



**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:30 a.m., Wednesday, November 1, 2023**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas opens CCU Special Board Meeting, November 1, 2023 at 9:32 a.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez. This is a Consolidated Commission on Utilities special meeting.

**Commissioners:**

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

**Management, & Staff:**

**GPA**

Jon-Rey Aguigui, HR  
Vladimir Navasca, IT  
Lourissa Gilman, UBS

**GWA**

Zina Pangilinan-Charfauros, HR  
John Dixon, IT

**2. NEW BUSINESS**

This meeting will go on for several days because the Board will be evaluating the seven employees; two General Manager, two CFOs, two Legal Counsel and a Board Secretary. The Chairman Duenas will entertain a motion to go into Executive Session for the five employees excluding the General Managers. Comm. Santos motions to go into Executive Session; Comm. Sanchez second.

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

**2.1. EXECUTIVE SESSION**

**2.1.1. Utility Board Secretary**

**2.1.2. GPA Legal Counsel**

Back in open session, Chairman Duenas entertains a motion to recess. Comm. Limtiaco motions to recess to Friday, November 3<sup>rd</sup> at 8:30 a.m.; Comm. Santos second.

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

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:30 a.m., Friday, November 3, 2023**  
**(Reconvened from Nov. 1, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from November 1<sup>st</sup>. The meeting has reconvened to today, November 3 at 8:44 a.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez. This is a continuation of CCU staff evaluations.

**Commissioners:**

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

**Executives, Management, & Staff:**

**GPA**

John Kim, CFO  
Jon-Rey Aguigui, HR  
Vladimir Navasca, IT  
Vien Wong, IT  
Reginald Diaz, MA III  
Lourissa Gilman, UBS

**GWA**

Ann Borja-Gallardes, MA IV  
John Dixon, IT  
Allen McDonald

**2. NEW BUSINESS Continued**

The Chairman Duenas will entertain a motion to go into Executive Session. Comm. Sanchez so moved; Comm. Limtiaco second.

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

**2.1 EXECUTIVE SESSION**

**2.1.1 GPA Chief Financial Officer**

Back in open session, Chairman Duenas entertains a motion to recess. Comm. Limtiaco motions to recess to Monday, November 6<sup>th</sup> at 4:00 p.m.; Comm. Santos second.

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

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**4:00 p.m., Monday, November 6, 2023**  
**(Reconvened from Nov. 3, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from Friday, November 3<sup>rd</sup>. The meeting has reconvened to today, November 6 at 4:07 a.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez. This is a continuation of evaluations.

**Commissioners:**

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

**Executives, Management, & Staff:**

<b>GPA</b>	<b>GWA</b>
Vien Wong, IT	Taling Taitano, CFO
Lourissa Gilman, UBS	Allen McDonald, IT

**2. NEW BUSINESS Continued**

The Chairman Duenas entertains a motion to go into Executive Session. Comm. Martinez so moved; Comm. Limtiaco second.

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

**2.2 EXECUTIVE SESSION**

**2.2.1 GWA Chief Financial Officer**

Back in open session, Chairman Duenas entertains a motion to recess. Comm. Limtiaco motions to recess to Tuesday, November 7<sup>th</sup> at 8:00 a.m.; Comm. Santos second.

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

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:00 a.m., Tuesday, November 7, 2023**  
**(Reconvened from Nov. 6, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from Monday, November 6<sup>th</sup>. The meeting has reconvened to today, November 7 at 8:21 a.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez. This is a continuation of evaluations.

**Commissioners:**

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

**Executives, Management, & Staff:**

**GPA**

Vien Wong, IT  
Lourissa Gilman, UBS

**GWA**

Theresa Rojas, Legal Counsel  
Allen McDonald, IT

**2. NEW BUSINESS Continued**

The Chairman Duenas entertains a motion to go into Executive Session. Comm. Limtiaco; Comm. Santos second.

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

**2.3 EXECUTIVE SESSION**

**2.3.1 GWA Legal Counsel**

Back in open session, Chairman Duenas motions to recess to Wednesday, November 8<sup>th</sup> at 9:00 a.m. Comm. Santos so moved; Comm. Limtiaco second.

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

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:00 a.m., Wednesday, November 8, 2023**  
**(Reconvened from Nov. 7, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from Tuesday, November 7<sup>th</sup>. The meeting has reconvened to today, November 8 at 9:06 a.m. Present in the meeting, Chairman Duenas, Commissioners Limtiaco, Sanchez, Santos, and Martinez. This is a continuation of evaluations.

**Commissioners:**

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

**Executives, Management, & Staff:**

**GPA**

Jon-Rey Aguigui, HR  
Vladimir Navasca, IT  
Lourissa Gilman, UBS

**GWA**

Zina Pangelinan-Charfauros, HR  
Allen McDonald, IT

**2. NEW BUSINESS Continued**

**2.1. Open Session: Potential Pay Adjustment**

**2.1.1. GPA Chief Financial Officer**

The Chairman Duenas announces the completion of the evaluations of the GPA CFO, GWA CFO, and the GWA Legal Counsel. The scores have been tallied of their results. Starting with GPA CFO, John Kim. For a total score, he received a score of 3.7 out of four. Three is meets expectations and four exceeds. Comm. Sanchez states he clearly met cumulative competencies. Chairman Duenas states CFO Kim mentions where CFO Kim stands in regards to the 2017 Market Data Pay Scale. Comm. Sanchez states why not use the current 2002 Market Data even if it hasn't been adopted. Rather than formally adopt it and then have to go back and redo this. Comm. Santos notes that GPA and GWA has budgeted for the 20<sup>th</sup> percentile at the new wage determination. Whatever the Board decides, there's a budget set aside. We don't know if it's going to be enough. Because if you look at the Searle presentation, it was presented as to what can happen if the Board does certain scenarios. Comm. Limtiaco addresses HR Administrator, Jon-Rey Aguigui. The 4% increase slotted in the bottom table, for John Kim, will take him close to the 20<sup>th</sup> percentile in the 2022 survey. HR Admin Aguigui responds that is correct. Comm. Limtiaco asks, is that how this was formulated to try and see what percent increase would be needed to get them into 2022 20<sup>th</sup> percentile? HR Admin Aguigui states, no, we just wanted to provide your perspective, again, the green identifies the 2017 raw Market Data which is what we have in place currently. The 2022 is what's to be adopted. On the bottom, we wanted to come forward just like all the employees at a 2%, 3%, 4% of what they are currently making and then that would be the respective slotting. So, an example, Mr. Kim, he's currently making \$146,177. At 2%, that will bring him to \$149,159. That's a \$2,928 different. Comm. Sanchez asks what percentile would he be in on the 2017? HR Admin Aguigui replies, the \$149 will bring him closer to the 30<sup>th</sup> Market percentile of the 2017 Market Data. Comm. Limtiaco responds, that's what he has been saying is the 4% on the 20<sup>th</sup>

percentile for the 2022 survey, would \$152,987, is that correct. HR Administrator Aguigui states, that is correct.

Chairman Duenas points out that he had spoken with Jon-Rey, referencing the Alan Searle presentation, Aguigui came up with a number to get us to the 2022 Market Data wages. As a percentage of increase for the company, like what the rest of the government did at 22%, what would be his estimate? HR Administrator Aguigui replies, it should be anywhere between 5% to 10% differential. Chairman Duenas states, even if the Board adopts the 2022 Market Data, even if everybody moved, as a company, it would represent a 5 to 10% increase in the payroll cost. As opposed to what the rest of the government where they waited a long time and then move to 22% across the board. I think if we do the 4%, that solves that problem, but we haven't formally adopted the 2022 Market Data. We will schedule a meeting for that. In fact, should we have it in our meeting in November or have a special meeting? Comm. Limtiaco states, he thinks it should be added to the November meeting.

Comm. Sanchez states, it's important that we're doing this for the group we're working with, but the rest of the company needs to know what is the standard we're trying to get the employees to so we can retain contract and retain employees. We've lost a lot of employees to the federal government. It's also going on in the private sector, huge. Chairman Duenas is asking for guidance so it can be slot as an agenda item for the next meeting. Comm. Limtiaco thinks it's important to get it on the regular meeting and the Board should be ready to adopt it or not adopt it. Comm. Sanchez states the Board has used the profession consultants of Alan Searle and now other government agencies, almost all autonomous agencies as well. There is enough data to make a decision for the people that have been evaluated. Chairman Duenas states they can work to slot the employees that they've done and then deal with the whole company. Comm. Sanchez states for recognition, the Board the goal was to keep everyone in roughly the same percentile, but the board recognizes there are some unique positions difficult to recruit and Mr. Searle does a regression analysis, so some people are above the curve and some are below the curve. You try and push those below the curve up and if someone's above the curve maybe it's a small adjustment. It's also based on a wage survey done by a professional. Comm. Sanchez state he is comfortable to deal with those individuals now because they have the data and then do it formally for the whole company at the next CCU meeting. Comm. Sanchez is comfortable with the 25<sup>th</sup> percentile as they have crept up to the 25<sup>th</sup> percentile in 2008, but after inflation and everything else going on around the world, he was surprised how far they have fallen back with the Searle 2022 Market presentation. GPA's wages have not kept pace in our industry like similar positions. Anecdotally, we're seeing many engineers and people to the federal government in recent months because the pay is too low. Comm. Limtiaco adds it's not just the percentile, it's the adoption of the new wage survey.

Comm. Limtiaco points out the calculation for Atty. Rojas is incorrect...the calculation of percentage increases is incorrect. HR Administrator Aguigui responds, Atty. Rojas is a GWA employee. Chairman Duenas asks that they double check the calculations while they continue with CFP Kim's evaluation. CFO Kim's rating was 3.7 accumulative total. Comm. Sanchez states, Mr. Kim's aggregate score is 3.7 which meets or exceeds expectations. Comm. Limtiaco adds, closer to exceeds. Chairman Duenas states, in all of his areas, he exceeded; he went over 3.4, 3.7, 3.9. The aggregate is 3.7, but they did not fall below three in anything. Comm. Santos motions, Mr. Kim based on the schedule provided that they go with the 4% slotted, \$152,157 and it's a 4%. Comm. Sanchez seconds the motion for the sake of discussion.

Comm. Sanchez asks, what percentile would that put Mr. Kim in? Comm. Limtiaco states, on the 2022 market data, it would put Mr. Kim close to the 20<sup>th</sup> percentile. Chairman Duenas asks HR Admin

Aguigui, what is the recommendation to move GPA to what percent in the 2022 data? HR Admin Aguigui states, based of Alan's recommendation, he had two. One would be to the 25<sup>th</sup> and the second would be to the 20<sup>th</sup> based on affordability. Comm. Limtiaco reiterates the performance of John Kim and he did rate above meets expectations closer to exceeds expectation. I think we all agree, he has done a good job. Comm. Santos asks, when does the wage increase become effective? Chairman Duenas states, usually make adjustments effective the first pay period of January. HR Admin Aguigui states, that is correct. The beginning of the first payroll would be December 31<sup>st</sup>. Comm. Santos restates the motion, we consider a 4% increase for Mr. Kim with an effective date of pay period beginning December 31, 2023. Chairman confirms, that's \$152,157.

With no other questions, Chairman Duenas calls for a roll call vote. Chairman, Aye; Comm. Limtiaco, Aye; Comm. Sanchez, Aye; Comm. Santos, Aye; and Comm. Martinez, Aye. Motion passes with five Ayes. [Aye = 5, Nay = 0]

### **2.1.2. GWA Chief Financial Officer**

Chairman Duenas begins discussion of CFO Taling Taitano. Her accumulative total is a four. Which means she exceeds expectations. Comm. Sanchez points out that this is a whole new industry for her and she has mastered it. She works well with management. Chairman agrees. CFO Taitano supports her employees. She has a very solid performance. Comm. Santos makes a motion based on the Board's review and her performance; based on a 4% increase of her pay for a total of \$149,159; which places her in the 15<sup>th</sup> percentile on the 2022 Market study.

