



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatña, Guam 96932 | (671) 648-3002 | guamccu.org

CCU Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., Tuesday, November 29, 2022

MINUTES

1. CALL TO ORDER

The Chairman called the regular board meeting to order at 5:36 p.m. He indicated that there are action items to be presented from both the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA). He announced for the record that all Commissioners were present for a quorum, Commissioners Limtiaco, Sanchez, Martinez, and himself; with the exception of one vacancy.

Commissioners:

Joseph T. Duenas, Chairman
Michael Limtiaco, Vice-Chairman
Pedro Roy Martinez, Secretary
Simon A. Sanchez, Commissioner

Executive Management:

GPA:

John Benavente, GM
Tricee Limtiaco, AGMA
John Cruz, AGMETS (Online)
Melinda Mafnas, AGMO
John Kim, CFO
Graham Botha, Legal Counsel

GWA:

Miguel Bordallo, GM
Christopher Budasi, AGMAS
Taling Taitano, CFO
Brett Railey, Acting Chief Engineer

Management and Staff:

GPA:

Joyce Sayama, Communications Manager
Candice Ananich, MA III
Reginald Diaz, MA III
Jon-Rey Aguigui, PSA
Joshua Manibusan, HR
Vien Wong, IT
Vlad Navasca, IT
Laurie Tumaneng, MA III

GWA:

Evangelina Lujan, Compliance and Safety
Ann Borja-Gallardes, MA IV
Zina Pangelinan-Charfauros, PSA
Michael Schniep, PS IV

OTHER ATTENDEES:

Ann Marie Muna – AM Insurance

ON-LINE ATTENDEES:

N/A

2. APPROVAL OF MINUTES

GPWA Regular Monthly Board Meeting minutes for October 25, 2022 was presented for review and approval. Motion to approve was made by Commissioner Simon Sanchez, seconded by Commissioner Martinez seconded, with all in favor.

October 25, 2022 GPWA Regular Board Meeting minutes was unanimously approved.
[Ayes = 4, Nays = 0]

3. PUBLIC COMMENTS

There were no public comments made at this meeting. He verified that there were no public comments on-line or signed in, Candice confirmed.

Chairman informed Commissioners that GWA GM was allowing GPA GM to go first since they both need to go to PUC meeting.

4. GPA

4.1 GM Report

No updates were made to GPA GM report.

4.2 Financial

No updates were made to the GPA Financial report.

4.3 Resolution FY2023-04: Relative to the Extension of the Ultra Low Sulfur Diesel (ULSD) Tank Lease Agreement with Tri-Star

GM John Benavente explained that this is to authorize management to extend Ultra Low Sulfur Diesel (ULSD) Tank Lease Agreement with Tri-Star Terminals Guam. Currently we are using two tanks, Tank 1906 and Tank 1907 and these are the two tanks that supply fuel to the Piti 8 and 9 which was recently converted from residual fuel oil to Ultra Low Sulfur Diesel. The contracts are set to expire at the end of this year on Dec. 31, 2022 for Tank 1906 and June 30, 2023 for Tank 1907. Both tanks will still be needed until sometime in 2024 and so we are asking your approval to extend the leases up to June 30, 2024. The good news is that the lease cost has been reduced for Tank 1907 by the amount of \$588,000.00 per year. Again, these are two tanks that will certainly still be needed until the new power plant is completed. We will need approval by the PUC also.

Motion to approve [Resolution FY2023-04: Relative to the Extension of the Ultra Low Sulfur Diesel \(ULSD\) Tank Lease Agreement with Tri-Star](#), was made by Commissioner Sanchez, seconded by Commissioner Martinez.

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Chairman: Any questions?

- Commissioner Limtiaco asked were there provisions in the existing contract for extension options? GM Benavente stated yes, but these are sole source tanks and owned by Tri-Star and depends when we can negotiate the period of time and get the approval.
- Commissioner Limtiaco asked what led to the reduction in the contract for the costs? GM Benavente explained that the initial tank was the cleaning and getting everything ready and so now that's been done, now we are asking for an extension, it's a continuation of what's there. Commissioner Limtiaco asked so the previous contracts required the maintenance and cleaning, GM Benavente stated, yes, the cleaning and preparing it for the Ultra Low Sulfur Diesel.

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. [Ayes = 4, Nays = 0]

4.4 Resolution FY2023-05: Relative for Approval to Increase the FY2023 Fuel Budget

GM John Benavente authorizing GPA to increase the FY2023 budget for 0.2% Low Sulfur RFO, which is the fuel used now exclusively for Cabras 1 and 2 and for Ultra Low Sulfur Diesel which is now added Piti 8 and 9 into the consumption. All of the total budget of \$399,000,000.00 in FY2023, \$236,432,000.00 was allocated for fuel. With our latest forecast for .2% sulfur at about \$139.00 a barrel and Ultra Low Sulfur Diesel, we would need to increase the budget by, unfortunately, \$293,298,947.00 to provide sufficient funding of the fuel expenditures. The expenditure for this is as needed. This is the issue for this resolution and it is straight forward and we only pay for what we consume and it's just that the budget that was put together was based on prior prices and the rise in fuel prices and of course the LEAC.

