



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., September 3, 2020

MINUTES

1. CALL TO ORDER

The CCU Chairman Duenas called the September 3, 2020 CCU Regular Meeting to order at 5:32 p.m. He said all five [5] Commissioners were present for a quorum – Comm. Sanchez and he were physically present; Commissioners Guthertz, Santos and Limtiaco were attending electronically. Others in attendance include:

Commissioners:

- Joseph T. Duenas CCU Chairman
- Francis E. Santos CCU Vice Chairman - virtual
- Michael T. Limtiaco CCU Secretary - virtual
- Judith P. Guthertz CCU Treasurer - virtual
- Simon A. Sanchez CCU Member

Executive Mgmt.:

- John Benavente GM / GPA
- Miguel Bordallo GM / GWA
- Melinda Mafnas AGMA / GPA
- Tricee Limtiaco AGMA / GPA
- Chris Budasi AGMA / GWA - virtual
- John Kim CFO / GPA
- Taling Taitano CFO / GWA
- Graham Botha Legal Counsel / GPA
- Kelly Clark Legal Counsel / GWA

Management & Staff:

- Vien Wong IT Support / GPA
- Patti Diego Communications / GPA - virtual
- Yvonne Cruz Budget Office / GWA - virtual
- Ann Borja-Gallarde Management Analyst IV / GWA Ex.Office
- Lou Sablan Board Secretary / CCU

Guest:

- Tricia Granillo AM Insurance -virtual

2. APPROVAL OF MINUTES

The Minutes of May 21, 2020 was presented for approval.

Comm. Sanchez motioned to approve the Minutes subject to verification and written correction second by Comm. Santos. There was no objection or discussion and the notion passed unanimously.

The Minutes of June 16, 2020 was presented for approval.

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

Due to technical difficulties with the audio, the Chairman called for a 5-minute recess to allow technicians to resolve the issue. It was 5:52 p.m.

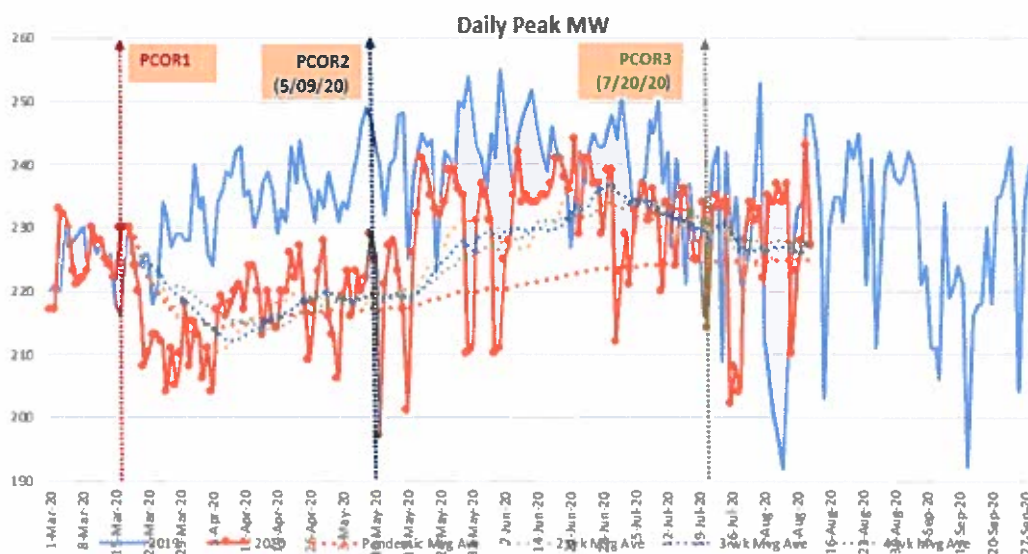
The meeting was called back to order at 5:57 p.m.

3. GPA

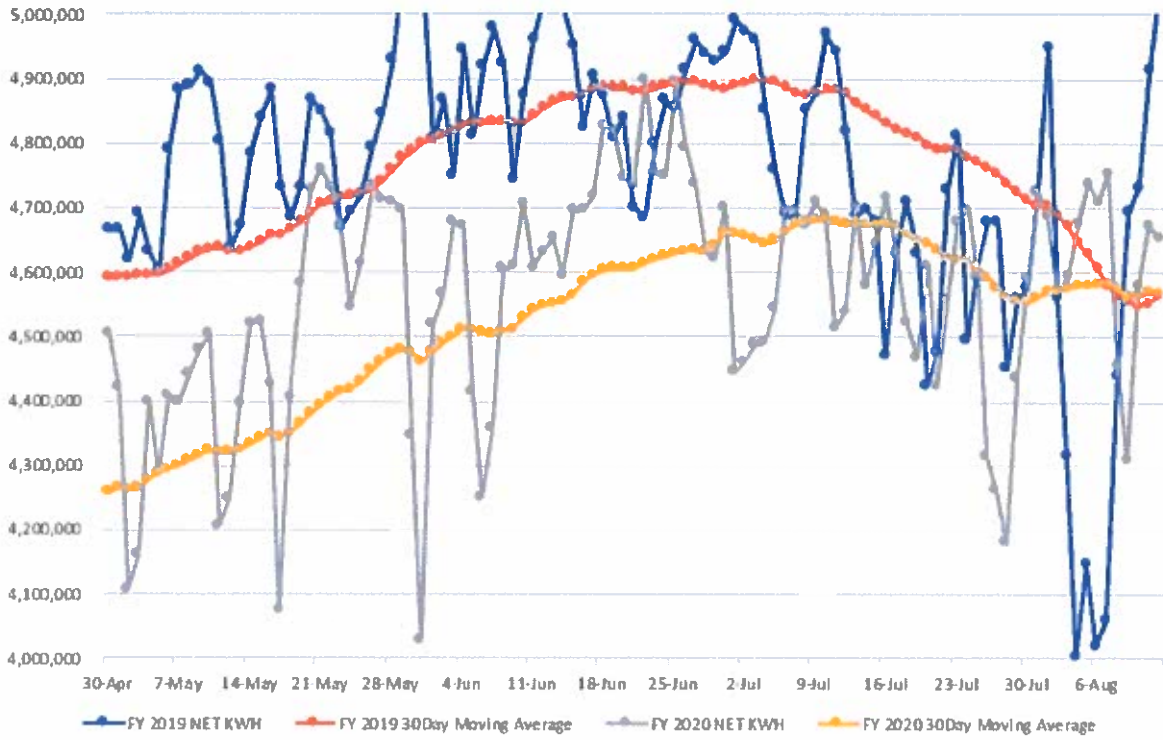
3.1 GM Report

1. Generation System: Reserve Margin forecast for Sept 2020:

Projected Available Capacity: 367 MW
Projected Demand: 243 MW
Anticipated Reserve Margin: 124 MW

