



REGULAR BOARD MEETING
CCU Board Room, Gloria B. Nelson Public Service Building
5:30 p.m., Wednesday, September 27, 2023

MINUTES

1. CALL TO ORDER

Chairman Duenas opens CCU Regular Board Meeting, September 27, 2023 at 5:38 p.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez.

Commissioners:

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

Executive Management:

GPA

John Benavente, GM
 Tricee Limtiaco, AGMA
 John Cruz, AGMET
 John Kim, CFO

GWA

Miguel Bordallo, GM
 Chris Budasi, AGMA
 Tom Cruz, AGMO
 Taling Taitano, CFO
 Jeanet Owen, AGME
 Therese Rojas, Legal Counsel

Management & Staff:

Jon-Rey Aguigui, HR
 Vien Wong, IT
 Vladimir Navasca, IT
 Selma Blas, Admin Officer
 Pamela Aguigui, Budget
 Monica Calvo, Budget
 Christopher Aguilar, Budget
 Candice Ananich, MA IV
 Lourissa Gilman, Utility Board Secretary

Evangeline Lujan, Compliance & Safety
 Ann Borja-Gallardes, MA IV

Guests:

Annmarie Muna, AM Insurance
George@senatorperez.org (online)
 Jonah Benavente, Guam Daily Post
 George Castro, Depo Resources

2. PUBLIC COMMENTS

There were no public comments made at this time.

3. APPROVAL OF MINUTES

August 29, 2023 CCU Regular Board Meeting Minutes up for approval. Comm. Santos moves to approve the meeting minutes, Comm. Sanchez second.

Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye = 5 Nay = 0]

4. PERSONNEL MATTER

Chairman Duenas announces the Board has selected a candidate for the GPA legal counsel position and made an offer. The candidate has made a counteroffer for \$138K. \$138,353.00 is where the candidate would be slotted in the Alan Searle market study. Chairman asks Personnel Services Administrator, Jon-Rey Aguigui to explain where the candidate falls in the 2017 market study and then see where it will fall in the 2022 market study. PSA Jon-Rey Aguigui explains the \$138K counter offer falls between the 35th and the 40th market percentile of the 2017 market data. In front of the Board, there is the 2017 raw data which the market is paying. Also provided is the 2022 market data which has not been approved, but this is to show the Board the trend of how the market has uptick. With that information, GPA again did offer \$124K; the counter offer closest to \$138K would bring the candidate to \$138,353. Again, that's between the 35th and 40th market percentile. The rest of GPA is on the 25th market percentile. If the Board is looking at the 2022, just for context, the \$138K offer would fall between the 20th and the 25th market percentile. Comm. Sanchez asks, the 2022 salary the reviews conducted annually by GPA's HR expert, Alan Searle...even though the Board has not approved the 2022 market study, that is subject to the future meeting. The Board has the data and the data shows the candidate would fall into a lower percentile based on average salaries of 2022. Obviously, salaries of 2017 have gone up in 2022. Comm. Sanchez is comfortable of that range of counter offer. Comm. Sanchez moves to approve the salary adjustment for discussion purposes; Comm. Santos second.

Chairman asks the Commissioners their thoughts. Comm. Sanchez states the Board has used Alan Searle for many years. In fact, GovGuam has used Alan Searle everywhere the whole certified technical professional designations that were created by law were created at the request of the CCU, Senator Bob Klitzkie, Senator Joann Brown in 2008. Since then it has been adopted by every autonomous agency except that it isn't necessarily limited it only to certified technical professional positions. The attorney's position is a certified technical position. Alan Searle is coming to brief the Board on the latest survey. With the preliminary data, if the Board wee to agree and make the counter offer, the new attorney would still be slated in the 20 to 25th market percentile. This is well within the range of where we have all of GPA and GWA employee on average. Comm. Sanchez thinks the counter offer fits. He mentions there are two things the Board has thought about, have a bona fide wage survey of like-minded utilities and slowly raise the pay of all certified technical professional employees to the 25th percentile which was started since 2008. On average, clearly, GPA is at the 25th percentile and the new hire would fall just around the 25th percentile which falls into the process that has been ongoing since 2008. GPA needs a legal counsel, the Board has interview excellent candidates and have chosen an excellent candidate that an offer has been made to.

