



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, April 26, 2022**

MINUTES

1. CALL TO ORDER

The Chairman opened the regular board meeting at 5:37 p.m. He announced that all five [5] Commissioners were present for a quorum. Others present include:

Commissioners:

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

Executive Mgmt.:

Miguel Bordallo	GM / GWA
John Benavente	GM / GPA
Christopher Budasi	AGM Administration / GWA
Tricee Limtiaco	AGM Administration / GPA
Melinda Mafnas	AGM Operations / GPA
John Cruz	AGM Engineering & Technical / GPA – Online
Taling Taitano	Chief Financial Officer / GWA
John Kim	Chief Financial Officer / GPA
Therese Rojas	Legal Counsel / GWA
Graham Botha	Legal Counsel / GPA

Management & Staff:

Vangie Lujan	Senior Regulatory Analyst / GWA Compliance
Vlad Navasca	IT Support / GPA
Vien Wong	IT Support/ GPA
Maureen McDonald	GWA
Ann Borja-Gallardes	Mgmt Analyst / GWA GM Office
Joyce Sayama	Mgmt Analyst / GPA GM Office
B. Lou Sablan	CCU Recording Secretary / GPWA

Guest:

Annamarie Muna	AM Insurance
Tricia Granillo	AM Insurance
Michael Carlson	Sen. Ridgell’s Office

2. APPROVAL OF MINUTES

The Minutes of March 22, 2022 was presented for approval.

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

3. PUBLIC COMMENTS - None

4. GWA

4.1 GM Report

GM reported about sludge at Agat-Santa Rita that was asked of him at the work session. If a bin is not filled within a month then it is stored until it is full. Comm. Sanchez asked if these type of plant generate less sludge. The GM said there is more efficiency with secondary treatment plants and generally there is less sludge.

4.2 Financials - None

4.3 Resolution 10-FY2022 Relative to Approval of Construction Contract Change Order No. 2 for the Tamuning "Hot Spots" Sewer System Rehabilitation and Replacement Project (S15-006-EOA)

This resolution was tabled until the May meeting.

4.4 Resolution No. 13-FY2022 Relative to Approval of the Program Management/Construction Management Services for the Guam Water and Wastewater Infrastructure Improvements Services Extension

The purpose of this resolution is to extend the period of performance and provide a corresponding increase to Brown and Caldwell's (BC) authorized contract amount by \$1,166,993.31 for the execution of Amendment No. 4 to the PM/CM contract. The use of a qualified and experienced professional Program Manager / Construction Manager was a specific requirement of the grant funding from the Department of Defense (DoD) to ensure timely completion of the projects needed to support the opening of the Marine Cantonment. This contract extension and authorized increase is necessary to complete PM/CM services for the Northern District Wastewater Treatment Plant (NDWWTP) Upgrade and NGLA Monitoring Wells Expansion construction projects, both of which have been extended due to COVID-19, global supply chain shortages, H2-B labor issues, and other unforeseen circumstances. GWA and the PM/CM have worked extremely hard to complete all DoD grant funded projects ahead of schedule and under budget, and even with this extension, the upgraded NDWWTP will be operational ahead of the proposed DoD connection at Camp Blaz if the PM/CM continues their work as proposed. For these reasons, the proposed extension is necessary and urgent.

The NDWWTP Upgrade project is located in Dededo, Guam. The NGLA Monitoring Wells Expansion project is located in various northern villages.

The total cost for the extended PM/CM services through August 31, 2022 is \$1,684,349.97 on a time and materials basis. The current CCU authorized contract amount is \$15,529,863.30, while the current contract amount, with all change orders approved to date, is \$15,012,506.64. Therefore, this resolution seeks to increase the CCU authorized contract amount by \$1,166,993.32. The funding source for this increase will be from Office of Local Development Community Cooperation (OLDCC; formerly known as OEA) grants and, if necessary, applicable Bond funds and completion is

anticipated by August 31, 2022

Comm. Santos motioned to accept Resolution 13-FY2022r2, second by Comm. Sanchez. There was no further discussion or objection and the motion passed unanimously

4.5 Resolution No. 14-FY2022 Relative to Approval of Change Order No. 7 for the Northern and Southern Reservoir Design Services

The project is part of the 2011 Court Order Paragraph 29 – Storage Tank/Reservoir Repair, Replacement, and Relocation Program. As a Court Order project, it is necessary and urgent to work towards meeting the Court Order deadlines. The project’s objective is to provide design services for the Northern and Southern reservoirs, which include the Santa Rosa, Santa Rita, Sinifa, Ugum, and Inarajan sites.