Chairman Duenas asked so the total budget for the year for GPA is \$648,000,000.00? That's a huge budget. GM Benavente said \$648,650,775.00. Commissioner Sanchez, said, you're an \$800,000,000.00 company this year and the ULSD that we are burning now is the most expensive fuel, right? It's running about 50% above WTI and when I look at the numbers, it's not including the freight, which is another \$10,000.00. GM Benavente explained that the two fuel we are burning now are the .2% and the ultra-low sulfur are the most expensive fuel. They are clean but the most expensive, but that's the price we have to pay for. Again, the good news is that because in 2024 the new power plant comes on line, it will reduce our annual consumption by 500,000 to 600,000 barrels a year. That, in itself, will offset the price and have huge savings for our rate-payers. Part of the reason to is COVID delayed the commissioning of the new power plant from October 2022 to April 2024. For EPA to reset the Consent Decree the rate line was the quality standards of 2023 had to be met. When we model the fuel, the .2% at Cabras met that, so even the public hearing today on the news stated the plant for GPA is in compliance. Again, cleaner air is more costly unfortunately, and we are off-setting it with the reduction of

fuel imports and that will reduce the energy cost for my sister company GWA, a little bit, and all our rate-payers.

Motion to approve [Resolution FY2023-05: Relative for Approval to Increase FY2023 Fuel Budget](#) was made by Commissioner Martinez, painfully seconded by Commissioner Sanchez – none opposed.

Chairman: Any questions?

- Commissioner Limtiaco, this is more of a question for John Kim, we're not too far in to the 2023 budget? CFO Kim, no, we're not. Commissioner Limtiaco said that the fuel prices have come down since we passed the budget, right? CFO Kim, yes, it came down somewhat. Commissioner Limtiaco inquired, so where was the issue in the forecast? CFO Kim, oh because we used this a year ago, close to at the time .15 cents per kw hours for the LEAC, but right now the price came up so we are using the current rate, right now we don't know and not 100% sure, but the trend is going down but for budget, for fuel purchases, the team is asking for a bigger budget. Commissioner Limtiaco, No, I understand that, I'm just asking, you know there were a lot of knowns before the budget was passed, I mean 2 to 3 months in. GM Benavente, I think the budget was put together 2 years ago. Commissioner Limtiaco, yes, right, but there was an opportunity, prior to the FY, there was an opportunity to adjust it. I'm just wondering why... CFO Kim explained, that was more of what we did is we want to wait to see if there was going to be a dramatic drop, but the team felt that and we were hoping that it was going to drop, but it was not dropping as much as we wanted it to. So, we figured, probably credit it now to adjust it, then coming back much later.
- Commissioner Sanchez, this is just a budgetary authority so that you can procure, right? As prices drop... Commissioner Limtiaco, you don't consume it if you don't need to, right? CFO Kim, yes. GM Benavente, we still have enough in the budget to carry us for a few months and knowing what we know at this point and knowing the latest projections, we believe this would be conservative, I hope. Commissioner Sanchez, that's right, it is a 2 yr. budget, too, so what we thought 2 yrs. ago vs. the reality of the day, it's a very painful resolution, but it's reflective of the current market place than 2 yrs. ago, and I appreciate what Commissioner Limtiaco said that if we are going to dive into these decisions and we're all trying to wait for that price to drop as low as we can get it and this is now the necessary adjustment

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. **[Ayes = 4, Nays = 0]**

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4.5 Resolution FY2023-06: Relative to Approval of the Levelized Energy Adjustment Clause (LEAC) for the 6-month period starting on February 1, 2023 through July 31, 2023

GM John Benavente explained that every year, no later than Dec. 15th, we have to file with the PUC a LEAC rate for the 6-month period beginning February 1, 2023 through July 31, 2023. Again, as we have shown, fuel prices have risen and of course, recently have started trending down, and again the trend down, case in point, the diesel we were buying for about \$153.00 a barrel has come down to \$136.00 or so, it's not down anywhere close to what we were used to before this Ukraine situation which was around \$90.00 a barrel. The forecast used of course is the Morgan-Stanley, and this is what the PUC uses, and as you can see there is a downward trend all the way to June 2022. Again, part of the significant reason is the conversion of Cabras 8 and 9 to diesel and Cabras 1 and 2 are again early this month going to .2% ULSD. .2% is more expensive than non-ULSD, because it uses the expensive diesel to blend the low sulfur RFO and we do gain but again it's the blending down that is costing and this is what we have to comply with US regulation. Note the straight line for base-rate and every thing is related to fuel.