Comm. Limtiaco asks if the current rate of pay for the candidate is consistent with the candidate's current rate of pay? Chairman Duenas replies, it's a little below her current rate. So the candidate is taking a pay cut. The Chairman interjects that the whole concept certified technical profession that the Board has moved to is designed to attract and retain talent. Comm. Santos asks, what are the benefits, is there anything outside of the normal benefits? Chairman Duenas states, no, it is just the same benefits that are offered to the current GPA employees. Atty. Rojas asks, does the candidate understand that the Board will announce her name this evening? Comm. Sanchez suggest Chairman take the counter offer back to the candidate. Just in case the candidate decides to change her mind for whatever reason. Atty. Rojas states whether the candidate has conditionally accepted, if the Board voted to approve her counter offer is

separate and apart on whether or not she's also agreed to be announced publicly. Chairman Duenas agrees.

Chairman Duenas announces to vote on the motion to accept the counter offer, motion passes with five Ayes. [Aye=5, Nay=0]

Comm. Sanchez motions to authorize Chairman Duenas to communicate with the candidate the approved counter offer and subject to acceptance, the Chairman is authorized to announce the candidate publicly; Comm. Limtiaco second.

Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

5. GWA

5.1 GWA Resolution No. 45-FY2023 Relative to Increasing Funding Authorization for Wastewater Chemical Supply Contracts - As GWA GM Bordallo mentions, there are two different contracts for wastewater chemicals. They were initially issued as three year contracts with two one year options. GWA is in the first option year which ends December 2023. GWA is approaching the limits of funding authorization for these chemicals. The chemicals are still needed to properly operate the wastewater treatment plants at Northern District, Hagatna and Agat-Santa Rita. It is needed secondary treatment and for enhanced primary treatment. This project is necessary and urgent because GWA needs to continue to meet the permit requirements. In order to finish this option year and authorize an additional option year, GWA is seeking an additional amount \$700K for each contract. This is for anionic polymer and cationic polymer with JMI Edison. For an inorganic chemical with a separate contract GWA is seeking an additional authorization of \$1M not to exceed this amount. This will allow GWA to continue with those chemical supply contracts. The second option year will be completed in December 2024. Comm. Santos motions to approve Resolution No. 45-FY2023; Comm. Sanchez second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

5.2 GWA Resolution No. 46-FY2023 – Relative to the adoption of the Auditor Series of Positions to the GWA Certified, Technical, and Professional List – GWA AGM Chris Budasi states this will add to the job classification standards of Auditor positions I, II, and III into GWA CTP list of employees. Currently, GWA has an internal auditor that is part of the general manager's office. She is responsible to evaluation GWA's organizational risk, controls, compliance, and efficient and proper use of resources. Over the last five years, the amount of work that's been required of this individual has exceeded that capacity of what she is able to do. So, GWA is adding these already existing positions in the Government of Guam classification listing into the GWA CTP listing. The request is necessary and urgent so GWA can improve the agency's business processes and expand implementation and proper execution of SOPs and address any complaints, allegations, fraud and abuse. As far as the cost, it is listed at the 20th market percentile of the 2017 Market Data. The plan is to recruit for a position and it will not be considered a new position. There is one vacancy that will not be hired and this position will take the place of that position. Comm. Santos motions to approve GWA Resolution No. 46-FY2023; Comm. Sanchez second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

5.3 GWA Resolution No. 47-FY2023 Relative to Approval of Funding Increase to the Indefinite Quantity Contract with JMI-Edison for Submersible Pumps and Motors for GWA Deep Wells – GM Bordallo states this is an amended item on the last notice. The Board previously approved a funding amount for this contract. When it was taken to the PUC, they applied their standard contingency which is higher than the CCU’s contingency. Because the need to replace the deep well pumps and motors, especially with the recent Typhoon Mawar, GWA is butting up against the limits of the funding authorization for this contract. There are additional amounts that are authorized under the PUC’s approval. GWA is seeking the Board’s approval to increase the CCU authorized funding to that amount to continue to make use of this contract for procurement of additional pumps and motors. GWA does have another contract that the agency is putting out. The RFP or rather the IFB is being finalized right now. This will take GWA to the end of this funding. If the Board approves, GWA will use this to process orders up to the end of that funding authorization and then the new procurement will move forward for another contract. The existing balance for the contract that GWA currently has is about \$61K and GWA is seeking additional funding authorization of \$548K which will bring GWA with the existing PUC authorization under this contract. Comm. Limtiaco motions to approve GWA Resolution No. 47-FY2023; Comm. Santos second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes.
[Aye=5, Nay=0]