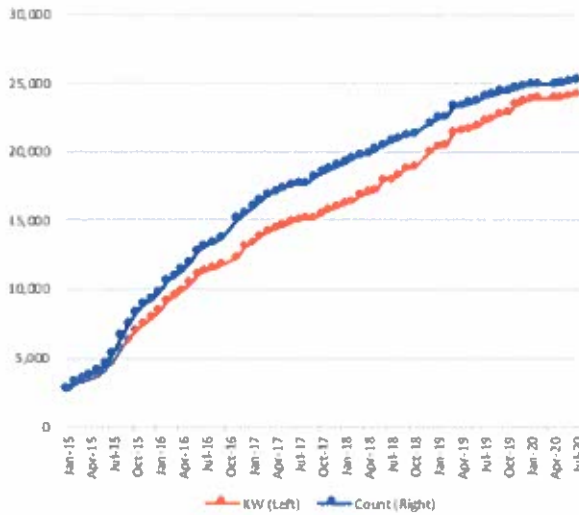


Daily Net KWh Production Indicator of Sales

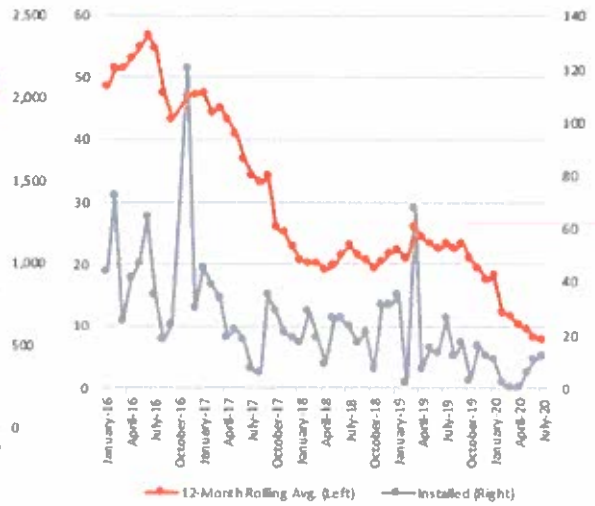


2. Net Metering (NEM) Growth Thru July 2020:

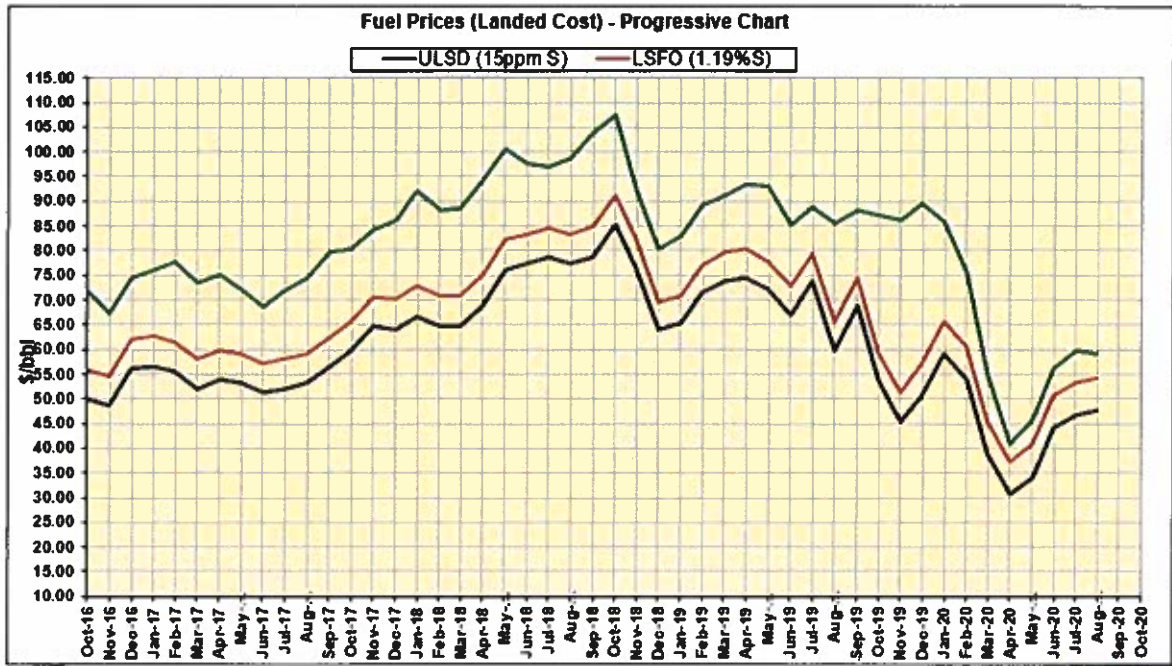
Net Metering Growth
 July 2020: 2,110 Customers; 24,261 KW



Monthly NEM Customers
 Increase of 12 customers in July 2020



3. Fuel Prices (Per Barrel) Ending August 27, 2020



4. PUC Update:

- **No PUC meeting this month (August 2020) due to current Pandemic Condition of Readiness 1 (PCOR-1).**
- **PUC approved the following GPA dockets during its July 30, 2020 meeting:**
 - **GPA Docket 20-13, LEAC, held rates to June 2020 LEAC of \$0.086/kWh**
 - **GPA Docket 20-15, Performance Management Contract for Cabras 1 & 2 Plants**
 - **GPA Docket 20-17, Contract for Residual Fuel Oil No. 6 for the Baseload Plants**
- **GPA dockets pending approval by the PUC:**
 - **GPA Docket 20-10, Creation of Condominium Rate Schedule**
 - **GPA Docket 20-16, Petition to approve the Retirement of Piti 8 & 9 Units and to Procure 60MW of Renewable Energy.**
 - **GPA Docket 20-18, Petition to approve a one-month extension to the Contract for Residual Fuel Oil No. 6 for the baseload power generating plants.**

5. 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 with the OPA. Final briefs were filed on August 11, 2020. OPA decision is typically within 30 days.**

6. Standby Generators:

- The following is an update on portable generators for support of GWA:

**Typhoon Mangkhut FEMA Matching Grant - due September 30, 2020
Replacement units for ones damaged during the typhoon**

300 kW	AG-2 (AGAFA GUMAS)
40 kW	ND-4 (MOGFOG, YPAOPAO ESTATES)
275 kW	DOC (MAIMAI, MANGILAO)
60 kW	SD-4 (UMATAC BRIDGE)
180 kW	UR MARKET (NCS, DEDEDO)
200 kW	Y-15 (YIGO, UPI SCHOOL)

GPA purchased portable Generator Update (Increased Inventory):

	Quantity	Status
25 kW	1	DELIVERED
60 kW	3	RE-BID – In Bid Evaluation Stage
150 kW	6	DUE 9/30
250 kW	3	DELIVERED
500 kW	3	DUE 9/30



7. Suit Against USEPA for Cabras Non-Attainment

- Environmental groups have filed a suit against the U.S. Environmental Protection Agency (EPA), alleging it has allowed two states and Guam to not turn in State Implementation Plans (SIPs) to clean up sulfur dioxide air pollution in their nonattainment areas. In the case of Guam, the federal lawsuit refers to the site of the problem as Piti-Cabras. The suit states the EPA "must ensure that states and U.S. territories have valid plans in place to clean up that pollution. But it has failed to do so in these areas, which are home to more than half a million people."
- Guam has a consent decree in place, announced last February, under which GPA agreed to pay \$400,000 after the federal government filed a complaint alleging GPA violated federal air pollution laws. The settlement reached between GPA, Marianas Energy Company and the U.S. Department of Justice, on behalf of U.S. Environmental Protection Agency, was the result of settlement talks that began in 2013.
- GPA reported that the consent decree resolved its violations of the Clean Air Act. Under the settlement, the utility agreed to build a new, state-of-the-art dual-fuel power plant, retire its older plants and build 100 megawatts of solar power capacity. GPA believes the settlement is a fair resolution of the alleged violations and will complete the work to satisfy the settlement terms, which will provide our ratepayers and the citizens of Guam with clean and green energy for years to come.



8. Outage Management System (OMS) Text Messaging Service



GPA POWER ALERTS

- OMS is a New text messaging service providing customers with real time information on outages directly affecting their homes or businesses, including the estimated time of restoration
- Texts only customers who have registered their mobile numbers with their customer accounts AND only those customers affected by an outage
- GPA Power Alerts toll free number 1-855-252-9998
- All customers with valid mobile numbers associated with GPA accounts are automatically enrolled in the program
- Text:
 - OUT - Reports power is out
 - STATUS - Replies with known information about your service address and any power outages
 - GPA HELP/HELP - Provides GPA's 24/7 Trouble Dispatch numbers
 - QUIT/CANCEL/END/UNSUBSCRIBE/STOP - To stop receiving text messages
 - GPA - To opt in and start receiving text messages again



9. Energy Storage System (ESS) Update:

- The contractor has resumed commissioning on Monday, August 10th and so far work is proceeding as scheduled. Again, 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 end of October 2020. Talofoto projected to operate by September 20, 2020 and Hagatna projected to operate by October 20, 2020.

