



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., Tuesday, November 23, 2021

MINUTES

1. CALL TO ORDER

The CCU Chairman called the CCU Regular Meeting of November 23, 2021 to order at 5:37 p.m. He said all five [5] Commissioners were present for a quorum. Others in attendance include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice-Chairman
Michael T. Limtiaco	CCU Secretary
Peter Roy Martinez	Commissioner
Simon Sanchez	Commissioner

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Tricee Limtiaco	AGMA / GPA
Chris Budasi	AGMA / GWA
John Kim	CFO / GPA
Taling Taitano	CFO / GWA
Graham Botha	Legal Counsel / GPA
Therese Rojas	Legal Counsel / GWA
John C. Cruz	AGMET / GPA – GoTo Meeting
Paul Kemp	AGM Compliance / GWA – GoTo Meeting

Management & Staff:

Vlad Navaca	IT Support / GPA
Rick Peredo	IT Support / GPA
James Borja	Utility Svcs Mgr / GPA
Vangie Lujan	Compliance & Safety / GWA
Ann Borja-Gallarde	Management Analyst IV / GWA Ex. Office
Joyce Sayama	Management Analyst / GPA Ex. Office

Guest:

Trish Granillo	AM Insurance
Annmarie Muna	AM Insurance
Jeff Johnson	PUC
Rick	Dededo Village – GoTo Meeting
Shannon Ada	BigFish Creative, Tamuning – GoTo Meeting
Jenevieve Ooka	BigFish Creative, Tamuning – GoTo Meeting
David Pettinger	Mililani Town, HI – GoTo Meeting
Mike Carlson	Sen. Ridgell’s Office – GoTo Meeting
Adztec	Tamuning – GoTo Meeting
PNC Digital	Sorensen Broadcasting – GoTo Meeting

2. APPROVAL OF MINUTES

The Minutes of October 26, 2021 was presented for approval.

Comm. Santos motioned to approve the Minutes subject to verification and written correction, seconded by Comm. Martinez. There was no objection or discussion and the motion carried unanimously.

3. PUBLIC COMMENTS

There was no public comment at this meeting.

4. GWA

4.1 GM Report

The GM said there was are few additions to the GM Report that was provided at the GWA work session last week. AGMA Busasi proceeded to reported on work force availability; about 95% are reporting healthy, 2% sick [but not covid related]. There were 7 active covid cases in quarantine. Re vax status - about 89.5% are fully vaccinated, 6 people have received only 1 shot and only 32 unvaccinated. Re Accounts Receivable - there is continued improvement for residential and commercial accounts. The amounts owed are tracking below pre-covid levels. The same trend is seen for commercial accounts.

4.2 Fiinancials

CFO Taitano added some date / info on debt service, going forward. She said that underwriters have levelized debt service from \$33M in 2020 to \$45.6M by 2044 and will be paid off, if no further debt is incurred, by 2050. The GM said this data is based on our current debt service / bonds but based on current CIP’s and financial plan and if the tax commercial paper is enacted there will be another layer coming due in 2025 that is not included in these figures.

4.3 GWA Resolution 05-FY2022 Approval of Change Order #6 Northern/Southern Guam Reservoir Design Services

The objective of the project is to accomplish the design needed to comply with the 2011 Court Order Paragraph 29 – Storage Tank/Reservoir Repair, Replacement, and Relocation Program. The work under the proposed change order to this project is necessary and urgent in order to meet the Court Order deadlines. The project scope covers the design services for the Northern and Southern reservoirs, which include Santa Rosa, Santa Rita, Sinifa, Ugum, and Inarajan, and the proposed change order deals with needed design additions for the Ugum site to provide for improved function of monitoring and analytical equipment required for the new reservoir.

The Ugum Reservoir, in addition to storage, is used to meet chlorine contact time required for surface water treatment. Currently, the chlorine analyzers and turbidity meter needed for the proper operation of the treatment plant and reservoir are housed in the booster pump room, which does not have sufficient space needed for the instruments for the second tank which is being designed under this project. In addition, the total organic carbon (TOC) analyzer is housed separately in the plant's pump gallery. The intent of the new equipment building is to house all compliance analyzers and meters into a single location. The old analyzers and meters shall be replaced with new units.