Per TGE and their geotechnical engineering subconsultant’s recommendation, Change Order No. 5 was issued to TGE to design the needed pile foundation for the Ugum Reservoir using a Cast in Drilled Hole(CIDH) method. Ugum’s CIDH design moved to 90% completion before the recent shortage of cased drill rigs on island was brought to GWA’s attention for the Santa Rita Reservoir, during its construction. Cased drill rigs are needed to perform CIDH installation. The Santa Rita Reservoir project has since moved forward with a redesign of the CIDH foundation to precast pile foundation as part of a previous change order with the contractor.

In an effort to avoid potential delays in the bidding and construction of Ugum Reservoir No. 2, GWA is recommending to proceed with design of the precast pile foundation. This will present both CIDH and precast pile foundation options for contractors. The Ugum Water Treatment Plant: located off Paulino Street in Inarajan

TGE’s fee proposal is \$128,992.95 and shall be funded from PW 09-11: Water System Reservoirs 2005 Improvements. The anticipated design schedule: 4 weeks after Change Order is issued.

Comm. Sanchez motioned to approve Resolution 13-FY2022, second by Comm. Santos. There was no further discussion or objection and the motion passed unanimously.

4.6 Resolution No. 15-FY2022 Relative to Approving the Award for the Multi-Year Procurement of Automotive Gasoline, Regular Unleaded and Diesel Fuel Oil No. 2 for GWA Transportation Fleet; GWA IFB No. 22-01

If approved, Resolution 15-FY2022 will supply GWA Diesel Fuel Oil No. 2 and Regular Unleaded Automotive Gasoline for GWA’s Transportation Fleet and Heavy Equipment. This procurement is necessary and urgent to provide for and meet GWA’s daily operational needs and activities.

Fuel is needed Agency-wide for all GWA’s vehicle and equipment fleet.

The as-bid fuel cost for Automotive Gasoline Regular Unleaded with IP&E Guam is as follows:

- \$2.925 per gallon at an estimated 85,000 gallons of unleaded gasoline per year for an estimated cost of \$248,625.00

The as-bid fuel cost for Diesel Fuel No. 2 with IP&E Guam is as follows:

- \$2.802 per gallon at an estimated 32,000 gallons of diesel per year for an estimated cost of \$89,664.00

Grand Total: \$338,289.00 estimated annual cost and will be funded by revenues.

Fuel Services for GWA's vehicle and equipment fleet will be on-going for the duration of the initial 3-year contract with the option to renew for an additional 2 years, 1-year term.

Comm. Santos motioned to approve Resolution 15-FY2022, second by Comm. Martinez.

In discussion Comm. Limtiaco asked GM Bordallo to clarify the option for this contract and the GM responded there is no option year. It is the base plus 2 1-year extension. Each year extended will be the same as submitted.

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

4.7 Resolution No. 16-FY2022 Relative to Approving the Contract for Property Insurance, General Liability Insurance, and Other Insurance Under Guam Waterworks Authority ("GWA") Invitation for Bid No. GWA 2022-09 and Authorizing GWA to Petition the Guam Public Utilities Commission ("PUC") for Approval Under the Contract Review Protocol

Under Sections 6.05 and 6.06 of the Bond Indenture for GWA's 2010, 2013, 2016, 2020A System Revenue Bond Series and 2014, 2020B Refunding Bonds respectively, GWA is required to maintain or cause to be maintained insurance with responsible insurers in types and amounts that is usually maintained by prudent operators of systems similar and similarly situated to GWA's system. The current policy is expiring on May 1, 2022.

Current premium	\$ 967,834 annual premium
Three-year term:	\$1,911,139 annual premium*
Five-year term:	\$1,775,122 annual premium*

There was no bid submitted for cyber insurance. The funding source is revenue funds.

The proposed premiums have increased as compared to the current insurance contract due to a combination of factors including current market conditions for the insurance industry and an increase in GWA's estimated replacement values based on current construction and material cost trends.