The latest increase by the PUC effective Nov. 1st cost \$0.318576/kWh. The under-recovery projected by the end of this month is \$35,000,000.00. The under-recovery at the end of October, the numbers that I have seen, I believe are still \$41,000,000.00. We are projecting with the new rate, the under-recovery will turn in favor of GPA. So, under the current rate, we are looking again at a \$22.00 increase for average residential consumer of 1000 kwh that began Nov. 1st. This additional increase was actually covered for an average residential customer by the Programan Salape. There was an increase of about \$40.00 a month in July 2022 and then at \$40.00 a month in September 2022 and then about \$20.00 in November 2022, so there is your \$100.00 help from the Programan Salape. Based on this projection, our under-recovery is at the end of this FY is \$8.3 Mil it will come from \$41 Mil to \$8.3 Mil. We almost recover all the advances. The question is what happens if we put it at \$20 Mil? At \$20 Mil, we drop this from .31 cents to .30 cents, the under-recovery will be \$20 Mil. Hold the LEAC until a decision is made in January.

Chairman Duenas, we realize that the PUC will continue to get numbers from yourself and in January the numbers become clearer and that's when they make their decision. I agree we just leave the LAEC alone and in January the PUC will get better numbers.

Motion to approve [Resolution FY2023-06: Relative for Approval of the Levelized Energy Adjustment Clause \(LEAC\) for the 6-month period starting on February 1, 2023 through July 31, 2023](#) was made by Commissioner Martinez, seconded by Commissioner Lintiacio.

Chairman: Any questions?

- Commissioner Sanchez thanked GM Benavente for doing the analysis to summarize at least as I see it, we advance on behalf of our rate-payers \$40 Mil in LEAC fuel costs from our base-rate revenues, and we are essentially robbing Peter

to pay Paul, even though Paul is the most expensive sibling of the 2. I'm glad that you have run this analysis because the business decision is we have carried \$40 Mil on behalf of rate-payers and eventually we know needs to be replenished and I think we did a great job during COVID and holding back and yet it produced this \$40 Mil shortfall and sooner or later there is never a good time for a rate increase. We had to do the rate increase, the PUC did a rate increase and it's the largest number in history, but we also had the largest negative in history. I'm grateful that you ran the scenario, that okay we've carried \$40 Mil, what would happen if we carried \$20 Mil? Because based on the current forecast which we know can change and will change, and reality will step in. You, at least are recovering all but \$8 Mil of that \$40 Mil that we advanced. If we only recover \$20 Mil of the \$40 Mil, that's what that scenario is on the right, the power bill actually would go down for our ratepayers in the next 6 months, but we still got that \$20 Mil hanging out there and sometimes we are a victim of our own kindness, in holding back the LEAC we are having to pay the highest rates now because sooner or later you have to pay what it costs just like when you drive into the gas station and it used to be \$6.00 a gallon and the gas station didn't say how about you pay \$5.00 and you owe me \$1.00 later and I'll pass it on to you later. Sooner or later, you can't do that, so I'm grateful that you have run the numbers, personally I can see us running a negative, but I think it's more important as the Chairman and others have said, let's just give this analysis to the PUC. If they want us to run a little negative, we've shown them what a \$20 Mil negative would look like, we've shown them what an \$8 Mil almost full recovery would look like and we will see what oil does in the next 45 days, 65 days before their final decision has to kick in and again if we don't do it now, then we will have to recover that \$20 Mil later and it could be what if prices drop and we can't pass on the savings because we still have to recover \$20 Mil. So I think that's part of the trade-off in the issues and at some point we can't carry this large negative. It's not in the long-term interest of even the ratepayers. Our ratepayers own the utility and our ratepayers are the customers of the utility. When we put on our ownership hat, you can't have our company not be able to pay its bills, not be able to pay for oil, not be able to maintain CIPs. We've kept the base rate fixed for so many years because we don't rob Peter to pay Paul, but right now we have borrowed from the base rate revenues that we use to fix things, \$40 Mil dollars. The oil crisis works against us in terms of pricing but with the current rate that you're proposing to maintain, we still would be able to recover three-fourths ($\frac{3}{4}$'s) of what we've advanced. You've run it and I appreciate it that you've run those scenarios, and we will send it to the PUC and let's look at it, let them look at it, because they really have the final say. I mean if they are comfortable of running a higher negative, then that's their prerogative, if they're not but at least you've made the recommendation to bring it down significantly, there is still a small balance that will exist next August that is far more manageable

at \$8 Mil, then it is at \$40 Mil. We just hope that the world oil market begins to behave better in 2023, but that still remains to be seen.

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. [Ayes = 4, Nays = 0]

4.6 Other GPA Discussions:

Chairman informed GM Benavente that that does it for you, GM Benavente said, unless you want the GM Report. Chairman said No, that's okay. Any other questions?

