



**REGULAR BOARD MEETING**  
**CCU Board Room, Gloria B. Nelson Public Service Building**  
**5:30 PM, Tuesday, May 28, 2024**

**MINUTES**

**1. CALL TO ORDER**

Chairman Duenas calls the CCU Regular Board Meeting to order on May 28, 2024, at 5:35 PM. For the record, those present are Chairman Duenas, and Commissioners Limtiaco, Sanchez, Santos, and Martinez.

**Commissioners:**

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

**Executive Mgmt.:**

John Benavente	GM/GPA
Thomas Cruz	GM/GWA (Acting)
Tricee Limtiaco	AGMA/GPA
Chris Budasi	AGMA/GWA
Frank Santos	AGMO/GPA (Acting)
John Kim	CFO/GPA
Gilda Mafnas	CFO/GWA (Acting)
Chris Budasi	AGMO/GWA
Brett Railey	AGME/GWA (Acting)
John Cruz, Jr.	AGMET/GPA
Marianne Woloschuk	Legal Counsel/GPA
Theresa Rojas	Legal Counsel/GWA

**Management & Staff:**

Jon-Rey Aguigui	HR/GPA	John Dixon	IT/GWA
Luana Meno	HR/GPA	Zina Pangelinan-Charfauros	HR/GPA
Evangeline Lujan	Safety/GWA	Reginald Diaz	MA/GWA
Pam Aguigui	Budget/GPA	Lourissa Gilman	UBS
Ann Borja-Gallardes	MA/GWA	Joleen Cruz	Comm/GPA
Monica Calvo	Budget/GPA	Selma Blas	Exec/GPW

**Guest:**

Frank San Nicolas  
Franklin Hiton

Guam Daily Post  
Public

**2. APPROVAL OF MINTUES**

(Reference: YouTube video "GPWA CCU Meeting 05282024" 00:48:30) Chairman Duenas apologizes because he forgot to adopt the meeting minutes from the CCU Board Meeting on April 28<sup>th</sup>. Chairman calls for a motion, Comm. Santos motions to accept the minutes from April 24, 2024; Comm. Sanchez second.

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

**3. PUBLIC COMMENTS**

Chairman Duenas announces that Mr. Franklin Hiton, member of the public, is to address the board. He was not present at the beginning of the meeting so the Chairman allows Mr. Hiton an opportunity to speak to the Commission.

Mr. Hiton states, Commissioners, my concern is this LEAC. How much are we getting charged for power? Who can answer that question? CFO, John Kim replies, the current rate is 0.261995 per kilowatt hour. Mr. Hiton replies, okay, on the LEAC, are we getting charge for the kilowatts or consumption? Your consumption is \$2.61 cents. Comm. Sanchez corrects, no, it's 0.261 cents per kilowatt hour for the fuel and \$0.13 cents a kilowatt hour for the non-fuel. That's how you're being billed.

Mr. Hiton asks, show me...please, I've been trying to find this for a long time. \$0.86 cents... Comm. Sanchez states, no, \$0.26 cents a kilowatt hour for LEAC is the fuel and \$0.13 cents a kilowatt hour is for the non-fuel. Chairman Duenas, shows Mr. Hiton on his GPA billing statement. It's right here, it's 26.2 times the number of kilowatt hours. So, the kilowatt hours on this particular bill, that I'm reading at and this is line two, Recovery Charge LEAC, is 2,620 KW hours. Mr. Hiton asks, what is the 261 for? You multiply that time said and he gives you the \$100 the four times the amount that we're paying for. So, at \$0.26 cents, how did I get to \$600 on the LEAC? Comm. Sanchez replies, you must have used something like 2500 kilowatt hours. Chairman Duenas also states, you used 2600 kilowatt hours. Mr. Hiton states, I don't believe so. Because like I said, I had studied this a long time and all that at \$2.61 a kilowatt hour. Comm. Sanchez states, no, no, it's not \$2.61 a kilowatt hour... Mr. Hiton interjects, every 15 minutes, I get charged \$2.61 every 15 minutes. Comm. Sanchez and Chairman Duenas both replies, no, no. It depends how many kilowatt hours... it depends on your consumption.

Mr. Hiton continues, how did I consume that and my kilowatt hour is down...it's only a hundred and something and my LEAC is 400 times more? Chairman Duenas states, because your base rate is a different rate. If you're talking about the base rate that's the non-fuel portion. Mr. Hiton continues, you tell me how many gallons or how many drums of oil did I buy? Because if we're going on kilowatt hours at that price, let's say \$100 a barrel, and \$800, okay, if I only used \$150 worth, who gets the rest? Chairman Duenas informs Mr. Hiton, that's not the way it works. Mr. Hiton asks, so how did I get how did I get \$800 every month for power. Comm. Limtiaco states, by consuming that much power. Mr. Hiton asks, at \$0.26 cents? Comm. Limtiaco responds, currently, for the LEAC. Plus, the \$0.13 for your base rate. Mr. Hiton states, like I said, I did the math on here...it's \$2.61 because I got