It is recommended that, subject to CCU and PUC approval, GWA award Bid based on the 5-year term. Additionally, GWA will work with its risk manager to develop options and strategies to reduce the annual premium cost in the next procurement cycle.

The contract and new insurance policies will be finalized upon PUC approval. In the meantime, the winning bidder has been issued a conditional bid award so that coverage does not lapse.

Comm. Santos motioned to approve Resolution 16-FY2022, second by Comm. Sanchez. There was no further discussion or objection and the motion passed unanimously.

5. GPA

5.1 GM Report

The GM reported that Cabras 1 will be returned to service shortly. Testing is being done daily and it is anticipated that the unit will be operation in a day or so.

He reported that the KEPCO solar station is energized and will test 3MW at a time. It is anticipated that by June 30, 50MW will be online. Comm. Limtiaco asked if a CCU tour can be arranged and the GM said this is possible and the Board Secretary will touch base with the Commission of a recommended date /time of tour.

GM Benavente said a replacement plan for electric vehicles is forthcoming

Relative to LEAC Under Recovery, the CFO explained the current fuel expense based on projected shipments. The CFO said by July 2022 the under-recovery will be about \$28M. The GM said at the May meeting management will come back to the Commission with the recommended LEAC adjustment.

Comm. Sanchez said the rate adjustment imposed by the PUC keeps GPA trading water. GPA is funding the shortfall with working capital. We may have to revert to some kind of surcharge perhaps a COVID surcharge to keep the under recovery at \$30M. The CCU asked management to give this some thought to help ratepayers.

5.2 Financials – None

5.3 *Resolution FY2022-16 Approval for Additional Repair Work for Tank 1935

The project involves the internal inspection and refurbishment of the bulk storage fuel tanks and appurtenances. The tanks, located at the Storage Tank Facility in Piti, need to undergo the required internal inspection to comply with regulatory requirements and refurbish as necessary to ensure the structural integrity and safe operations of the tanks. The project also includes upgrading of the facility's auxiliary system to assure uninterrupted supply of fuel for the power plants. The last inspection was conducted in 2007. Inspections are required to be performed every ten (10) years.

During the completed inspection, additional work outside of the original contract was discovered. Based on the report submitted by an independent Certifier, additional work such as the following must be performed to certify Tank 1935 for the next 10 years:

- a. 13 bottom plate replacements with an approximate area of 2,417 sq. ft.
- b. 397 patch panels with an approximate area of 1,813 sq. ft.
- c. Additional welds in the bottom plate
- d. Replacement of all roof manholes and covers
- e. Replacement of severely corroded painter's coupler for scaffolds erectionn
- f. Replacement of corroded roof plates
- g. Replacement of stair landing
- h. Repairs of shell plates (wall)
- i. Replacement of overflow pipes

The additional work scope's total is \$3,140,489.35. GPA would like to include a 20% contingency for other unforeseen work and circumstances. This brings the total change order to \$3,768,587.22 requiring approval from CCU and PUC. Please refer to Attachment A for details. The funding source

for this project is revenue funds.

Due to delays in securing the required raw materials and subsequent additional labor, the change order will add an additional 8 to 10 months to the project schedule.

Comm. Santos motioned to approve Resolution FY20220-16, second by Comm. Sanchez.

In discussion Comm. Limtiaco asked if the unit is completed does it reduce the cost associated with fuel storages anywhere else. GM Benavente responded yes that these tanks and other storage tanks in Ukudu will be bulk and will release us from the need of third party storage i.e. Tristar. The annual rental of \$6M will be realized. The return of investment is roughly 5 years and for both tanks 10 years.

Comm. Limtiaco ask re the contingency of 20% and the GM said this is just to prevent management from having to come back to the Commission should additional coasts need to be incurred.

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

5.4 Resolution FY2022-17 Request for Increase to the FY'22 Residual and Diesel Fuel Oil Budget

The increase in the FY 2022 RFO and DFO budget is necessary to provide sufficient funding for the fuel expenditures for the uninterrupted supply of fuel for the Baseload plants and peaking units.

The increase of the RFO & DFO supply budget by approximately \$171,000,000 and will cover the fuel expenditures thru September 30, 2022. This is a revenue funded expense.