- Commissioner Limtiaco said he does have one thing, and stated you know what we haven't seen in awhile is the frequency on how the batteries are doing. We haven't had an update on the big push to eliminate the under-frequency load shedding. We saw the effects of the battery we have, we haven't seen that in a while. How is that going and have there been any issues? GM Benavente informed them that the batteries are working very well. There was a couple of times when we did lose some circuits but not as many, which is what we've always said. The initial proposal was for 40 megawatts, but then we had to cut off 16 to eliminate the intermittency down at Talofof. So the system was only seeing 40, in case any generator drops, you only try to alleviate that 40 megawatt drop. But even with that to support the well, the recovery is very fast. It's also helping us now in the spinning reserve and the battery is holding up well. The proof is in the pudding, it's been over a year and get all the kinks out of the machine. I think the battery technology is working well for us. The next phase which is the full-shifting battery, that's where we can make a difference between now and use that to cut-off the daytime energy savings costs is this, and the evening savings costs is this and we're not burning oil. Commissioner Limtiaco asked if the Agana Heights residents' complaints are down? GM Benavente said, I believe so, I haven't heard from anyone in Agana Heights. There may have been one or two outages in the last several months. Over all, I think it's been holding on. There have been a few in the south, its for the unknown, snakes, vegetation, and all that. We have a plan in place to try and get funding so that we can upgrade the whole southern distribution system. So, like after a storm, we can recover quickly and then relocate some of the diesel generators from Yigo to down south. We can put it in Umatac, so after a storm we just continue from here fixing and not turn lights off. Which, historically in the past, the transmission needs to be fixed and the South, nobody is out. So, that's the plan, we are working on a grant to upgrade poles from wooden to composite.
- Commissioner Sanchez asked CFO John Kim to quickly report on the financials and GM Benavente has to go. CFO Kim explained that on the base revenue we budgeted \$13.7 Mil dollars, actual was \$12.7 Mil, so we were short by \$1 Mil dollars. You will notice that a lot of the reduction was residential customers, and probably due to price elasticity and the 2nd reduction was from the Navy. We're

not quite sure, I can't remember why. CFO Kim said their kilowatt sales dropped by 1 Mil kwh for the month, compared to last month. Commissioner Sanchez asked to find out why as we would be interested to know, is that a trend? CFO Kim, I hope not. Commissioner Sanchez, well that's why you need to find out, why is that. But we are seeing the impact of the higher rates bringing down utilization, right? CFO Kim, yes. Commissioner Sanchez, total kwh sale, not only to budget but just compared to last year was down. CFO Kim, yes, so we noticed that for government and commercial, there's no more reduction, it kind of increased to 2.7 Mil kwh, so there's a drop in residential at 1 Mil kwh. Commissioner Sanchez, also at the next meeting in January, I'd like to measure that elasticity, that's 3½ Mil kwh decline at the highest rate we've ever charged. So, I think that's some lessons for us to learn, this is a perfect one to measure elasticity, right, because it's the highest ever. CFO Kim, yes. Commissioner Sanchez, so in our future meeting let's take a look at what are we learning about elasticity, because it will help us better project when rates are this erratic, what it isn't, that's also useful for the PUC to get a feel for when they look at your projections for the next 6 months, they will go well okay will elasticity have an impact? Because my concern would be we're not changing the rate, so are you about to see a million less sales to the Navy for the next 12 months or until next August. Are you going to see this 3 1/2 mil kwh less sales to our total community? What does that do to your base rate, or to your budget, basically? I mean the LEAC's a pass through, right? What is the rest of your income that is going to get impacted? CFO Kim, this is just a first month actually that it dropped. The last couple of months it was straight, so we will probably see in November what happens and we can tell if there is a real trend going down, but right now I can't really say what the trend is. Commissioner Sanchez, well you can for 1 month, it's down, you just don't know if it's permanent. CFO Kim, yes, that's the problem, we will probably know more as we get more data. For the fuel, we have \$34 Mil dollars compared to last year was \$18 mil so that was a big spike and the LEAC price. The O&M costs is \$5.8 mil dollars after costs, this includes back debt almost over a million dollars, the budget was \$6.3 Mil, so it's about \$500,000 favorable. Commissioner Sanchez, but it's up half a million from last year, same month? CFO Kim, yes, but I think it is about the same. I need to make some corrections, that includes back debt of \$1Mil, you move it out, for FY23. Commissioner Sanchez, so in the \$5.8 Mil, the monthly cost of O&M, that includes, that's when your expense of bad debt was in October. CFO Kim – yes, I recorded a million dollars, but if you take that out, if you compare to last year, it's about the same. Commissioner Sanchez: do you always record bad debt a month into the next FY? CFO Kim: No, we report monthly, but then the reporting includes the bad debt, so if I take that million dollars out, it's about the same as last year. Commissioner Sanchez, but you're not going to do another million in bad debt this month, right? This is your annualized bad debt, right? I mean that is a big number, that's a million dollars in bad debt. \$800,000.00, that's