a thing in my house that monitors my own and it tells me every 15 minutes, I get charge \$2.61 so in an hour's time that's almost \$13.00 almost \$12.00 an hour. Comm. Sanchez states, not by us, unless you're using a 100 KW hours every 15 minutes. Mr. Hiton states, so, you're telling me... I got two air conditioners and a refrigerator and a little freezer on my house. Back in 2018 my power bill was down and I was using more power than then. Now, I'm using a lot less power. Chairman Duenas states, that's because the LEAC is higher now and lower then. It's based on the cost of fuel. Mr. Hiton asks, so how many gallons and how many drums of oil did I buy? Comm. Sanchez states, so every year we purchase somewhere around 270,000 barrels a year for everybody on Guam. For everybody on Guam, not just you, everybody. And, we price that barrel into the kilowatt hours that each of use... Mr. Hiton interrupts, I think I think you guys need to do some investigation here because this is not right. Like I said, in here at \$0.26 cents... like I said on \$0.86 cents the way they're explaining, they take that you multiply that times this and that and then that's how you get you're your kilowatt and how much they charge you. GM Benavente responds, just one point Mr. Chairman, just his numbers, every 15 minutes, there's 4 in an hour times 24...so,  $4 \times 24 \times 30 \text{ days} = \$2,880$ ... GM Benavente explains, Mr. Hiton's numbers... so, times \$2.61 it equals to \$7,500.00. And, that's not what you're paying. You're paying only \$600.00 So, it's not \$2.61, just your numbers don't match.

Mr. Hiton states, \$0.26 cents...something isn't right here. Comm. Limtiaco responds, your math is incorrect. (GM Benavente) just explained to you that the math you told us, he calculated on your bill would be \$7,000. Mr. Hiton states, like I said I was doing this a lot more and all that is what it always comes up to... the right amount. Like I said, if I'm my power here is \$184.00, okay, my kilowatts. My LEAC is \$ 472.00, what power did I consume for 472 hours? Comm. Sanchez asks, how many kilowatt hours did he consume? Mr. Hiton asks, so how did you get the kilowatt hours? Comm. Sanchez and Limtiaco states, your meter... your meter is read every month. Mr. Hiton states, I understand that the meter doesn't stop. Comm. Sanchez states, right, so that's how we calculate your consumption. I imagine your meter at 1:00 AM in the morning turns much slower when your asleep than it does at 6:00 PM at night, right, so your consumption goes up and down. Comm. Limtiaco states, we'll be happy to sit down with you and explain. Mr. Hiton states, what is the LEAC? How many barrels do I buy every month that \$600? Comm. Sanchez explains, that's just the rate... that's like \$5.50 a gallon when you drive into the gas station. Chairman Duenas states, Mr. Hiton, we allowed you to address your concerns, but we're not going to be able to explain this to you sufficiently because it's a lot more... your numbers are wrong and in order to explain that to you we need... Mr. Hiton states, my numbers don't lie...you can manipulate them the numbers. Chairman responds, our numbers don't lie and we don't manipulate them Mr. Hiton. So, if you want, we will schedule a time where you can come in and our finance people can explain to you.

4. **GPA** (Reference: YouTube video "GPWA CCU Meeting 05282024" 00:00:40)

**4.1 GPA Resolution No. FY2024-07** Adoption of the 2022 Market Update and Implementation Plan for the Guam Power Authority – GM Benavente begins, the GPA is undergoing a rapid transformation from a traditional utility to a technologically advanced and modern organization. The entire workforce shares the responsibility of ensuring employee safety and security at all levels. Moreover, the Authority is actively integrating both established and emerging technologies into its services. GPA has made significant progress in aligning with industry standards by incorporating renewable energy assets, implementing smart grid systems, deploying customer information systems (CIS), and launching energy storage projects. However, this digital transformation also introduces unique cyber and physical security challenges. To address these, continuous employee training across all utility units is essential to maintain the required technical

skills and knowledge. As GPA enhances its business processes and optimizes assets, the roles of employees have become increasingly critical to the organization's operations. Therefore, attracting, recruiting, and retaining highly skilled professionals is paramount for the organization's success. In 2022, GPA engaged compensation consultant Alan Searle and Associates to conduct a comprehensive compensation review and update market data. This timing was opportune, considering various internal and external factors influencing GPA's competitive position in the local and national markets. Implementation is to be June 30<sup>th</sup>.

Chairman Duenas asks GWA to present their similar resolution.

**GWA Resolution No. 07-FY2024** Relative to the Adoption of the 2022 Market Update and Strategic Pay Scale for the Guam Waterworks Authority – AGMO Chris Budasi begins, in March 2023, Alan Searle and Associates completed a market review study based on U.S. water utility salaries in 2022 that compared the existing GWA 2017 CTP strategic pay scale for all positions. The update concluded that the salary levels established in 2017 have regressed on average from the 20th market percentile to the 5th market percentile compared to U.S. water utilities.

The study recommends regular market reviews and subsequent salary migrations until GWA employees reach the prevailing water utility market wage midpoint of 50%. The recommended methodology for salary migrations is to use range maximums which will move salaries closer to the midpoint than if range minimums are used. In addition, for hard to fill positions other tools such as above step recruitment and awarding higher pay for professional certifications should be considered for attracting and retaining personnel. Additionally, the water sector in the United States is facing notable wage pressure, as highlighted by findings from the 2023 survey conducted by AWWA. Across utilities of varying sizes, compensation rates are rising at levels surpassing initial projections. According to AWWA's Water and Wastewater Utility Compensation Survey, conducted annually, the period from 2022 to 2023 saw significant increases in salaries across the board: 6.7% for large utilities, 3.9% for medium-sized utilities, and 7.9% for small utilities. Moreover, the survey revealed projections for 2024 indicate further salary increases, averaging around 4% for executives, managers, supervisors, and staff. The survey results align with the Alan Searle findings and informally explains what GWA is experiencing with continually higher turnover rates for the last several years.