5.4 GWA Resolution No. 48-FY2023 Relative to Amending the Title of the Trouble Dispatcher Supervisor to Water Communications Dispatcher Supervisor and Update the Position Classification Specification - GMA Budasi states the current position Trouble Dispatch Supervisor primary responsibilities to supervise and dispatch crews for emergency and related repairs to the water and wastewater systems. Since that original trouble dispatcher supervisor position was created, GWA has established the water systems control center of which the personnel that staffs that are all required to have operator certifications one through four. Their main purpose is to supervise and communicate emergency repairs and system adjustments. That duty has shifted over to the WFCC Personnel. So by changing this title and the responsibilities, the trouble of dispatch function will be focused on the intake customer service calls and complaints. The reason for doing this is currently the trouble dispatch supervisor position requires a level two certification. GWA has been unsuccessful in recruiting for that for several years. This will put that position in the correct classification without requiring a certification. Comm. Sanchez asks that salary is between \$59K and \$61K? AGMA Budasi replies, yes. Comm. Limtiaco comments, it just removes the operator requirement. Comm. Limtiaco motions to approve GWA Resolution No. 48-FY2024; Comm. Santos second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes.
[Aye=5, Nay=0]

5.5 GWA Resolution No. 49-FY2023 Relative to Authorizing the Issuance and Sale of Guam Waterworks Authority Water and Wastewater System Revenue Refunding Bonds, on a Current or Forward Delivery Basis, Approving Forms of Related Documents, Agreements and Actions, And Authorizing the Execution and Delivery Thereof - GM Bordallo states as presented in the work session, GWA has an opportunity to issue these forward delivery and refunding bonds along with the potential refunding tender which would save the authority millions of dollars in financing costs. The market conditions appear to be right for this and our initial information from the underwriters indicates it’s a good opportunity for the authority to

save amounts that are above the trigger points allowing this refunding to take place. Seeking the Board's authorization to do that and to take this to the PUC in October. The presentations will be in October and hitting the market in November with the goal of getting this done before the holidays. The underwriters believe that this is a good opportunity so, GWA is requesting the Board's authorization to move forward. The cost saving will be dependent on the actual market conditions at the time of issuance but it will result at least a two percent Net Present Value savings. GWA will be issuing series 2023 system revenue bonds in November and then closing of the advance refunding of 2024 system revenue bonds in April 2024. Comm. Sanchez moves to approve Resolution No. 49-FY2023; Comm. Santos second. Comm. Sanchez asks, we're taking all the existing bonds and giving authority to refinance them, does GWA have a guesstimate on potential saving for ratepayers from these riffs? GM Bordallo replies, GWA will have refunding bonds for 2023 and then advanced refunding bonds for next year depending on what is eligible to be refunded. Comm. Sanchez asks, refunding the 13s, 14s...all the existing bonds. GM Bordallo states, not all just the ones that are eligible. The savings just for the refunding part are on the order of four to five million based on the last estimate total. Comm. Sanchez is looking for the rate impact, if any, is there any rate savings or cost savings for which rates are currently paid. GM Bordallo replies, GWA would propose and structure the saving so that they are spread out over the entire life. So, it's going to be levelized not front loaded. In answer to the Comm. Sanchez guesstimate, the net present value of the saving just for the refunding part would be four to five million. The tender, if it is successful, there's the potential that that could be additional millions in saving, but it is not known of how many will participate in – that would be kind of a negotiating tender...negotiated refunding. Comm. Sanchez then asks, is there a feel for the annual debt service savings that would be created by the refinancing... best guest? GM Bordallo replies, the analysis that was received by the underwriters was for front loaded savings and that was for four million for the first year and then less saving after that, but GWA prefers, on the advice of their financial consultant, it would be spread out. The financial consultant is Laudy Rothstein Group. Comm. Sanchez says, the consultant says don't front load the saving takes them equal over time... what was the estimated savings... GM Bordallo states, they didn't get a run on that. The only run that he can recall is the front loaded one, but it doesn't change the Net Present Value it just changes where the saving occur. Chairman Duenas ask GM Bordallo send an email of the answer to the Commissioners. Comm. Sanchez states, he is okay with approving the resolution, he is just curious. The sister to NPV is some cash flow projection and it's projected for refinancing a number of different debt and GWA is not doing all at once. Its going to be done over six months. You've chosen not to front load the savings because in the long run thats cheaper for rate payers, but Comm. Sanchez assumes there is still some savings otherwise... GM Bordallo states there is, but he doesn't have the number right now. Comm. Sanchez asked once GM Bordallo gets that number to just circulate it to the Board and both agree.