Comm. Santos asks Chairman what's going to happen when they have the next meeting. The issue is affordability. Comm. Limtiaco agrees that is the issue. Making sure the utility can function...definitely it's an affordability issue. Comm. Santos states, we come from a world where you don't give payees if you can't afford it. Comm. Martinez requests to entertain Santos' motion since there was not second. Comm. Martinez seconds the motion. Chairman Duenas recognizes Comm. Martinez second and now it's up for discussion. Chairman's thoughts that on the executive side of the company that they hire, he would put them high than the rest of the company. Their wages have fallen back. He thinks the Board can give CFO Taitano a salary wherever they want to slot her and then the rest of the company will catch up. Chairman agrees with Comm. Sanchez, at least get her to the 20<sup>th</sup> percentile. Comm. Sanchez responds he is comfortable to get the whole company to the 20<sup>th</sup> percentile. The Searle presentation has showed what the impact would be financially if the Board were to adopt that standard for this review. For the small team, key people, that leads everyone, their performance merits a higher percentile.

Comm. Sanchez continues, payroll is a very small component to both GPA and GWA. For GPA, it's tiny compared to the LEAC and Debt Service. They are the two biggest amounts that consume the power bill. The base rate pays salaries and we haven't changed the base rate in over a decade and yet, we've managed to pay our people and move them up. What did we find from the latest survey? We're back to the 15<sup>th</sup>, 20<sup>th</sup> percentile. Arguably, we haven't move them up if 25 was out number. For management, he is comfortable to shoot for the 25<sup>th</sup> and or reward exceptional performance in order to retain Taling Taitano. Comm. Martinez personally feels that getting CFO Taitano to the 20<sup>th</sup> at 152. Just looking at her performance including the recovery of the typhoon, she is really working at it. She is also working on the bond market which requires a lot of work for the Guam Waterworks. He agrees to compensate her for performance. His recommendation is to move her to the 20<sup>th</sup> percentile. He would like to the manager what is deserving to them. Comm. Sanchez clarifies Comm. Martinez proposal to increase the pay to \$152,987 and Martinez agrees.

Comm. Limtiaco states just so the Board is on the same page, the 4% that was given to John Kim is at \$152,157 so maybe the compromise would be to match it. Because the CFOs are paid the same. The pay would be \$152,157 to match John Kim.

Comm. Santos informs Chairman Duenas that he withdraws his motion and Chairman accepts. Chairman Duenas asks HR Administrator Zina Pangelinan-Charfauros, what would the number be if the pay was closer to John Kim at \$152,157. Comm. Limtiaco states its 6.2%. So, it's like a 50% increase over John Kim. Comm. Limtiaco states it's not a percentile. Comm. Santos and Sanchez agree, we're giving her a number. Comm. Sanchez asks what is Taling's overall rating compared to John's? Wasn't it higher? Chairman Duenas states a little higher. Comm. Santos states yes, it was higher... 3.7 versus 4.0. Comm. Sanchez states he likes the 20<sup>th</sup> percentile of \$152,987 and he wouldn't worry about the \$800 difference. Since she was rated higher than John and they both did well. He is comfortable to the 20<sup>th</sup> percentile and it's \$152,987. Comm. Santos reiterates that he withdrew his motion. Comm. Sanchez makes a motion based on CFO Taitano's excellent rating that the Board move Taling to the 20<sup>th</sup> percentile in the 2022 Wage Survey of Alan Searle for the amount of \$152,987; Comm. Santos second.

HR Administrator Aguigui adds that's what the market is paying, but we still need to implement it based off the positions we do have and then adopt a pay scale. So, if you give Taling the \$152,987, we're going to adopt that, but not on our pay scale if that makes sense? Just that number. Chairman Duenas states just that number. That's what the Board is talking about. Chairman clarifies a second to the motion and Comm. Santos confirms that he second the motion. Comm. Limtiaco asks the Board that they don't want the salaries to be the same for the CFOs? It's a small differential. Chairman Duenas states he would support that. Comm. Sanchez replies, the fact that we asked Alan Searle to survey power wages and to survey water wages and the companies are slightly different, he is comfortable his wage scale. They are designed to be different. Comm Limtiaco states it the same wage scale and therefore he is asking to either adjust John Kim's or the Board adjust Taling Taitano, they're the same. Chairman Duenas explains they are talking about CPAs. CPAs have to learn the business. He agrees with Comm. Limtiaco and put them in the same pay. They came very close in terms of their evaluation. Comm. Sanchez appreciates the discussion and the only reason he would agree to an \$800 difference is because Taling had a higher rating. That is the basis of his motion.

Comm. Santos adds that he sees moving forward with Taling is that she has a lot more on her plate in the year or two...the bond, the rate design, the financial modeling...I think she can do all these things. I look at Mr. Kim, we worked on reducing our overall GPA Property and Casualty premium by in my opinion, substantial amount and it wasn't and I kept on pushing him to get that number down and he did. That reflects the savings itself.

Comm. Sanches reiterates the motion is an \$800 difference between the two CFOs, it's at the 20<sup>th</sup> percentile. Comm. Limtiaco states he voiced his concerns and the Chairman acknowledges the discussion.

Chairman Duenas calls for a roll call vote. Chairman, Aye; Comm. Limtiaco, Aye; Comm. Sanchez, Aye; Comm. Santos, Aye; and Comm. Martinez, Aye. Motion passes with five Ayes. [Aye = 5, Nay = 0]

### **2.1.3. GWA Legal Counsel**

Chairman Duenas announces, the one attorney is Theresa Rojas. Her total score was 4.1. Comm. Limtiaco comments on her review, Theresa took on the role dual counsel for GWA and GPA for the better part of eight months. I think she did a great job and her ratings show it with a total score of 4.1



which is above exceeds expectations. Comm. Sanchez states, her current pay is already below the 5<sup>th</sup> percentile based on the 2022 survey. Chairman Duenas asks HR Administrator Pangelinan-Charfauros is that correct. HR Admin Pangelinan-Charfauros responds that is correct. Chairman Duenas states if the Board gives her the 4%, she would be at \$132,953. Chairman restates, \$132,953 is just the 4% increase. The increases are 2, 3, or 4% increases. Comm. Santos adds that will take her to the 10<sup>th</sup> percentile. Comm. Sanchez agrees it will be \$132,598. If Rojas goes up to the 15<sup>th</sup> percentile it will be \$135 about a \$2,000 higher raise. For the record, the 25<sup>th</sup> is \$140 which would be \$13,000 range. It's evident to us, it's going to be a challenge to get everyone to the 25<sup>th</sup>, but we also want to reward our employees for good performance. She's actually the highest rated so far and she carried those two companies instead of one. Comm. Limtiaco adds during the recruitment process for GPA attorney, we didn't have people knocking on our doors while looking to fill that position. A lot of that had to do with our salary and benefits package associated with the job announcement. I make the motion to move Theresa to the 20<sup>th</sup> percentile which would be \$137,570; Comm. Santos second the motion. Comm. Sanchez agrees because it matches the Board's latest attorney hire which is \$138,353. Comm. Limtiaco wants to take Theresa to the 20<sup>th</sup> percentile which would be \$137,571. Comm. Santos adds which is the equivalent of almost 8%. Chairman Duenas asks if there are further discussion?

With no further discussion, Chairman Duenas calls for a roll call vote. Chairman, Aye; Comm. Limtiaco, Aye; Comm. Sanchez, Aye; Comm. Santos, Aye; and Comm. Martinez, Aye. Motion passes with five Ayes. [Aye = 5, Nay = 0]

Comm. Limtiaco states for the record and for clarification, the start date for all increases, all will apply on the beginning pay period December 31, 2023. Chairman clarifies with the HR Administrators for GPA and GWA, the first pay period will begin on December 31, 2023. Both HR Admins agree.

Comm. Limtiaco for the record requests the Commission to recuse himself from the next two evaluations of the General Managers. Mr. John Benavente, being the General Manager of his wife, Beatrice Limtiaco. As well as Mr. Miguel Bordallo being his first cousin. Chairman Duenas accepts his request and the Board has no objections.

Chairman Duenas asks the Commissioners to schedule the date for the General Managers' evaluations. Chairman asks if November 20, Monday, at 8:30 AM and all Commissioners agree. Comm. Santos motions to recess the meeting to November 20<sup>th</sup> at 8:30 AM; Comm. Martinez second.

Chairman Duenas calls for a vote. Chairman, Aye; Comm. Limtiaco, Aye; Comm. Sanchez, Aye; Comm. Santos, Aye; and Comm. Martinez, Aye. Motion passes with five Ayes. [Aye = 5, Nay = 0]

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:30 a.m., Monday, November 20, 2023**  
**(Reconvened from Nov. 8, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from Wednesday, November 8<sup>th</sup>. The meeting has reconvened to today, November 20 at 8:46 a.m. Present in the meeting, Chairman Duenas, Commissioners Sanchez, Santos, and Martinez. This is a continuation of evaluations.

**Commissioners:**

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

**Executives, Management, & Staff:**

**GPA**

John Benavente, GM  
Jon-Rey Aguigui, HR  
Vladimir Navasca, IT  
Lourissa Gilman, UBS

**GWA**

Miguel Bordallo, GM  
Zina Pangelinan-Charfauros, HR  
John Dixon, IT

**Guest:**

David Castro, Guam Daily Post

**3. NEW BUSINESS Continued**

Chairman Duenas addresses scheduling conflicts and asks the Board if there is a desire to recess the meeting. Comm. Santos moves to recess the meeting until December 13 at 8:30 am. There is some discussion of December 13 or 14. Comm. Santos withdraws his motion of December 13<sup>th</sup> and further motions to recess the meeting to December 14<sup>th</sup> at 8:30 am; Comm. Martinez second the motion.

Chairman Duenas calls for a vote and motion passes with four Ayes. [Aye = 4, Nay = 0, Absent = 1]

**SPECIAL BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**8:30 a.m., Thursday, December 14, 2023**  
**(Reconvened from Nov. 20, 2023)**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas states this is a reconvening of the Special Board Meeting from Monday, November 20<sup>th</sup>. The meeting has reconvened to today, December 14 at 8:48 a.m. Present in the meeting, Chairman Duenas, Commissioners Sanchez, Santos and Martinez. This is a continuation of evaluation in open session for the General Managers.

**Commissioners:**

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

**Executives, Management, & Staff:**

**GPA**

John Benavente, GM  
Jon-Rey Aguigui, HR  
Joshua Manibusan, HR  
Vladimir Navasca, IT  
Lourissa Gilman, UBS

**GWA**

Miguel Bordallo, GM  
Zina Pangelinan-Charfauros, HR  
John Dixon, IT

**4. NEW BUSINESS Continued**

**4.1. GPA General Manager**

Chairman Duenas addresses GPA General Manager John Benavente. GM Benavente will go through highlights of his accomplishments during the past year. There have been a lot of accomplishments not only for him but for the GPA teams for the good of the community. Going through Typhoon Mawar, provides a benchmark of how the utility is doing financially and its resiliency.

Comm. Sanchez comments that GM Benavente's evaluation presentation received by the Board will be uploaded online along with his rating. Comm. Sanchez also adds for the public, the base rate is what pays for payroll administrative costs, Debt Service, everything that's not fuel. Fuel and the solar contracts that's run through the LEAC. The base rate has not been adjusted in over 10 years so whatever pay raises have been granted to employees or to management has been paid for by a base rate and that hasn't changed in 10 years because of the efficiencies that our management team and our employees have been able to generate the savings that they're able to generate. They're able to reward themselves with any pay adjustments for the last decade without raising the base rate to the rate payers. That is a tribute to the entire team at GPA from management, to linemen, to customer service people to find ways to save money for our rate payers. There is a misperception that a pay raise to anyone, our employees or our management, has created an increase in the power bill... it has not. The base rate has not changed for a decade because of the capability of management and employees to live within their means. This elected commission has also mandated that our team live within its means. The only thing that's changed on the power in the last decade has been a result of the changes in the price of fuel. Chairman Duenas adds, it's important to note because we set the pay for our employees it's not set by the government Guam which

recently granted a 22% increase in pay from the top to the bottom... across the board. We don't do that and that way we manage our funds better.