10. Update GPA and GWA Customer Services During Mandated Shutdown

- A public service announcement was sent out on August 30th regarding Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) Customer Service Options. The Guam Power Authority and Guam Waterworks Authority provide essential, continuous electrical power and water infrastructure service that are critical to our island. GPA and GWA will ensure continuity of essential electric and water/wastewater services during the mandated shutdown for all our customers and will continue to remain open with some limitations. GPA and GWA remain committed to protect the safety of all employees, ratepayers and the general public.

11. Generation KPI's:

- The following graphs show updated information through July 2020

3.2 Financials

Summary

The increase in net assets for the month ended was \$1.3 million as compared to the anticipated net increase of \$1.6 million projected at the beginning of the year. The total kWh sales for the month was 6.51% less than projected and non-fuel revenues were \$1.0 million less than the estimated amounts. O & M expenses for the month were \$6.2 million which was \$0.4 million less than our projections for this year. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to \$3.2 million, which was \$0.1 million over than projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	3.51	2.87	2
Days in Receivables	41	40	52
Days in Payables	13	27	30
LEAC (Over)/Under Recovery Balance -YTD	\$2,981,020	\$3,563,177	\$3,592,541
T&D Losses	5.52%	5.63%	<7.00%
Debt Service Coverage	1.52	1.52	1.75
Long-term equity ratio	1.70%	1.96%	30 - 40%
Days in Cash	211	232	60

The Quick Ratio has been a challenge for GPA historically. However, the influx of cash from insurance proceeds continued to keep this ratio steady. GPA has current obligations of approximately \$72 million and approximately \$207 million in cash and current receivables. The LEAC under-recovery for the month was \$1.2 million. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

3.3 Resolution 2020-18 FY2021 Budget

GM Benavente asked the Commission to approve GPA's budget for FY2021.

Section 6.11 of the GPA Bond Indenture Agreement requires the Authority to provide a copy of an approved budget to the Bond Trustee prior to the beginning of each fiscal year. The General Manager has carefully reviewed and proposes the budget for Fiscal Year 2021 totaling \$347,138,000 provision for bad debt of \$1,045,000. The GM has reviewed and proposes a Revenue Funded Capital Improvement Project budget totaling \$25,700,800. The Fiscal Year 2021 Budget is based on a Non-Fuel Revenue forecast of \$155,000,000 and miscellaneous revenues of \$2,160,000 and a Fuel Revenue forecast of \$191,023,000 and less \$1,045,000 provision for bad debt for total revenues of \$347,138,000.

Total Operations and Maintenance budget includes Labor and Retiree's benefit costs of \$50,254,251; Non-Labor cost of \$31,227,935; less Capitalized O&M of \$6,590,042 for total O&M Budget of \$74,892,144; Bad Debt Expense of \$1,045,000, Independent Power Producers costs plus Aggreko of \$22,600,000; Debt Service of \$47,763,000. Funds pledged for the Bond Reserves are not included in the overall budget amounts.

The General Manager of the Guam Power Authority has created and thoroughly reviewed the budget for Fiscal Year 2021 totaling \$347,138,000. The CCU Commissioners noted that the budget provides funding of Revenue Funded Capital Improvement Projects totaling \$25,700,800.

Some items mentioned – the total number of full time employees for FY21 is 490 the debt service comparison between FY20 and FY21 is 1.31 v. 133 respectively. The GM has transfer authority between accounts with exception of personnel.

Comm. Guthertz motioned to approve Resolution 2020-18, second by Comm. Sanchez.

In discussion Comm. Guthertz mentioned she was to ensure funding for PIO's initiatives. This is significant to ensure that enough resources are available to thoroughly address / actions all pandemic related communications and public outreach. GM Benavente assured the Commissioner that this is also a priority for him and agreed.

On the motion, there was no further discussion or objection and the motion passed unanimously – 5 ayes.

4. **GWA**

4.1 GM Report

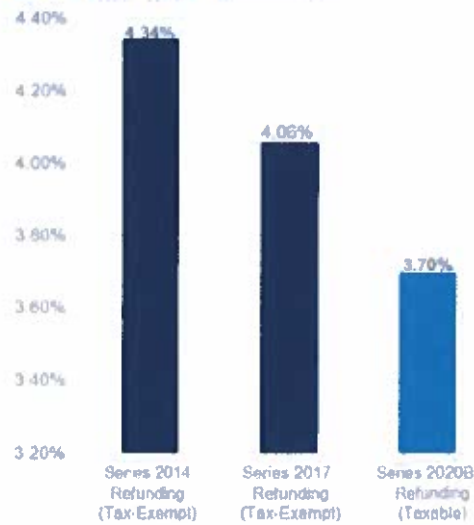
Management Update

- **Series 2020B Bonds – Taxable Refunding Final Information**
 - Bond Par Amount: \$166,075,000
 - Maturities Refunded 2029-2043
 - Net PV Savings: \$11,927,792.44
 - % NPV Savings 8.36%
 - All-in New TIC: 3.696%
 - Annual Debt Service Savings: \$1.5M-\$1.9M to 2027
 - Sale Date: August 18/19, 2020
 - Closing Date: August 25/26, 2020

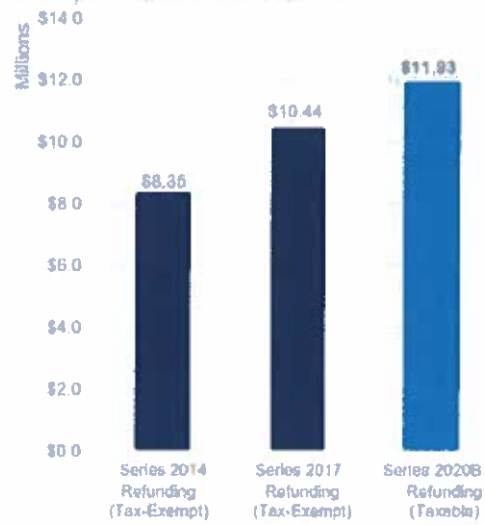
Comparison of GWA's Refunding Transactions

GWA's Series 2020B Bonds were able to achieve the highest PV savings and lowest TIC of any of GWA's three refunding transactions

GWA Refundings All-In TIC (%)



GWA Refundings PV Savings (\$)



GWA Workforce availability as of August 14

Healthy	354	93.4%
Sick, symptoms related to COVID-19	2	0.5%
Sick, not COVID-19 related	10	2.6%
COVID-19 Quarantined	1	0.3%
COVID-19 Medical Risk	1	0.3%
Military Leave	10	2.6%
LTD	1	0.3%
Total	379	100%

