



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

REGULAR BOARD MEETING CCU Board Room, Gloria B. Nelson Public Service Building 5:30 PM, Wednesday, September 25, 2024

MINUTES

1. CALL TO ORDER

Chairman Duenas calls the CCU Regular Meeting to order on September 25, 2024, at 5:44 PM. For the record, those present are Chairman Duenas, and Commissioners Limtiaco, Sanchez, and Santos. And, on GoTo Meeting, online is Commissioner Martinez.

Commissioners:

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

Executive Mgmt.:

John Benavente	GM/GPA
Miguel Bordallo	GM/GWA
Thomas Cruz	AGMO/GWA
Tricee Limtiaco	AGMA/GPA
Chris Budasi	AGMA/GWA
Jennifer Sablan	AGMO/GPA
John Kim	CFO/GPA
Taling Taitano	CFO/GWA
Brett Railey	AGME/GWA (acting)
Marianne Woloschuk	Legal Counsel/GPA
Theresa Rojas	Legal Counsel/GWA

Management & Staff:

Candice Ananich	MA/GPA	Vien Wong	IT/GPA
Reginald Diaz	MA/GWA	Vlad Navasca	IT/GPA
Evangeline Lujan	Safety/GWA	Peter Pangelinan	IT/GPA
Ann Borja-Gallardes	MA/GWA	Lourissa Gilman	UBS

Guest:

Jonah Benavente	Guam Daily Post
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2. APPROVAL OF MINTUES

Chairman calls for a motion for the approval of the CCU Regular Meeting on August 27, 2024. Comm. Santos motions to accept; 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

No public comments at this time.

4. GWA

4.1 GWA Resolution No. 30-FY2024 Relative to Approving the Charge-off of Guam Waterworks Authority Deemed Uncollectible – GM Bordallo request CFO Taitano to present. CFO Taitano begins, it is good accounting practice to regularly review accounts receivable to ensure the Allowance for Doubtful Accounts is appropriate and to write off accounts that are deemed uncollectible. If uncollectible receivables are not written off regularly, e.g., annually, Accounts Receivable and the related Allowance accounts become overstated. The last write off was performed in August 2023 as per Resolution 39-FY2023. The proposed amount to be charged off is \$1,071,981. Comm. Sanchez moves to approve Resolution No. 30-FY2024 Relative to Approving the Charge-off of GWA Receivables Deemed Uncollectible; Comm. Limtiaco second.

With no further discussion on GWA Resolution 30-FY2024, Chairman Duenas calls for the vote and motions pass with five Ayes. [Aye = 5, Nay = 0]

4.2 GWA Resolution No. 33-FY2024 Relative to the Creation and Approval of Position Classification Specification for the Water-Wastewater Operations Engineer – AGMO Chris Budasi states, the project's objective is to establish a Water-Wastewater Operations Engineer position at GWA that is 100% dedicated to supporting the operations division. This role will assist the Assistant General Manager of Operations (AGM-O) and the water and wastewater teams in addressing both large-scale and day-to-day operational challenges. By providing engineering expertise focusing exclusively on operations, the position is designed to fill the currently existing knowledge gap between CIP design/construction of GWA systems and the operation of those systems by certified operators. By bridging this gap with engineering expertise, the position will enhance the production, treatment, and distribution of water, as well as the collection and treatment of wastewater. The necessity and urgency for this position stems from several critical factors. First, the position will significantly improve operational efficiency. With direct involvement, the engineer will provide hands-on technical guidance to address both routine and complex operational issues, improving troubleshooting, streamlining decision-making, and minimizing downtime across all water and wastewater systems. This will help ensure that operations run smoothly and effectively, addressing everything from minor maintenance issues to major system disruptions. The role also brings essential technical expertise. By working closely with the operations teams, the engineer can perform field investigations, analyses, and recommend design or process modifications that will enhance the overall process or operational efficiency, quality, and reliability of water and wastewater services. This includes improvements in system performance, optimizing treatment processes, and ensuring better water distribution and wastewater collection. Asset management is another key responsibility of this position. The engineer will assess and manage the maintenance and upgrades of critical facilities, ensuring that