- \$10 Mil in bad debt, that seems higher than.... CFO Kim, I'm sorry, your right, it's \$1 Mil a year, so it's \$100,000 month, it's \$1 Mil a year. Commissioner Sanchez, last October was \$5.8, right? CFO Kim: Yes. Commissioner Sanchez: This year it is \$4.9, so your O&M has gone down \$800,000, so your bad debt went up \$1 Mil, but your total went down \$100,000? CFO Kim: No, I'm sorry, I meant to say, it's a million dollars a year, \$100,000 month. Commissioner Sanchez: So O&M is cheaper this year? CFO Kim: for the budget amount, but compared to last year, it's higher. Commissioner Sanchez: What's causing the O&M to be higher this year compared to last year? 5.8 vs. 4.9? CFO Kim: 5.0. Commissioner Sanchez: 5.0, it's still higher by \$100,000 in October? What's causing the rising in O&M? CFO Kim: I'd have to get back to you on that because I don't have the numbers. Commissioner Sanchez: Yes, because that is a significant increase, right? I mean that's \$10 Mil a year at that rate, 833 x higher than last year, so, yes, I'm curious why the jump in O&M. Chairman Duenas: could you give us an email, John. CFO Kim: yes, I will send you an email. Commissioner Sanchez: and report on it in January also, so that we have it on the record. Off that top of your head, you're not sure what the increase on O&M was caused by? CFO Kim: Um, there are a lot of variables that are popping, one by one. Commissioner Sanchez, yeah, because that's a lot 8 over 5 is what, 16% increase from a year ago for O&M in one month. That's a big number. CFO Kim: I'll take a look at it. Comm. Sanchez: Please. Chairman Duenas: Okay, anything else? CFO Kim: On the numbers of customers, so for we only have Oct. and Nov. for first quarter of FY2023 we do an average, so prior quarter we had 52,939 customers, this month we have 53,707 customers, it's a slight increase. As for debt service coverage ratios it's about 1.72, which is pretty good. A lot of things that is also helping is that we refunded, we refunded so the debt service didn't harm us as much. Lastly, under recovery is about 49.
- Chairman: Thank you very much GPA, you're done. Miguel, ready?

5. GWA

5.1 GM Report

No updates were made to the GWA GM Report.

5.2 Financial

No updates were made to the GWA Financial Report.

5.3 GWA Resolution No. 04-FY2023 / GPA Resolution No. FY2023-03 (Joint Resolution): Relative to Establishing the Board Secretary Position

GM Bordallo explained that the first resolution is a joint resolution, our numbering it's 04-FY2023 and this is relative to the creation and approval of the position spec for the utility board secretary as we discussed and was explained in the work session. The previous board recording secretary position specifications were outdated given they were prepared in the 80s and the duties and responsibilities now for the board secretary have

increased with technology and given requirements for the position so the updating of the position is necessary in order to reflect those changes to the nature of the position and duties and responsibilities. So, the specifications have been updated, they've been posted, so if the Board approves, the new position will be transmitted to the Legislature in accordance with GCA requirements and then we could begin recruitment 30 days after that. Funding for the position once recruited will be split between GPA and GWA funded out of revenues. If the Board has any specific questions about this, we have HR representatives from both agencies here. Chairman: okay, thank you Miguel, go ahead Commissioner Sanchez.

[Commissioner Sanchez moved to approve GWA Resolution No. 04-FY2023 and GPA Resolution No. FY2023-03: Relative to Establishing the Board Secretary Position, seconded by Commissioner Martinez.](#)

Chairman: Any questions?

Commissioner Sanchez: Actually by modernizing this position and having it reflect the current work requirements, the skill sets of the Board Secretary, this is actually at \$45,000-\$47,000 and is a reduction of what we had been paying prior, if I'm correct, if I recall? GM Bordallo explained he doesn't know if that is so much of the duties and responsibilities as it was of the tenure of the person who was there. Commissioner Sanchez: nonetheless with this change we will be saving \$20,000-\$30,000 a year, something of that magnitude by creating the position the way we think it needs to be created now? The \$47,000 is a reduction of what we were paying the predecessor and it's good for ratepayers. GM Bordallo explained the implementation range is between \$45,000-\$47,000 per annum, it's roughly based on the 20th market percentile and using the Allan Searle implementation range, but as far as the reduction from what the previous incumbent was being compensated, I'm not sure the exact amount. Commissioner Limtiaco: It's roughly \$20,000. Commissioner Sanchez: Okay, about \$20 grand, so theirs a savings for ratepayers by doing this. Chairman Duenas: The other thing is, you know, it depends on actually who applies, also, because if we find somebody it may go towards the upper end and if you find somebody that is not that experienced, you're going to go through the lower end. Commissioner Limtiaco: Actually, I think it's \$30,000. Commissioner Sanchez: yeah, its pretty significant, because when we used to have two, it was over \$100,000 grand together and then we were able to save some money just by having one, right? And now, we will save even more money with this redesigned, updating of the position. Commissioner Limtiaco: I just have a question for HR, so there's an actual utility board secretary job classification or what is the actual job classification that's being used on the benchmark? GWA HR PS Zina Pangelinan-Charfauros explained so what we did is we did some research and we found that in other jurisdictions of utilities for both power and water, there is a utility board secretary position for Commissions in other those jurisdictions. Commissioner Limtiaco: and that was part of the 2017 market data that's being used to compare the market percentile? GWAHRPS Pangelinan-