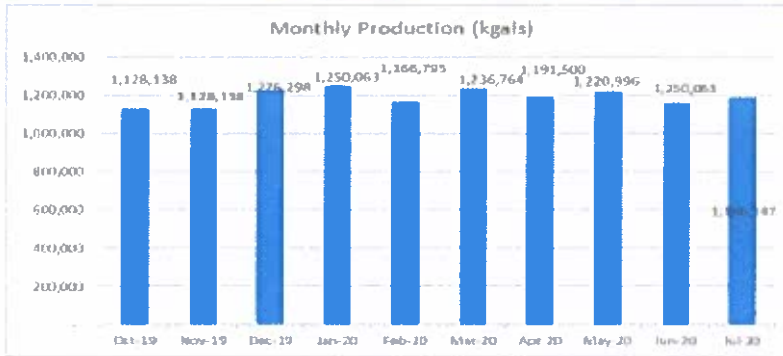
Total		
Healthy/Reporting for duty at worksite	322	85.0%
Healthy/Reporting for duty - Part Teleworking and Part Reporting for duty at worksite	19	5.0%
Healthy/Reporting for duty - Teleworking	13	3.4%
Employee sick - symptoms related to COVID-19	2	0.5%
Employee sick - symptoms unrelated to COVID-19	10	2.6%
Employee's indirect exposure to individual that is: COVID-19 symptomatic, being tested for COVID-19 or confirmed COVID-19 (1+ person removed) - does not report for duty	1	0.3%
Employee or household member is at medical risk (i.e. COVID-19 vulnerable)	1	0.3%
Military Leave	10	2.6%
LTD/Workers Comp	1	0.3%
Total	379	100%

Operations Update

Production (July 2020)

Monthly Production Summary - JULY 2020	
Deep Wells	34.9 MGD
Active wells =	91 of 120
Avg days in operation =	31 days
Total Production =	1,080,391 Kgals
Springs	0.18 MGD
Avg days in operation =	31 days
Total Production =	5,635 Kgals
Ugum Surface Water Plant	2.3 MGD
Avg days in operation =	31 days
Total Production =	70,510 Kgals
Tumon Maui Well	0.96 MGD
Avg days in operation =	31 days
Total Production =	29,611 Kgals
Total	38.3 MGD
	1,186,147 Kgals

DIW Status as of 7/31/2020	
Active	91
Grounded motor or Pump Failure	8
Out of commission	8
Temporarily Secured	2
Standby	11
TOTAL	120

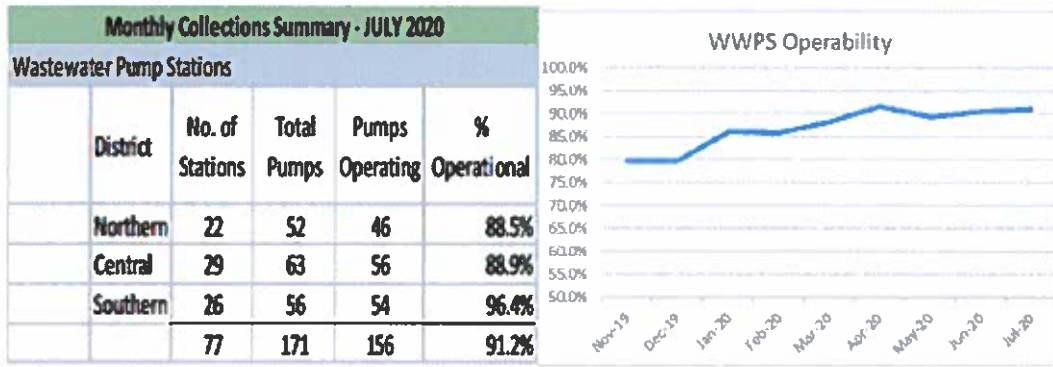


Distribution (July 2020)

Monthly Distribution Summary - JULY 2020				
Water Booster Pump Stations				
District	No. of Stations	Total Pumps	Pumps Operating	% Operational
Northern	13	26	24	92.3%
Central	7	15	15	100.0%
Southern	7	15	15	100.0%
	27	56	54	96.4%

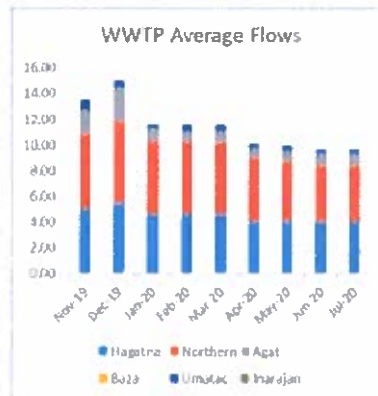


Wastewater Collections (July 2020)



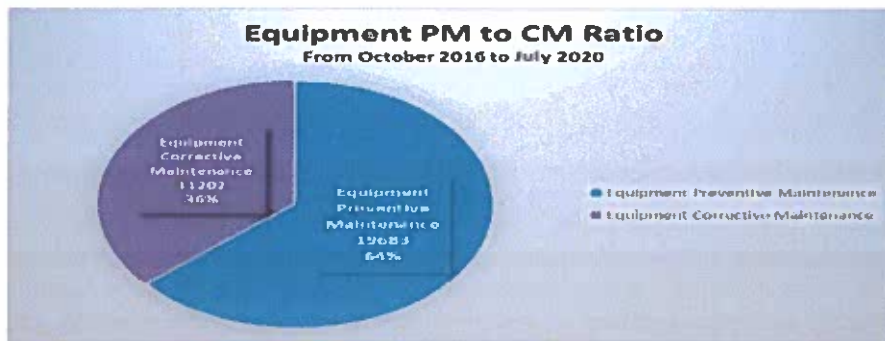
Wastewater Treatment (July 2020)

Monthly Wastewater Treatment Summary - July 2020			
WW Treatment Plants - Flows			
Facility	Avg. Daily Flows	Sludge (lbs)	Sludge Disp. (\$)
Hagatna	4.39	294,380	\$ 26,494
Northern	4.3	837,320	\$ 75,359
Agat	1.1	37,900	\$ 3,411
Baza	0		
Umatac	0.19		
Inarajan	0.07		
	10.05	1,169,600	\$ 105,264

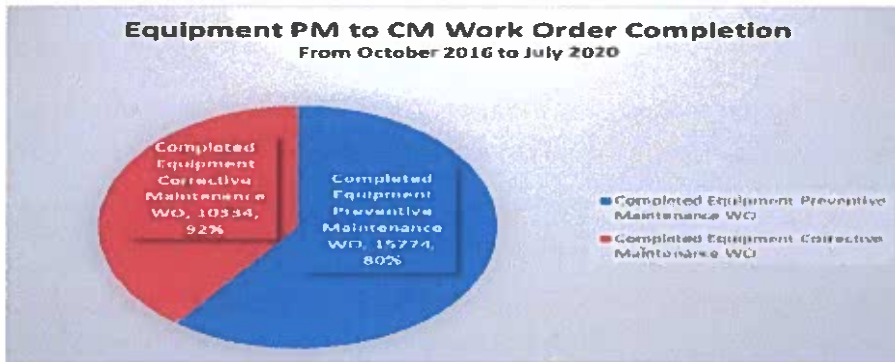


Asset Management (July 2020)