GWA's infrastructure, including pumps, pipelines, and treatment systems, is always operating at its highest capacity. This proactive approach will help extend the life of vital equipment, reduce the likelihood of costly breakdowns, and ensure consistent service delivery. In addition, the position will be pivotal in strategic planning, supporting the AGM-O in resource allocation, prioritization of projects, and the timely execution of repairs and upgrades. The engineer's input will improve the operator's understanding of system design and operational capabilities, help avoid costly reworks and ensure that all operations meet the necessary standards and objectives. Their involvement will ensure that operations teams have the engineering support they need for both immediate challenges and long-term projects, enabling better planning for the future. The urgency for this position is driven by (1) the opportunity to enhance the production, treatment, and distribution of water, as well as the collection and treatment of wastewater; and (2) to encourage the role of engineers as certified operators to improve recruitment/ retention in operational divisions; and (3) over the long-term enhance the quality of GWA operations through a more effective collaboration between engineers and operators. By focusing on optimizing processes and maximizing operational efficiency, GWA can continue to deliver consistent, high-quality services to its customers. The addition of a dedicated Water-Wastewater Operations Engineer will strengthen GWA's ability to maintain reliable systems, proactively manage infrastructure, and ensure seamless service delivery. This role is key to supporting GWA's long-term objectives of providing safe, efficient, and resilient water services that meet both current and future needs. The salary starts at \$100,609.00 and the maximum is \$104,687.00. Comm. Limtiaco motions to approve Resolution 33-FY2024 Relative to the Creation of Position Classification Specification for the Water-Wastewater Operations Engineer; Comm. Santos second.

With no further discussion, Chairman Duenas calls for a vote on Resolution 33-FY2024, motion passes with five Ayes. [Aye = 5, Nay = 0]

4.3 GWA Resolution No. 34-FY2024 Relative to CCU Authorization/Endorsement of the GWA application for Bureau of Reclamation WaterSMART Planning and Project Design Grant Funding for the Santa Rita Springs Facility Rehabilitation Project – GM Bordallo begins, the objective is to obtain CCU approval and endorsement of submission of a federal grant application for the project to retain engineering services from experienced and qualified firms for the engineering design for GWA's Santa Rita Springs Facility Rehabilitation project. This project may be potentially partially funded through the Bureau of Reclamation (BOR) WaterSMART Planning and Project Design program. This project is necessary to reduce operational costs in the Santa Rita village and surrounding areas where a significant amount of purchased Navy water is used to supply customer demand. The project will incorporate design recommendations identified in the May 2020 WERI Study by Bourke, Jenson, Habana, and Lander intended to maximize spring capacity by increasing estimated flows by 250-1200 gallons per minute (gpm). A significant increase could be realized as GWA currently draws approximately 290 gpm. The purpose of this CCU resolution is to authorize GWA to enter into a grant agreement with the United States Bureau of Reclamation. This is necessary and urgent as the endorsement is a requirement of the grant program prior to award issuance for the current grant cycle. Comm. Limtiaco motions to approval Resolution 34-FY2024 Relative to CCU Authorization/Endorsement of the GWA Application for Bureau of Reclamation WaterSMART Planning and Project Design Grant Funding for the Santa Rita Springs Facility Rehab Project; Comm. Santos second.

