



## CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | [guamccu.org](http://guamccu.org)

### GUAM POWER AUTHORITY WORK SESSION

*CCU Conference Room*

*12:00 p.m., Thursday, July 23, 2020*

## MINUTES

### 1. CALL TO ORDER

The CCU Chairman called the July 23, 2020 Guam Power Authority Work Session to order at 12:12 p.m. He said four [4] Commissioners were present for a quorum and that 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

#### Executive Mgmt.:

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

#### Management & Staff:

Vien Wong	IT Support / GPA
Vlad Novasca	IT Support / GPA
Patti Diego	Communications / GPA
Lou Sablan	Board Secretary / CCU

#### Guest:

Tricia Granillo	AM Insurance
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## **2. ISSUES FOR DECISION**

### **2.1 Resolution 2020-16/Authorization for Contract Award for the Supply of Residual Fuel Oil No. 6**

The Guam Power Authority's current contract for Supply of Residual Fuel Oil No.6 for the Baseload Plants Cabras 1&2 and MEC 8&9, is expiring in August 31, 2020. The new fuel supply contract is necessary to provide uninterrupted supply of fuel for the Baseload plants.

The 3-year contract is estimated to cost approximately \$276,779,088 requiring prior approval from the PUC. The contract is planned for an initial period of three (3) years to commence on or about September 01, 2020 and to expire on August 31, 2023, with the option to extend for two (2) additional one-year terms. The funding source is fuel revenue funds.

Three (3) bidders responded to the solicitation under IFB GPA-050-20. HYUNDAI CORPORATION was determined to be the lowest responsive and responsible bidder.

The Staff Atty asked the Chairman for a vote on resolution because it will appear in PUC's agenda for their consideration at their business meeting at end of the month and management wants to give them time to review. The Chairman asked for a motion.

**Comm. Sanchez motioned to approve Resolution 2020-16, second by Comm. Guthertz.**

In discussion the Chairman asked the GM to clarify the pricing structure that was provided saying there is a difference from the premium price of \$19+ per barrel does not include the spot market price for oil in Singapore; this number fluctuates based on where the oil is purchased. He asked the GM the price for the last purchases of oil. The GM confirmed that the last total price [premium + spot price] was \$45 and the price before that was \$32. The Chairman said the premium price has not changed between these 2 shipments, but there was an increase in the spot price. The chairman wanted to make sure the public is aware of the pricing components because this is what drives the LEAC factor.

Comm. Sanchez said the premium are auxiliary costs [net of the fuel costs] and fuel cost is the market price. And this has gone up - what are the reasons for causing premium to go up and the GM said it has to do with federal law that took effect Jan 2020 that requires all ships going into US ports must burn low sulfur fuel. So now the new price per barrel for shipping and handling is \$17 per barrel, 44% higher than in the past. It was mentioned that we burn more high sulfur than low sulfur fuel. This explains why Mobil Oil didn't want to exercise their option to renew. They could not absorb the increase in price. This will put pressure on the LEAC. From an environmental point of view – this is positive but negative from a cost point of view.

Comm. Limtiaco asked what the impact is on LEAC and GM said this would be next discussion.

**The vote was 4 ayes and 1 absent; the motion carried.**

## **3. GM REPORT**

### **3.1 Updates**

The GM gave his usual management summary as highlighted below – starting with LEAC