Charfauros: Yes, the implementation is more set to compensation consultant who provided us with the feedback of the implementation. Commissioner Limtiaco: and just to be clear, the position of Utility Board Secretary is actually in that market data or is it some sort of secretarial position that you're just kind of qualifying? GPA HR PS Jon-Rey Aguigui: It is more like the positions based off the industry. Commissioner Limtiaco: Okay, so its like a secretary position you're using off the benchmark, not actually utility board secretary? I'm just referring to the 2017 data that you're referencing here against the, you know to determine the market percentile? GPAHRPS Aguigui: Correct. I do want to point out that this is based off our compensation consultant the 20th market percentile but I do want to note that based off Guam Code, the Board may appoint a secretary based on compensation fixed by the Board, so that as a guidance you may fix their salary. Chairman Duenas: I do have one questions, Jon-Rey, so actually. Who is going to hire? The last time, the person who held this position who retired, was actually an employee of GPA, so when you folks put this out, who will advertise as to who will be hiring? GPAHRPS Aguigui: if I can defer that to, I'm sorry, it will be the Board to decide based off the resolution, we did put that it will be split in cost between the two agencies. Chairman Duenas: Okay, cost will be split. Commissioner Sanchez: Yes, it's an unusual situation, Mr. Chair, because we as an organization actually only exists as 5 members, we don't have a company that put a secretary, we don't have any operational expenses for ourselves, we only have a stipend. Commissioner Limtiaco: So, there are two market data, we did this in our reviews today, because actually there are two different ones, which one is this based on GPA or GWA? GPAHRPS Aguigui: So, based off our consultant, he did render the same implementation rates for both agencies. There is, right now, based off all our positions, there are similar positions within the same range. Chairman Duenas: So some of your positions for GPA and GWA have the similar ranges, but other positions you have are different? GPAHRPS Aguigui: That is correct. Chairman Duenas: So, when we make the final selection, then the Board can determine that this person will be a GPA employe, this person will be a GWA employee. You know, that does make a difference because the rules and regulations for GPA are different from the rules and regulations for GWA. So, we really need to get to a point where we have one common rules and regulations. Commissioner Sanchez: What is the difference with regards for the board secretary? Chairman Duenas: Let me ask, between Chris and Tricee, I think there are some in terms such as sick leave or how you retire or something? What are the differences for GPA and GWA. Both GPA and GWA when it comes to leave accumulation, retirement, we both follow generally the GovGuam guidance, so I'm not going to speak on behalf of Chris, but I believe GWA's Personnel Rules and Regulations are more closely aligned to GovGuam and GPA's Personnel Rules and Regulations is different really in the Organizational Structure and certain things. So, if we are talking about CTP, those things are partnered. So, there are a lot of references to DOA in tools and Guam rules in general. Chairman Duenas: Do you have the GPA Rules and Regulations? I was just wondering because I know that you count your sick leave or you can accrue sick leave or something, I thought there was a difference in the rules. Commissioner Sanchez: You mean like,

employees of one agency accumulate different from the other? Chairman Duenas: Yes, that's what I thought, maybe I'm wrong. GPAHRPS Aguigui: It's the same. Commissioner Sanchez: Mr. Chairman, you make a good point, it's a unique situation because we're hiring somebody for an entity that in the same way that we don't have to tell the utilities to split our stipend. When we fill this position, we're going to tell the two utilities to split the bill and whether that means one of you have to hire them and you're cross-billing the other, my suggestion is we just leave it up to the team that was well evaluating. Chairman Duenas: We will make a selection and then we will let whichever agency decide to do it. I was just wondering.