TGE's final negotiated fee proposal is \$111,335.00. The fee includes the following:

1. Design of a new equipment building to house chlorine analyzers, TOC analyzers, turbidity meters, and all other instrumentation as required.
2. Continuation of progress design meetings.

The anticipated completion date is January 31, 2022 and construction support services will extend until construction is complete in 2023,

It was mentioned that this project was in response to RFP-09-ENG-2014 and will be funded from PW 09-11: Water System Reservoirs 2005 Improvements.

Comm. Santos motioned to approve Resolution 05-FY2022, second by Comm. Sanchez. There was no further discussion or objection and the motion passed; the vote was unanimous.

5. GPA

5.1 GM Report

GM Benavente said that there is nothing out of the ordinary in his GM report so unless there are any questions from the Commission he would like to proceed to a scheduled presentation by GPA's marketing team. Comm. Sanchez said he has one item he would like to discuss. The Commissioner said he understands that the GM wrote to the legislature regarding the hearing of GPA's two [2] bills – to refinance the current bonds and the waiver of the 1500ft. distance between schools and the generating plants. The GM said he has not

heard anything back from Senator Ridgell, GPA's oversight chair, but that he will follow-up on this. The GM said if not acted on by the Legislature this will cost the ratepayers of Guam exorbitantly and will be a financial melt-down for GPA. It was mentioned that both bills will help lower power bills. The importance of this matter was stressed several times and management will work diligently, together with other stakeholders, to bring this matter before the Legislature.

The GM said that at this point, he would like to hand the meeting over to AGMA Tricee Limtiaco to present on GPA's Customer Engagement Service.

5.2 Financials

This matter was not discussed.

5.3 GPA Resolution FY2022-04 Approval to Award Contract for Bulk Supply of Ultra Low Sulfur Diesel [ULSD] Fuel

The new fuel supply contract is necessary to provide uninterrupted supply of bulk ultra low sulfur diesel fuel oil for the Baseload plants, initially, Piti 8&9 and Tenjo Vista

The 2-year contract is estimated to cost approximately \$190,292,500 requiring prior approval from the PUC and will be funded by fuel revenue bonds. The contract is planned for an initial period of two (2) years to commence on or about January 01, 2022 and to expire on December 31, 2023, with the option to extend for three (3) additional one-year terms.

Three (3) bidders responded to the solicitation under IFB GPA-047-21 Hyundai Corp, IP&E Holding and Mobil Oil Guam. MOBIL OIL GUAM, INC. was determined to the lowest responsive and responsible bidder.

Comm. Santos interrupted the discussion because there were technical issues with the GoTo Meeting; it was mentioned that the YouTube live stream was ongoing. There was discussion on what the law requires and Counsel Botha confirmed that live streaming is a requirement which YouTube fulfills. The technical issues with GoTo was resolved and the meeting continued.

Comm. Santos moved to approve Resolution FY2022-04, second by Comm. Sanchez. There was no discussion or objection and the motion passed unanimously.

5.4 GPA Resolution FY2022-05 Approval of LEAC for Feb. 1, 2022 thru July 31, 2022 Period

The objective is to meet the December 15, 2021 upcoming LEAC with the PUC. GPA proposes to maintain the fuel cost at \$0.171458 for the periods of February 1, 2022 through July 31, 2022. The most recent Morgan Stanley market projections indicate rising fuel prices and projected under-recovery for the period ending July 31, 2022 at the current LEAC rate of \$0.171458/kWh is \$17.6 million

The LEAC is billed and collected thru the monthly electric billings of our customers.

The GM said that recently the oil prices have dropped slightly and the other factor is the 60MW solar power plant is anticipated to be on line in April 2022. The estimated savings is \$1.1M in fuel cost with it's coming on-line. With this is the equation the under-recovery is anticipated to decrease. GPA Management anticipates recovering a substantially and will revisit its calculations in January 2022.

GPA recommending to hold the current LEAC rate ending January 2022 to carry over from Feb - July 2022 to help ratepayers. Under- recovery will be \$17M but GPA thinks it can wait a little longer to recoup in an effort to assist ratepayers.

Comm. Santos motioned to approve Resolution FY2022-02, second by Comm. Limtiaco.