I. Equipment Preventive Maintenance to Corrective Maintenance Ratio

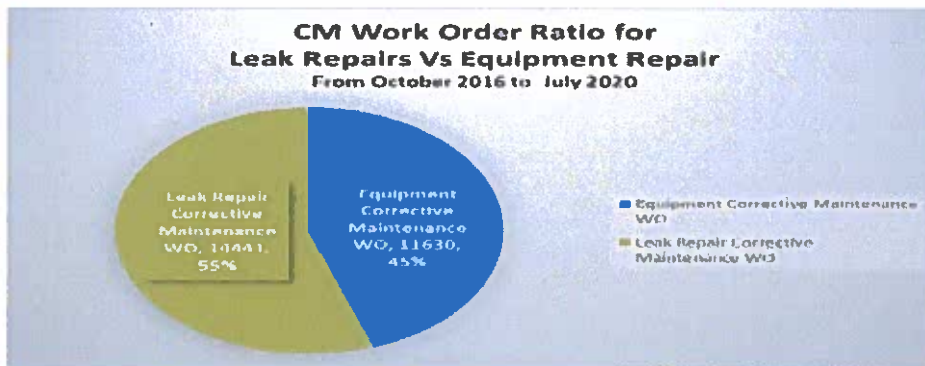


II. Equipment Preventive Maintenance to Corrective Maintenance Work Order Completion

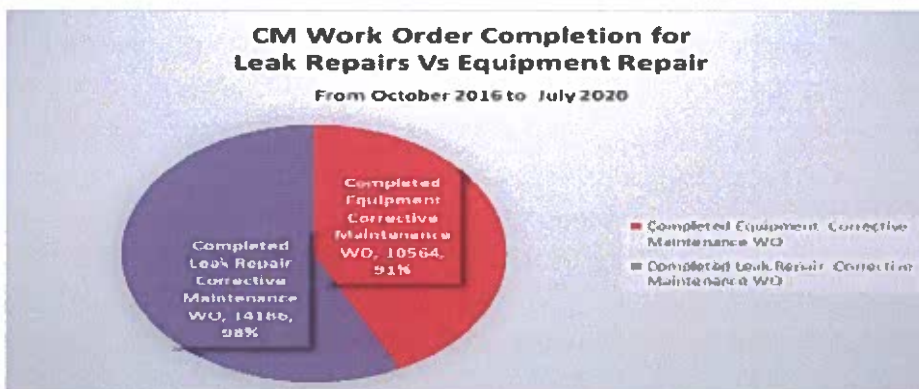


Asset Management (July 2020)

III. Corrective Maintenance Work Order Ratio for Leak Repairs vs. Equipment Repair



IV. Corrective Maintenance Work Order Completion for Leak Repairs vs. Equipment Repair



COMPLETED FIELD ACTIVITY													COMPLETED FIELD ACTIVITIES (as posted) TO BE POSTED IN CES
JAN 2017 THRU AUG 10 2020 (as of 8/10/20)													
GWA - Meter Exchange													
2017	2018	2019	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	TOTAL:		61
6487	13353	10850	8079	714	548	117	44	59	148	20	33419		
# OF METERS TESTED AS PER METER TEST FACILITY REPORTS:													
6079	12259	9278	749	908	1116	341	662	635	694	32721			
# DAYS OF FIELD STAFF PERFORMING CHANGE OUTS (FROM THROUGH):													
22	26	7	7	7	7	3	3	3	3	1			
# OF ADMIN STAFF TO CREATE AND POST FIELD ACTIVITIES IN CES:													
20	6.5	5	3	5	2	1	1	1	1	1			
TOTAL:													
29	22	12	12	12	9	8	2	2	2	2			

*Project supported effective 01/01/2018 amount 01/01/2018

REMAINING ACTIVE BADGER LP MODELS TO BE REPLACED AS OF 08/30/20:

3/4" BADGER METERS IN STOCK AS OF Aug 10, 2020: **12**

Stock #	Size	Meter Description	New Meters Passed	New Meters Detected	Passed Pools Meters	WMP	Meters Available	Meters at MTP	Yielded Meters	Total Count
60484	3/4"	METER, Badger AMR 3/8" x 3/4" RCCL Model M2B Dec Meter	98	0	378	0	373	0	28	401
74131	3/4"	METER, Badger AMR 3/8" x 3/4" **WARRANTY** RCCL Model M2B	0	0	0	0	0	0	0	0
66293	3/4"	METER, Badger 3/8"x3/4" NSF/BS-D RCCL Model M2LL Dec Meter (single)	64	0	3	0	67	0	3	89
74131	3/4"	METER, Badger AMR 3/8" x 3/4" RCCL Model M2B ***WMP***	0	0	0	0	0	0	0	0
84789	3/4"	METER, Badger 6-50813 3/8"x3/4" UL ENDOBC	980	0	1	0	981	0	0	980

Backbilling through July 2020

Guam Waterworks Authority
 Collections Report¹ on Accounts Backbilled thru July 31, 2020
 For fiscal years 2015 thru 2020 (Jul)

Accounts Billed			Collection Status											
			Amounts Collected ¹			Amounts Adjusted			Total Uncollected (Active)			Total Uncollected (Inactive)		
FY Billed	No. of Accounts	Amount	No. of Accounts	Amount	%	No. of Accounts	Amount	%	No. of Accounts	Amount	%	No. of Accounts	Amount	%
FY2015														
FY2016	17	\$ 882	17	\$ 882	100%	0	\$ -		0	\$ -		0	\$ -	
FY2017	537	\$ 397,450	465	\$ 302,009	76%	10	\$ 18,457	10%	27	\$ 30,979	8%	27	\$ 25,974	7%
FY2018	1,374	\$ 742,319	1,203	\$ 566,742	76%	61	\$ 69,705	9%	63	\$ 64,056	9%	48	\$ 41,605	6%
FY2019	8,325	\$ 3,064,384	7,516	\$ 2,085,139	68%	182	\$ 158,195	5%	406	\$ 712,134	23%	221	\$ 107,717	4%
FY2020	2,482	\$ 756,174	1,859	\$ 340,863	45%	30	\$ 15,366	2%	552	\$ 339,472	52%	41	\$ 10,472	0%
Total	12,735	\$ 4,960,989	11,069	\$ 3,295,833	66%	280	\$ 282,754	6%	1,640	\$ 1,196,641	24%	337	\$ 185,769	4%

¹ Collections thru August 12, 2020

One Guam Update (July 2020)

- **Tumon Maui Well**
 - Additional Maintenance Required: GWA will be maintaining the gated portion of lot adjacent to the TMW treatment system as part of the existing license. GWA has installed a lock at the gate to ensure that access will be controlled.
- **OEA Projects**
 - o Observation Wells/NGLA
 - Naval Base Guam's ECP assessment will be complete next week. The TCEs will be prepared for the locations of the Observation wells that will be on DOD property.
 - GWA's project is out for bid. The timeframe for TCE to be completed is needed to inform potential contractor.
 - The NTP is expected by the end of September.
- **Strategy/Framework Discussion**
 - o GWA and DoD will be updating 2016 Framework for discussion, Strategy for an Integrated Water System for Guam.
 - o GWA inquired about input from the technical experts' group to current discussions of the strategy.
 - o The Aquifer Technical Experts Group will be contacted to discuss how to move forward with better monitoring, better planning better protection, etc.
 - o A work session is scheduled for September to discuss options.
- **Property Issues**
 - o Transfer of BPM-1: No change
 - o Transfer of Navy Laterals at Murray Road to GWA: Pending the transfer memo, which is with the Navy's XO.
 - o AG-1 Access for GWA/GPA:
 - GWA will go to the site before finalizing an option for review for the gate construction for access.
 - o Marine Corps Base – Forest Enhancement Irrigation (FEI)
 - No update
 - The DOD want to make sure the water requirement is correct.
 - o Umatac / Cetti Bay Easement
 - GWA General Counsel is still waiting on the attorneys from Land Management / CLTC.