Chairman asks if there are any further discussion? With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

5.6 GM Bordallo updates the Board on the PUC's actions at the meeting last night. The ALJ and their consultants recommended 16.1%. GWA's request was 27%. The main items of disputed were the rate restoring a portion of the rate stabilization fund that has been completely depleted in order for us to keep our coverage. The 27% included seven and half million to be put into the rate stabilization fund. The other issues were the estimates that were used for the power costs over the next year versus what they did and ALJ was about three hundred thousand dollars actually it was closer to six hundred thousand according to CFO Taling Taitano. Sorry, it was nine hundred thousand in our estimates for power versus theirs. And,

then six hundred thousand in labor costs. They gave GWA almost everything they were asking for in terms of labor. Then the ALJ also characterized the True Up request as being extraordinary and the rate stabilization fund issue being a rate case within a rate case therefore argue that the PUC shouldn't consider it. GWA pushed back on that strongly and suggested that it wasn't out of the ordinary and the reason why its needed is not that we're asking to be reimbursed for expenses that we were already funded in which they termed as redundant rate making. GWA is simply asking that because of the volatility of the situation ahead and because the reserves had been depleted. If we're off in revenues then we're off in expenses by just a couple of percent in either direction, lower revenues or higher expenses, then GWA runs the risk of being in technical default. Its because we don't have any reserves to add as additional revenue to make that coverage and we used all of that up because the PUC and the rate consultants that they use did not provide us with the relief that we previously requested. The arguments were made, but ultimately, the Commissioners, although they agreed that the coverage was lower than it needs to be at 1.3, they wanted it higher. Although they agreed with that, they agreed and understood why we needed to restore the rate stabilization fund, they didn't feel it was the right time to do it at last night's hearing. They initially made a motion to approved just the 16.1% that was recommended by the consultant, but one of the Commissioners introduced an amendment use our numbers for the labor which added an additional 6% so it went to 16.7% and that was the final number. Chairman Duenas states the PUC said if the next five-year rate plan will take up that rate stabilization and also the number for debt service coverage because they realized it was so tight, right? GM Bordallo states the debt service coverage was to be part of hte next five-year rate plan. The Chairman of the PUC said if you need us to start before the next five-year rate plan, we'd be willing to come in and it. Chairman Duesnas said, the PUC said they would like to do what they did with GPA because they realized the GPA has self-insurance fund...they have other reserve funds that they've tapped in the past. The PUC would look at the rate stabilization fund and they would fund it over a period of time as they did with the 20 million dollar...they start with five million first and then go to ten million and so on. Thats what we will take up in the next five-year plan. GM Bordallo mentions, as long as we didn't need it before then because if it is needed before then, come back to the PUC and ask for a quick adjustment. Georgetown has recommended that GWA could handle this commercial paper program or short-term borrowing. GM Bordallo states GWA can't because we don't have authorization to do that, number one. And number two, even if we did it, we would be borrowing to cover operational costs and that doesn't count towards achieving the debt service coverage. We can't count it as revenue.