## LEAC Update – GPA Fuel Purchases (Per Barrel)



## LEAC Update – Morgan Stanley Asian Morning Call

### Morgan Noon Call Pricing

#### Sing HSFO 180 CST

Date	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
7/8/2020	\$ 260.73	\$ 256.73	\$ 257.73	\$ 259.48	\$ 261.57	\$ 261.57	\$ 266.90
7/13/2020	\$ 241.68	\$ 245.18	\$ 248.93	\$ 252.43	\$ 255.35	\$ 255.35	\$ 261.10
7/14/2020	\$ 253.62	\$ 248.62	\$ 249.62	\$ 251.87	\$ 254.21	\$ 254.21	\$ 260.71
7/15/2020	\$ 254.83	\$ 251.83	\$ 253.58	\$ 255.58	\$ 257.91	\$ 257.91	\$ 264.74
7/16/2020	\$ 256.64	\$ 253.64	\$ 255.39	\$ 257.39	\$ 259.72	\$ 259.72	\$ 266.56
<b>Five-day average</b>	<b>\$ 253.50</b>	<b>\$ 251.20</b>	<b>\$ 253.05</b>	<b>\$ 255.35</b>	<b>\$ 257.75</b>	<b>\$ 257.75</b>	<b>\$ 264.00</b>

#### Gassoil 10ppm

7/9/2020	\$ 49.53	\$ 49.11	\$ 49.11	\$ 49.37	\$ 49.65	\$ 49.65	\$ 50.70
7/13/2020	\$ 49.71	\$ 49.21	\$ 49.17	\$ 49.37	\$ 49.62	\$ 49.62	\$ 50.53
7/14/2020	\$ 48.86	\$ 48.31	\$ 48.23	\$ 48.40	\$ 48.66	\$ 48.66	\$ 49.71
7/15/2020	\$ 49.51	\$ 48.96	\$ 48.81	\$ 48.98	\$ 49.24	\$ 49.24	\$ 50.34
7/16/2020	\$ 50.02	\$ 49.45	\$ 49.31	\$ 49.46	\$ 49.72	\$ 49.72	\$ 50.73
<b>Five-day average</b>	<b>\$ 49.52</b>	<b>\$ 49.01</b>	<b>\$ 48.92</b>	<b>\$ 49.11</b>	<b>\$ 49.38</b>	<b>\$ 49.38</b>	<b>\$ 50.40</b>