GM Benavente begins, financially sound unstable, as noted, we haven't changed the base rate in in 10 years our financial statements are clean. We have 60 days of unrestricted cash, Dept Service coverage 1.65 as of August 2023 despite Typhoon Mawar. We lost revenue but we recovered quickly and therefore our bond ratings that were put on watch, we eventually came back and made it all stable because of our quick recovery and of course our resiliency. Physical hedging, fuel storage, 85 megawatts of solar that's on the line and again there's more to come in terms of the work. This is putting us in a financially sound position. We minimized our losses from Typhoon Mawar and the bond ratings didn't get downgraded. Usually, we in a very isolated location, the rating agencies are always looking at one, fuel impact, typhoon impact and it's not unusual at all for us to get downgraded even despite our fall because of our infrastructure. Well, because of our infrastructure that's been put in over the years now, that did not occur. So, we maintain our ratings which is investment grade rating for us. We have the continued impact of fuel oil prices that went through us over the past couple years. In the last year we went up to \$47 million of cash reserves that was utilized to help the customers to alleviate the increases. In fact, we did decrease the LEAC this past year in June from the \$0.31 to \$0.23 cents. We did file with the PUC in November requesting not to increase the LEAC despite the oil prices climbing to the \$120 plus dollars a barrel. For the record, the good news is that fuel prices have been coming down and it's now around \$105 a barrel. So, hopefully, by the time we get to January, that will help the decision with the PUC on the LEAC because we provide the LEAC projection in November and our recommendations to the PUC and then the PUC makes that decision. As you can see, \$117 a barrel in September. I looked at the record the day before yesterday and we're down to about \$98. We're tracking downwards so that that's good news.

The budget, Mr. Chairman, I'm happy to say for the second year of our two-year budget... first of all thank you the Commission and Finance Chairman Santos for the two-year budget process. Through Commissioner Santos and the CCU, we have a two-year budget that will flow through the next year. Again, we have been able to stay within that budget. This year's expenditures our budget was \$86 million and we came in about \$68 million as noted by the CFO. Part of that is because of the Typhoon Mawar where we were not spending. Usually, we will come in about \$6 to \$8 million below what we budget for various reasons.

Manpower, in 1997 we had about 678 employees in Guam Power Authority. In 2013, when I first took over, we had 512. As of FY2023, we have 408. I'm not saying that's the right level. I'm thinking the level will be a little bit higher. What's going to happen is that now the 50 to 60% of the workforce are eligible for retirement. Because of the DB plan most of the employees in that plan are starting to all retire and that is a big transformation. We've been doing the apprenticeship program and now we're going to be adding FTE because apprentices are graduating. They are going to be fulltime employees of the utility. So, between 400 and 450 will be about the right size for GPA. When Cabras One and Two are retired that number may lean towards the 400. Again, I'm getting ahead of my presentation, but how does that happen? That happens through technology improvements, manpower efficiencies with utilization of all those and providing the resources for people to do their work.

Comm. Sanchez asks under the appointed board, in 1997 GPA had 678 employees? And now, 26 years later and 20 years with an elected board, GPA has 400 to maybe 450 employees? GM Benavente responds, that is correct. Comm. Sanchez continues, so it is no longer a dumping ground for the political process under an appointed board. Chairman Duenas and Commissioner Santos clarify it's 408 employees. Comm. Sanchez adds the elected board has been far more responsive to the rate payers to reducing the amount of people that work here and the team has been excellent. They are doing more with fewer people. That's 270 fewer people than 1997. That's almost a 40% reduction in labor under the elected board. Comm.

Martinez asks when did John take over? GM Benavente states late 2014. Comm. Martinez replies, well, even at 2014 from 512, he brought it down to 408 that's over a 100 people at 20%. GM Benavente continues then team is good. The biggest challenge we're having is we're training the younger generation to bring on board because the employees will retire through the DB plan. If we get over the next five years next generation will take over so we have been training heavily.

System Reliability, Mr. Chairman, the Commission in approved the Integrated Resource Plan. In the Integrated Resource Plan they looked at the new generation, they look at complying with the USEPA Consent Decree, they look at renewable energy, storage and transition to cleaner fuel. Remember, for over for 55 years or so we were burning heavy oil... cheaper but of course dirtier. Now, the island as of December 2022, last year, we're burning only Ultra-low Sulfur Diesel. This didn't happen overnight. If you recall, we've had to make conversion of the Piti 8 and 9 units. We had to change out and burn out all the heavy fuel that we had in the tanks while we were bringing in low sulfur fuel. The key is that we are achieving the clean Integrated Resource Plan as put together. The cheaper and cleaner fuel is costlier but again we're working towards it and that's the future.

The Ukudu Power Plant, I am negotiating an accelerated commissioning of the Ukudu Plant to be as early as September 2025. That's almost four months cut back on the on the schedule. That's a huge help for us because it will save somewhere in the neighborhood of \$5 to \$10 million a month in fuel cost by having it earlier. It will provide us the reliability and lower the power bill. That will have an immediate impact on our consumption and therefore the LEAC which will benefit our customers. Typhoon Mawar caused construction to be delayed so now we are working to try and get this up earlier.

The mandate is 50% Renewables by 2035. Our goal to achieve that is targeting 2030. We will achieve that. We're looking at being somewhere in that neighborhood if the bids that came are desirable to all and be approved. We could achieve 50% by 2027. Potentially, there's no recommendation yet but we're now working towards that. So, clean energy, renewable transportation, lower fuel, and the PUC has approved as the CCU did for us to begin the LNG study in 2024. So, therefore natural gas potentially as was previously looked at could save an additional \$35 million a year from lower cost maintenance and a lower cost fuel. So, we're going to go through the process in 2027 and the have the study completed. Comm. Santos asks, when will the LNG Study going to be completed? GM Benavente states, that study will be completed towards the end of the year of 2024. They just approved it in November.

GM Benavente continues, you have to consider that Ultra-low Sulfur Diesel is a commodity fuel. That's actually is utilized throughout the world for everything, so unless they start going more and more to electric vehicles if the if the utilization of that keeps going up so therefore natural gas gives us an opportunity to have an alternative towards a more sustained and cleaner and cheaper fuel in the future. You're correct the infrastructure is going in and it's being constructed so that we are in that position. We're not trying to catch up anymore. Phase IV Renewables, we're currently in Renewables we're currently about 16%. The bid that the CCU approved which went out last December and it took a while to get this through... there has been five proponents that have been qualified to move forward and the bid opening is December 20. We will take a look and make our evaluations and come to the CCU and then subsequent to the PUC. We will know what those numbers look like. You're looking at operation within 36 months after that. The bids that are in there are enough actually to bring GPA to as much not if you were everything it gives you up to about 50%. But, that's really up to the CCU.

Comm. Sanchez says, remember, under the CCU, we worked with Speaker Ben Pangelinan and we developed the first Integrate Resource Plan that included the Renewables and the original goal was 25% by 2035. We're already at 16%, John says we may actually be at 25, 26% in the next few years. 10 years ahead of schedule. So, the Legislature wanted to be more aggressive, we're being more aggressive, but

the original number was 25% by 2035. We are in 2023 where it's 16% and John you're just saying within a few years we could exceed 25%. We're 10 years ahead of the original schedule. GM Benavente adds, everything is in the table now is awarded, 50% by 2027. Again, our target is 2030. That's the good news at least there are proponents out there that are confident and coming to the market. Again, why are they confident coming in here and signing a 25-year contract with the utility? Because they know the utility will pay and honored all these contracts to over 20, 30, 40 years. Actually, 20, 30 years of contracting with the utility with IPPS and everything so therefore that's all one reason why having a very financially sound company helps others come to provide. In that magnitude, again, Phase IV is about another billion dollars of investment by the private sector to produce energy that we will buy with them taking all the risk. That was a decision that was made by the CCU and the PUC to minimize our risk. Renewables it's been here a few years but it's still evolving. Just like when you say why not go to 100%? Well, again, we can't go to 100% until at least we can survive with 50%. During in the 50% you put in all the technologies necessary to get to where you say, okay push the pedal down. You push the pedal down now maybe crash. So that's the process. This decade is going to get us to a position where we can look at 100%.

Chairman Duenas adds, I think John, one important thing that we may we have to make sure is that as you go forward, we inform the public about this because some of them are concerned that you're building Ukudu it's going to be around for 25 years well you have 100% renewable... No. There are five countries in the world that consider themselves 100% renewable and none of them operate strictly on renewable for 365 days. Costa Rica is a good example they have a lot of Hydro power and what happens is last year maybe for around 300 days they were strictly unrenovable with their hydro power solar wind, whatever they had, the other 65 days, they have to turn on their generator. So, that Ukudu Power Plant is going to serve even after we get to the 100%. You need to have fossil fuel generators. No country in the world that is considered 100% today has 100% of the time... it doesn't work like that. Even the windmills they have they go down, they have to be serviced, they have something has to be there. There's a misconception that some people think well, maybe, you don't need to build this new generator... we got a lot of push back when we started to go down the road of building a new generator and I remember your comment was this is the last generator we're ever going to build and it's it works well with Renewables because it goes up and down fast but most importantly, John, the LEAC for that new generator is at 17 cents a kilowatt hour. It's in line with the eight and a half or nine at Marbo. It's in line with your goal which you've stated many times that you want... the proposals can't go over 15 cents because your target is 15 cents. Renewables, the last one that we had to work with Hanwa to keep that in play to bring in renewable was 14.83 cents so under the 15 cents that's the key. We want Renewables they have to bring in a good price. It's not Renewables at any cost because that cost gets passed on to our rate payers so we have to be aggressive in getting that cost. We just need the public to understand that that that generator is not just for 25 years it's going to serve the public for a long time even after you get to the 100% renewable concept.

GM Benavente adds, just one addition, by having solar storage batteries increases your rates by 7 ½ cents a kilowatt hour so if you have 10 days of reserve because you with that happen as shown in in 2019 or 2020, we have 19 days where there's hardly any sun then it's not affordable so, yes, you're correct our goal is to provide energy and an affordable rate. Chairman Duenas replies, yes, and with the exception of storm which nobody can control... Our record, I remember once before the storm we were talking about 96% of the time your power is on. Comm. Sanchez adds, I think it's 98%. We got to do a better job of explaining that because the media focused on the on that. Well okay, you were out for 180 minutes if that happened in 180 days your average time would have been 1 minute a day but for circuit, it was about 15 hours per circuit in the last 90 days is what you presented last time is what the average circuit which is, we're all in a circuit right, the average circuit was out 15 hours which turned out to be 98%. GM Benavente interjects, what I showed for the past three months which is has been the worst period because of the high demand period and our need to get back on our feet is we serve 99.5% of the energy needed to be served. Only with 0.05 again, no consolation with load shedding but that meant the community functioned



and so that's where again December is already less as we can see it's been almost three weeks now that we maybe had two days of impact.

Comm. Santos asks GM to explain what exactly is Guam International Airport Authority talking about because I'm concerned that if we're not a reliable system then take them off the program let them go and we don't they don't have to participate. No one's forced to be in this program but at the same time when you need our help, they're the ones calling. I'm thinking that you know when we really look at the customers if the customer like Airport Authority if it's not working for you and get off. If it's not viable and we're destroying your systems then work on your own you have your own generators then power yourself to your generators. It's unfortunate that the system is not 100% working but that's why you have generators. I thought this was a viable program for the community as a whole and then to come out and say you're the cause of all this... I don't we're the cause of their escalators being down, their elevators not working and all that. On one side we're all the same Guam and then you're... so I'm of the opinion take them off. Don't include them anymore in our interruptible programs and we go with the customers that want to work with us.