Court Order Summary (July 2020)

	Total Items	On-time Items Completed / Continuous	In Progress - late	Completed - Late	In Progress - on time	Performance %
Court order total	93	78	1	14	0	98.90%



	Court Order Items	%	Performance (on-time or completed)
Completed/Continuous - on time	78	84%	98.9%
Completed - late	14	15%	
In Progress - on time	0	0%	
In Progress - late	1	1%	
Totals	93	100%	

Court Order – Status Information (July 2020)

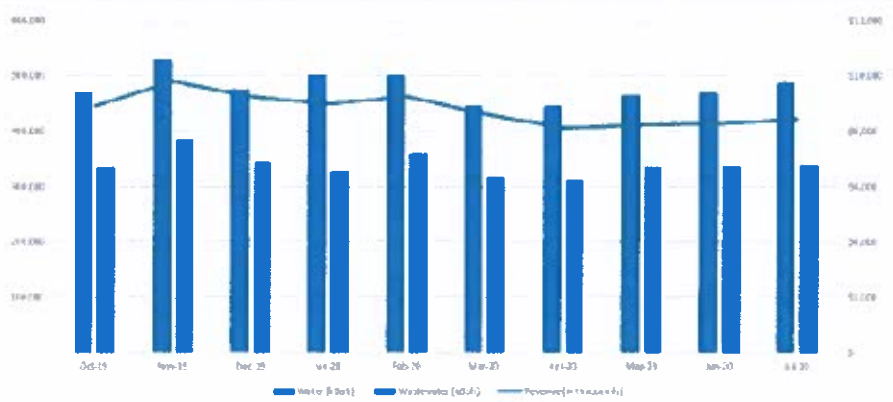
- 1 item delayed - The Court Order is down to one item remaining, § II, (C), (29) – Storage tank Repair, Restoration, Replacement or Relocation – which is the item that will take longer than the “end” of the court order. That makes us 98.9% done with the CO.
- Final Date to complete all Court Order items will be delayed past December 31, 2020.
 - CO 29(b) has been expanded by 31% beyond the original Court Order Requirements
 - General Counsel is drafting filing for submission to District Court
 - Additional impact resulted from delay of 2020 Bond issuance and there is also delay due to COVID-19 impacts
- Overflow or Bypass events reported to USEPA:
 - 06-25-2020, S. Marine Corp Drive, Asan – Sewer Line Bypass Hose broke
 - 07-02-2020, 4th Street, Tiyan, Cleanout - spill-contractor-broken cleanout cover
 - SSO#199 Royal Orchid, Tumon - Sewer Overflow – FOG
 - SSO#200 Pale San Vitores Rd., Tumon - Sewer overflow – FOG

Land Acquisition Summary (July 2020)

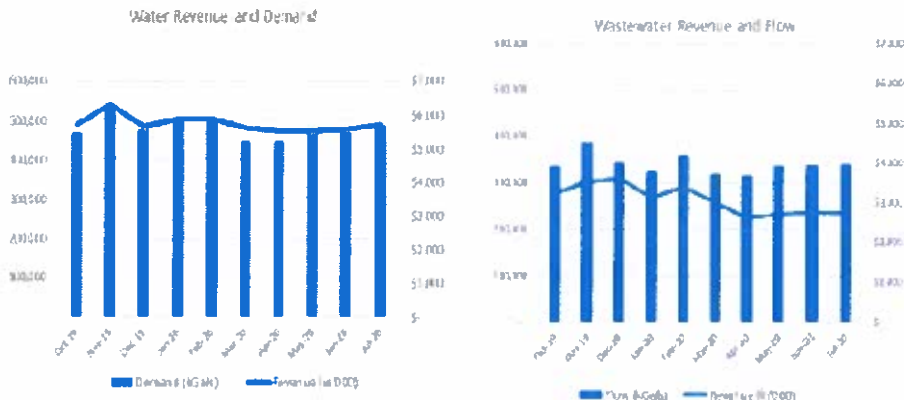
GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
Tanks	Astumbo	Gov't - CLTC	Petition of Land Registration package forwarded to Attorney General by DLM 11/04/19. Follow up update status request emailed to DLM 05/14/2020.
	Piti	Private	Received final comments from DoAg. Waiting on the archaeological report before we can submit 299 form.
	Airport	Private	Property owners need more time for discussion with family regarding GWA's Offer Letter 07/04/2020. Emailed follow up request to property owner on status 08/11/2020.
Deep Wells	AG-12	Dept. of Agriculture/Manhiza Farms	Right of Entry Agreement sent to Dept of AG for signature 05/24/18. 2 nd follow up sent on 09/12/18. 3 rd follow up sent on 04/10/19. Retracement Survey Property Map filed and recorded at DLM 7/10/19.
Booster Pump Station	Agfayan	Private	TGE working on structural design for pump station area for L28, B19, T3734, Inarajan 11/07/19.
Asan Springs	Asan	Federal	In order for NPS to issue a land ROW agreement with GWA, NPS has to complete NEPA first. GWA has HDR under contract to perform this work and an Environmental Assessment will be developed. The permit for the biological survey was submitted on 6/12/2020 and is currently still in the hands of NPS. NPS is waiting to confirm with USFWS on the threatened and endangered species that are of concern at the project location. They are just waiting on USFWS confirmation.

4.2 Financials

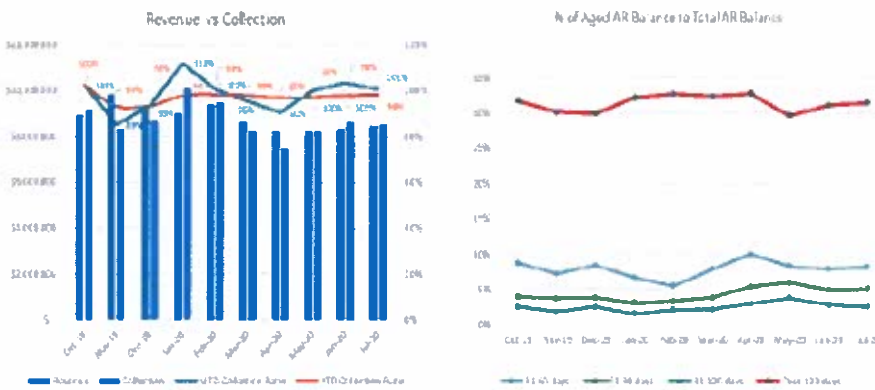
Overall Revenues and Demand/Flow



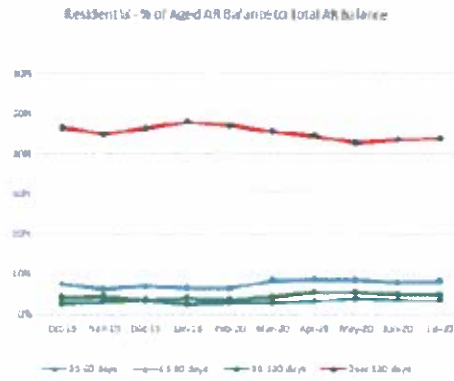
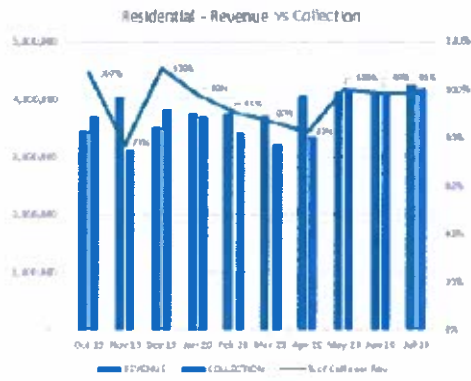
Overall Revenues and Demand/Flow



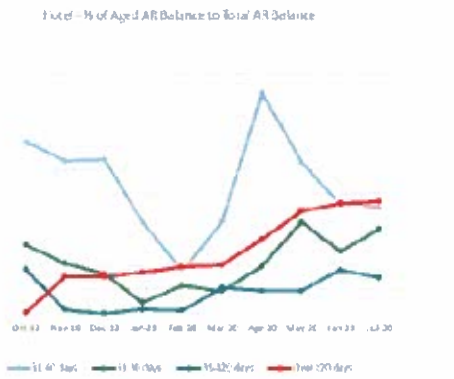
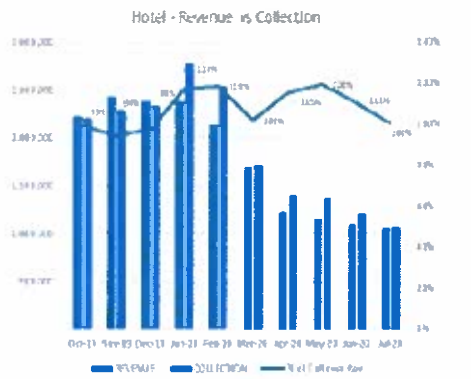
Overall Revenues and Collections