Since the start of the COVID-19 pandemic in March 2020, GWA staffing levels initially declined due to a hiring freeze implemented in response to a steep decline in revenues caused by a sharp decline in visitor arrivals. From March 2020 to July 2021 (17 months), GWA lost 16 FTEs through attrition. In August 2021, GWA ended the hiring freeze and since that time has struggled to grow its workforce due to high turnover rates. The main factors contributing to the high turnover rates are a tight job market, the military buildup, and the availability of higher-paying jobs elsewhere. Despite being an essential service provider, GWA faces challenges in retaining employees due to its relatively low pay scale compared to other water utilities and industries on and off-island. The high demand for workers, fueled by Guam's economic growth and the expansion of the military presence, has created increased competition for skilled workers. Many employees have left GWA for higher wages and better benefits offered by other employers, primarily the federal government and its contractors. The COVID-19 pandemic and military build-up have also contributed to an escalation in the cost of living which has been a contributing factor to Guam residents (employees) relocating to the U.S. Mainland where higher paying jobs are

available and living expenses are lower. There's a noticeable upward trend in employees separating in FY23 and FY24 for employment with the Federal Government or its contractors. Transfers to other Government of Guam agencies and off-island relocations also increased significantly in FY23.

On April 1, 2023, the Government of Guam implemented an across the board 22% increase to its General Pay Plan. The primary reason was "to have a more competitive compensation structure to enable recruitment and retention of the best candidates and employees." The consistent turnover of employees negatively impacts GWA operations, leading to increased costs and the loss of valuable institutional knowledge regarding GWA's systems, processes, and infrastructure. The employees hired to replace experienced personnel require an extensive amount of training before they are productive and not considered a safety risk. Lack of institutional knowledge also hinders the efficient operation of the utility and impedes decision-making processes.

High turnover also results in increased financial and opportunity costs for recruiting and onboarding new employees. Additionally, turnover leads to higher expenses for overtime pay, temporary staffing and a sense of instability and uncertainty within the workforce. High turnover has also reduced employee morale and decreased employee engagement and motivation. It is critically important to implement GWA's strategic pay plan to improve the Authority's competitiveness, both locally in Guam and within the broader water utility industry. This initiative aims to not only elevate employee satisfaction but also foster performance excellence, drive higher productivity, and cultivate a deeper sense of loyalty and commitment to GWA's objectives and overall success.

GWA is requesting approval for its strategic pay plan to adjust salaries over the next six years up to the 50th market percentile to incentivize and retain top-performing employees and reduce turnover rates. The recommended implementation schedule for GWA annual structural pay adjustments for FY2024 for three hundred forty-two employees (342) is the 25th Market Percentile (MP). The average salary increase is 11.78%. Structural adjustments will be processed beginning FY2024 through FY2029, subject to the availability of funds. Structural pay adjustments will be revenue funded.

Chairman Duenas calls on Comm. Sanchez for questions. Comm. Sanchez moves to adopt GPA Resolution FY2024-07 and GWA Resolution 07-FY2024 relative to the adoption of the 2022 Market Update and Implementation Plan presented by GPA/GWA based on the Alan Searle survey. Comm. Santos second.

Comm. Limtiaco asks, Mr. Chairman, can we have a legal counsel just summarize the response to Mr. Carlson's request for clarification. GWA Atty. Theresa Rojas responds, thank you Mr. Chairman. Again, for the record the CCU had received an email with a letter attached from Mr. Mike Carlson and the email was received in late April. It was brought forward by the CCU at its April 29th regular meeting and the attachment to the email from Mr. Carlson was a letter entitled Rate Payers Review and Comment to The Recent Alan Searle Proposal to The CCU To Artificially Migrate GPA and GWA Staffing Patterns. Mr. Carlson, just for the record, although he sent the email the email wasn't signed or endorsed by Mr. Carlson. I just want to be sure that's on the record so it's clear that it may or may not have been from him. He could have been just sending the message to this board. Presently, after the adoption in April, Mr. Carlson's Rate Payer's

Review, I don't think has been read into the record publicly, and it's a little lengthy but, I mentioned during the last meeting that the board secretary confirmed that it will become an Attachment A to the CCU's April 29th meeting minutes. It's going to be available if not already for public view for anyone who would like to review all of the details that Mr. Carlson has put forth. Essentially, in his review, he shares comments about the specific resolutions that are before the board tonight. His issue is primarily focused on the board's adoption of a Compensation Plan that will affect certified technical and professional employees. He takes issue with the fact that today, in 2024, all certified technical and professional employees of both utilities include all GPA and GWA employees. And, his request to the board is to have the board consider reviewing the laws and ensuring adherence to the law and to be sure that the board understands, one, its authority and to ensure that the board understands what the adoption of the specific resolutions will affect. So, simply put, Mr. Carlson or his letter is stating that if the board decides to adopt two resolutions by GPA and GWA, it will adopt a compensation plan and study and pay structure for all utility employees which the utilities represent before the board, are certified technical and professional positions. In our memorandum that we've provided to the board, that we will attach to a letter that will be provided to Mr. Carlson, we state that the board and the management of GPA and GWA have absolutely respected the laws. We understand our limitations and that is clear and evident in the many resolutions that have been passed since the public laws which gave GPA and GWA and the CCU this specific authority was enacted in law. So, in the specific laws issued which Mr. Carlson raised were Public Law 28-113 and Public Law 28-159. Each of those pieces of legislations were passed in 2006 and it did provide a limited authority to the board to adopt compensation for Certified Technical and Professional employees. We explained to the board that since 2006, it's been very clear in various resolutions that the CCU and the utilities have distinguished for a very long time between certified technical professionals and non-certified technical professionals. So, from 2006 up through 2018 there really were two sets of employees. And, what we relayed to the board through this memo, is what's essentially in the CCU's record already. That, back in 2018, the last group of non-CTPs for both utilities was deleted from the CTP list and a new set of positions was created by the utilities with the approval of the board. Essentially, that last batch of non-CTPs which was deleted from the list and the new addition of positions created what is now all Certified Technical and Professional positions for both utilities. So, to say that with broad strokes the CCU and GPA and GWA have simply transferred or adopted all non-CTPs is not correct. If you look at the 2018 resolutions, it's very clear what occurred and the position descriptions of all those new positions is included within those resolutions. Those were all vetted and they went through the proper process of public notification. And, by our review, it absolutely strictly adhered to the laws and what was required in order to adopt a position. And, we put forward in our memo that Public Law 28-159, really enables and permits the GMs with the approval of the board to delete, add, or modify the CTP list and that's exactly what happened. CTP lists were deleted and new CTP positions were added and so and that is the Certified Technical and Professional positions that we have today on record. Again, this is not our justification of what is before the board in 2024. We're reporting to the board that this occurred back in 2018. And, so fast forward to 2024, we absolutely adhere to the specific technical requirements that created the last or created, I guess, the last few positions for both GPA and GWA to have them become CTPs. And so, the rate payer will see in the various resolutions that we've cited the lists that are that he's able to compare CTPs and non-CTPs. We also raised to the board that nowhere in Mr. Carlson's rate payer review that he actually challenges a specific position as being not certified, not technical, or non-professional and that meant that his recommendations they were bald. He asked for the CCU to return to the original list but without