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. [Ayes = 4, Nays = 0]

5.4 Resolution No. 05-FY2023: Relative to Approval of a Design Services Contract for the Adacao Water and Sewer Infrastructure Project S22-04-ARP

GM Bordallo explained Resolution 05-FY2023, we are seeking approval for the design services contract for the Adacao Water and Sewer Infrastructure project, primarily funding through ARPA grant funds. So, as you know the project is necessary and urgent for a couple of reasons, as you know we have several wells in the Adacao, Mangilao area which produce water and the nitrates in the water are at elevated levels and have been trending upward and in order to halt this we need to take people off of the septic tanks and cesspools and so on and the infrastructure improvements are required to do that. So, we will be expanding the wastewater collections systems in this area and at the same time upsizing some undersized 2-inch diameter distribution mains to either 6 and/or 8 inch diameters, so in order to assist with this, we have requested and the Governor has provided \$8.6 Million in ARPA infrastructure funding for this underserved community. It's urgent and we need to get this project rolling and expend those funds in accordance with those grant deadlines. So, we are seeking approval for the design contract in order to get this project rolling. The Engineering team has negotiated with the selected consultant on the scope and fees and have found them to be reasonable and the total costs for the services is \$1.164 Mil and we are seeking approval of this along with the standard 10% contingency of \$116,000, for a total authorized contract amount of \$1,28 Million. This will be funded using the ARPA grant funds and when we get to the construction part we will probably need to find additional funding in order to complete the construction of the project. Commissioner Sanchez asked if the winning provider was Duenas, Camacho. GM Bordallo: Yes. Chairman Duenas: This is one project, Miguel, I think as we do this project, you'll also be doing the water lines, so it would be interesting to see when you change out those old 2" lines, some of the old 6" lines to see if your water leaks or rather your non-revenue water changes in the area. GM Bordallo: by the time we get to construction, we should be establishing the D&A's if we're not already in this area. Commissioner Sanchez: and they are willing to bid on the work even though one of the principles doesn't believe there is a problem there? GM Bordallo: Yes.

Commissioner Limtiaco moved to approve [Resolution No. 05-FY2023](#): Relative to Approval of a Design Services Contract for the Adacao Water and Sewer Infrastructure Project S22-04-ARP, seconded by Commissioner Martinez.

Chairman: Any further discussion, Commissioners? None. All those in favor signify by saying Aye. None opposed and unanimously approved. **[Ayes = 4, Nays = 0]**

5.5 Resolution No. 06-FY2023: Relative to Approving an Increase in Funding and Scope of Work for the Tai Road/S-13 and Canada-Toto Loop/Blas Street Waterline Replacement Project M19-001-BND

GM Bordallo explained this resolution is seeking an increase in funding and scope of work for existing waterline replacement project at Tai Road/S-13 and Canada-Toto Loop/Blas Street waterline project. The Board is familiar with the frequent outages we have been having in these areas and so the project is necessary and urgent. We have a contractor in place, and work has begun however some additional work is required in all three locations for additional modifications that reflect changes and conditions that were different from what was in the design and also for potential expansion of the road restoration services in one of the areas and potentially additional archaeological monitoring services that might be required by SHPO as we move forward with the construction of this project. Change Order No. 3 has already been negotiated and the total requested amount for the CO proposal is \$178,000, current contract is \$2.5, with the CO it will be \$2.7, we have some unused contingency of \$96,000, so the request will be for an additional \$81,000 in funding for that and then an additional contingency of \$271,000, so the total requested additional funding is \$352,000 approximately. We anticipate being able to complete all the required work by April of 2023.

Commissioner Sanchez moved to approve, [Resolution No. 06-FY2023](#): Relative to Approving an Increase in Funding and Scope of Work for the Tai Road/S-13 and Canada-Toto Loop/Blas Street Waterline Replacement Project M19-001-BND, seconded by Commissioner Limtiaco.

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. **[Ayes = 4, Nays = 0]**

5.6 Resolution No. 07-FY2023: Relative to Approving an Increase in Funding and Scope of Work for the Pressure Zone Realignment Construction Phase I Project

GM Bordallo explained this is relative to approving an Increase in Funding and Scope of Work for the Pressure Zone Realignment Construction Phase I Project. As explained to you at the work session, we have some additional work that needs to be performed in order to improve the Phase I construction of the PZR. The Pressure Zone Realignment phase of this work does also overlap with our work on reservoirs, rehabilitation and

replacement of the reservoirs and so they are related to the Court Order projects. The additional funding is necessary for several sites, primarily for work related to additional site conditions, relocation of some of the facilities, as required by the Department of Public Works when we are in the right-of-way, at additional vault vents and some adjustments to valve covers and also for pedestal for our SCADA system that is required and aligning our TROPOS for our SCADA system equipment requirements for us to connect some of these sites to GPA's SCADA network. The total costs for CO3 for this project is \$765,000. We are still negotiating CO4 and we anticipate it will not exceed \$350,000 for that. Once we get negotiation final, we are seeking a maximum amount of \$1.1 Mil for both COs. We have \$268,000 in remaining authorized contingency, so the requested amount would be \$847,000, we anticipate all this work under Phase I to be completed by March 2023. All of the funding for this comes from USEPA grant funds remaining for Phase I PZR project.