## LEAC Update – Fuel Cost by Fiscal Year

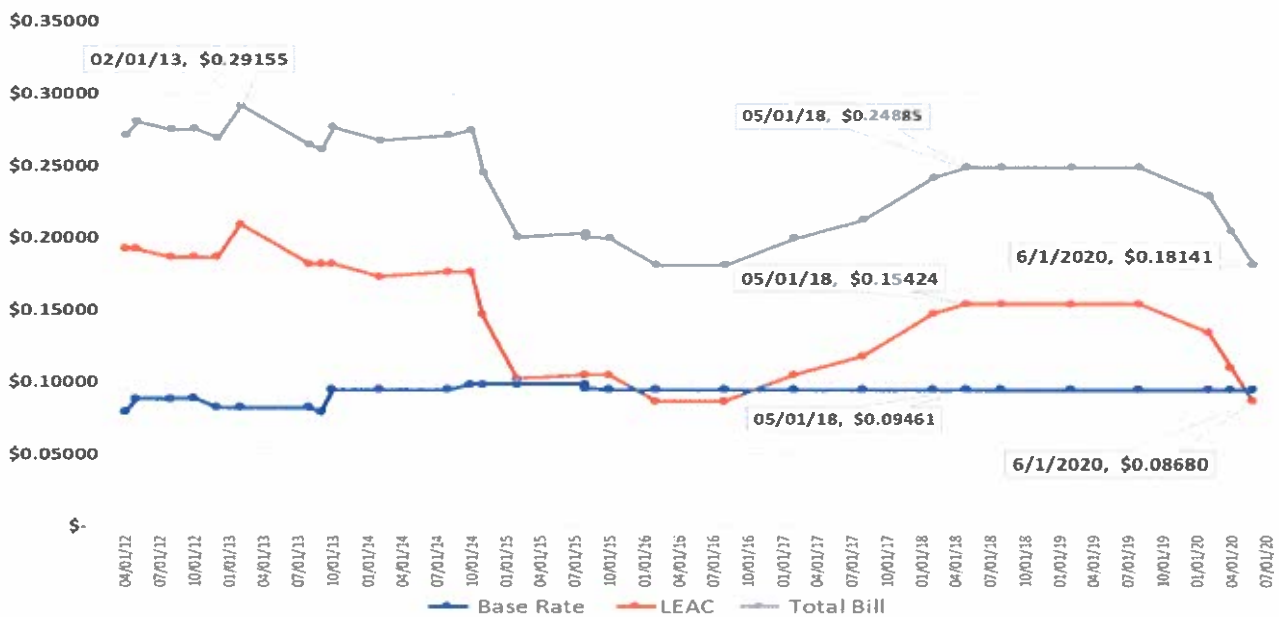
### Actual Fuel Cost by Fiscal Year



# Historical Residential LEAC Rate



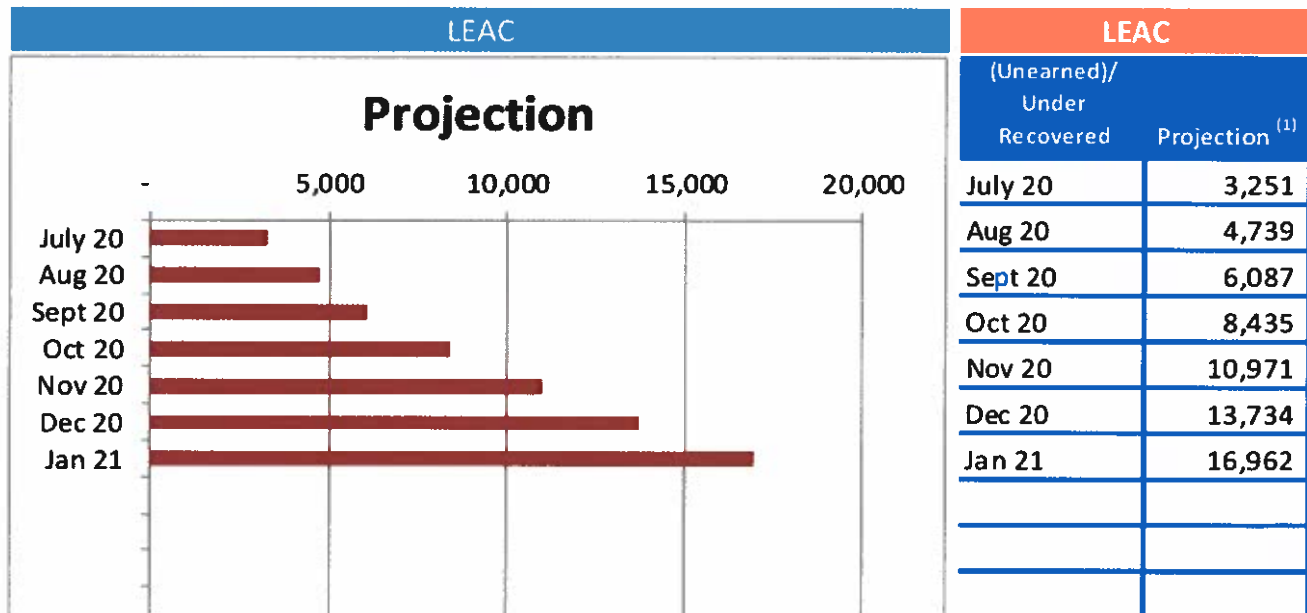
# Historical Residential Rate



# Historical LEAC Over (Under) Recovery

LEAC Period		Approved LEAC	Actual Over
From	To	Rate	(Under) Recovery
4/1/2012	7/31/2012	\$ 0.192310	\$ (3,040,418)
8/1/2012	1/31/2013	\$ 0.186834	\$ (2,494,052)
2/1/2013	7/31/2013	\$ 0.209271	\$ 1,345,259
8/1/2013	10/31/2013	\$ 0.182054	\$ 1,300,093
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	01/31/2018	\$ 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	5/31/2020	\$ 0.110039	\$ (2,981,023)
6/1/2020	7/31/2020	\$ 0.086800	\$ (3,250,772) Estimated