a specific challenge to any specific position... you know, that recommendation is difficult to review and achieve without more. I mean, combined, the utilities have roughly under 800 employees. I think maybe just under 400 for GWA and maybe a little above or below 400 for GPA. So, there is no specific challenge to any specific position before the board this evening. There's no challenge saying that any position is not certified technical professional. The recommendation was just to return to earlier lists and the lists candidly were lists that were included in a 2006 Public Law which the public law permitted the board to confirm and modify and add or delete. The list also referenced, again, the list Mr. Carlson also referenced, went back to a 2018 or was it a 2008 resolution... I have it here but, again, the list has changed. The utilities have evolved the positions have been updated to reflect the requirements of utility employees. As sole primary Water and Power utilities on island, we are deemed critical infrastructure and there are many trainings in place to guard against cyber threats and physical threats to our critical assets. The training that our utility employees undergo are absolutely specific to guard against threats to our system. Even our even our training evolves annually. Our IT professionals monitor the types of threats we get. As employees, are required to report specific threats through their emails and the systems to IT. And, the trainings are also specific to any number of threats that we receive each year. Commissioner Santos mention the dual identity access in order to access the computer so these are changes with respect to the duties that are required of each utility employee to guard against our critical infrastructure...this was the first issue.

The second issue that Mr. Carlson raised, regarding the internal Equity versus external Equity. Mr. Carlson's Rate Payer Review, takes exception to the GPA and GWA's acceptance of recommendations from their consultant to apply a 20% internal Equity versus an 80% external Equity methodology so the review of compensation and pay structures for the CTP employees. So, of course, internal Equity Compares you know pay scales within similar positions internally within the utility external Equity compares pay scales to outside markets and Mr. Carlson states that the application I guess of an 80% external equity and 20% internal Equity application in the compensation study is not tenable. And, he says we really should have an equally balanced internal Equity and external Equity application which is 50/50 that is his recommendation. So, we've attached in Attachment D, sections of Public Law 28-159 and I think it's at attachment three.

Comm. Santos asks, for the HR people, it says the internal equity should be to review annually, can you share that with us? What exactly is your internal equity policy. GPA HR Administrator Jon-Rey Aguigui responds, so, the most recent review of the internal equity which discusses 12 different factors. Those 12 factors include education, it positions education, experience complexity, scope of work, was recently done with the 2022 Market study. We try and review it annually however we implement it when we transition to the next, whether it be the range or the next Market study. Comm. Santos states, okay, and then the external is referring to Mr. Alan Searle. HR Admin Aguigui states, that's correct.

Comm. Santos further questions, who checks his work? GWA HR Administrator Zina Pangelinan-Charfauros states, so, we review his results and his recommendations and if we have questions, he provides us the feedback with regard to our questions or whatever ever issues we have or unresolved clarification on certain things that he provides as part of his results his overall results. Comm. Santos asks, when this study goes out, it goes out via RFP and he's the only one respond? I mean, GovGuam or somebody else... I'm sorry, the last one was Edward Birn gave a 22% raise. I'm just curious because we're obviously adopting a pay plan so we really don't check this work

externally. HR Admin Pangelinan-Charfauros states, well, externally when he conducts the market review, he bases his review in comparison to other like salaries with other like utilities versus in the Hay Methodology, they use the National average. So, for the positions, it's based on the respective salaries of the utilities. His study of the market is based on apples to apples and orange to orange where he does a comparison and provides us with recommendations of implementation ranges based on the market review of salaries. And he uses the AWWA compensation survey and the APPA compensation survey, US Department of Labor, Bureau of Statistics and there's other, again, other utility companies and US Department of Labor. Chairman Duenas states, I want to crystallize the attorney's position, everything we've done in the past and continue to do now, it still complies with the law... it gave us the authority to make these moves and we are within the law, still, according to your opinion? GWA Atty. Rojas replies, yes, Mr. Chairman, that's correct. Chairman responds, okay, thank you.