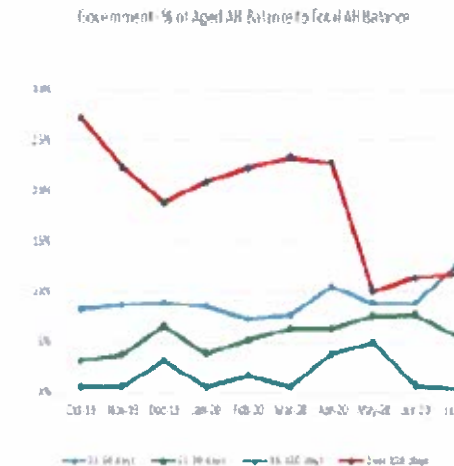
Residential Revenues and Collections



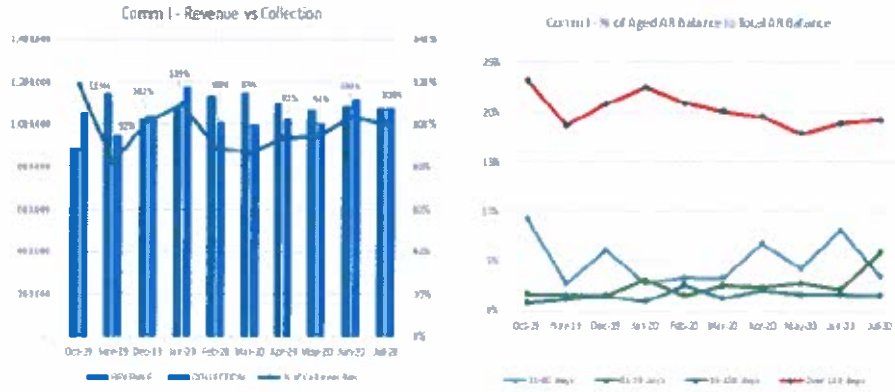
Hotel Revenues and Collections



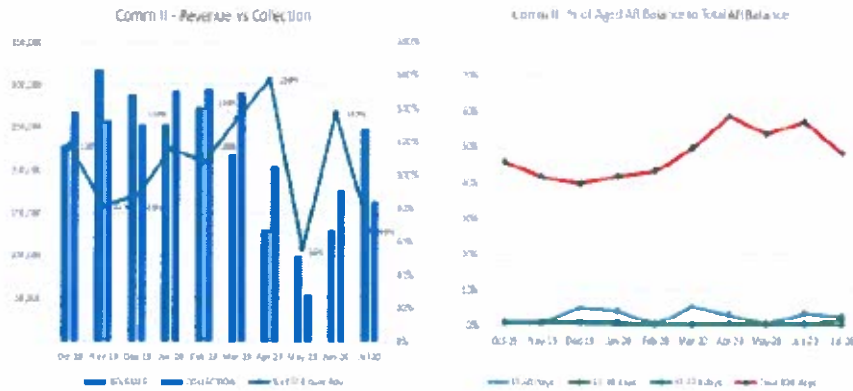
Government Revenues and Collections



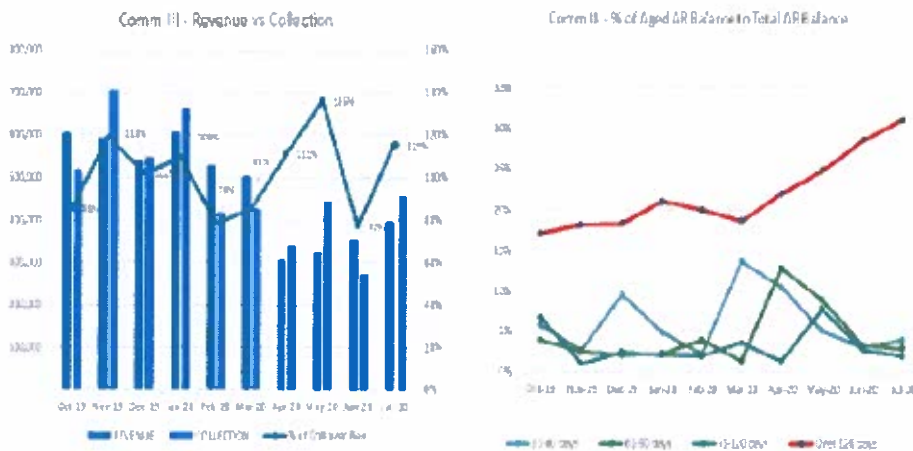
Commercial I Revenues and Collections



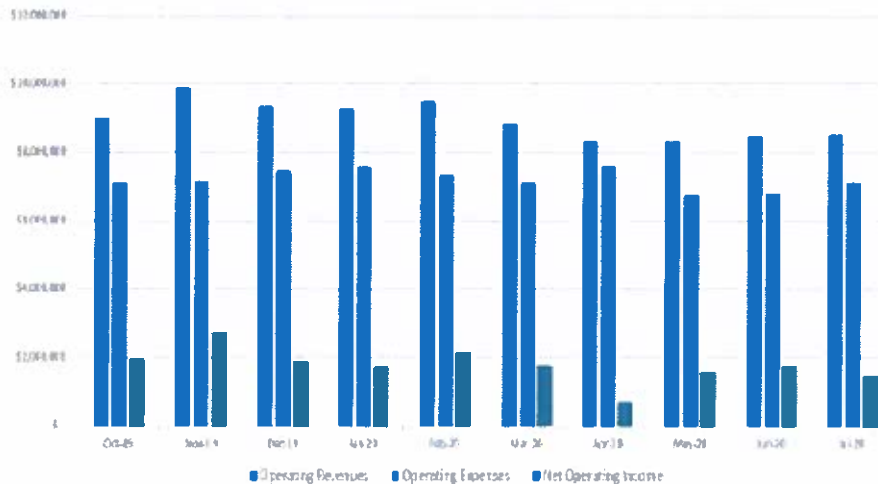
Commercial II Revenues and Collections



Commercial III Revenues and Collections



Income Statement FY2020



GWA Key Financial Indicators

Indicator	Target	June 2020	July 2020
DSC YTD			
• Per Section 6.12 of Indenture	1.25	1.27	1.00
• Per PUC / CCU	1.40	1.27	1.00
YTD Month to Month Change in Net Assets		22%	23%
Days - Cash on Hand	120 days	292 days	296 days
Collection Ratio			
• Month to Date	98%	103%	101%
• Year to Date	98%	98%	98%
Days Billed	30	31	31
Account Receivable Days	45	48	48
Account Payable Days	45	35	37
Employee Count	400 FTE	384 FTE	382 FTE
Water Demand			
• Month to Date	467,615	469,531	487,510
• Year to Date	3,740,923	4,308,513	4,794,023
Wastewater Flow			
• Month to Date	382,224	331,574	338,787
• Year to Date	2,775,095	3,055,924	3,394,712
Water Customers	42,724	42,838	42,904
Wastewater Customers	29,604	29,516	29,084

4.3 Resolution No. 35-FY2020 Relative to Approval of Construction Contract Change Order No. 3 for the Route 4 Relief Sewerline Rehabilitation and Replacement Project S15-006-EPA

If approved, Resolution 35-FY2020 will improve the sewer collection system, which included repairing and/or replacing sewer manholes and over 4,200 linear feet of gravity sewer line along Route 4 and Route 1 in the village of Agana. These sewer infrastructure elements have been identified by GWA, through an SSES investigation, to be subjected to either inactivity due to incomplete construction work or excessive infiltration and inflow (I&I). Successful completion of this project will result in proper maintenance and operation of the sewer collection system and USEPA agree that efforts to rehabilitate, repair or replace the sewer line are necessary.