In discussion Comm. Sanchez reiterated that management is recommending to hold this price until July 31, 2022 barring some unusual occurrence or disruption in the oil market. This is subject to PUC approval and updated information. In December the LEAC will move to \$0.171458/kWh; management is recommending to keep it at this level through July 31, 2022.

Comm. Limtiaco said that the GM is basing his calculations on the 60MW renewable coming on line in April but this could be sooner than April and the GM said that April is the anticipated start date and any deviation from this, if later, they will suffer penalties.

On the motion, there was no further discussion or objection and the motion carried unanimously.

6. OTHER DISCUSSION

6.1 * Presentation of Customer Engagement Services

Jenevieve Ooka, Managing Director, from Big Fish Creative introduced her team, Dave Pettinger and Shannon Ada. They performed market research for GPA via a qualitative survey from about 1000+ GPA customer relative to customer satisfaction & demographics. She asked Dave Pettinger to speak about the survey piece and Ms. Ooka and Ada spoke about how they took this base line information and applied it to new and existing customer service related programs / campaigns.

Below is a recap of their presentation:

FY21 Research Services

- Customer Satisfaction Survey
 - Completed November 2020
 - Mixed-mode (telephone, online) survey
 - n=1,035 completed surveys
 - Margin of error: +/- 3.05 at 95% confidence level
- Past-Due Customer Survey
 - Completed March 2021
 - Mixed-mode (telephone, online) survey
 - n=229 completed surveys among past-due customers
 - Margin of error: +/- 6.48 at 95% confidence level
- Customer Focus Groups/Interviews
 - Completed October 2021
 - Residential ratepayers / Stakeholders - Focus groups (5)
 - Commercial ratepayers - Executive interviews (5)



KEY INSIGHTS FROM BASELINE SURVEY FALL 2020

- Top of mind perception of GPA is cold, impersonal.
- Nearly 6 in 10 customers (58%) see GPA as improving.
- Customer satisfaction levels are good (28% TopBox), but not great.
- Ideas for improving customer satisfaction:
 - Reduce rates (36%)
 - Address power outages (25%)
 - Improve customer service (18%)
 - Improve infrastructure (13%)
 - Improve communication (7%)





KEY TAKEAWAYS FROM QUALITATIVE RESEARCH OCTOBER 2021

- Appreciation for “front-line” employees - hard working, friendly.
- Incorrect assumption that renewable energy = free power.
 - Ratepayers want lower bills, believe renewables will enable that.
- Broad misunderstanding of energy cost calculation.
- Very low prior awareness of GPA's integrated resource plan (IRP).
 - Desire for GPA to “have a plan.”
 - Many participants were reassured knowing a plan is in place.
 - Businesses concerned about “quality” of electricity, as much as cost.
- Very positive reaction to messaging points that show GPA emphasis on strategy to lower customer bills in the long term.
 - Confusion caused by technical terminology.



POSSIBLE APPLICATIONS OF RESEARCH FINDINGS

- Use very simple language that is focused on benefits to ratepayers, community and the environment to tell the story of GPA's efforts.
 - Technical jargon causes confusion and risks reducing trust.
- Emphasize as key message that GPA has a plan.
 - Lowering customer rates is a specific objective in the plan.
 - Integrating renewable energy to reduce reliance on fossil fuels.
 - Benefits to the environment are nice, but not key drivers of perception.
- GPA employees are seen as earnest and trustworthy. Empower select employees to help tell the story.
- Keep the messaging simple and repeat messages often. Ratepayers are not thinking about GPA unless they have an issue and need repetition in order to absorb messaging.



KEY MESSAGING FOR CUSTOMER ENGAGEMENT

FY21 "Power to Serve"

- Employee features
- Building trust and humanizing GPA
- Gain more positive engagement on social channels



FY22 "Bringing Energy Solutions to You"

- Public Education campaign centered around Guam's clean energy master plan (Integrated Resource Plan)
- Emphasize as key message that GPA has a plan.
- Reinforcing the people behind the Power