With no further discussion, Chairman Duenas calls for the vote for Resolution 34-FY2024, motion passes with five Ayes. [Aye = 5, Nay = 0]

4.4 GWA Resolution No. 35-FY2024 Relative to Approval of Additional Funding for the Design Services of Duncga Beach Sewer Line Relocation Project – GM Bordallo states, the project’s objective is to abandon in place the existing sewer located along Duncga beach and redirect the sewage flow to and replace/re-route the existing 8-inch sewer line in Trankilo Road. This project was originally awarded in April of 2021 with a scope of work to achieve this objective. However, prior to completion of the original scope of work, it was determined that additional design services were needed to address several factors, including (1) erosion of the embankment along the access road to the Bayside Sewage Pump Station serving the Duncga Beach area; and (2) force main and pump station upgrades required by the recently entered 2024 Partial Consent Decree. The change order to address these needed items amounts to an additional Six Hundred Eleven Thousand Two Hundred Fifty-Three Dollars (\$611,253.00) for additional design of the following: 1) stabilize the embankment and access road leading to GWA’s Bayside Pump Station, 2) replacement of the existing 8-inch aging Force Main, 3) telecommunication line for future SCADA, 4) sewer manhole rehabilitation, 5) installation of flow metering and logging device at the Pump station to monitor/evaluate the capacity of the wet well, new 8” diameter sewer gravity to accommodate the existing and new sewage flows from Lagoon Drive and existing I & I, 6) a new two-lane asphalt paved road over relocated gravity sewer lines within the existing 40-foot Right-of-Way to correct long-standing encroachment on private property, 7) modeling analysis of the 8" sewer line and Pump Station to receive from such future development and, 8) upsize of existing 8" to 10" sewer line for future developments. Comm. Limtiaco motions to approval Resolution 35-FY2024 Relative to Approval of Additional Funding for the Design Services of Duncga Beach Sewer Line Relocation Project; Comm. Sanos second.

With no further discussion, Chairman Duenas calls for the vote for Resolution 35-FY2024, motion passes with five Ayes. [Aye = 5, Nay = 0]

4.5 GWA Resolution No. 36- FY2024 Relative to Approval of Additional Funding for the Fujita Sewage Pump Station Rehabilitation and Redundant Force Main Design Project, GWA Project No. 22003 – GM Bordallo presents, the Fujita Sewage Pump Station (SPS) and force main conveys most of Tumon Bay’s sewage flows out of the Tumon area and towards the Northern Wastewater Treatment Plant. The force main is approximately 7,100 feet long. Due to a lack of redundancy, the existing force main cannot be isolated or removed from service to perform repairs, maintenance, or condition assessments. The force main’s condition is not fully known and failure of the force main could lead to service disruptions, which may impact the health of the community, environment, and negatively impact Guam’s main tourist area. The design project’s original goal was to design a redundant force main, which would allow a single force main to be out of service for repairs or maintenance without interrupting service. An initial assessment of accessible sections of the existing force main at air relief valves (ARV) identified a maximum force main wall thickness loss of eleven percent (11%) at one ARV and thirty-eight (38%) at another ARV. Additional force main assessment will be scheduled during the construction of the new force main, to take advantage of the trenching activities for the new force main. The Fujita SPS is essential to GWA’s wastewater operations and required to be rehabilitated within seven years of the Partial Consent Decree (PCD) effective date. As such, the assessment and rehabilitation design of the Fujita SPS in accordance with the recently approved PCD was added into the project scope as

authorized by the CCU through Res. No. 04-FY2024 in November 2023. During the conduct of that work, the engineering team determined that in order to properly maintain the Fujita SPS, a way to shut down the station for wet well and general maintenance was necessary. The team concluded that the now-defunct Tumon SPS located on the existing Fujita SPS site could potentially be rehabilitated and used to accomplish this, while also adding marginal additional capacity to the Tumon basin without the need to purchase additional property or expand the site footprint. The designer's proposal for the Tumon SPS assessment and rehabilitation design was negotiated to \$435,432.80. A 10% contingency is requested for future change orders, which may include the designer ordering long-lead items prior to a construction contract being awarded. This would increase total previously authorized funding of \$1,841,839.18 by an additional \$398,896.12 to a new authorized funding amount of \$2,240,735.30. Comm. Limtiaco motions to approval Resolution 36-FY2024 Relative to Approval of Additional Funding for the Fujita Sewage Pump Station Rehabilitation and Redundant Force Main Design Project; Comm. Santos second.