## LEAC Under Recovery Balances



# LEAC - Update

	Current	Scenario A - Remain As Is		Scenario B - Full Recovery			Scenario C - 50% Recovery	
	June 1 to July 31	August 1 to Jan. 2021	Variance	August 1 to Jan. 2021	Variance		August 1 to Jan. 2021	Variance
Rate	\$ 0.086800	\$ 0.086800	\$ - 0.0%	\$ 0.114568	\$ 0.027768 32.0%		\$ 0.100026	\$ 0.013226 15.2%
(In '000)								
Under Recovery on July 31, 2020	\$ 3,251							
Under Recovery on Jan. 31, 2021		\$ 16,962		\$ -			\$ 8,481.00	
Average Price per Bbl-RFO	\$ 37.51	\$ 44.07		\$ 44.07			\$ 44.07	
Average Price per Bbl-Diesel	\$ 66.51	\$ 60.38		\$ 60.38			\$ 60.38	

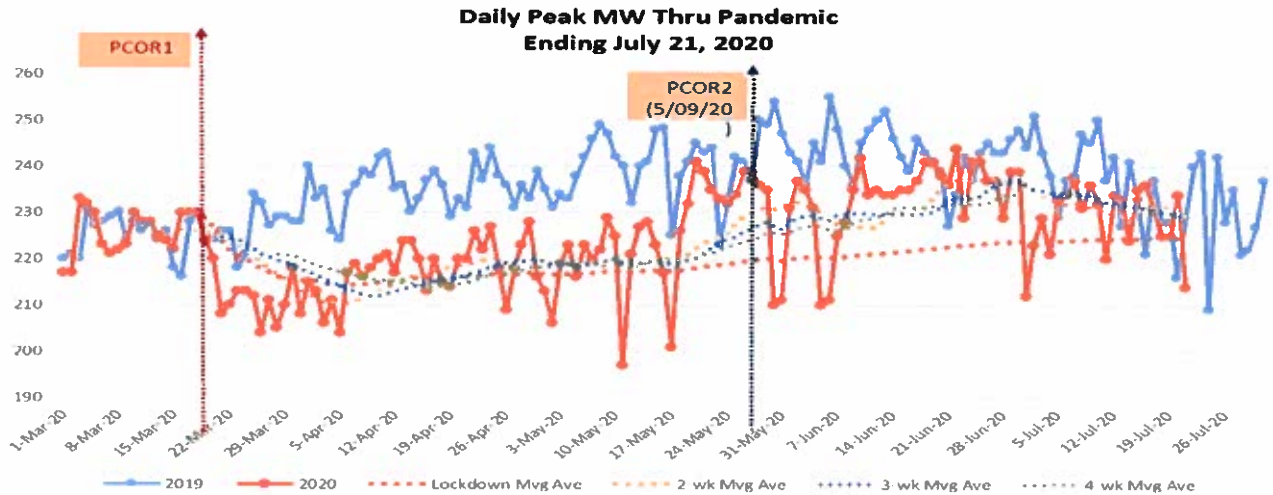
Comm. Limtiaco asked if the impact for the new fuel award will the under recovery be the same; the CFO said the variance would be about \$15M. Comm. Sanchez said the 1<sup>st</sup> piece of the puzzle is the premium which has increased by 44% and the 2<sup>nd</sup> piece is the guesstimate of what oil pricing would be. GM has provided 3 options for under recovery and now the Commission needs to decide which scenario is best for ratepayers. With no LEAC increase the under recovery will be about \$16.9M. The Chairman said the CCU took action a couple months back and we filed with the PUC already so the Commission is not considering a resolution to change LEAC right now – it is the PUC’s decision – this exercise just informs the Commission on the possible options the PUC will consider but the decision is with them. Comm. Sanchez said the historical LEAC factor in either scenario is either 11.3 for full recovery or 10.0 for 50% recovery and even with these LEAC adjustments ratepayers would pay rates cheaper than those of July 2019. Oil as trended up and then back down these past three 3 years. The PUC has to decide if they want to under recover and by how much.