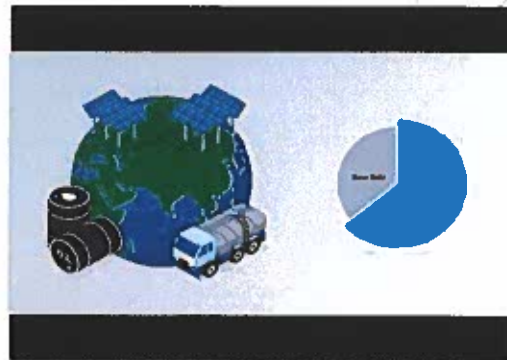
ENGAGING AND INFORMING CUSTOMERS

Existing Platforms

- Printed Newsletters - 47,200+ sends
- PayGPA - 45,060+ users
- Facebook - 8,540+ followers
- Lobby Displays
- Earned/Paid Media

Expanded Platforms

- Power Alerts - 52,020+ subscribers
- E-Newsletter - 27,340+ subscribers
- Instagram - 820+ followers
- YouTube - 96,000+ recent views
- Refreshed Website (FY22)



Clean Energy



Conservation



Service Oriented



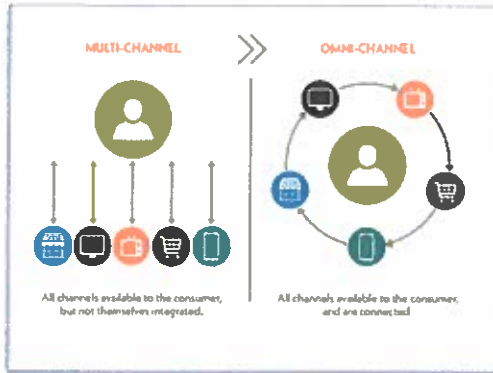
Community Outreach



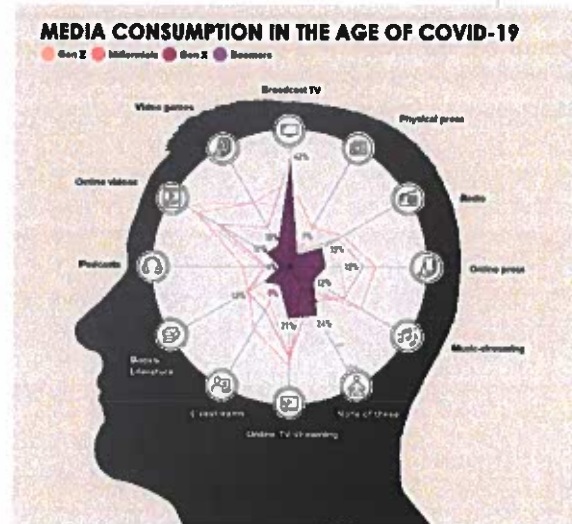
Ways to Pay



THE OMNI-CHANNEL APPROACH



- Customers engage differently across different demographics
- Omnichannel ensures we meet customers where they are
- Responding to research findings: simple, clear and consistent message at every touchpoint



- Media consumption is up since the outbreak, and it's primarily video based
- Broadcast TV, online videos, online TV streaming top spots for increased consumption
- *Global Web Index: Consumer Report April 2020*

Comm. Sanchez commented about key messaging for customer engagement and pointed out that there's no focus on awareness of plan to lower the power bill. In reality these are the most important key points – to lower power bills and to keep power reliable. He said he was struck by the lack of mention relative to these two points. AGMA Limtiaco agreed that while the lowering of bills is the overall, end-all, that this must be the most important message to relay to the public. The GM said in all fairness to the team this is always the focus; the AGMA also apologized that a slide for lowering ratepayers' power bills was omitted but assured the Commissioners that this is the goal behind every program / campaign initiated. Ms. Ooka also added that it is important that consumers know where the savings for their power is coming from and all the aforementioned specifics will lay the groundwork to this point.

6.2 CCU Rules Update

This was not discussed.

7. ANNOUNCEMENTS

7.1 Next CCU Meeting

It was mentioned that this was the last meeting of the year. The next CCU work session and meetings will be in January 2022.

The Chairman said that GWA's counsel has recommended that a litigation matter be discussed in Executive Session and asked for a motion.

Comm. Sanchez motioned to move the meeting to Executive Session, second by Comm. Santos.

The Chairman recessed for 5 minutes to prepare audio / video for Executive Session status.

8. EXECUTIVE SESSION

8.1 **Litigation Matter

This litigation matter was discussed and transcription available after 6 months pending status of litigation.

9. ADJOURNMENT

There being no other business to bring before the Commission the meeting adjourned at 6:25 p.m.

\\s\\

Bls

Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO, Secretary