Comm. Santos asks, can we go to page 119... I just want to understand, John B., you're asking for implementation in June and the estimated cost is \$2.5M and you divide that by 427 positions? Because the following year, it obviously drops but I'm just curious as to what's your cost? Your estimated cost is \$2.5M. you're asking to implement this month, I'm sorry, June is in 3 days or 4 days and would that be the first paid period in June? I'm just curious how many employees? This is going to be \$2.5M spread out over the entire... you're allocating this to be every employee, right? Just so I understand that because you're saying the average is 14 across... some are going to get higher, some are going to get lower, right? GM Benavente states, yes, it may not be every employee... everyone below the 30 percentile I will get bumped and then the following year those now were didn't get a bump most likely will start to get moving upwards. Comm. Santos asks, so what do you anticipate the average salary increase to be? Comm. Limtiaco replies, it says in the note section 427 FTEs. CFO Kim states, that's the current number of employees we have. Comm. Limtiaco states, so 5800 up, yeah, 5800 annually. Comm. Santos states, for the next five, six months... May through this fiscal year? Comm. Limtiaco asks, so, we're going from the 5th percentile to the 30th that first bump? GM Benavente and CFO Kim both reply and nod their heads, yes, of the 2022 Market Study. Comm. Limtiaco states, okay, okay. Comm. Santos asks, and that will be the same for GWA if you look at the same scale? Theirs was about \$5M for 342 employees but the implementation for GWA is July? Pay period July 1? HR Admin Pangelinan-Charfauros replies, yes. Comm. Santos asks, is there any reason why, John B., you wanted to go one month early. GM Benavente states, it's the beginning of the period. AGMO Limtiaco states, there are two pay periods in June.

Comm. Limtiaco asks, Teresa, just to confirm so the Delta of remaining employees that were not on CTP became part of the CTP designation because of their certification for cyber security and physical security certifications? Is that in essence what made all of the employees from list A and list B certified? Atty. Rojas states, it really is a position specific. All of the last set of new positions that were added definitely had to undergo new cyber security training and physical security training to you know defend against specific threats but, it really depended on the positions. I think cashiers were included you'd have to look at the specific position descriptions which was included in the resolutions. For instance, cashiers had references to the CCNB System and I'll just mention cashiers as an example. That position in itself has changed and I know our cashiers together with the accounting and finance department no longer just accept you know cash and checks at the window. We have pay GPWA App, we pay online, we pay by phone. So, the understanding of that new technology and being able to reconcile it are also additional job



requirements. It really is specific to the position, Commissioner, and for GPA, I think, it was over 34 positions so we'd have to look at each position description to distinctly understand what were the changes. Comm. Santos asks, so, as I understand, our customer service representatives can wear a GWA hat while they work for the GPA customer service? AGMO Tricee Limtiaco responds, yes, any CSR, any utility Customer Service Representative, Customer Care Representative rather, can go into CCNB and see both the customers for Water and Power accounts if they have both. We can do certain things within both systems including add customer notes to the accounts, research, look back... there are some areas though that we do ask we collaborate with each other on, for instance, bill printing might be a little bit different to reprint bills but other things, we can do that. Additionally, this body had approved a series of positions for utility customer care representatives and so we have already gone through and assessed, using a third party, the skills of the existing customer care representatives and we are working with HR now, to open internally, positions within so that we can fill those various levels of the series. And, then both GPA and GWA, we're working on what the next steps are so that we can start integrating that outwardly. Chris has some things we'd like to present when we're ready to present that maybe next meeting. Comm. Santos asks, how many CSRs are able to talk with customers on both utilities? I really like to see when the customer walks in we can talk both Water and Power. I'm just curious, are we talking 50 people? AGMO Limtiaco states, when this body approved the UCCR Series, a Series 1 employee customer service representative would learn for at least one year that that utility inside and out. After becoming a UCCR 2 and above, you would be able to speak progressively for both utilities and the skill level would go up. So, we are we're not looking to add employees, we're looking to integrate and cross train employees.

Comm. Limtiaco asks, Chris Budasi, you mentioned on your turnover rate that you're seeing and the inability to hire, you're seeing an increase in overtime, had either utility quantified that overtime number? AGMO Budasi responds, yes, I'm sure we have that information. I don't have it with me but can I can provide that to you. Comm. Limtiaco replies, okay. Mr. Chairman, just one other thing along the same lines, in the audit committee that Commissioner Martinez and I work on, one of the things that we've been pursuing is time and attendance audits. When Chris is talking about overtime and we're considering moving to a higher pay scale, what has come in those audit committee meetings is that we need better controls of time and attendance. I would ask the Commissioners to consider that if we do adopt this increased pay scale, that we also need to adopt an automated time and attendance control. It just has to happen so please consider that as we as we make our decision. Chairman Duenas states, I don't think we have we have problem because I think if we if we adopt the resolutions as written I think we can make another motion to begin the time and that study and come up with an implementation schedule from both utilities and report back to us within 30 days. At least that's a start in like an implementation schedule.

With no further discussion on GPA Resolution FY2024-07 and GWA Resolution 07-FY2024, Chairman Duenas calls for a rollcall vote, Comm. Sanchez, Aye; Comm. Limtiaco, Aye; Chairman Duenas, Aye; Comm. Martinez, Aye; and Comm. Santos, Aye. Resolutions pass with five Ayes. [Aye = 5, Nay = 0]