GM Benavente responds, I understood...yeah that was disappointing but I think they also made a decision without all the information so you're correct. I'll put that together and I'll see whether they used the they understood but you're correct. They can always get off the interruptible program. It's a volunteer thing we don't force them to do that. I went to them in the beginning because we're government entities and we should try and help each other and they did. Chairman Duenas states, we want to serve all our customers but we want to remind them this is a volunteer thing.

Infrastructure Resiliency Plan. GM Benavente states, coming out of Mawar, we look at we're 99 point something in concrete poles. We're shifting... coming from the fastest recovery which is still really not where we want to be, underground systems now will help us get there. Therefore, there's been a very strong concerted effort to look at ways that we can help to get underground funded here. We've been working with FEMA not only for the reimbursement of the 90/10 but also in the mitigation funds for longer term. If you recall, Virgin Islands got \$2 billion, Puerto Rico got \$11 billion, our program will take \$6.4 billion. It will get us to an underground system with modeling. We've been talking to FEMA, the military branches and... so we've been working very well with the federal entities and I've been communicating with them our immediate needs to really provide that service to everyone in the community. Including the DOD, NAVFAC, we've been working very well with them. They are 20% of our customers. They pay 20% of our debt and of course have been a stable customer, In terms of recovery infrastructure investment we restored 99% within 50 days. We accomplished that with a strong team for recovery and we had inventory. We had \$15 million of inventory. We didn't run out of transformers I had to remind people this storm, don't worry we had the inventory. Concrete poles again 99%. So now we have been doing hybrid, Commissioners remember you put in Haggan, over 500 customers got back very quickly because their secondary was underground from the pole all the way to their homes. Talofofo, several hundred, Dededo another 400. We have been moving with what we could afford...without raising the base rate. So, all of this with some help will now begin to get us further and further along. Chairman Duenas adds, if the federal government treated us the way they treated the other territories, you would have the money you need to do a lot more but I think that's significant, John, the fact that we are putting in underground systems without increasing the base rate... we're finding efficiencies where you do more with less. Comm. Sanchez asks, John, what's your expectation with FEMA timeline feedback any preliminary feedback? GM Benavente states, we should be getting through with us with our reimbursement part. The mitigation, I had a visit from them and I did ask in the beginning, as in Typhoon Pongsona when it was maybe \$20 million, \$30 million of fundings available, was is it around the same again? I need to plan and if that's all you're going to provide, I need to find other ways to get it done. They said they had this mitigation process that brings in more money. Depending on the ratio of how you

mitigate future costs by making this investment. We're giving them all the information to put in... they have the model. Once that happens in the next few months perhaps but everyone, I talk... Comm. Sanchez interjects, sometime next year we might get an answer from them on what they can do for future mitigation, that's the big money. The reimbursement for typhoon damage that's the small money. Comm. Santos comments, every single year they just approve NDAA and that's billions... I didn't see anything that talked about our side of the infrastructure. Comm. Sanchez responds, except that Congressman Moylan the project I'm working on this side with the Congressman, we got him to put in a placeholder the US military has to study undergrounding. He put it in three months ago now it's passed. Within a week of him just announcing that he'd put it in they met with John. So, John, like the FEMA piece, is talking to DOD. DOD made it clear they can't just easily take it out of their pocket and do the civilian side. But DOD also recognizes that their whole labor force lives on the civilian side and much of their own soldiers and sailors and air people live on the civilian side, outside the fence. So, they're very sensitive to that. After Pongsona they hardened to Anderson's gate and Anderson was really happy until they got inside the gate and then Anderson and big Navy reminded themselves and the entire world that those bases are 50 years old, they had leaks...they didn't have underground. Right now, big Navy wants is going to want to underground they talk about Polaris to their gate. John's been pushing... let us do inside the gate. You keep giving it to the boss contractor we know what to do. It's like \$12 billion for Anderson and Big Navy just reconstruction of their base and hardening inside the gate. Anderson was going what good is it just to the gate? Everybody got you know spoiled by 20 years of no typhoon you didn't have to spend the money. Well typhoon showed up and we all realize how old it is. They're putting in a big chunk of money once they can sort out their undergrounding piece from let's say Polaris to them gate, they're talking to John about undergrounding and John's trying to coordinate that. That's where the FEMA money helps us put the deals together. My hope is in the next six months or so when FEMA says this is what we can do.

GM Benavente states, I can discuss some of my meetings throughout the year and first it started with the Secretary of Defense Air Force and even INDO PAC. Later on, they started sending in the staff, the assistants, and all with the same messages going through. This past week I had from the Air Force Office of Energy assistance. They're the ones also working on how to integrate some this system. I think the study produces the numbers down the line. We're very consistent everyone depends on energy from GPA. GPA has a plan how to make them more resilient and we presented that in every stage of the game and hopefully funding starts to come down. One question FEMA had for us was, if we gave you all that money how long would you get this job done? My answer was at least 10 years. At least that's an indication they're thinking about. At least the conversation is there so that's what I can assess at this time. I mentioned earlier we are burning now Ultra-low Sulfur Diesel and Low Sulfur at Cabras and where we're heading with the new power plant.

Physical Security, you passed our Proof of Concept. The PUC has passed that so we're putting in our first set of Proof of Concept after that then we will fund the physical security for the GPA assets and the GWA assets. We have to have really a strong physical security in that area. Our team has been successful in Grants. DOE and the E-Lab they're all coming here because we're all trying to solve how to integrate more renewables into a system so they work together. Guam is a perfect model because we're doing it from cradle to grave. They've really been supporting us in various areas and again we're getting grants for that. We're working to achieve through all of those studies towards renewable energy by 2030. I mean we're having 2030 be the discussion now not 2035. So, we are getting grants to achieve that.

Affordability, again, our rates have not changed since about 9.4 cents since 2013, that's on the base rate, the LEAC had dropped from 31 down to 23 cents. We're recommending to hold it but fuel prices are dropping. Again, holding it even though we're still under recover \$10 - \$20 million or so because again, we're... Comm. Sanchez states, 21 years ago under the appointed board, we had no cash to front for the LEAC. And, we're able to front \$47 million, we can front \$20 million, that's thinking about the rate payers



and their burden. GM Benavente would like to note, that sometimes it's said that GPA gets the \$5 million a month, that's just a past through. We don't get any subsidy. Chairman clarifies, you're talking about the subsidy to the rate payer. GM Benavente responds, that's right, for the record, to be clear, we do not touch one penny of that. That just goes from the government as for their desire to give it to the rate payers. What we have done, is implemented it. How do you give \$5 million a month to the rate payers? Well, you got to have the technology to be able to do that which is an important thing. We need to make sure the public understands there's no subsidy to GPA, 100%. Not one penny goes to us. Comm. Sanchez adds, 9.6 cents, we've run the company on that. 9.6 cents a kilowatt hour for the last decade and that's covered everything except for fuel. GM Benavente continues, do we do it through labor, technology improvements...

Comm. Sanchez states, we've been able to maintain it. It's also allowed us to have over \$47 million in reserve cash that when COVID hit, we were able to front on behalf of all the rate payers. We spent three years recovering that \$47 million. 20 years ago, when the CCU was first elected, there was no cash to front anything. The Chairman will remember when we were on the PUC, if it was \$3 million, they would run for rate relief now we can go up to \$47 million of advancing on behalf of our rate payers. During COVID, when things were really bad for everybody, we thought about the rate payers and said let's use some of our reserves we'll pay for the fuel and we'll get that back over time. Basically the \$47 million which we're going to be even with the current LEAC proposed, we're still going to be \$20 million short next August. In the last four years, we have fronted between \$20 and \$50 million of fuel costs to our rate payers to keep the LEAC as low as we can keep it. When it went up to 32 cents, it was to recover some of that money and now we reduced it last June. Even next August it'll still be \$20 million. We couldn't do that 21 years ago under the appointed board. There was no cash, there was no reserve, there's not even a concept of it. And, that's the difference between having an elected board and having... look how many fewer people we had under the elected board almost 40% fewer employees under an elected board because we're accountable to the rate payers. Not to a governor. Not to the Senators that confirm us but to the rate payers. It's produced these kinds of dramatic reduction in payroll, build up in cash so we can front LEAC money and spread out the recovery over three or four years. That was impossible 21 years ago. The final thing I just want to add, when we took office in January of 2003, one month after Typhoon Pongsona, the appointed Boards of Power and Water had not met the entire month of December. They didn't even meet, we were in a typhoon, they didn't even meet to help their utilities. Here we are meeting right after Mawar, dealing with Mawar, that appointed board abandoned their job after Pongsona for one month.

Chairman Duenas replies, so John, for me it's important that we make sure that the rate payer understand not only are you doing your job, but our systems are secure. I think I'd like to highlight the cyber security that we do. That's important. We know that they are trying to hack us, but we have not been hacked and we are tested by all different agencies like the Coast Guard... we have a strong team and we get all the assistance we can get. We're investing heavily into cyber security again no base rate increases we're accomplishing all of this through the efforts of you and your team and the people of GPA. We have to stress that. GM Benavente adds, I think we haven't done a good enough of a job because we're not finished. The team, we've done so much that this is just an extra thing that without the team, I can't do anything. If I may add Mr. Chair, we have touched over 20,000 applications for the land site management rebates. We're giving over a million dollars a year in rebates to customers to buy energy efficient air conditioners which lowers their power bill rate. That also lowers our revenue coming to GPA and my point to that is that's fine that's what we want our customers to do. But, sometime out there is, oh GPA does not want you to conserve because they're going to lose revenue. No, we adjust and that's why we're providing DSM Revenue to our customers for the rebates. The PUC actually approve about \$3 million a month because we know the value. If I reduce your consumption at home even the rate my rate stays, your cost will come down. So, that's what's happening today. GM Benavente agrees with Comm. Sanchez as he states, that's less generation of power we need to create because people are using less power so

everybody wins under the DSM program. Everybody wins when they reduce their power consumption. We've got to do a better job of outreach and education and one of the things we can talk about going forward. GM Benavente states, we've done a lot our team has excelled from going from really hardly any communication to now social media. We can consistently get the media and the public informed. We have newsletters every month and we have a strong team that writes that.

Employee Service Awards, we started it up since COVID. Weekly employee newsletters to improve morale...really love your company. Safety Award of Excellence, we made the safety award second place this year. This was against all national APPA companies. Expanding intern programs, we have cyber security, accounting, other interim programs where we bring in. The Department of Labor, we graduated 16 and there's 16 or more graduating in early this coming year. Actually, the announcement for the next cycle that we're going to hire for apprenticeship. We're hiring close to 30 additional personnel to train more underground system as people leave. Labor Day, very successful GPA and GWA always come out.

Comm. Sanchez asks, we're current on our Consent Decrees, no issues with USEPA, Department of Justice? GM Benavente responds, we're working with them on the new the change of the timing Mawar has delayed Ukudu. We're trying to get all that information but we will we're working to get that all done. Cyber Security has there's a lot of information... we even had a conference for it and we had everyone under the sun in this conference from the military and again hats off to our team. Customer service we took care the putting out the rebates, Energy Efficiency we're actually coming up with an audit, we're very customer focused, affordable rates on a sustainable basis and customer centric. Award of Excellence, we had print and digital what we're showing the public is being recognized and awarded the American Public Power Association saying, you're really transparent and communicating with your public with your customers. Empowering Energy Conservation Energy Office we're working well getting those done. Outreach, we've been going to school career days, we've been we've been trying to get the students to come out and be curious in power. We're starting early we know we have to go to the school. These are things that are not said out there but is happening throughout the organization. There's your recovery plan Mr. Chair, we are working on this and we make further improvements and I have a report for you in January as to where we are. The latest thing is we're going out an emergency procurement now for the 41 megawatts the CCU has approved that. It's not as easy as just plug and play because now we work with Guam EPA and USEPA on permitting of these issues. This is very complicated process that we and the team are going through and you saw us working on the board to get that done. The good news is right now, tap on wood, we've been able to minimize...mitigate load shedding...the weather is helping but we continue to move forward. The media campaigning, why are we pointing out water heaters and all of that? We're planting the seed is such that later on we could provide incentives for load management where we can control your water heater when we need it but we'll reduce your rate during peak times. So that's coming down the road.