## LEAC – Sample Bill

	RATE SCHEDULE R							
	Current LEAC		Scenario A		Scenario B		Scenario C	
	Effective 06-01-20		Effective 08-01-20		Effective 08-01-20		Effective 08-01-20	
<b>KWH</b>		<b>1,000</b>		<b>1,000</b>		<b>1,000</b>		<b>1,000</b>
Monthly Charge	\$ 15.00	\$ 15.00	\$ 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	0.069550	34.78
Over 500 KWH	0.086870	43.44	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	0.002790	1.40
Total Electric Charge before Fuel Recovery Charges		94.62		94.61		94.61		94.61
Fuel Recovery Charge	<b>0.086800</b>	86.80	<b>0.086800</b>	86.80	<b>0.114568</b>	114.57	<b>0.100026</b>	100.03
Total Electric Charge		<b>\$ 181.42</b>		<b>\$ 181.41</b>		<b>\$ 209.17</b>		<b>\$ 194.63</b>
Increase/(Decrease) in Total Bill						<b>\$ 27.77</b>		<b>\$ 13.23</b>
% Increase/(Decrease) in Total Bill						<b>15.3%</b>		<b>7.3%</b>
% Increase/(Decrease) in LEAC rate						<b>32.0%</b>		<b>15.2%</b>

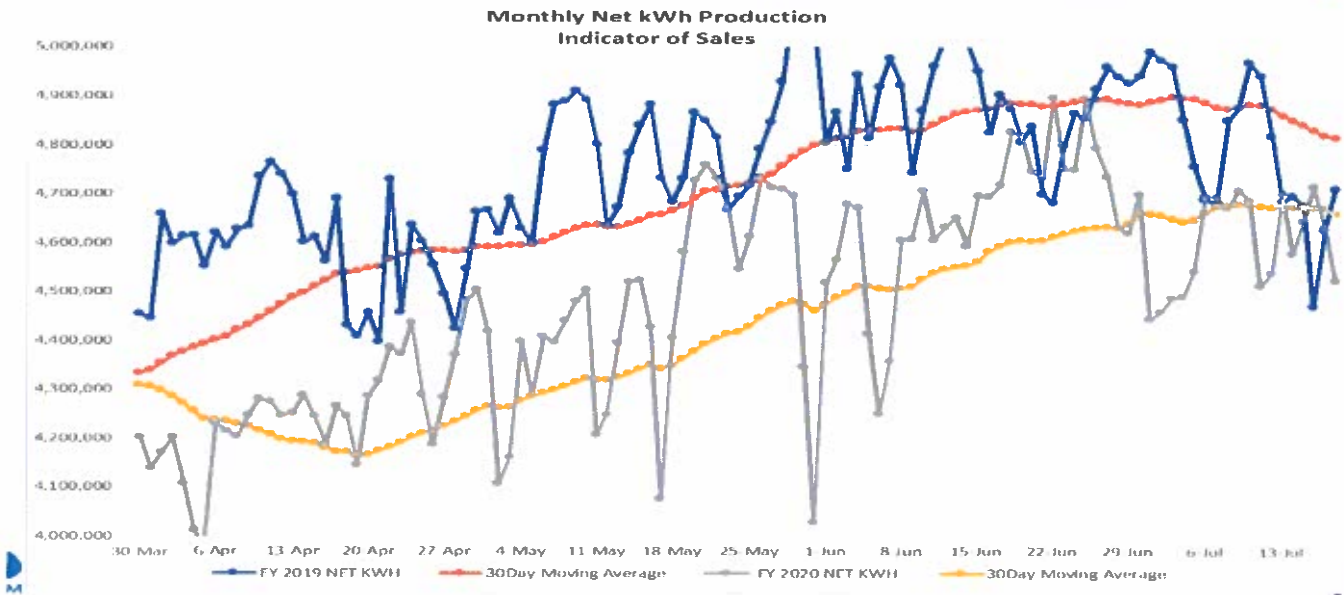
# PEAK DEMAND RECOVERING TOWARDS 2019 LEVEL