With no further discussion, Chairman Duenas calls for the vote for Resolution 36-FY2024, motion passes with five Ayes. [Aye = 5, Nay = 0]

4.6 GWA Resolution No. 37-FY2024 Relative to Approval of Additional Funding for the Hagåtña Wastewater Treatment Plant Causeway and Facility Structural Analysis Project, GWA Project No. 22004. GM Bordallo states, the Hagåtña Wastewater Treatment Plant (WWTP) was constructed in 1975, and receives and treats wastewater from the central villages of Guam, and discharges treated effluent through a deep ocean outfall. Access to the Hagåtña WWTP is via the causeway, and although reinforced in prior projects, the three original causeway bridges are in dire need of rehabilitation. Additionally, structural and process issues within the Hagåtña WWTP identified as part of engineering assessments need to be addressed. The project's goal is to assess and design for rehabilitation and repair of the causeway bridges and other process facilities within the Hagåtña WWTP, to extend the operation life of the facility. As part of this effort, the assessment, design and, rehabilitation of the clarifiers, headworks, and other mechanical equipment, as well as the installation of the bypass force main across the causeway from the Hagåtña Main Sewage Pump Station for Change Order No. 3 is needed. The designer's proposal for Change Order No. 3 is \$116,964.00. A 10% contingency is requested for future change orders, which may include the designer ordering long-lead items prior to a construction contract being awarded. – Acting GM Thomas Cruz asks the board to table the resolution due to a protest. Comm. Sanchez motions to approval Resolution 37-FY2024 Relative to Approval of Additional Funding for the Hagåtña Wastewater Treatment Plant Causeway and Facility Structural Analysis Project; Comm. Limtiaco second.

With no further discussion, Chairman Duenas calls for the vote for Resolution 37-FY2024, motion passes with five Ayes. [Aye = 5, Nay = 0]

4.7 GWA GM Report

Chairman Duenas request a short recap on the decision from the PUC meeting the night before. GM Bordallo begins, thank you, Mr. Chairman for the rate case last night there were two contested issues out of all the issues that both GWA and its consultants and the PUC's Consultants considered throughout the adjudication of the rate case. Those two issues were the funding of the rate stabilization fund or replenishing of the rate stabilization fund, GWA requested a one-time increase of 1.5% in fiscal year 2026 to generate \$2.5 million a year to be put into the reserve

so that by fiscal year 2029, we would have replenished the reserve to a level of \$10 million. The commission might recall that when we initially established the rate stabilization fund, our initial funding amount was \$11.4 million. And so, this doesn't bring it up to what it was and what had to be depleted but that was our request. On that issue the PUC agreed that it did need to be refunded despite Georgetown's position that it didn't. They recognized the importance of having the reserve to mitigate any potential adverse impacts to our debt service coverage ratio and the bond and denture requirements of the minimum 1.25 times debt service coverage. And, they also acknowledged and the importance of the reserve and the full five-year rate plan as opposed to one year at a time rate increases to our credit rating and to the rate the bond rating agencies that support our process for getting the capital we need to fund our CIP. They did recognize that but they did not agree with the entire amount that we requested. They authorized half of that amount \$2.5 million a year...so we are authorized \$1.25 million a year and so there was a corresponding decrease in the rate requested for fiscal year 2026. My recollection was that they agreed that the \$10 million level was fine and they were okay with us taking a little longer even if it goes into the next five-year plan. So that was the one issue that was contested. The other issue that was contested was whether to apply a credit card convenience fee for GWA customers. Georgetown's position was it should not be included as an expense item of the authority and it should be passed on to the customers individually who make those charges. GWA's position was that it should be absorbed as an expense, the cost of doing business in the economic climate, and with the high level of convenience that we're trying to create for our customers and also mindful of the CCU's direction in trying to make sure that GPA and GWA customers have a seamless customer experience regardless of where they're paying their bills. So, aligning with GPA on this we would leave things as they are and not apply the convenience fee. The Public Utilities Commission voted to, in our favor on that, and voted down the application of a separate credit card convenience fee. On the stipulation that we entered into with Georgetown on all the other issues, the commission voted to approve that and so it became or will become part of the final order that is issued once the ALJ puts that out. After the decision last night, our worked with our financial Consultants to finalize the rate application model so that we have final numbers to provide to the ALJ we transmitted those this afternoon and I've provided a copy of the corresponding schedules that indicate the final rate increases that should be approved in that rate order. For the record, they are for the first year in fiscal year 2025, 11.5% which includes a Lifeline rate increase of that same amount. Then for fiscal year 2026, our original proposal was reduced based on the RSF decision. That is 10.75% and then the remaining three years at 7.75% each year each year.