Comm. Limtiaco motions to have both utilities begin the process of implementing an automated time and attendance. Both hardware and software so that we can properly manage time and attendance so that we can make sure that we have the proper controls to manage these higher pay scales. Comm. Sanchez expresses, just a quick point because published the agenda already... I don't know if this needs a motion like it's a resolution motion. We can always just tell

management, next month tell us about a, b, or c. I just want to be careful that it's not a publish motion... by making it a motion versus just informing management. It's been heard the discussion and it's been very clear. Can you add can you add this motion to the agenda? Comm. Limtiaco states, the motion just applies to specifically this pay scale in the sense of the controls that are warranted to make sure that we're properly tracking time and attendance to this pay scale. So, the motion really is to require, recommend the utilities pursue an automated time and attendance implementation. Come back to the commission with time implementation...timeline. Comm. Santos states, he would like the implementation on October first. GM Benevente states, we will come back to response to you with a plan to implement it because the time to get the whole process to get the software... let's talk about procurement, we have to go out and procure and I can't just go out and get a software to make it happen. So, let us come out with a plan. I can try to bring it to you by October 1. Chairman Duenas states, if I heard Commissioner Santos correctly, he's he wants a plan to be set out. Doesn't necessarily mean you're doing it on October 1. There has to be a plan. There has to be a plan and you can say by October 1 we're putting out bids or this is our timeline. Comm. Sanchez I like the original, let's give management time. I think the intention is clear I'm okay with the migration but I want to give management enough time to explore but come back to us by next meeting and say this would be how we can implement this very clear opinion of the board is to begin to migrate to this much more precise, specific way of measuring time and attendance. Give management till next meeting to come back and say this is what it's going to take this is the ETA and then we can beat that up, right, but at least I think it's pretty clear what the board is asking of both management teams.

Atty. Rojas states, so it appears as if you're reframing it as a request. If that's the case, then of course, it's fine. But, if you did want it to be an order of the CCU, we recommend that it be included within the relative and specific resolutions... I guess which kind of raised the point, so, we added as a new resolve to GWA Resolution 07-FY2024 and GPA Resolution FY2024-07. Comm. Sanchez asks, is it clear to management what the request of the board is? Within a month, come back to us and tell us how do we take the next steps. Comm. Martinez states, and the motion was made to look into the time and attendance and that's an opportunity really. It's not trying to put a timeline on that one but I think the plan of presenting it to the commission I think that we need to kind of set a plan and not just let it go. We're coming up with the budget soon we got to put everything in perspective there. I'd like to continue with Commissioner Limtiaco's recommendation. Chairman Duenas clarifies Comm. Martinez second the motion. Comm. Martinez states, let's allow both management from GPA and GWA to put a plan together. This is going to be a challenge so let's hear plan and take it from there.

Chairman Duenas asks, going to go back to the attorneys, if we make the motion saying that we want them to come up with a plan by next July's meeting and they report back to us by July's meeting, I just need to clarify if that would be the motion to the board... would that be a motion? Atty. Rojas states, our recommendation is to include it within a resolve within the specific GPA and GWA resolutions. Chairman states, so, we've already adopted those resolutions so what we need is to get a plan and get it done. Comm. Limtiaco states, I think it's clear Mr. Chairman, what the commission is wanting. So, I'll withdraw the motion but it's but it's very clear as what we need to report to on the next meeting. Chairman Duenas states, by next meeting, John and Tom, GM Bordallo needs to be informed, need we a plan by the next meeting in July.

**4.2 GPA Resolution No. FY2024-21 / GWA Resolution No. 21-FY2024** (Reference YouTube video “GPWA CCU Meeting 05282024” 1:02;50) Relative to Authorize the Guam Power Authority and the Guam Waterworks Authority to Award a Contract for Merchant Banking Services and to Petition the Guam Public Utilities Commission for Approval – CFO John Kim begins, both GPA and GWA determined that merchant banking services is a critical service to its ratepayers. This request is to award the merchant banking services to Bank of Hawaii, determined to be the lowest, most responsive and responsible bidder. The vendor has proposed to provide all implementation support at no extra cost to both utilities in addition to maintaining consistent pricing throughout the duration of the contract. The annual cost varies with the volume of customer usage and projects such cost to be approximately \$2.2 million per year and \$11 million for five years for GPA and \$1 million per year and \$5 million for five years for GWA. The contract consists of a base year and four additional one-year options. The funding source is revenue funds. Comm. Limtiaco motions to approval GPA Resolution FY2024-21 and GWA Resolution 21-FY2024; Comm. Sanchez second.

With no further discussion on GPA Resolution FY2024-21 and GWA Resolution 21-FY2024, Chairman Duenas calls for the vote, motions pass with five Ayes. [Aye = 5, Nay = 0]

**4.3 GPA Resolution No. FY2024-22 To Authorize the Management of the Guam Power Authority to Petition the Guam Public Utilities to Maintain the Levelized Energy Adjustment Clause (LEAC) for the Periods of August 1, 2024 through January 31, 2025** – GM Benavente states, The objective is to meet the June 15, 2024 upcoming LEAC filing deadline with the PUC. GPA proposes to maintain the LEAC factor at \$0.261995/kWh for the periods of August 1, 2024 through January 31, 2025.

GPA did not include costs associated with the Demand Side Management rebate program for this period. The most recent Morgan Stanley market projects the average fuel price is expected to be \$112.73/bbl for the period ending January 31, 2025. Projected over-recovery for the same period at the LEAC rate of \$0.261995/kWh is \$2.2 million. The LEAC is billed and collected thru the monthly electric billings of our customers. LEAC filing period is from August 1, 2024 through January 31, 2025. The filing deadline with the PUC is June 15, 2024. Comm. Limtiaco motions to approval GPA Resolution FY2024-22; Comm. Sanchez second.

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

**4.4 GPA Resolution No. FY2024-23 Relative to Authorizing the Issuance and Sale of Guam Power Authority Revenue Bonds, Approving Forms of Related Documents, Agreements and Actions and Authorizing the Execution and Delivery Thereof** – GM Benavente presents, GPA has been pursuing strategies for reducing debt service payments, which would be of significant assistance in paying for capacity payment of the new power plant. One strategy that has emerged as a result of low interest rates has been the concept of refunding all or a portion of GPA’s outstanding 2014 Series A revenue bonds for interest rate savings.