Long-term capacity, Phase IV, there's the Hanwa that we're looking at the consent decree. We are working on a virtual Power Plant sometime next year we'll get that out but we have we have to put all these things together. Mr. Chair dockets approved by the PUC, I think if you look at the list, these are all the CCU approved the Pu approved effort has to be seen. I have a very good people under no uncertain terms I cannot do this work without the team that I have. Presentations, Department of Defense, the latest one with the Air Force Office of Energy Assistant and the Office of Secretary of Defense, cost assessment, and program evaluation team, they will come here and take a look at the all of the scenarios that we're looking at. Consent Decree, we're working on the Mawar scenario this is what we've done and completed and continue to move forward and our recovery... Chairman Duenas adds a short note, the consent decree, if Mawar had not happened, we wouldn't have to be doing a lot of stuff. That's an act of God but we're still working on it. GM Benavente continues, the power plant is they already it's on the second level they're building already the fuel tanks.

Typhoon Mawar, how fast we got GMH, Tumon Bay, remember the underground for Tumon Bay now provided fast power recovery. The APPA Awards, this is not a local John Benavente award, this is the American Public Power Association Award, national of all the public utilities, the Smart Energy Provider Excellence in Public Communication Awards in both Print, Digital, and Social Web, and second place Safety Award...

Comm. Santos asks, the street lights in Tumon are solar powered, I understand they are not ours; they own poles? GM Benavente replies, they own the poles and the lights and they actually have a central area where a whole bunch of lights are controlled by that. So, they're doing that by meter but then the solar lights are not metered but they only have it on one half right now. I think they're just testing it out. The issue now is the battery system would be adequate because 4: or 5:00 in the morning it's dark. That was brought up to me by the mayor of Tumon/Tamuning. I saw it actually on December 8 going to mass. I think either they have to readjust that but the battery system may not be adequate. Comm. Santos continues, it was brought up to him that there is a correlation between the kind of traffic fatalities that we're having and the lack of lighting along that stretch. They say it's basically front gate Anderson all the way down to Dededo. I said we can take a look at it. We can put some more lights put some more street lights...anything we can do from our end. I'll send our engineering team to just make an assessment because right now, DPW is the customer so they ask or we'll take the extra step take and evaluate and then make a recommendation. Comm. Santos mentioned the taxpayers pay the street light fund. GM Benavente states, we can do that now because we even have the GPS on every pole, we know every light so we can study that and make a recommendation. Chairman Duenas replies, John, that's a good point you reduce the cost per pole per street light because of the LED lights so that's allowed the government to say put more lights on. Comm. Sanchez adds, we may need to work with DPW for more poles and lights and also if it's federally funded. The lighting requirements for federally funded roads is very specific and the kind of lights we've put in but maybe we can sit with DPW and say what would be better for our consumers and if we need X more poles/ lights work together see if we can figure it out. DPW does get funding from the vehicle registration and we can stretch that money...let's come up with a plan and then we can see what's the best way to implement it.

GM Benavente states, one, thanks to the efforts of our Vice Chair, where we are today is we have given them the specifications for the bid or for the RFP for a Performance Management Contractor to again provide the management and Engineering expertise for them to do their maintenance utilizing the employees of DOE, just like we do today with our employees have a management team. With a budget of about \$25 million a year, and with the Performance Management Contractor bringing in a financing capability of about \$25 to \$50 million. Get things done \$25 million work and pay over 5 years that is our recommendation. The second one is that they appoint a Deputy Superintendent for Facilities. It cannot be just a manager or supervisor because he or she never gets to the table to make decisions. They have to have a lock box of \$25 million so there is an acknowledgement that they want to do it. I'll be writing them a letter and saying hopefully they go through in January and as you can see the frustration of our Vice Chair but we've done all the work it's all there. Chairman Duenas states, John, this is something that we need our rate payers and our people to understand, in managing facilities, maintaining facilities, building facilities, you need people who are Engineers, you need people who have project management experience, you need people like you and your engineers that back you up and your technical staff to do projects, to do multi-million-dollar projects. The same thing with Waterworks, they do a project the upgrade for Northern treatment was \$133 Million. Somebody has to manage that and that to me is a critical shortage in the part of the Government of Guam like DOE. They don't have that talent. Every hotel on Guam has that talent. I saw an advertisement the other day for somebody to run a hotel's facilities inside because they are mini-city. Manage their power, their air conditioning, their water facilities. They specified that the person must not only be a PE but he must have program management experience.

Manage programs, how to manage from beginning of getting the funding, identifying the project, getting the funding...you can't just hire a consultant and say do it because you need to have that level of oversight. We have that here with both GPA and GWA. GM Benavente add, GMH, we have an MOU and every quarter our supervisors meet with their supervisors and look through the electrical facilities. They're working on their chiller and they can only put so many split-level A/Cs.

Comm. Santos states, there is an increase in private companies are wanting to put solar into their operations... the docket, it's this month? GM Benavente begins, I think we need the record to be straight and that we have to integrate all of this into the system which is what we're trying to do today. You cannot just plug and play because you're now impacting others. Next if we get to Avoided Cost, which is the fuel component, then the rest of the rate payers, the 50,000 are not subsidizing the 2,000 customers or 3,000 customers because it cannot be it that we keep saving here and then it's just going to solar PB who are saving all that. Because they're getting the 10 cents a kilowatt hour, they're not paying for debt, they're not paying for the grid, the employees' compensation so that's what we have before the PUC. If you let it avoided cost then whatever it cost for you if we don't burn the savings. So, I'm not against going from 100 to 500 I'm not against going but it's the cost, it's the subsidy, it's the credit component, if we settle that...remember the schools, if they had done that to the schools the subsidy would have gone from the \$5 million today to about \$15 to \$20 million. Where am I going to find \$15 to \$20 million without raising your rates...it can't be done. Probably the first quarter of this coming year I've shown DOE that if it's avoided cost, the way that they're going to save money and really look for the grants but, if they're just trying to avoid. put it in so that they can lower when GPA gets to putting Ukudu on and everything they may be losing money over time by having to go out and contract for that. We were very clear and we work with them because I don't want DOE losing money. At the same time, I mean they have far bigger issues than anyway.

GM Benavente adds one last thing, please go ahead and evaluate me and give me a number rating but please don't give me an increase. Comm. Sanchez asks, John, you're not asking for an increase despite all of this? GM Benavente replies, I don't I don't need an effort and the front page. We work very hard. Comm. Sanchez states for the record, you are asking the CCU not to change your pay? GM Benavente states, yes. I want the community to not be anxious and let's get over what we have to do. Thank you.

Chairman Duenas states, we still have to go through the review. We still need to recognize his efforts. Comm. Santos begins, working with John B. over the many years and I take pride that we have the two best GMs working in this government. So, given what John B. has told us and despite what he and his team has done, I am willing to forego a salary discussion. He put together presentation like this you know, John B's performance in some cases, exceptional and given what we just faced. We have all sat in the meetings with FEMA on your side, the Mawar restoration, all meetings Joey and I attended, the daily briefings that he and his team have to go through. We haven't had a storm in 20 years maybe we took some of this for granted? Comm. Sanchez adds, but we still recovered faster after Mawar. Comm. Santos continues, for me in terms of rating John, I don't know if that's a requirement, Mr. Chairman, I would John somewhere between exceptional and an above status recommendation.

Chairman Duenas we can say the rating would be like a four. Then we start on page four managing operations. 1.1 all the way to 1.5. Managing Operations is 30%. What we do is we score them, we give it to John Ray and he's going to he's going to do his thing so just go through it on your own Commissioners. When we post it, the people will know.

Chairman Duenas clarifies with Jon-Rey Aguigui, HR Administrator, out of curiosity, the last time we evaluated John B. as a general manager we gave him an increase of 2% or 3% do you remember? Just to show what was the percentage. HR Admin Aguigui states, 4%. Chairman Duenas, states, this is important

to show that we do normal increases. We don't wait 10 or 20 years and then give a 22% increase or 5% across the board across the board. The last time we rated him, I think excellent and got he a 4% increase in pay that's not a huge increase in pay and it did not result in asking the rate payers to pay more. The only thing that we ask them to pay more for is fuel.

While we're waiting for the scoring, I took it upon myself to just for the Commissioners to understand. To give us a picture, we have for our generators and our Solar Farms you have the cost and the cost is broken down into non-LEAC and LEAC. So, for example, Cabas 1 and 2, the fuel cost is around 29 cents. There it's a fuel handling charge and then the cost to produce is 2 cents it's low because all the debts paid. Everything's paid so that's all that's left on it but it's the two machines that are going out. If you look at Piti 8 and 9, those are 32 and 31 cents a kilowatt hour. When you look at Piti 8 and 9, again the non-LEAC cost because those debts have been paid off, these are the PPP with Osaka Gas, but we got them back. The debts gone. They're just running just manage the maintenance the OEM for now but the 21 cents are the is the cost of the fuel. It's a little more efficient fuel efficient...look at Ukudu, these are the projected costs is high it's 6 cents because we're paying off debt. So, for this period of time for the next 25 years there's a cost of that but the fuel is 17 cents you know that's getting close to the goal of 15 cent LEAK versus 29. Kepco the solar farm is rounded up 9 cents, there's no cost to produce because it's not ours. We're just pay them for the energy. Dandan is the first stab we took seven eight years ago we were just trying to do something new to 20 cents but that's 20 cents for a long time. John is right we're hoping that these new bids come in and if they come in the 15 or below, we're doing good. John B actually told me he was able to get some of that because at the end of the day if they have some residual in the batteries, they send it in. Dededo 1 and 2 these are high this is 38 cents for fuel, again, one cent because it's all paid off. Ukudu comes very close to the Dandan solar. Macheche is 34 cents pretty good not bad. But you don't want to run these Piti 7 is the highway yep that's 41 cents that that that's very inefficient. The Yigo Diesels not too bad but again, we don't want to run these. Once Ukudu is build and get more solar on we're not running these. And, the power coming out of Ukudu will be charging batteries. You have backup to the backup so a lot of this will go away over time as we get more and more solar and solar batteries. Comm. Sanchez states, let's not forget the legislative interference, which allowed the Ukudu Plant that would have given us another 40 to 50 megawatts at a great price, but because some Senators thought he was smarter than everybody else, we lost that opportunity right and that was generation which is what everyone is frustrated about with the load shedding. We would have had this in addition to what already is being done at Ukudu. Maybe this is something with John we can John and the team begin to think about this synthesize this and present you know this snapshot. This is an excellent snapshot of generation. The cost of generation and how we're migrating from more expensive generation to less expensive generation adding the solar and reducing the amount of fuel we burn.

[Chairman entertains a motion for a 5-minute recess; Comm. Santos moves for a second 5-minute recess; Comm. Martinez seconds.](#)

Chairman Duenas announces the meeting is back in open session, for the record there are four Commissioners in the meeting, in the room, and we have scored now our GPA General Manager and I'll just go to the to this bottom line, his score is 3.91, which is above satisfactory. We have to do this properly...he offered to for goal a pay raise so what's the decision of the commission? Comm. Sanchez states, if there's no pay raise, no motion is needed. For the record, John Benavente said he voluntarily, he no matter what his rating was, and he rated above satisfactory in our cumulative score, he would not request any adjustment in pay. Chairman Duenas states, so, as the Commission, we accept his offer. Comm. Santos adds, regretfully. Chairman Duenas affirms, I'm acknowledging that he's worth the money. You can't get to where we are without good leadership.



Comm. Sanchez comments, I credit John. People are frustrated I get it and when you're the captain of the ship you know sometimes you have to think about everybody and John said, in light of this environment and all the frustration he was willing to forgo any possibility of a pay adjustment. He didn't want the commission to consider a pay adjustment he voluntarily asked not to have a pay adjustment.