Commissioner Sanchez asks, for FY2025, they approved in effect 11.5% the non- Lifeline rate increase... what was our original request, 11.5%? GM Bordallo states, yes. Comm. Sanchez asks, basically what we wanted... so they approved everything we wanted in terms of we wanted an 11.5% rate hike and that's and that's what we got. If I do the math right, it looks like our water and wastewater revenues go up 14.8 million, I'm looking at forecast year 2025, water rates go up \$9.4 million and Wastewater revenues go up \$5.4. So that's a 14.8 almost a \$15 million revenue increase, am I reading that correctly? GM Bordallo replies, yes. Comm. Sanchez continues, we notice the Navy have raised our water purchase rates \$8 million a year so we got 148 but we had to use eight of the 148 to pay the Navy their exorbitant water rate increase. 54% of this rate increase that our rate payers will start to pay is due to the Navy water rate increase hike. How are negotiations doing? GM Bordallo replies, we've gotten positive feedback. I think it's looking favorable to us. We discussed after our work session with representatives from the Navy a potential credit back to GWA and also, we asked them what are the rates likely to look like moving

forward. They gave us an indicative number which if I remember correctly, has not yet received final approval on their end. But it is more in line with the rates that we started out with at the beginning of this. We anticipate if that holds true and they get final approval that there is the potential for the next True Up that we would adjust the Navy expense. Comm. Sanchez asks, for our colleagues at the CCU level, what about identifying this \$8 million rate increase as a separate line item on the bill as we've done in the past. Let the rate payers know that half of the rating increase is 54% because of the Navy's \$8 million increase in water rates in in one year. It's full disclosure to the rate payer. It's sort of like the LEAC in the sense. I want to throw that out as an idea that it's been approved to be paid for by the rates for now until hopefully Miguel is successful in talking with the Navy.

Chairman Duenas states, I would take a different view because basically the rates that we got are the rates we asked for irrespective of the Navy's actions. In other words, the rates won't go down because we have projects to do with this money. We needed the revenue. The rate in package that we negotiated. That we were adjudicated is to get those rates to do the work that we needed to do. The way I'd like to paint it is, if we don't get a positive resolution from the military, then basically they're taking money from us that we do need to spend. What I'm trying to point out is the rates wouldn't go down because the money is needed by GWA to do projects and do other work.