Comm. Santos asks, are these consultants that we pay for? GM Bordallo states, yes. Comm. Sanchez mentions, well that's Georgetown, yes, we pay for them. Comm. Santos states, we pay our consultants to tell us to borrow... Comm. Sanchez, states, we're paying the PUC's consultants, but the good new, if he is hearing GM Bordallo correctly, is that the PUC understood and we got 16.7%, we get to file and new adjustment and if we need help between now and then, you get to file a new five-year rate plan or if it is needed between now and the spring, we can always petition. Comm. Sanchez is encourage by GM Bordallo's description where the PUC ended up disagreeing with Georgetown, giving GWA a higher number even giving you for labor, and they gave your petition in case things get worse. And your going to turn in a new five-year rate plan with annual True Ups in the spring. Chairman Duenas mentions, they acknowledged the fact that the CCU already authorized GM Bordallo to sign off on the consent decree. The PUC acknowledge that and they would be there to fund it. Comm. Santos asks GM Bordallo and CFP Taitano, what about the budget, what's the plan? CFO Taitano replies, they are already reviewing numbers to and what can be done to match

it up. Comm. Santos replies good. Comm. Sanchez asks if we've got enough to go on? Comm. Santos states they've got until the first quarter...we start second quarter.

GM Bordallo announces GWA received notice of award of the EPA grants for the coming year. Its a little less than last year, three million less than the regular funding and approximately three million less than the bill grants. Comm. Sanchez asks what is the total? GM Bordallo states last year was \$7.8M and this year its \$4.8M for the regular funding. For the bill, last was \$26.3M and this year is \$23.9M. Comm. Sanchez states its \$27M which is not bad at all.

Chairman Duenas asks, we're still on target to meet the court order deadlines and we've got an extension from the District Court, this is on the 2011 court order. GM Bordallo, mentions on the 2001 court order, yes. Comm. Sanchez ask what will the \$27M be spend on? GM Bordallo states, they are on the EPA priority list and some of the projects are related to the consent decree.

6. GPA

6.1 GPA Resolution No. FY2023-32 Relative to the Adoption of a Budget for Guam Power Authority for Fiscal Years 2024 and 2025 – The budget for FY2024 came in at \$555,607,000.00 and for FY2025 \$576,098,000.00 respectively. As far as the base rate of that portion, our expenditures are basically in line with prior years. Our existing base rate revenues we're projecting in FY2024 at \$457.8M and in FY2025, \$162.5M. The majority of the cost is really an estimate of the budget for fuel oil. Fuel oil has been on the rise of what is seen from all the reports. Basically, GPA is running even in terms of our rates versus expenses. So, our under recovery has not been going down like we've projected. I've been holding on that things will change and we will provide in November a recommendation for the following fiscal year, but at this time GPA is not asking the commission for any changes. Comm. Limtiaco asks, what is the current under recovery? GM Benavente replies, \$19M. Comm. Sanchez asks, and it's going down? GM Benavente states, it is staying level. The past two months has been even. Comm. Sanchez states, so we got it lower before, but now with the oil prices increasing, it come back up a little. We'll deal with any LEAC adjustment in November-December, effective February once we take a look at it. GM Benavente says, GPA had a big \$5 million hit on that because the baseloads were all down because of the typhoon and more expensive fuel. Right now, we'll look at the last two months of the years...it's like \$1M under recovery in July and \$300,007 in August. Chairman Duenas asks, and the LEAC is at \$0.23 right now? GM Benavente replies, yes. Comm. Santos asks, so, when is our next buy? Comm. Sanchez states, we're okay for now. Comm. Santos clarifies, he is talking about the next shipment and what weight is that going to be? GM Benavente responds, the next shipment is next month. GPA orders once every two months or so. So, the projected barrel cost is? CFO Kim responds, it's about 130 per barrel right now. Comm. Sanchez mentions, so when they propose a new LEAC adjustment in November, that will be for us to consider and send it to PUC. For the CIP, GPA has put in quite a bit of money for the next two years for CIP. Comm. Sanchez asks, and not base rate adjustment is required with this budge at this time? GM Benavente, states, no, if there are any changes its going to be on the LEAC only. Comm. Sanchez states the base rate hasn't been touched in 10 years, yet GPA has been able to solve non-fuel problems, work on capital projects, and move people's pay up to the 25th percentile all without a rate increase. Oil seems to be the biggest problem for anybody in the power business. Comm. Santos motions to approve GPA Resolution FY2023-32; Comm. Sanchez second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