1. **Generation System: Reserve Margin forecast for August 2020:**  
 Projected Available Capacity: 316 MW  
 Projected Demand: 242 MW  
 Anticipated Reserve Margin: 74 MW  
 MEC 9 to undergo 14 day overhaul

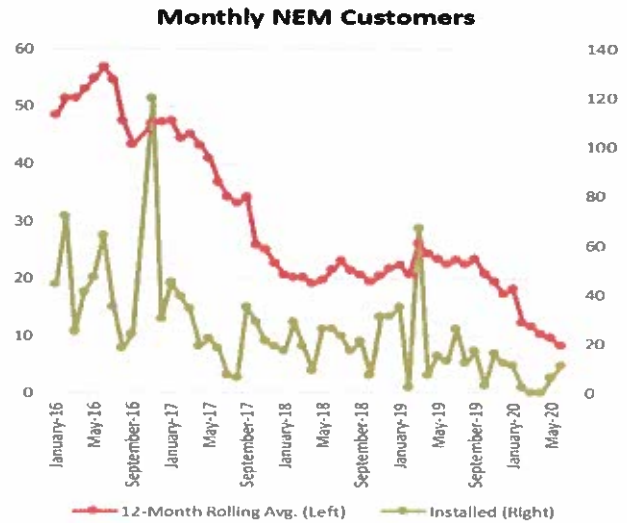
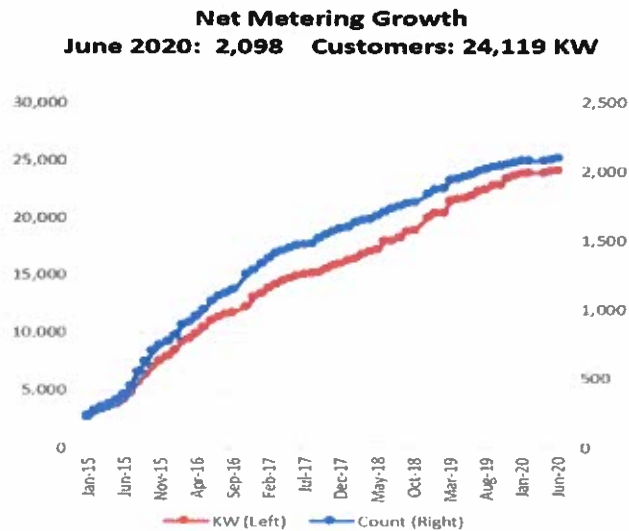


# NET ENERGY PRODUCTION RECOVERING

Indicates sales recovering from 8.2% drop to now 3.2%



## 2. Net Metering (NEM) Growth Thru June 2020:



## 3. Demand Side Management

Description	FY16	FY17	FY18	FY19	FY20 As of 6/30/20	Total to Date
Regular/OT Pay	\$11,348.80	\$22,256.00	\$26,121.83	\$50,715.19	\$20,714.99	\$131,156.81
Other Contractual	\$28,278.50	\$85,550.05	\$116,977.50	\$3,025.00	-	\$233,831.05
Ads & Radio Announcements				\$7,500.00		\$7,500.00
Paid Rebates-Split AC	\$154,700.00	\$557,275.00	\$1,349,825.00	\$1,374,650.00	\$457,450.00	\$3,893,900.00
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	\$7,200.00	\$110,800.00	\$36,000.00	\$214,225.00
<b>Total Expenses</b>	<b>\$200,527.30</b>	<b>\$680,706.05</b>	<b>\$1,554,524.33</b>	<b>\$1,553,190.19</b>	<b>\$514,664.99</b>	<b>\$4,503,612.86</b>
Bank Interest (+)	\$1,676.42	\$1,722.74	\$1,222.29	\$730.05	\$353.44	\$5,704.94
Bank Fees	\$155.00	\$1,032.06	\$1,085.08	\$1,247.54	\$275.00	\$3,794.68