Commissioner Sanchez moved to approve, [Resolution No. 07-FY2023: Relative to Approving an Increase in Funding and Scope of Work for the for the Pressure Zone Realignment Construction Phase I Project](#), seconded by Commissioner Limtiaco.

Chairman: Any further questions? Commissioner Martinez: Miguel, this is the one down here, right? GM Bordallo: Yes, sir. I think we are pouring concrete today.

Chairman: Any other questions? If no further questions, all those in favor signify by saying Aye. None opposed and unanimously approved. **[Ayes = 4, Nays = 0]**

4.7 Other GWA Discussions:

Commissioner Sanchez asked if CFO Taling Taitano could give a real brief update on the financials. One thing I noticed similar to GPA is that water consumption is 6% lower than a year ago and wastewater is 4% less. The economy has reopened a little bit, so I was surprised that the demand has gone down, but then again, if it's like GPA with the rate adjustments and people are just trying to save 5 cents, that help us fill our tanks, the cost challenges of people. CFO Taitano: We did see commercial and businesses go up. Commissioner Sanchez: so maybe that's just a reverse of what happened before, like when GovGuam was shut down, so we are seeing that transition back to normal. Chairman Duenas: It could also be a part of the increase in utility costs to the residential people, you know they are cutting everything. When the power bill goes really high, I don't think they say, well just cut the power. They cut everything. They will cut down on the water. Commissioner Sanchez: well the water is the hardest of the two and it is the cheaper. As the economy is opening, you're just seeing utilization move. Commissioner Sanchez: are our total sales down? CFO Taitano: by 6%, oh sales, well we didn't see, you know the rate increase went into effect on October 1st. Commissioner Sanchez: So, maybe it is that elasticity issue as well because total water usage went down, correct? That's the 6% less of water consumption, right? CFO Taitano: We saw operating revenues

go up about 8%. Commissioner Sanchez: Some of that is your rate adjustment, right? CFO Taitano: Right. Commissioner Sanchez: But your power bill almost went up by a million, and there is nothing you guys can do about it. CFO Taitano: They're also one of our biggest customers. Commissioner Sanchez: and then you got the money from the Governor, you were explaining to me, when it was actually released to you, you got it in November? CFO Taitano: In early November, so in October we got word that we are getting ARPA funds, plus there was an appropriation by the Legislature that gave us some additional funding for the sewer hook-up revolving fund. So, all of those fundings were transferred and given to us in early November. Commissioner Sanchez: So. We will see an adjustment in the November-December financials, right? CFO Taitano: Yes.

6. OTHER DISCUSSION

Chairman Duenas: Anything else? Commissioner Sanchez: No, but this is our last meeting for the calendar year, right? Merry Christmas everybody, thank you for your great work. Chairman Duenas: Oh no, wait, one more motion. Commissioner Sanchez: before we make that motion, we'd like to thank all the employees of both power and water. They've worked very hard to produce some very positive results in some very difficult times. The challenges remain, but we continue to see steady progress on the challenges and hopefully there is some light at the end of the tunnel, with the new generator, toe work that you're doing in some places. We've got some federal money that has done a great job, federal grants and then the Governor has helped out, the Legislature has helped out with some money. So, it's been an overall positive period so I just want to thank all the employees for their dedication and their hard work. You know, while some of us are sleeping, somebody is always fixing and watching the wastewater plant and running the power system, as well. So, we can all benefit. Thank you and Merry Christmas! Chairman Duenas: Now we can make the motion. Commissioner Sanchez: Mr. Chairman, the 3 fine citizens have volunteered and being elected to continue to serve on the Commission. So, we normally inaugurate. Chairman Duenas: According to our standing rules, we hold our swearing in ceremony on the 2nd Monday of January, according to the rules. Commissioner Sanchez: I understand that may also be when the Governor is looking at that same day? Chairman Duenas: No. her inauguration is on January 2, 2023. Commissioner Sanchez: So, ours would be on January 9th, but I'm proud to report that my classmate is the new Governor of CNMI and I'm going to be attending his inauguration, which happens to be that Monday in our rules, so, I'd like to make a motion that notwithstanding our Commission rules that we move the inauguration to Thursday, January 12th and we move it for this one time.

Commissioner Sanchez made a motion to move the CCU Inauguration date to Thursday, January 12, 2023 at 10:00 a.m. and it was seconded by Commissioner Martinez.

Chairman: All those in favor signify by saying Aye. None opposed and unanimously approved. [Ayes = 4, Nays = 0]

7. ADJOURNMENT

Commissioner Simon Sanchez made a motion to move to adjourn, the meeting adjourned at 6:46 p.m. with no opposition.

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Attested:



JOSEPH T. DUENAS, Chairman



PEDRO ROY MARTINEZ, Secretary