6.2 GPA Resolution No. FY2023-33 Relative to Recognizing October 1 – 7, 2023 as Public Power Week during GPA's 555-Year of Operating Guam's Electric Public Power Utility – Seeking approval to recognize October 1st to the 7th as Public Power Week as well as celebrating GPA's 55th year in operating under a public electric utility. Comm. Limtiaco motions to approve Resolution FY2023-33; Comm. Santos second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

6.3 GPA Resolution No. FY2023-34 Relative to Change the Signatories that may Authority Banking Transactions on Behalf of GPA – GPA has a new general manager of operation and restoring the five signatories back. Comm. Sanchez moves to approve Resolution FY2023-34; Comm. Santos, second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

6.4 GPA Resolution No. FY2023-35 Resolution to Review 12 GCA (section) 8502 (c)(2)(B) Relative tot Net Metering – relating to Net Metering program where we will be requesting for the PUC to review and make changes to the existing Net Metering program which is full credit. This action that has taken place, now you're in the 5 million subsidy which can grow as much as 12 million and over. When that happens that's is 10% of GPA's budget and that will definitely impact rates for us. Given the PUC's concerns, I ask your approval. In addition, GM Benavente will answer Comm. Limtiaco's questions of the breakdown of the base rate and how it integrates with Net Metering. If you look at the chart, it is broken down to 2022 and 2023. As you can see we have 31 cents in in FY2022. In all of that 20.5 cents are LEAC. The base rate is about 11 cents. As for the breakdown, out of the 11 cents, 4.2 cents are debt. Obviously we want to avoid debt so that is something that today, Net Metering is not paying for. It's on the 50 thousand other customers that they have not the total 53 thousand customers. Then you start looking at the other parts of it, you have the production costs 1.3, their there operating whether they're there generating solar or not. Transmission and distribution is about a cent. IPP customer account about half a cent. Administrative, in general, retirees, board fees, property insurance and other utilities that are not avoided. As more customers become full name credit, this will impact our revenues substantially. Looking at 2023 is very similar although the LEAC has jump down to 28.1, basically, the base rate portion of this is still about 10 cents per kilowatt hour. On the next page, what are we avoiding? Of course the LEAC...oil to jobs. If they produce, we don't burn vice versa. That's a savings to us. The other one to look at is energy by not having to transmit from the power plant to the location, you're saving in line losses. So again, that support is half a cent per kilowatt hour. The avoiding cost is 21 and here's the 31 so basically the burden of not paying that is on the non-Net Metering customers. Comm. Sanchez asks, why don't you file a rate case? GM Benavente states there is already a rate case filed and he has been waiting for different studies to show that there are no other benefits coming from the Net Metering other than what we are showing. This resolution is trying to bring it up quicker to address it. We are going to provide some of the studies because there is no way to provide all the studies that are there. We'll be showing that in the circuits now, if you're over 30% supply penetration then you're starting to have issue that we're

starting to address. That's why we decided to go into energy storage system. Comm. Sanchez asks, so this resolution authorizes you to take these numbers to the PUC and update them...did we file case for this? GM Benavente replies, this further urgency for them to address it quicker. Comm. Sanchez asks where is it now, they just wanted you to do more studies and now this is the results of your additional studies? GM Benavente mentions way back they have done more studies which we have been working on, but delays have come up including COVID. Comm. Sanchez asks, what does this resolution do for you? GM responds, the ALJ has asked GPA to work with him and bring forward to highlight the whole thing. Comm. Sanchez states, he will support it, but the CCU has already authorized you to always file a rate case your think is necessary. In supporting this, what does it do for you? GM Benavente thinks it puts more urgency to the issues. AGMA Limtiaco states, additional in a recent public hearing, one of the Senators has asked GPA to intervene and ask the PUC to look at Net Metering. There is a proposed bill that would amend the current commercial KW rate to be increased to, she believes, 400 KW. So when discussing that with ALJ Horecky, she asks him if he would prefer a letter to reopen the Net Metering request and docket and he said he would prefer a new resolution from the CCU and a resulting docket. Comm. Sanchez confirms this new resolution will incorporate these new numbers. Comm. Sanchez states if this is what the ALJ request, the Board will support GPA's request. But, this is long overdue, we've always known that we wanted to let the renewable energy industry going and it's gotten going and we're up to 30 megs and 3,000 customers and we've proven that we're still overpaying more than the cost that we're avoiding which is unfair to other rate payers. When GPA files the new information and reactivate your rate case, how long will it be for them to act upon a change. GM Benavente states as soon as possible. Comm. Sanchez moves to approve Resolution FY2023-35 regarding Net Metering; Comm. Santos, second.