### Rebate Paid Monthly :

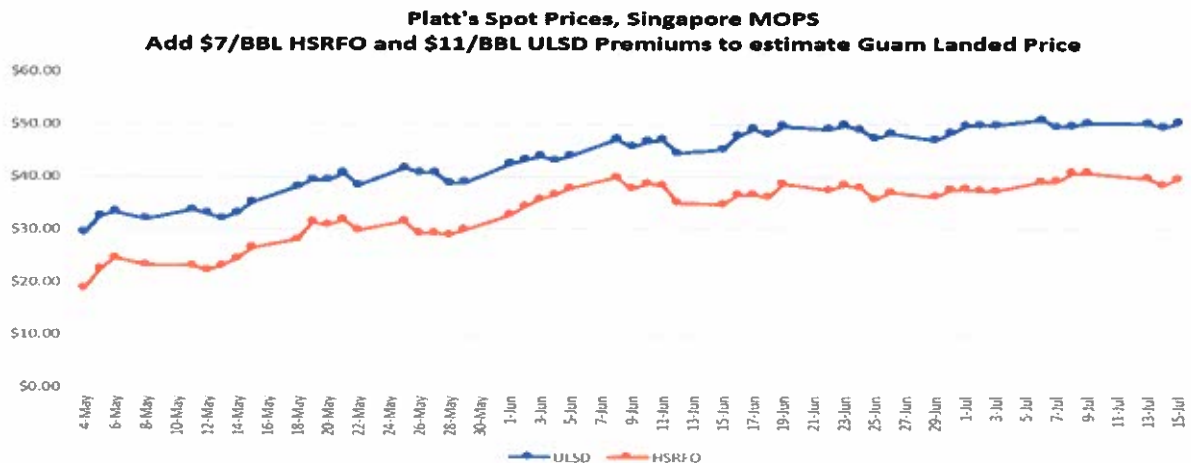
Month	CY 2019		CY 2020	
Jan	\$	175,150	\$	38,650
Feb	\$	104,925	\$	64,250
Mar	\$	137,025	\$	94,675
Apr	\$	99,650	\$	-
May	\$	80,950	\$	20,175
June	\$	120,525	\$	147,475
July	\$	162,350		
Aug	\$	191,175		
Sept	\$	124,200		
Oct	\$	131,300		
Nov	\$	14,050		
Dec	\$	114,775		
<b>TOTAL</b>	<b>\$</b>	<b>1,344,850</b>	<b>\$</b>	<b>365,225</b>

Comm. Sanchez said he is grateful for PUC's approval for funding of DSM to benefit ratepayers rebates. Every six months the fund will be \$1.5M every 6 months or \$3M total per year. The past expensed amount was about \$1.5M so where will the balance \$1.5M be spent – The GM said DSM program will open to small business and non-profits – about 10 additional items that will be on the approved list.