#### **4.2. GWA General Manager**

Chairman Duenas announces, at this portion of our meeting, but we acknowledge the recusal of Commissioner Santos. He will not be involved in the evaluation for Miguel Bordallo who is the General Manager of GWA due to a family relationship. Similarly, Commissioner Limtiaco wasn't involved in either John B's or Miguel's due to a family relationship he has recused himself as commissioner Santos has recuse himself.

Chairman Duenas begins, joining our meeting right now is General Manager Miguel Bordallo from Guam Waterworks Authority. General Manager Miguel Bordallo states, I've provided three documents for you the first is the large format spreadsheet which lists the criteria and KPIs and the values. I've also included prior year's numbers for reference and then the narrative supplement for certain performance criteria which are better explained in narrative form as in years past. The narrative supplement has been updated to reflect FY2023. Then the last one is a one single page supplemental list of an accomplishments that is on the back sheet on the very end that is something I think when Commissioner Gutherz was here she requested so I'm just keeping in with the historical documentation that's been provided. I've included that. Comm. Sanchez asks as we asked John B, we ask Miguel, since this is in public, your reviews in public, your scoring is in public, the materials you provide let's also put on display on our website.

GM Bordallo begins if it please the Commission, I can just go through the spreadsheet and then when we need to refer to the narrative, I'll just ask you to flip over to the narrative. So, for 1.1 Reliability of Water and Wastewater Systems 1.1.1 is reduction in frequency or duration of outages and there's three criteria there the first is Main Breaks per month and for FY2023 that number on average has gone to two, down one from three the prior year and down 5.9 the year before that. This is a mainline break as reported through the water system control center. The next one item two is post-storm outages average days per location and because we had Typhoon Mawar this value is at 14.7 up significantly from the prior three years where we had no outages due to storms. Similarly, item three in this category post-storm outages max day duration at all locations 29 was the number of days it took us to fully restore the entire system and so that's the max day duration for FY2023. Comm. Sanchez adds, that was significantly faster than the Pongsona recovery. GM Bordallo replies, although I was not here for that, I believe that. Comm. Sanchez continues, I shared with you the and the Commission that the Pacific Daily News had an excellent summary after Pongsona of the recovery and clearly the recovery after Mawar was especially better for water than it was for power. I mean it was excellent and in terms of the recovery...good job to our team and to you.

GM Bordallo continues, the next item 1.12 Water Boost and Pump Station Reliability, I report this to you monthly so the average for the year FY23 we were at 95.4% operability up from 93.1% average the prior year. The number continues to be affected by our ongoing bypass work so we have if you recall still tank repairs, still reservoir tank repairs that are happening in the South and so on those systems the booster pump stations are more critical and cover a larger area because we're bypassing the tank. 1.1.3 Reduction in frequency or duration of SSOs, this number averaged 5.9% I'm sorry 5.9 SSOs monthly per FY23 down six from 6.3 per month on the prior year. Comm. Sanchez points out down from 10 five years ago; GM Bordallo adds, and 14 in 2019. Sewer Pump Station Reliability 1.14 that is at 86.8% down from 87.4% the prior year and again this is a number that I report to the board monthly. I've indicated to you that we've had issues with keeping our pumps operating and we do not yet have the same inventory set points and pumps in inventory on the Wastewater side that we do on the water side so we're working on improving that.

1.1.5 Production Well Reliability, we have 89 on average for FY23, 89 wells operational that's down from 93 in FY22. That's affected by Mawar and the power issues that we've been having. Accordingly, the number of wells on standby has also decreased this is down to one well on standby and you can see that the highest we've ever been is having nine walls on standby in FY20. So, it's down significantly and crews are working daily to replace those burnt-out pumps and motors. On 1.1.6 Wastewater Treatment Plant Reliability, the criteria are upgrades for MPDS permit compliance we are at 75%. So, the lone remaining wastewater treatment plant that is not at secondary treatment does not meet permit requirements but it does meet the 2011 court order discharge requirements. It won't it won't meet the secondary treatment requirements until it gets upgraded

1.1.7 Maintain Service Pressure Levels, if you flip to the narrative on page one and two, I cover the service pressure levels and the text in red and the table has been added since the last evaluation. Since we don't have a numeric metric here the information presented is intended to support the criteria or our progress with the criteria so for the projects that are listed or item bulleted items that are listed these are initiatives that we've undertaken to improve pressure levels within the system. The Pressure Zone Realignment is a major component of that we've completed Phase One to about 94% I think actually we're done with the majority of the scope and the remaining 6% is just some change orders to take care of minor things. The Phase Two the design is 100% complete and the construction is pending the issuance and finalization of bidding. And, Phase Three the design is at about 55% as of the end of FY23. As I mentioned earlier, we are working on tank bypass and repair that construction work is ongoing mostly at the southern reservoirs right now which has temporary effects on pressures within the service area but we have used regular system distribution system monitoring and I've taken the data that's been provided and analyzed it to give you a snapshot of what our performance is with regard to pressures within the distribution system. We are within range at 45% of the identified pressure management zones. 28% are partially within range which means that of all the readings taken within that zone, we have several that are in range but one or two that are outside the range on occasion and so that's the 28%. Then we have 10% of the zones where we're either below or above the range of acceptable pressures. We have 10 zones where we don't yet have regular monitoring to report so those ones are 17%, I don't have data to provide you on, yet.

Moving on to page two of the spreadsheet, 1.2 is Compliance of Water and Wastewater systems, 1.2.1 Compliance with Drinking Water Standards and the KPI for that are the number of NOV per year, zero for FY23 as it has been since I've been here. The second item is Consumer Confidence Report Drinking Water Quality Report results and our issuance of those reports has been on time for FY23. We've issued those and mailed those out. Those are the flyers that you get once a year with our complete water quality data.

1.2.2 Compliance with Effluent Discharge Permit requirements again this is relating to the secondary treatment and if you go to the narrative on pages two and three, I provide you with a summary of that essentially, you all know this, we have three of four upgrades to secondary treatment completed with Northern District being the last one that we did. Hagåtña Wastewater Treatment Plant we have concluded the compliance negotiations under the consent decree and provided a little more definition to the time frame for upgrades. Once that consent decree gets lodged, then we'll be able to discuss it publicly. Chairman Duenas asks, the consent decree should be lodged sometime this month or early January? GM Bordallo states, I've been asking Counsel to check...they anticipate before the end of the year so I was hoping it would be done by January.

1.2.3 Maintaining Internal UAQC Processes, in the narrative section on page three, so we have implemented some initiatives which we've already talked about in prior evaluations, the new information is in red text. When I came on board in order to provide better quality control over all of our operational activities the board had tasked me with assembling AGM positions in the executive management team and I'm glad to report that we have finally completed that tasking and the AGM of Engineering position

was filled in FY23. We now have much better scope or band of control over all of our operational divisions. In addition, for the UAQC positions with organization wide oversight, the safety officer is currently acting as the field safety officer the safety inspector supervisor I should is currently acting as the field safety officer and for the field compliance officer we began an initiative with compliance and safety and engineering to provide support for that role to have field UAQC of compliance at all of our facilities prior to Guam EPA and USEPA inspections so that has started in FY23. Just this past month, have brought on additional compliance and safety personnel to assist with that effort so there's been additional bodies added to this effort to improve our UAQC for compliance. And then, of course, the SOP committee is continuing its regular work to tighten up our SOPs and improve our standards.

Moving on to 1.2.4 customer compliance programs there are four items in this category number one is fog inspections per year that is up to 196 from the prior year at 138. The second item is SSOs due to fog by year that number for FY23 is down to 20 from the prior year at 30 to 31. So, we're showing some improvement there. On the cross-connection control program we have 47 inspections conducted this year as opposed to 77 the prior year. I would point out that we have one person in this program and during Mawar and the post-recovery period or the recovery period I should say, this one person was responsible for handling all the complaints that came in during the Governor's or declared water conservation period. So, anybody that called in and complained about anybody using water when they shouldn't have been this person was tasked to go out and do the be inspections. So that impacted his work somewhat and then the fact that the businesses were closed for a while also reduce the number of inspections that was conducted this year. But the program still is making progress. Item number four is the number of notices to comply and notices of violation issued by the cross-connection control program per year and that is accordingly down 30 to 36 from the prior year at 49.

1.2.5 is a criterion for meeting court order and consent decree requirements this number has not changed we are still at 98.9%. I report this to you monthly and in terms of items completed per year we are at our total completed items are 92 out of 93. We're just remaining the one remaining item which is the tank work which we are in the process of completing. Chairman Duenas asks, do you have the contracts out already in those? GM Bordallo replies, we have moved beyond the contractual making sure all the eyes are dotted and the t's are crossed so we're about we've already submitted it to them for signature and then it comes to me for signature.

1.3 System Safety Security and Resiliency is the next category we have 1.3.1 Improvement of Physical Security the number the KPI here is a theft incident by year as reported to our safety department this is up 18 from the prior year of 12. So, there was a little bit of an increase we still do have the same level of personnel and contractual support for security purposes but we did we did see some we have seen some damage to our facility perimeter fencing and that kind of thing.

1.3.2 is Improving Cyber Security, there are three factors here employees trained by year this is at 341 about level with what we had the year before 3 349 employees trained on cyber security. Number two is cyber incidents reported by year this is at zero level with last year. Then number three is the number of or percentage of findings resolved in from our 2018 cyber assessment and as of the end of FY23 we're at 90% of those findings were resolved and I think the board is probably aware that we have done additional work in terms of assessing our performance with cyber security since that 2018 assessment so these metrics will be updated with the next evaluation.

1.3.3 Ensuring a Safe Work Environment, the metric there is OSHA reported incidents and we had two this year for FY23 same level with the prior year but down one from two years back so we're kind of maintaining our performance and you can see over the years it's in right in that range.



1.3.4 Maintain Emergency Response Plan and Readiness, moving to the narrative on pages three and four not too much has changed as in this specific KPI however, we with post-Mawar as I advise the board in us in in the after-Action Report, we are in the process of updating our emergency response plan based on lessons learned from Mawar. And, the same thing goes for 1.3.5 the Continuity of Operations Plan, the updates of those are in progress.

1.3.6 Improving Water Resource and Aquafer Protection, moving to the narrative on pages four and five, the board is at the end of last year we signed the one Guam Water Resource Information Program MOA with the Navy and WERI and you and USGS of course is also involved. With our CIP, we provided seven new deep observation wells and rehabilitated 12 of the existing observation Wells to expand that monitoring network. The MOA was the follow on to that to cover the monitoring and execution on an annual basis of the data collection that is required for us to monitor the health of the aquafer and improve our use of the water resources. So that effort continues and the work on instrumenting and monitoring of these wells is ongoing by WERI and USGS.

1.4 Capital Improvement Program and System renewals, 1.4.1 is relates to the Water Resource Master Plan, item one is the status of Water Resource Master Plan reviews or updates. FY23 is the 5year anniversary for an update to the Water Resource Master Plan that is currently ongoing and was supposed to have been done by the end of the fiscal year but because of Mawar and other issues it's been pushed back a little bit. We're anticipating that the final draft will be completed end of December early January and it we need that in fact in order to update our 5year CIP for the next 5year rate plan so that work is ongoing for both the master plan and the 5year CIP.