With no further discussion, Chairman Duenas calls for a vote; motion passes with five Ayes. [Aye=5, Nay=0]

Chairman Duenas mentions that he will forward a letter from GM Benavente regarding a meeting with the Sandia Group. AGMA Limtiaco states the Sandia Group is cyber security focused IT. Chairman Duenas states they are inviting each Commissioner to meeting. He asks that the letter be resent to the Commissioners. The meeting is the week of October 3, 4, and 5. They're a partner of GPA and they want to meet. GM Benavente states they will resend the letter and state their intention of the meeting. AGMA Limtiaco states Sandia is going to be discussing and asking for your input regarding the benefits of integrating solar PV into our power grid. The time is 9am on the 3rd of October. Chairman Duenas state that is the time they are going to start the meeting with all other people. He asks AGMA Limtiaco to provide what time slots are available for the Board. Chairman Duenas states the Board will not be making decision. He asks that AGMA Limtiaco give several time slot options.

6.5 GPA Resolution No. FY2023-36 Relative to Authorize the Management of GPA to Award the Property and Casualty Insurance – this will be tabled until the next meeting. GPA is working with the bidder with various scenarios regarding insurance rates. GPA is not ready to discuss tonight.

6.6 GPA Resolution No. FY2023-37 Relative to 40 Megawatts (MW) Temporary Power Procurement – GM Benavente states, as in the work session, nothing has changed in the new power plant except that the dates have changed. So, we've delayed it from 2024 to early 2026, February at the latest. However, that putting a higher stress into our system. The Yigo 30

megawatt combustion turbine won't be done until December and again, that puts us in limited capacity. We're in periods of load shedding on almost regular basis. We're in the peak demand. September is the highest peak period through October and that's why we're experiencing more load shedding coupled with the fact that Cabras II is still being worked on. Hopefully, once it gets back on and stays on, it will alleviate a lot of the load shedding. GPA is still very vulnerable over a period of six months as we do other repairs into the system. Another constraint for us is the Yigo diesel protest and we're trying to get out of that one. So, a lot of work and progress will continue over the next few months. As the sole supplier of energy here and our vulnerability has been expanded for the next two years. It will be in our best interest that we go out and look for temporary power for about 40 megawatts into the system and that 40 megawatts can be online within a six-month period. Last time we did this in 130 days, but of course it starts with the Board's approval. GPA is preparing the bid specifications. We will ask for either diesel or combustion turbines. We'll need to search the market and see what's available in terms of temporary power. Asking for three-year base period and two optional one-year period. We can also ask for lease to own. The other thing I would request is not for one 40 megawatt machine, but two 20 megawatts. The cost estimate is using the Greco model is about \$12 million a year. Citing this at either the Cabras Power Plant location where we were going to put the 41 megawatts from Kepco or Tenjo Vista. The primary reason for that is because the fuel oil tanks are there and this area site is already approved. Comm. Sanchez asks, is there a base rate impact? GM Benavente states it's going to be funded from revenue so were not looking for existing base rates. Comm. Sanchez responds, okay. GM Benavente states GPA can be able to bring in and provide service without increasing the rates. The ETA will be within the six-month period if approved by Board tonight. Usually what has been done is get PUC approval and the worst that can happen is they say no and the bid is stopped. In a case like this GM Benavente believes the PUC will support it. Comm. Sanchez states we're going to approve it tonight at least you should tell the PUC the CCU just approved and if the PUC wants to talk they can do so because GPA is moving forward. Comm. Limtiaco asks this will be three years, but Ukudu will be online within that time frame so the purpose of the two-year option you're still not defining it whether you're going pursue it but it's probably not necessary. GM Benavente states, it's always good to have the optional year just in case. Not just potential of storms, but the combustion turbines have aged states Comm. Sanchez. All we're doing is to reinvest in the repowering beyond Ukudu. Ukudu could replace Cabras 1 through 4 but we still have to worry about Dededo, Yigo, all that capacity has aged as well. GM Benavente has got the configuration correct, six months to get this generation in place and I think the rates payers will welcome that news of capacity being available. It's also the beginning of the repower or the replacement of the aging combustion turbines and all the others that have been running 20-30 years. Comm. Limtiaco states, this is not replacing them. This just temporary. Comm. Sanchez states what we know about the 41 megawatts is we ended up liking them and keeping them. Comm. Santos states, GM Benavente originally planned a 40 megawatt generator right down there, to the Legislature, we failed to meet so we're basically making up lost time. Comm. Sanchez mentions, we'd be replacing the capacity anyway whether it's from renewables or conventional. GM Benavente states there's so many line items that we're working on that it builds the future. It begins to repowers the rest of the system that it has become more critical. Comm. Sanchez summarizes that if there weren't so many delays that were beyond our control both local and acts of God, that affect our ability to replace Cabras one through four, as reminded by AGMA Limtiaco, had none of delays occurred, Ukudu would have been online by now. But at least you have a plan that says in the next six months, you're going to supplement capacity which will help all the other generators get a break so our other partner can fix it and Cabras. It is the beginning of repowering that will begin extensively with Ukudu, more renewables, more storage and now