## 4. Fuel Prices (Per Barrel) Ending July 15, 2020

July Prices has increased greater than 40% since low point in May 2020



### 5. PUC Update:

- GPA is providing the PUC ALJ with the updated average fuel price data for PUC to set the LEAC for the period August 1, 2020 to January 31, 2021.
- PUC approved GPA Docket 20-14, Petition for Approval of Procurement for Aggreko Performance Management Contract (PMC) on June 25, 2020.
- The following dockets are on PUC's agenda for their July 30, 2020 meeting:
  - Docket 20-17, Petition to Approve Performance Management Contract for Cabras 1 & 2 Generating Plants
  - Docket 20-17, Petition to Approve the Contract for Residual Fuel Oil No. 6 for the Baseload Power Generating Plants
  - Docket 20-13, LEAC Filing

### 6. Phase III Renewables Project Update:

- The Phase III Intent to Award to Engie for 40 MW of Solar PV with full supply shifting Energy Storage System has been under appeal and initial OPA scheduling hearings were underway prior to the March shutdown. Formal hearings were held in early July. Closing arguments by the parties is set for July 30, 2020. A decision by the OPA may occur by late August.

### 7. Accounts under Payment Plan due to Emergency Pandemic Period:

- GPA continues to work with customers on payment plans for accounts in arrears, with over 550 payment plans for post-paid residential accounts and more than 1,000 additional debt recovery arrangements for pre-paid residential accounts. GPA discontinued disconnections in mid-March and has not disconnected anyone for non-payment to this date. We continue to work with customers with disconnection as our last resort.



#### 9. Energy Storage System (ESS) Update:

- The contractor is restarting the ESS Commissioning process in Mid-August. The commissioning process would take two months and both the Talofoto 16MW ESS and the Hagatna 24MW ESS would be commissioned into full service by Mid-October 2020. Attached are the full project schedule for both Talofoto and Hagatna.

#### 10. Ukudu Power Plant:

- Project is experiencing delays due to COVID-19 and other issues such as permitting, environmental impact assessments and historical preservation reviews. I am unable to provide a revised schedule at this time. GPA continues to work with KEPCO and other agencies in order to firm up a revised schedule.

#### 11. Utility Articles:

- Attached for your readings are two articles on GPA. One was published by American Public Power Association titled: "Riding the storm: Increasing resiliency for extreme weather events". The second article will be published shortly by ENERGY, OIL & GAS international publication and is titled: Guam Power Authority: "A powerful transformation". GPA continues to achieve national and international recognition thru publications such as these.

#### 12. Generation KPI's:

- The following graphs show updated information through June 2020:

There was discussion on prepaid program. The GM said that prepaid program is designed for the budget conscious customer. They prepay a certain amount and before that cap is used up, they can purchase more energy. Comm. Sanchez asked for a snapshot of this sector to see the amount of revenue the program generates and any related cost and/or payment issues.

Relative to disconnections, there are none at this time and management will work with and make every effort to work with ratepayers before disconnection.

Relative to Ukudo Power Plant Comm. Limtiaco said he was interested to know an update on where things are with this project. The GM said he will give updates on the schedule.

## 4. ISSUES FOR DISCUSSION

### 4.1 Update of GPA Personnel Rules and Regulations

No discussion on this matter.

## 5. OTHER DISCUSSION

### 5.1 CCU Rules

No discussion on this matter.

## 6. DIVISION REPORTS

Administration, Engineering & Technical Reports were provided but not discussed

### 6.1 Administration: Customer Service, HR, Procurement, Safety

### 6.2 Communications

### 6.3 Engineering & Technical: Engineering, IT, Planning & Regulatory, SPORD

**6.4 Finance**

Government receivables are falling in line – there’s just DOE that has problem which was resolved with a payment plan. Everyone is looking at GovGuam for drop in revenues so this is good news.

Relative to base revenue for June it was \$13M.; kilowatt sales is 130k short 7k for prior year; LEAC revenue was \$10.5M in vs. \$21M prior year; The financials are still a work in progress and will be presented at the regular meeting.

**6.5 Operations: Facilities, Generation, PSCC, T&D, Transportation**

**7. ANNOUNCEMENTS**

**7.1 Next Meeting**

The Chairman announced that the next meeting would be a CCU meeting on July 28<sup>th</sup>.

**8. 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 1:15 p.m.

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Bls

Attested

  
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JOSEPH T. DUENAS, Chairman

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