1.4.2 is a metric of Achieving our Target CIP spending plan and you can see the history there. The number in parentheses is the target based on our 5year CIP in this case when we did the comprehensive review and update and after we issued the series 2020A Bonds this was updated to reflect the renewed spending plan and so the numbers with the two asterisk are those updated targets and you can see in 21 our target was \$51.8 Million we overspent or beat that...built more at \$84.5 million in 2022 it was 52.6 and we actually built 73.5 5 million however in FY23 our target was 64.1 million and we only put out 23.8 million. I think what the board will see is in FY24 when we get these tank contracts done and that number will shoot up. I think that the reason why it's short this year is because it took us too long to get the bids in for the for the new tank projects. So, we're underspend a little bit in addition there were several projects that we put out that we did not get bids on because of the nature or the current climate within the construction market and the military buildup so those are all factors. But on average, I think we're...in prior years had you know built more than our goals and then this year we're short but it'll even out as we move forward. Some narrative information also under this item for FICP spending that's on page five of the narrative supplement and essentially what needs to be pointed out here is that the board had adopted in our 20-year master plan achieving a balance between debt financed capital and revenue finance capital with the goal being that regular system renewals should be financed through revenue and not debt. And, that the debt financing should be saved reserved for lumpy projects that are not amendable to being funded to control the cost and keep services affordable. In red, is the new information I just wanted to point out in terms of the in revenue the ability to fund internally funded CIP depends on revenue and in the last two years of the 5year plan we were not provided with the revenue relief the rate relief that we requested and therefore the numbers for our IFCIP were not on target.

1.4.3 Achieving Water System Expansion Goals, there's a little bit of that on the narrative on page five and six and essentially covering the pipe expansion work that we've been working on. Since last year, we've completed the Casamiro Pipeline Project we're 86% on Tai Road and the Toto-Canada Loop and Blas Street Project and again I think this is the change order last remaining work for that has not yet been completed. Actually, by this time, it's probably been completed it's just not been billed out and closed out so left as

of the end of FY23 that 80.86% was correct. In terms of our pipe replacement programs that we identified the 2-in pipe replacement, the ACP pipe replacement and the regular renewals called for in the master plan for those categories we did in FY23 issue the contracts for those design projects and the initial task orders are have been negotiated and we're just executing the contract documents for that so those designs will be underway shortly and that's also indicated under item 1.4.3 the items two and three you'll see there on the spreadsheet that information is included.

1.4.4 Wastewater System Expansion Goals, on the narrative we have some of that information on page six and essentially, it's reflecting our progress in the first project for the septic tank elimination program up in the Adacao area. In FY23 we encumbered \$1.2 million for the design work to begin this project we have already spent some of that for the preliminary activities for survey and geotechnical work and the design is in process and so by the end of this year we hope to have that end of this fiscal year we hope to have that further along and about to head out for construction. In addition to that one item in the Narrative, item number three the sewer connection revolving fund active accounts that stand steady at 3 as you know we recently had a public hearing under the AAA to change the rules for the sewer loan connection program so that we can make it more attractive get more customers to participate and connect to the sewer so legal council is working on that we did receive some comments not at the public hearing but after the public hearing and so we're working on finalizing responses to those comments and the rules themselves.

Next is 1.4.5 Achieve Non-Revenue Water Loss Reduction Goals, there are three metrics here the first one with the water loss control program I've described in narrative form on pages six and seven and to give you an update we have for the Pressure Zone Realignment Project again which is part of our water loss control program. Phase One we're 94% complete and we're in the process of bidding out or starting Phase Two construction. In terms of DMA implementation, we are now in in year three of the third year implementation as of the end of FY23 that was year two, we had a total of 21 of 36 DMAs that were being actively monitored analyzed and investigated with on the ground Leak Detection we as of the end of FY2023 had established two permanent Leak Detection teams and have identified the leak detection lead who we are currently training with the consultant personnel to handle all of that once our Consultants are no longer on board and so we also intend in the current fiscal year to add one more leaks detection team to round out the minimum number that we would need in order to provide the continuous leak detection on the distribution system. Our permanent DMA installations in some sites they require CIPs so we have now a design contract in place for the design of those Capital Improvement Projects to finalize the changes to piping, valving, and metering that need to occur within the system in order to get the remaining portion the 15 or so DMAs left to be implemented within the next year or two. So, we continue to make progress there. We are also pilot testing right now an AMI Metering Solution which would help us and we're investigating if there is a possibility for us to include permanent Leak Detection monitors with the AMI meters if and when we move forward with AMI metering. In addition to that narrative there is there are some metrics 2A, 2B relate to our water audit and the results of that so our real non-revenue water by year percentage by year for 23 is at 58% down from 61% the prior year. The real losses are at 53% down from 59% the prior year and those are based on water audit calculations. I would like to point out that in our ordering provisions the PUC has required us to report semiannually to them on water loss control and I would propose to the board that these KPI Metrics be revised next year to reflect that the American Water Waterworks Association has already as an organization stopped recognizing non-revenue water percentages as a metric as a performance metric for water loss control. They have recommended different metrics which we have incorporated into our analytical study and our water loss control program and that we now report to the PUC on a semiannual basis and those are as a metric of for loss of gallons per connection per day and in FY22 that number was 560 and for FY23 that's down to 448. These are these numbers are still high but they are more nationally accepted metric for water loss control performance. Answering Comm. Sanchez' question the basis for them changing the way they were

measuring it. GM Bordallo thinks that there was agreement within the industry that the percentages are too heavily influenced by other factors other than just the losses. So, on the production side you could make gains in losses but it won't be reflected in the percentage because of changes within your production. So, they didn't feel that it was an accurate or appropriate metric for losses and so that's why they proposed these new metrics which everybody else is following. It's gallons per connection per day or gallons per mile of main is another one. But the one that was recommended by our consultant and included in our analytical study was gallons per connection. In the past year, we have reduced and numbers are 560 last year and 448 this year. The last item on this KPI is the leak repair work order backlog and the average for FY23 was seven backlogs of seven at the end of every day. A few years ago, 70 in 2018.

Moving on to one 1.5 Long-term Strategic Objectives, 1.51 on the narrative we've got some information on this on page seven and eight and this essentially relates to the work that we are doing under the One Guam initiative for GWA and DOD Utility Systems and just the again the new text new developments are in red, we continued discussions on the feasibility of expanding Agat/Santa Rita to accept wastewater generated at Naval Base Guam. That technical coordination is continuing to occur between Navy staff and GWA staff. In addition, in response to Typhoon Mawar, resiliency concerns there has been increased discussion on system redundancies interconnections and mutual supplies to that end we are advancing the metered connection at Marine Corps Base Camp Blas so that has been done and at the end of the year fiscal year we were in the process of transferring that meter from the contractor that has been working on that base to the Department of Defense. So, until they get their water system fully up and running, they also advised that they would need the water sooner and they might need more of it and so we are currently working on that.

1.5.2 Improve our Investment Grade Credit Ratings, there are the three rating agencies are listed there was good and bad news on this for FY23. We did manage to change the outlook on the Moody's rating it stayed the same but we changed the outlook from negative to stable. We were placed in negative after Mawar and then when we met with them in early October that had changed so I know I'm reporting on FY23 but I think it's close enough that it's relevant to be pointed out that we did achieve a stable rating with Moody's, S&P on the other hand, kept the rating. We are still at A minus but they changed the outlook from stable to negative and that was a result of our use in FY23 of a depletion of available reserves to meet Debt Service Coverage ratios. With their methodology their rating methodology and what they're required to publish for their investors they don't allow one-time funding sources to be used to sustain that service coverage it has to be revenues and so for that purpose they changed our outlook to negative and it was listed that if this didn't change and we didn't get proper rate relief and revenues then it could lead to a downgrade.

1.5.3 Long-term Strategic Objective Balancing Long-term Debt Financing and Revenue Financing, again this we talked about this in the IFCIP so the first item is ratio of bond dollars to IFCIP dollars by year and you can see for FY23 that ratio jumped which means we used significantly more bond dollars than we did IFCIP dollars it was the ratio prior was about 8.9 and it jumped to 40 because of us under investment in revenue funded CIP. For item number two, bond dollar spent by year \$23.4 million in FY22 and we're down to 16.6 million. We are using the bond proceeds we just contracted less projects using bond funds and keep in mind the total number CIP numbers I mentioned previously included all funding sources and this is just specific to bond. Item number three, IFCIP dollar spend by year and so you can see prior year the prior year we spent \$2.6 million in IFCIP and for FY23 we only spent \$415,000. So significantly below our goal which is the next line, our asset renewal goal versus our IFCIP spending so based on our master plan work the target is about \$3 million a year in in asset renewals and we only spent \$450.

1.5.4 Improve or Maintain Affordability of Service, our average annual bill by year and us for FY23

finance reports that that number is 1,163 up slightly from 1,151 the prior year what is interesting to note is the percentage of MHI for a combined water and sewer bill that's item number two on the spreadsheet, it dropped and I think the reason it dropped is because there were the 2020 census numbers came out and the addition the change in the MHI and the metric that we used in order to calculate that percentage changed between 22 and 23. I don't think the census numbers came out in time for us to include it in the 2022 count. The new MHI value based on the 2020 census data is about 58,000 per year and so that is the reason why that number is still at 2% which is still fairly affordable. There is some narrative discussion on the affordability study again the board is familiar with this I brief them on the PUC's action with respect to our proposed affordability program and customer assistance program and they declined to include that. They did express that they were interested in the rate design that we had proposed previously they wanted us to introduce it which we did in April, it would have complicated the True-up so we asked them to hold it until after the True-up. So, after the True-up we asked for them to pick it back up in December and at this point I'm not sure whether they are going to move forward with it or not we're still trying to work that out with the PUC and the ALJ.

1.5.5 Improving or Maintaining Liquidity and Reserves the metric here is our days cash goal versus our days cash actual by month and the goal is 120 days and we are at 264 if you don't include the OMERS and 352 if you do include the OMERS.

1.5.6 Achieve Personnel Compensation Migration Objectives, this is measured as market percentile goal versus actual and last year we were at 20% based on the prior market data. So, for FY23 rather we are at 20% we maintain the 20% using the 2017 market data but we're at 5% if we use the 2022 Market data. The board is aware of that as well.

Moving on, 2.1 Financial Capacity to meet our operational needs, this metric is revenue budgeted versus actual by year and for FY23 we were budgeted \$109 million and we came in at \$108.2 million.

2.2 Operations Expenses managing that to meet our budget level, so our OEM expenses budget to actual by year, we budgeted \$107.5 and we came in at \$104.6. We managed our expenses to be under what the budget was. Which leads 2.3 Debts Service Coverage targets and I point out that the PUC temporarily revised our goal of 1.4 to 1.3. 1.3 is listed as a Target since the pandemic right so that's for FY2023 we finish the year at 1.31 so it's just above the target level.

2.4 Maintaining our Cash Reserve Fund levels and there's two components here the unrestricted cash Reserve goals versus actual so our goal is \$3 to \$4 million and these are essentially our BOG deposit accounts. The goal is \$3 to \$4 million and we were at on average \$19.3 million for FY23 and then with intent to specific Reserve Funds Target versus actual that's 13.5 is the target and we were at 14.5. Again, these are specific Reserve Funds not necessarily unrestricted but I wanted to point out that this is not the Rate Stabilization Fund, that has been depleted to zero. These are other Reserve Funds that are we are required to have.

2.5 Identify Cost Efficiencies and Reduce Waste on the narrative, we that's covered under at page eight and just some updated information in FY2023 we initiated a performance audit through the IA for operational divisions to determine efficiency and performance within our levels of service objectives based on the 2018 master plan stated LOSs. We did one of the operational divisions and that was started in FY2023 but it's going to roll into FY24 before we've already included it in our audit plan and objectives to complete that focus on operational efficiencies. In addition, I think the board is aware that we've been undergoing the implementation of our new financial management system that started back in '21 we did some additional work for the mobile workforce platform tying into our financial management system and '22 and in '23. We initiated additional work to roll in engineering and procurement and construction

procurement processes into the financial management system so that work is on was started in '23 and will continue into '24 in terms of our performance with trying to identify cost efficiencies and reduce waste.