The issuance of the Refunding Bonds is subject to the approval of I Liheslaturan Guåhan (the “Legislature”), which issuance of the Refunding Bonds has been approved by I Liheslaturan Guåhan as Public Law 37-95, and signed by the Governor on May 8, 2024.

The approval of Guam Economic Development Authority (“GEDA”) is required for the issuance and sale of the Refunding Bonds, and the Board of GEDA is expected to consider for approval, among other things, the issuance and sale of the Refunding Bonds at its meeting to be held on May 30, 2024. The approval of the Public Utilities Commission of Guam is required for the issuance and sale of the Refunding Bonds.

In early April 2024, GPA has seen proposal from its underwriter indicating that it could refinance its 5% bonds at around 4.3%, reducing annual debt service payments by about \$212 thousand. The refunding, with a projected total interest, can result in approximately \$2.6 million in net present value savings. Refunding of the bonds are to close no earlier than 90 days prior to the call date, or July 3, 2024. Comm. Limtiaco motions to approval GPA Resolution FY2024-23; Comm. Martinez second.

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

## 5. GWA

**5.1 GWA Resolution No. 19-FY2024 Relative to Approval of Indefinite Quantity Contract with JMI-Edison and Frontier Supply Inc. for Submersible Pumps and Motors for GWA Wells – Acting GM Thomas Cruz asks the board to table the resolution due to a protest.**

**5.2 GWA Resolution No. 20-FY2024 Relative to Authorizing the Guam Waterworks Authority to Petition the Public Utilities Commission for Authorization to Issue a Request for Proposals for Comprehensive Support Services for Applications and Integration Technologies Utilized by the Guam Waterworks Authority, Guam Power Authority, Port Authority of Guam, and the Guam International Airport Authority – Acting GM Thomas Cruz states, relative to authorizing the Guam Waterworks Authority to petition the Public Utilities Commission for authorization to issue a Request for Proposals for comprehensive support services for applications and integration technologies utilized by the Guam Waterworks Authority, Guam Power Authority, Port Authority of Guam, and the Guam International Airport Authority. Comm. Santos motions to accept GWA Resolution 20-FY2024; Comm. Sanchez second.**

Acting GM Cruz states, AGMO Chris Budasi will present. The project's objective is to issue a Request for Proposal to secure support and implementation services for the Oracle JD Edwards systems used by the Guam Waterworks Authority (GWA), Guam Power Authority (GPA), Port Authority of Guam (PAG), and Guam International Airport Authority (GIAA), collectively known as GPWPAA. This initiative is both necessary and urgent due to the impending expiration of initial support contracts for these critical enterprise resource planning (ERP) systems. GWA, GPA and the PAG's recent upgrade to EnterpriseOne (E1) in 2021 and multiple integration points between other enterprise systems underscore the ongoing need for support to ensure the smooth operation and maintenance of these business-critical systems.

The project also aims to achieve continuous improvement by developing business systems to enhance efficiency, functionality, and the seamless operation of both current and future systems. The engagement in a competitive procurement process to select qualified vendors for all four organizations seeks to leverage buying power to obtain the most cost-effective support

arrangements. Furthermore, the project's extended contract (initially 5 years with the option to extend for 5 additional 1-year periods) and adaptable terms are crafted to guarantee continuity and flexibility until the end-of-life phase of the E1 product, currently set for 2035. Lastly, the Guam Public Utilities Commission (PUC) established protocols that require GWA to obtain approval for any contractual obligations of more than one million dollars. The previous five-year Estimated to exceed One Million Dollars over base 5-year contract. The RFP is scheduled to be issued in June 2024 with a target to issue a Notice to Proceed in August 2024. Funding source is Revenue Funded.

AGMO Budasi goes on to say, this the discussion about the time and attendance system...this is a perfect vehicle to actually achieve that. This time and attendance system has to be integrated with our Enterprise One which channels all of our financial time keeping and payroll. I would recommend that it is part of it because I mean we could possibly upgrade to a time and attendance system by October but it would be really really expensive. Our pay roll system is complicated. We have a lot of special pay we just went through a Department of Labor audit and we see all these different rules and things that have to be followed. If we're going to really do it correctly, we're going to need a little bit more time to actually get it done right...with all the special pay and then integrating it into this system. Comm. Limtiaco states, being on the audit committee both Commissioner Martinez and I are aware of the most recent audit. And, actually having an automated data keeping system would have improved your response to that Department of Labor audit. Not having it made it extremely time exhaustive right, you need a lot of resources to go look at manual paperwork to verify whether the times were right. So, this is even more advantageous to both utilities to finally move to something that can be automated and controlled systematically where you can determine whether if someone's working outside of their normal hours, you're already tracking it because you're timing in and timing out and you don't need paper to go research it. It just proves the point. Also, you said the end-of-life cycle for E1 is 2035. What is the plan? Are you going to need to migrate to a new ERP. AGMO Budasi responds, it's too early to tell... I mean Oracle generally puts an end of life on their software but they usually extend it. Like when we first migrated to E1, the end of life was 2030 and now it's 2035. So, we expect that you know depending on what their product life cycle looks like on that particular product they'll probably extend it further out... we won't really know I think until probably 2030 what the timeline looks like on the 2035 date. The fifth option is implementation and software upgrades or replacement so that would be covered under that section.

