the amount negotiated, the Project Manager recommended that GWA approve the addition cleaning and cost. The service line reinstatement will be completed soon after the cost is approved and GWA executes a Change Order for this additional work.

It was mentioned that some additional work has to be done, lots of debris on the line and 4 active service laterals that wasn't seen before and need to be sealed. Change orders necessary to fund these pieces of work.

**Comm. Sanchez motioned to approve Resolution 22-FY2020 second by Comm. Guthertz**

Comm. Sanchez said this will take this project to \$4M+ with estimated completion by end of summertime.

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

#### **4.4 Resolution No. 23-FY2020 Relative to Approval of the COVID-19 Regulatory Asset Issues for Decision**

Setting up a regulatory asset to capitalize extraordinary expenses incurred during the COVID-19 response will allow Guam Waterworks Authority (GWA) to offset these expenses against any future relief provided by the local or federal government and / or amortize the expenses next fiscal year when revenues rebound. The action is necessary to minimize impacts to GWA's ability to meet bond indenture requirements, and is urgent in light of the rapidly changing conditions resulting from the current pandemic.

In response to the Global Health Emergency declared by the World Health Organization and the national emergency declared by President Donald Trump, on March 14, 2020, Governor Lourdes A. Leon Guerrero, issued Executive Order 2020-03 declaring a state of emergency to respond to Novel Coronavirus (COVID-19). Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices and the prohibition of large gatherings.

Executive Order 2020-05 ordered the closure of businesses or public accommodations except for certain exemptions such as healthcare operations, grocery stores, gas stations and hardware stores during the COVID-19 emergency period through March 30, 2020. Executive order 2020-06 and 2020-09 extended the emergency period through April 13, 2020 and May 5, 2020 respectively.

Although revenues are likely to be impacted by the near shutdown of the tourism market and the closure of certain government agencies and businesses, Guam Waterworks Authority (GWA) must continue to provide essential water and wastewater services needed for the health and safety of the community. Extraordinary expenses in response to the COVID19 emergency may include but are not limited to:

- Additional pay for employees required to report to work
- Equipment and tools to allow employees to work from home
- Alternate or enhanced methods for customers to pay their bills such as opening a drive thru, lifting credit card
- Development and distribution of communications materials to employees and customers

Upon approval by the Consolidated Commission on Utilities, GWA will petition the Public Utility Commission (PUC) to capitalize expenses related to the COVID-19 emergency in the form of a regulatory asset and amortize those expenses in FY2021, or over a period determined by the PUC, when revenues are expected to rebound.

This action seeks to capitalize the extraordinary costs expended to address the COVID19 emergency declaration. Revenues will be used to fund these expenditures and possibly other COVID fund resources. If cash from Revenues is insufficient, the Working Capital Reserve will be used. As the Regulatory Asset is amortized over the next fiscal year, the Working Capital Reserve will be reimbursed.

Upon approval by the Public Utility Commission (PUC), the Regulatory Asset will be set up and amortized in FY2021 or over a period determined by PUC.

Comm. Sanchez asked what this estimate is for COVID double pay. Management said about \$370k per payperiod. It was mentioned that payroll subsidy is not covered by FEMA

Comm. Guthertz motioned to pass Resolution 23-FY2020, second by Comm. Limtiaco. There was no further objection or discussion and the motion passed with 5 ayes.

#### **4.5 Resolution No. 24-FY2020 Relative to Ratification of Suspension of Credit Card Payment Limits on Non-Residential Accounts**

Effective April 13, and thru this emergency period, Guam Waterworks Authority (GWA) will make it easier for its non-residential customers to make payments against their billings by lifting credit card limits. This will enable non-residential customers to safely make payments online while minimizing the time and staff needed to process payments made by cash or check and will make funds available more immediately.

GWA currently has a \$500 monthly limit on Visa and Discover credit card payments made for non-residential accounts. This requires non-residential customers to make payments by check or cash or not fully pay their bill on-line. There is currently no limit on Mastercard. This action will be effective April 13, 2020 thru the COVID-19 public health emergency period.

The fees are as follows:

<b>Type</b>	<b>Fee</b>
Credit and Signature Debit Cards (Merchant Fee)	.1033% of amount
PIN Debit Cards (Merchant Fee)	\$.06 per transaction
Visa and Discover (Network Fees)	1% - 3%

If the Public Utilities Commission authorizes the COVID-19 Regulatory Asset, the additional merchant fees will be capitalized and amortized over a period determined by the PUC. The fees will be paid from Revenues, or if Revenues are not sufficient, the Working Capital Reserve.

Comm. Guthertz motioned to approve Resolution 24-FY2020, second by Comm. Sanchez.

In discussion, the Commission inquired the guesstimate monetary impact for this program and management responded about \$20k.

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

**4.6 Division Reports**

The Division Reports were submitted but not discussed.

**5. OTHER DISCUSSION**

**5.1 Proposed CCU Rules**

Comm. Limtiaco, Chairperson for the CCU Rules Committee, updated that the DRAFT CCU Rules were distributed to the Commission and he would like it placed on the May Agenda. Comm. Santos said he would like to have a working session for review and discussion. Chairman Duenas said he will look at the CCU calendar and get back to the Commission.

**6. ANNOUNCEMENTS**

**6.1 Next CCU Meetings**

The Chairman announced that the next CCU meeting is a work session for GWA on May 19, a GPA work session on May 21 and the regular monthly CCU meeting on May 26

The Chairman called for a 5-minute recess before Executive Session. It was 7:45 p.m.

**7. EXECUTIVE SESSION**

**7.1 (2) GWA Litigation Matters**

**8. ADJOURNMENT**

There being no other business to bring before the Commission, the meeting adjourned at 2:08 p.m.

||s||

Bls

Attested

  
\_\_\_\_\_  
JOSEPH T. DUENAS, Chairman

  
\_\_\_\_\_  
MICHAEL T. LIMTIACO Secretary