Bulk RFO Supply Contract (by ocean tanker delivery) is awarded to Hyundai Corporation
Bulk Diesel Supply Contract (by ocean tanker delivery) is awarded to Mobil Oil Guam, Inc.
Diesel Contract for the Peaking Units (by road tanker deliveries) is awarded to Mobil and IP&E.

Comm. Santos motioned to approve Resolution FY2022-17, second by Comm. Sanchez. There was no further discussion or objection and the motion passed unanimously.

5.5 Resolution FY2022-18 Memorandum of Agreement (MOA) between GPA & GEO on the We Care, Guam Program

This resolution was tabled and not discussed.

5.6 Resolution FY2022-19 Contract Extension for Hyundai RFO

The 3-year contract for Supply of Residual Fuel Oil No.6 for the Baseload Plants, namely Cabras Units 1 & 2 is expiring in August 31, 2023. The extension of the fuel supply contract is necessary to provide uninterrupted supply of fuel for the Baseload plants.

The contract fixed premium fee for the First (1st) year extension shall remain the same. The estimated cost for the contract extension is estimated at approximately \$267,621,969. This expense is funded by revenue funds.

The 1st year contract extension shall commence on or about September 01, 2023 and to expire on August 31, 2024.

The 3-year contract with 2-year extension options under IFB GPA-050-20 was awarded to HYUNDAI CORPORATION.

Comm. Santos motioned to approve Resolution FY2022-19, second by Comm. Martinez

In discussion Comm. Limtiaco as if the contract is 1-year out why do we need to extend now. He asked what was the lock in date of the original contract. The GM said it is in GPA's best interest to lock it in now because if fuel prices continue to rise, we are covered.

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

5.7 Resolution FY2022-20 Request to Enter into a Month-to-Month Extension for Professional Printing, Mailing, Processing and other Services

On April 6, 2016, the Guam Power Authority (GPA) entered into a contract with Graphic Center, Inc. to provide professional printing, mailing and processing services of approximately 50,000 electric power billings each month.

The original contract became effective on April 18, 2016 for a one (1) year period from the date of award of the contract with the option to extend the contract for four (4) additional one-year periods. GPA has exercised its base and options years of the contract and GPA had issued an Invitation for Bid (IFB) for these services but the bidder did not meet the bid requirements which necessitated a re-bid.

On April 27, 2021, the Consolidated Commission on Utilities authorized the management of GPA to exercise month-to-month services up to eight (8) months or when a new contract is awarded whichever comes first. On May 13, 2021, GPA issued Request for Proposal No. GPA-RFP-21-002 for the Re-Solicitation of Professional Printing, Mailing and Processing Services Relating to Utility Customer Billing.

On June 7, 2021, bids were received from three vendors and one was rejected due to not meeting the required information.

On August 18, 2021, GPA notified Graphic Center that InfoSend was selected as the best qualified Offeror and notified Moonlight BPO that its proposal was disqualified and rejected.

On August 30, 2021, Graphic Center filed an agency-level protest. In their protest, Graphic Center disputed the evaluation scores given to them and InfoSend. On October 7, 2021, GPA denied Graphic Center's protest. Graphic Center appealed to the Office of the Public Accountability (OPA) and on March 25, 2022 the OPA ruled its Decision denying Graphic center's appeal. On April 5, 2022 Graphic Center filed an appeal of the Public Auditor's Decision to the Superior Court of Guam.

GPA must have the printing services in order to issue monthly billings which is the revenue lifeline of GPA.

The total cost of the first base year and the option to exercise the extension of four (4) additional one-year periods, plus the month-to-month extensions are estimated to be \$2,200,000.00.

Motion made by Comm. Santos, second by Comm. Sanchez.

In discussion the Chairman said to both Legal Counsels Botha and Rojas that they should look into this matter and to think about how to protect the ratepayers during the protest process.

On the motion the vote was 5 ayes and the motion carried.

6. ANNOUNCEMENTS

6.1 Next CCU Meetings:


The next meeting for the Commission is the GWA Work Session on May 17, the GPA Work Session on May 19 and the CCU Regular Monthly Meeting on May 24.

7. ADJOURNMENT

There being no other business to bring before the Commission. Comm. Santos motioned to adjourn, second by Comm. Martinez. The meeting adjourned at 6:26 p.m.

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Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO, Secretary