40 mega that we will authorize you to pursue. Comm. Limtiaco confirms, you come on with the additional 40 megs of temporary power with a three year with two-year options and then when you come out of the final protest settlement, you still have the other 40 megs that are going to come online that you need time to work on and bring up so that will be another 40 megs. Then you're going to complete Yigo CT, so that's why I'm asking is there a need for that two-year option, but I'm fine with it because you can exercise it or not. GM Benavente mentions, we're started recovering reserves so if Cabras goes down and it takes a week to fix it up, we can do the maintenance of the other units. It will work out for everyone and GPA can afford it through our revenue. Comm. Santos points out and makes clear to Chairman Duenas, the resolution reads, GPA decides to obtain a three-year lease. It does not read, with two-one year options, it's on page two. GM Benavente states, it will be amended. It will be amended with two one-year option and add with option to own. Comm. Sanchez states the terms of the lease shall be for a minimum of three years with two one-year options with an addition option to lease to own. GM Benavente states, when we do the bid specifications, we'll put that all in. Then when its ready for award, the CCU and everyone can agree or disagree. Comm. Sanchez seconds Comm. Santos motion to amend Resolution FY2023-37. He continues to state, to amend and add into the resolution language where the lease is a minimum of three years with two on-year options and an additional option for lease to own; Comm. Santos seconds the amended motion by Comm. Sanchez. Chairman Duenas ask for further discussion, no further discussion.

Chairman Duenas calls for a vote on the amendment. With no further discussion; motion passes with five Ayes. [Aye = 5, Nay = 0]

Now on the motion as amended, Chairman calls for a vote; motion carries unanimous with five Ayes. [Aye = 5, Nay = 0]

6.7 GM Benavente begins a short update on his GM Report. Cabras 2 is target to be online sometime this weekend. Load shedding, today, is not happening because the weather is perfect. Fuel oil prices are on the rise, Ukudu construction continues, storage tanks have been removed for the ultra-low sulfur that has been ordered, demand site management continues every month, and about 600 applicants are changing out their air conditioners to very efficient air conditioners. The financials are good, their recovering despite the storm and occupancy rates are around 60%, in the hotels due to a jump in their consumption. GPA has about 16 megawatts of participants including the Navy. In all fairness to everyone else, the generators have taken a beating throughout the storm and after the storm, so a lot of them are repairing so expect that more will come online.

7. Executive Session

7.1 GWA Litigation Matter

Chairman Duenas calls for a motion to go into Executive Session; Comm. Sanchez so moved; Comm. Santos second; motion passes with five Ayes. [Aye = 5, Nay = 0]

8. Adjournment

Chairman announces meeting is now in open session and calls for motion to adjourn; Comm. Limtiaco motions to adjourn; Comm. Santos second.

Chairman Duenas calls for a vote to adjourn; motion passes with five Ayes. [Aye = 5, Nay = 0]

//s/

Lourissa Gilman

Attested



JOSEPH T. DUENAS, Chairman



PEDRO ROY MARTINEZ, Secretary

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