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

- 5.3 GWA Resolution No. 22-FY2024 Relative to Authorize the Guam Waterworks Authority to Establish a Bank Account with Bank of Hawaii** – Acting GM Cruz states, Acting CFO Gilda Mafnas will answers any questions. Relative To Authorization to Establish a New Bank Account with the Bank of Hawaii to Deposit In-Person Debit and Credit Card Payments received from GWA Customers. The objective of this resolution is to authorize the Guam Waterworks Authority (GWA) to establish a new bank account with the Bank of Hawaii specifically for the purpose of depositing funds paid in person by rate payers through the Bank of Hawaii Merchant Services Agreement. Bank of Hawaii will be the merchant services vendor for GWA beginning in May 2024. Having a separate bank account for the deposit of customer payments made in person using a debit or credit card at the drive. Payments will be made at GPWA locations, namely, Fadian, Julale and Upper Tumon. Bank fees are estimated to be less than \$100 a month. Once the resolution is

approved, GWA will work with Bank of Hawaii to establish the new bank account. The bank fees will be paid using GWA revenues. The Bank of Hawaii won the bid for Merchant Banking Services.

Comm. Santos states, CFO Taling Taitano reached out to me because one of the questions I had was on the interest-bearing account. Taling said she is working on it. So, I motion to accept GWA Resolution 22-FY2024; Comm. Martinez second.

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

- 5.4 GWA Resolution No. 23-FY2024** Relative to the Approval of Year 4 and 5 Task Orders for the Water Loss Control Professional Services Contract – The Water Loss Control Program’s objective is to work toward the implementation of District Metered Areas (DMA’s), provide ongoing leak detection, and monitor water loss. It is necessary to continue working towards reducing non-revenue water loss within all villages and thus improve service delivery where it is below standard throughout the island. Chairman Duenas asks Acting GM Cruz, we’ve spoken about this? Acting GM Cruz states, yes, we’ve presented this at the work session. Comm. Santos motions to accept GWA Resolution 23-FY2024; Comm. Sanchez second.

Acting GM Cruz states, Brett Railey, he’s the Senior Chief Engineer Supervisor, for the water side, he’s put something together so, I like for him to discuss. Acting AGME Railey begins, good evening, Commissioners, in response to your question... we have seen in the zones that we’ve implemented the DMAs; we’ve had the leak detection crews go in and do sweeps, and we’ve been able to locate leaks. We’ve had those leaks fixed and the data shows that we reduce the water loss in that zone. Mataguac, is a good example of that because it’s one of the earliest zones that we had instrumented. We can see the leaks or the loss rate almost immediately after we get done with the sweep and the repairs starting to creep up again. So, you get a saw tooth pattern in the graph where it’s creeping up, next month it’s a little higher, next month it’s a little higher until we send the leak crew back in. So really, we’re playing whack-a-mole and we don’t think we’re going to get out of this situation unless we get to the point where we’re doing line replacement in some of the areas where we have these chronic problems. The data that we’re getting back from the water loss control project from the WSO team most of our problem appears to be focused on the undersized lines...that’s the bulk of the issue, we’re seeing in these zones is on the 2-inch galvanized iron undersized lines that that need to be replaced. We have a separate RFP that is currently going out for design. It’s funded by the USEPA State Revolving Fund Grant and we’re going to in a phased approach over multiple years. Phase I, Phase II, Phase III, so forth. Work on designing the replacement of the 2-inch line... until we get all of the 2-inch line undersized line out of our system. That’s going to take us time to get there. So, we looked at some of the information you were asking for is included in the water loss control plan that was put together. We did the calculation for what the industry considers the economic leak level, so, you’re never going to drive the leakage to zero. That’s cost prohibitive to do. So, most Water Systems look at what their water production cost is, how much chlorine are we using, how much Manpower, how much electricity to run the pumps, and we come up with a calculation that you can use to determine what the economic leakage level is in your system and that’s what you want to try to Target. So, we are significantly over what that economic point is and I did the calculation, I sent it to Tom and Ann, I’m not sure if you’ve gotten that but, it was a little over \$2 million for what we’re exceeding on that. So, we think we have at least \$2 million of recoverable leakage in the system but we don’t think we’re going to fix it without

doing major line replacement. Acting GM Cruz states, Commissioner Limtiaco, if I recall your question, the rate of return from WSO... Comm. Limtiaco responds, the question was basically geared toward... we're spending x amount of dollars trying to address the problem, what is our long-term goal to recover that, what is our return on investment? I think you're saying that's the opportunity goal is \$2 million per year. That's a number that I feel most Commissioners would agree, that justifies the cost for the contract. We just need to know how are we using the data you've already explained that. So, we're going from an undersized 2-inch line to what's the size of the line? Acting AGME Railey states, we're going to do a 6-inch minimum and 8-inch depending on what is needed for flow requirements and then it could be it could be larger but most of the smaller 2-inch that we see is in residential areas and it's going to either be a six or an eight. So, as a part of as a part of the design work that's being funded by USEPA to upsize the undersized line we, will be adding fire hydrant air reliefs valves, the other infrastructure. Acting GM Cruz states, also one last thing Commissioner Limtiaco, the we used to go through the water audit the M36 and we're still doing that but with WSO... we've really expanded the program comprehensively. We can we can pull the numbers from finance and the meters and throw it into M36 and it kicks out some kind of result. I personally think with my team working with WSO, engineering working with WSO, the operations in engineering are actually approaching the whole water loss a little bit more strategic in nature.

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

## 6. ADJOURNMENT

Comm. Santos moves to adjourn; Comm. Martinez second. Meeting is adjourned at 7:01 PM.

//s/

Lourissa L. Gilman

Attested



JOSEPH T. DUENAS, Chairman



PEDRO ROY MARTINEZ, Secretary

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