Change Order No. 3 is necessary to compensate the contractor for additional work to install the sewer main where numerous unknown utilities and related concrete encasements were encountered while installing the new sewer main at the Rt.4/O'Brien intersection. These encountered utilities complicated work, slowed production, and required hand excavation due to space limitations. The contractor has asked for additional compensation that the construction manager reviewed and negotiated to a fair and reasonable amount based on field logs during actual work. Note that the funding for continued construction management services through September 2020 was approved under CCU Resolution 34-FY2020.

This project is located along Route 4 and Route 1, from the in front of Vons Chicken in Agana to the Agana Main Pump Station. Construction activities will be limited to the government easements of the sewer infrastructure elements.

The total cost of Change Order No. 3 comes out to the amount of Fifty-Eight Thousand Three Hundred Seventy-Eight Dollars (\$58,378.00). Change Order No. 2 consumed the balance of the contingency funds. Hence, GWA Management seeks CCU approval of PPBC's proposal for additional compensation for unknown underground utilities in the additional funding amount of Fifty-Eight Thousand Three Hundred Seventy-Eight Dollars (\$58,378.00), to bring the total authorized funding amount to Three Million Eight Hundred Fifty-Four Thousand Eight Hundred Sixty-Seven Dollars and Fifty-Four Cents (\$3,854,867.54). The funding for this project will be from USEPA Title 2 Construction Grants Program and, if necessary, GWA Bond Funds with a maximum project budget of Three Million Eight Hundred Fifty-Four Thousand Eight Hundred Sixty-Seven Dollars and Fifty-Four Cents (\$3,854,867.54).

The additional construction work associated with the Change Order No. 3 has already been completed. The remainder of the project will be completed by September 2020.

Comm Limtiaco motioned to approve Resolution 35-FY2020, second by Comm. Guthertz. There was no further discussion or objection and the motion passed unanimously – 5 ayes.

4.4 Resolution No. 37-FY2020 Relative to Approving a Collective Bargaining Agreement with Guam Waterworks Authority and Guam Federation of Teachers Union

GWA recognizes the GFTU as the exclusive representative of GWA employees because the GFTU membership exceeds ten percent (10%) of the total number of GWA employees.

In June of 2019, the GWA entered negotiations with the GFTU to update the CBA between GWA and the GFTU that expired in May 2019; therefore, necessitating that the agreement be updated.

The objective of approving a new CBA with GFTU is to comply with the Public Employee-Management Relations Act (PEMRA) to negotiate a written agreement with the GFTU reflecting bilateral determination of specific terms and conditions of employment, subject to paramount law and regulations.

The GWA and GFTU, through their respective representatives, have negotiated a successor agreement describing the terms and conditions for employment for members of the GFTU.

The agreement includes modifications to the predecessor agreement generally described as follows:

1. Increased contract period to five (5) years.
2. Authorized stewards may participate in the preparation and revision of GWA Policies and Procedures at a subcommittee level.
3. Added mediation and arbitration as options under the grievance procedure.
4. Updated the performance evaluation section to reflect the pay for performance evaluation policy.
5. Added rules for compensations adjustments following a promotion or demotion.
6. Included the updated GWA Drug and Alcohol-Free Workplace Policy.
7. Added ergonomic assessments of work environment.

The GFTU presented the CBA for ratification by its members who are employees of GWA, and it was lawfully ratified unanimously. GWA management is requesting that the CCU approve entering into this agreement because it serves to promote employee relations with the members of the GFTU and preserves a constructive labor environment which is a benefit to all GWA ratepayers.

The GWA-GFTU CBA applies to all GWA work sites where employees are assigned. There are no additional costs incurred by GWA due to the CBA. Any associated costs with the CBA are already accounted for under existing Operations and Maintenance budgets. Effective date is upon the approval of the Consolidated Commission on Utilities and signature by the General Manager. Operations and Maintenance funds will be used for any related expenses

AGM Budasi provided update at last week's work session and noted changes between the previous and current agreements.

Comm. Santos motioned to approve Resolution 37-FY2020 for discussion, second by Comm. Sanchez

There was discussion on the cost and the possibility of sharing the cost with GFT. Counsel Clark said that this is voluntary remediation so GWA will not go forward unless there is confidence for positive outcome. If the matter cannot be resolved with GFT then it will move forward to the Civil Service Commission. Comm. Duenas said management has to agree to mediation and if they choose this route, GWA pays the cost because GWA invoked it.

Comm. Limtiaco asked Counsel if he thinks he negotiated the best agreement. Counsel Clark said yes.

After discussion ended the motion was put to vote – there were 4 ayes and 1 nay – the motion passed. For the record Comm. Santos voted nay.

4.5 Resolution No. 38-FY2020 Relative to Approving the Guam Waterworks Authority Fiscal Year 2021 Budget

The purpose is to approve amendments to GWA's Fiscal Year 2021 Budget

The Fiscal Year 2021 Budget totals \$89 million. Operating costs are earmarked at approximately \$25 million in salaries and benefits; \$13 million in power purchases; \$9 million in water purchases; \$11 million in administrative and general expenses; \$6 million in contractual expenses; \$22 million in depreciation and \$3 million in retiree supplemental annuities and health care.

The FY2021 Budget represents anticipated revenues and expenditures for the fiscal period of October 1, 2020 through September 30, 2021.

The FY21 budget reductions recommended for approval project operating revenue of \$113 million derived from \$70 million in water revenues; \$39 million in wastewater revenue; \$3 million in Legislative surcharges; \$430 thousand in other revenue; and \$920 thousand in system development charges.

Comm. Sanchez motioned to approve Resolution 38-FY2020 for discussion, second by Comm. Santos.

It was mentioned that at GWA's work session this matter was discussed in length and management did a good job with guesstimates; it was also mentioned that the projection includes PUC rates.

Comm. Duenas mentioned that GWA's rates will incur a 5% increase soon and asked if the Budget reflects this. Managements response was yes. He added that GWA's budget is realistic to GWA's needs however he strongly encourages management and employees to minimize cost to ratepayers where possible. It will take a very long time to recover economically and it is important to prove to the people of Guam that we are prudent. Be guided with a strong commitment to our people, our ratepayers.

Comm. Limtiaco asked if it is an accurate assumption that GWA can recover 80% of their normal consumption. GM Bordallo said it is the best that management knows right now. The projection is that we will continue on the current demand patter on this rate class.

Comm. Sanchez commented given the challenge of projecting did the CFO and GM look at what if scenarios. Management responded yes - that many various were discussed and the guesstimated in this budget reflects the best anticipated outcomes adding that this is the whole point of the cost constraints and stream line efforts. A month to month analysis will follow with adjustments accordingly.

Comm. Duenas asked how much do hotels represent in the overall revenue; CFO Taitano said about 20% overall adding the trend is that what is lost in hotels is made up in residential.

On the motion there was no further discussion or objection and the motion passed unanimously – 5 ayes.

5 OTHER DISCUSSION

5.1 CCU Rules Update

This matter was not discussed.

6 ANNOUNCEMENTS

6.1 Next CCU Meetings

The Chairman announced that the next meeting would be the GWA work session on Sept. 15; the GPA work session on Sept. 17 and the regular monthly CCU meeting on Sept. 22

7. ADJOURNMENT

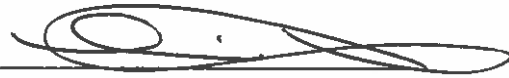
There being no other business to bring before the Commission, the meeting adjourned at 6:49 p.m.

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Bls

Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO Secretary