Moving on to 3.0 Human Resource Management, item 3.1 is Improve Recruitment and Retention and the metric here is average days to fill a position for FY2023 that number is 56 days average to fill a position down from 122 from the prior year. This great improvement is because of Zina and her team and Chris's hard boss on them. We got some additional bodies; the staff was overwhelmed prior we had we lost some people to retirement or resignation and the folks that we did have were just kind of carrying the extra burden and then we got some additional bodies and with Zena and Chris's management they were able to push things out much quicker. We're not where we need to be yet in terms of recruitment and this only addresses the recruitment part. The retention part is making sure people are happy being here and that they get paid for what they're worth. The second component here is the average monthly FTE vacancies... we're showing this number at 40 up from 35 the prior year but I would I point out in the notes there and I'm sorry it got cut off when we printed it but that note reads after JDE implementation the system data indicates 20, 39, 38, and 40 for fiscal years '20 through '23 respectively so the numbers that you see for fiscal '20 in those columns, 29 for fiscal '20, 31 for '21 those numbers are a little bit different after we implemented the JDE. I'm not exactly sure why but I just wanted to point that out. Some additional information with respect to turnover for those same years starting with FY20 moving through FY2023, the turnover has been 2.17% in FY20, 10.5% in '21, 11.8% in '22, and 13.3% in '23. So, you can see that we're trending in the wrong direction with respect to turnover.

3.2 is Improve or Maintain Succession Planning, I've addressed that somewhat in the narrative 3.2 not too much new information there but it continues to be a focus for executive and mid manager level to make sure that they're encouraging their employees to test up move up in their certification levels. Whenever we have vacancies for advanced positions that require additional certification, we are trying to fill them with the people that are making the effort to get certified and improve their skill sets. The whole underlying goal being that, when for example a manager goes on leave, we need someone qualified to be able to stand in his shoes and get trained and get familiar for the next generation because this is not a onetime thing this is continuous improvement that needs to occur over the next several years.

3.3 Improve Employee Satisfaction and Pride, we did do a in FY2023 an updated employee survey. I'm still waiting on the results of that and I will update the board on that separately. I don't have anything to report other than we did the we did the survey and we have results but we're still compiling them.

3.4 is to Enhance Employee Training and Development and there's two or three measures here in-house training for employees by year. The number of different trainings offered to employees this year was 14 down from 21 from the prior year. Some of that had to do with the disruption to operations just from Mawar. Number two, is the number of certified employees, operational employees holding Guam EPA certifications by year and we're at 81 this year. 86 the prior year but this is 81 with current certifications we actually have 126 total but some of the certifications are expired so this is at the cut-off date was the total number. So, from 86 to 81 is a combination there...some of it might be expired but I think some of it is also that we've lost certified operators they've left us better pay. So, we we'll get them, bring them on, get them certified, get them trained and they get to a certain level, they're in demand and then they leave. I will say that the majority of the dedicated employees that we have in the higher positions with the advanced certifications that they understand the commitment to serving their families their friends their community and when they have that attitude even though they may not make as much they're here for the right reasons. It's actually a shame that that is the case we want them here for those reasons but we want them paid...we want to be competitive. Comm. Sanchez notes for public knowledge and information to operate a Wastewater Plant you have to be certified and the US EPA requires certain jobs within the



water authorities you must be a certified operator we now have averaged about 80 certified operators for the last four or five years from under Miguel. When we took office in 2003, we had less than 10 versus 80. Under the appointed board, GWA was a dumping ground for labor it just they just threw anybody in there and they weren't certified, they weren't trained, there was no wage scale. It was the most convenient place for the political process to dump employees. More importantly the quality of the people working for us the fact that we've invested in training. Here's Miguel saying, hey, we got to look at pay because where we were in 2003, GPA would train the linemen and then they go work at Anaheim that's why we went to Senator Klitzky and Senator Brown and created the wage scale that we do that we now have the chance to attract and retain and that's another reason we have 80 certified operators today.

Comm. Martinez asks how often are they certified, every 3 years? GM Bordallo responds, once you get certified it's a matter of renewing your certification but once you're certified at a particular level you just have to renew. There are four levels of certification so level one is the minimum required to make you an operator. Once you're an operator then if you want to move up it requires a level two certification in order to move up. Level three to be a leader and level four to be a supervisor and manager. We encourage them we coordinate with other industry organizations or consultants to provide operator training so that we give them the support they need in order to test up and increase their knowledge their skills and their operational certifications. So, with these 81 certified operators is across all four ranges. Also, to point out, we have employees for which there is no Guam EPA certification but who are doing work now and for example in instrumentation that there is no certification requirement for them to hold the job but they recognize that where they are heading in terms of instrumentation it being more complex and then us moving to SCADA that they should have certifications are seeking on their own to research, what do I need to get certified, right, and I don't yet have the ability to support that because the regulator doesn't have criteria but there are industry organizations that we could turn to and say what you know for this type of job within this organization certification would be appropriate but I don't have the money to get them trained to get that certification and if it's not a requirement of the position it's a little more difficult to justify right but I want to be able to do things and what I'm pointing out is that the employees themselves want to do these things.

Moving on to 4.0 Information Management, 4.1 Public Filing Requirements are four items under this are annual report filing dates we typically are doing this in the annual reports after the audits are completed. For FY22, it was delayed because of the OFEB issue. For FY2023, the we don't have the audit yet, but we will file it in '24. Item number two, our annual Water Quality Report filing dates by year. June of '23 is when the '22 results were required to be filed. The FY2023 results are required to be filed before June of 2024 and we will meet that goal. Number three, OPA Citizen Centric Reports filing dates by year October 2022 we did we filed it in October of '23 and Janet submitted this one in October of 2023 when I put this report together. I didn't have that date but I believe we already filed it. And then, item number four are Bond filing dates for reporting through DAC, June, August, and October of 2023 we filed DAC reports. The multiple filing dates here are because the audit results the audited financial statements were delayed by the OFEB issue and so we filed interim updates and then you know gave them a notification we're waiting but in October of 2023 we finally filed the final audited but it should have been in June.

4.2 Improve Accuracy of Public Media Communications this is addressed in the in the narrative on page nine for FY2023. We were required to up our game here specifically with respect to the Typhoon Mawar response. We pushed out information on multiple platforms including podcasts to provide updated messaging and accurate information. We expanded a significant effort to correct a lot of misinformation that was going on during the recovery period including erroneously published information by Guam EPA. I think we did a fairly good job of that across social media platforms and a dedicated website. This is in addition to what we had already started prior to that in terms of updating the public with progress on our CIPs and putting that on our website and on social media. We'll continue that into '24 and leading up to

the new 5year rate plan. The second item under this is SEC dispatch SMS Text issuances by Month so for FY2023 that averaged 23 per month up from 11 the prior month.

4.3 Broadening Public Outreach for our CIP and System Improvements, we did not need to conduct any Water Resource Master Plan meetings in FY2023 so that number is zero. For the 5year and financial plan and CIP public meetings we had one in FY2023 as opposed to the five that we had the prior year when we actually did the comprehensive review and update. Then we already touched on the narrative I'm item 4.2.

4.4 for Maintain Enhance Management reporting to the CCU that's addressed in the narrative. Not too much new information there but as the board has seen we have changed up and improved the monthly reporting that we provide to you also the CFO has done a great job at adding management reports.

4.5 is the last item under these criteria which is to Meet All Compliance Reporting Requirements and this is especially with court order report filing dates that's the criteria and again we are 100% compliant issuing the quarterly reports four times a year on time and on schedule consistently. Just to point out the one pager that I submitted the supplemental list of accomplishments the highlights there talked about the response and recovery efforts 29 days to get to 100% recovery. Number two, completion of the True Up adjudication process even though it was at the 11th hour we did get it done. Item number three after five or six long years of negotiation, we completed our compliance negotiations with the USEPA and Department of Justice for proposed consent decree and they're just waiting on that final filing. Number four, we were able to secure US District Court order extension for the deadline to complete the 2011 court order requirements. Number five we completed all the projects and are pretty much closed out on all the grants for that \$173 million US DOD funding. The reconstruction of the Northern Wastewater Treatment Plant at nominal cost to the rate payers. We did have to pitch in for the property acquisition and use some of the bond funds to cover the additional expenses but 90% of it was covered by a grant. The deputy of OLCC, Dan Glasson, was here and he took finally took a tour of Northern District and very pleased with the results. We were very happy to have him see what the many years ago he initiated for us. Number six, we continue to advance our Quiet Title Action on Northern District Wastewater Treatment Plant property so that I think is an accomplishment having to take all of that on and keep it moving forward. Number seven, successfully negotiated a favorable settlement in our action against the meter manufacturer to recover damages from failed meters and achieving an outcome which they said was not possible. We made it possible so I consider that to be a successful outcome. Finally, number eight, we finally able to recruit the AGM of Engineering and so complete my tasking from you all when I first started.

Chairman Duenas states prior to you coming on, the general manager had like 13 some direct reports and how do you how do you manage the company with 13 people are talking to you. Comm. Sanchez adds, Miguel, you have been the best general manager of GWA since the CCU took over...appointed or elected appointed. You're a patriot keep it up. Chairmans also adds, we appreciate all you do for us we have couldn't do it without you and your team. We appreciate what you do I mean and you're worth every penny we pay you and more. Chairman Duenas announces a 5-minute recess.

Chairman calls to order and states the board is back from a brief recess. The score for GM Miguel Bordallo is 3.8 that's the overall total score. Our general manager for GWA is 3.9 that's exceeds expectations. Comm. Sanchez begins, Mr. Chair, I'd like to propose, based on the review of Miguel and the excellent work that he's done, the 3.8 is basically almost a four and exceeding expectations... especially during Mawar and making sure that our people were taken care of, our employees were taken care of, all the complex issues such as new consent decree has been...first off the original consent decree, we are on the one foot line of completion to the degree that Miguel has also successfully negotiated the second list and anecdotally, EPA wanted the second list on the first consent decree but we argued, the elected CCU said

to the judge you're going to price water beyond the reach of rate payers if you try to cram everything and it was supposed to be done by 2011...we said it's too compressed spread it out to 2020. Then Miguel joined us eight years ago and completed the first consent decree successfully. He has really done an excellent job as his review continues to show. We are very grateful for that. He's currently paid \$184,340.00, Mr. Chair. We have always tried to take our entire group, our employees as well as our management try to pay them at about the 25<sup>th</sup> percentile. What we're learning now because unlike other government agencies we do a regular review of wages for all levels of employees. Not just management but all levels of employees and when we first set up this pay scale with the help of Senator Klitzky and Senator Brown, we agreed let's try to get to the 25th percentile and we had moved our team up but what we're finding now with the latest survey which we just did in the last year that actually our whole wage scale for everybody has slid back down which means other utilities of like size are paying their people even more aggressively to attract and retain good people and so our whole team has slid back down. Miguel is currently below the 20th percent based on the new survey and his current pay is \$184,340.00. I would like to propose that we give Miguel Bordallo a raise to \$194,326.00, this is a 5.4% wage increase. It would take him to the 20th percentile based on the 2022 survey so not even at the 25th percentile but it is to recognize that in the past year he's done an excellent job. This was his first typhoon because we hadn't one in 20 years and as he's pointed out and if you study the public record, the recovery of the water system was the fastest ever. Within three weeks we had almost 99% back on. In Typhoon Pongsona, we were months before we got to the 99%. Not only has the team matured and improved, but in the last eight years Miguel's really taken them to the next level. And yet, only paying him at the 20th percentile based on the last wage survey, I'm proposing that we give Miguel a raise to \$194,326.00 from his current pay of \$184,340.00, this would represent a 5.4% increase for Miguel. Comm. Martinez second motion. He clarifies, we're giving him actually 5.4... Comm. Sanchez states, I've calculated it to \$194,300 higher than his current pay of \$184,340 so it's a modest 5.4% increase.

With no further discussion, Chairman Duenas calls for a vote. Motion passes with three Ayes. [Aye = 3, Nay = 0, Absent = 2]

## 5. ADJOURNMENT

Chairman Duenas calls for a motion to adjourn. Comm. Martinez motions to adjourn the meeting; Comm. Sanchez second. Motion passes with three Ayes. Meeting is adjourned at 12:12 PM.

//s/

Lourissa Gilman

Attested



FRANCIS E. SANTOS, Vice Chairman



PEDRO ROY MARTINEZ, Secretary

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