Comm. Santos responds, let me let me just clarify something, Miguel, I thought when we originally presented 11.5%, at least the rates that were proposing that's been approved, that was what we asked for right? Not including what's happening to us as we speak. GM Bordallo responds, when we submitted the original package, the draft package in March and then the final package in June, we did we did not have an indication of the increase in the Navy. When we negotiated the stipulation and proposed what was before the PUC last night, at that point, our Navy water purchase expenses were adjusted based on a projection of the level that we were then being currently charged. So, this is after they increased their rates. So, we adjusted our projected expenses upwards and that is what was in the stipulated proposal. Subsequent to that, we requested the meeting with the Navy. The Navy reached out to us and gave us an indication, as I mentioned in the last meeting, that the rates would likely return to what we were paying at the beginning of this fiscal year. So, there's the potential for it to go back to what a reasonable level... the first-rate increase. As I understand it though has not had final approval but it's indicative. They also, I will point out and I was remiss in not pointing it out earlier, is that they assured us moving forward that when they go through their update process, they will work with us to be more transparent about what decisions they're making to make sure that this doesn't repeat itself. So, we received an assurance of that from Joe Vinch who runs their business operations for the public work site. So, we are confident that there will be an improvement in the way this is handled in in the future. The CFO has been working on the utility service agreement with the Navy the draft of that. We had put in the provisions that deal with rates, we put in language that would afford us the opportunity to be advised and have some input before the rates are changed. My understanding is that they are receptive to that and as we move forward and finalize this service agreement, we're hopeful that those types of measures will be included so that again this doesn't happen again and catch us by surprise. I think they're they have heard the complaint and the protest already and they are taking steps to address it. We didn't have enough time to you know go through a revision and so the rates that were approved last night for the first year are fine. As we move forward if there are adjustments, it'll be handled as part of the True Up process. Comm.

Santos begins, when you look at the schedule A2 that you just gave us, Commissioner Sanchez is this correct... we went from 5.9 up to 13.5, that that's an expense that we're going to project. So, Miguel when they so-called come back to us, what do what do you project that expense to be? GM Bordallo states, well based on the representations that were made by the end of fiscal year 2025, it will be lower than this amount... lower than the 13.5. GM Bordallo adds, other thing to recall is that we've made in the negotiation and the stipulation and the things that we have addressed with Georgetown, the total rate increases that we've negotiated, yes they include additional expenses, but the bulk of it is so that we have the Debt Service to pay for our Capital Improvement Program which is really critical. It's also the largest 5-year Capital Improvement Program that we've ever seen. That is really what drives the rates and if there is a reduction in Navy water purchase expense, great! But that gives us more capacity to accomplish the projects and it could mean more Revenue funded contributions to that Capital Improvement Program versus having to borrow for it. So, it could reduce the overall costs and so for those reasons, as the Chairman pointed out, the rates that we've asked for are appropriate and just regardless of what happens with the Navy water purchase expenses.

Comm. Santos states, PUC Commissioner Brooks made it clear that starting with us, it is our job to be reminding the Navy that this is not acceptable. I think we made that clear because we've taken the position, no, you're not going to get this however you slammed it on us. Miguel has his own marching orders as we speak. Comm. Sanchez adds, I'm saying 50% of the rate increase that rate payers will start to pay October 1st is due to an exorbitant rate increase by the Navy. We've also had a history of challenging the Navy on this and saying look this is unacceptable. I shared with the Commission we even got the Secretary of the Navy, BJ Penn, to write a letter the from the Pentagon to Navy saying, no! I think that one, we should at least be identified for rate payers that that part of your rate increase that you're paying in a few weeks is because the Navy has more than doubled the cost of Fena water for reasons we don't even know. For now, full disclosure let's disclose and break out on the bill how much of the current rate increase that will take effect is caused by the Navy water increase. Comm. Limtiaco states, I'm open to that Commissioner Sanchez, but I think we should give the Navy an opportunity to respond and give us whether or not they can correct that. They've already indicated that they might and I think it would be fair to give them some time to do that. And, maybe you know we take it up at the next CCU meeting based on those conversations. Comm. Sanchez replies, I think we owe it to our rate payers to say, based on the PUC decision last night, your rates are going to do what they're going to do, but that we could add in that press release a recognition that almost half of this rate increase is due to the fact that the Navy has more has raised their cost of water from Fena by \$8 million a year. I think we should tell our rate payers that.

Chairman Duenas replies, the only thing I want to stress is that we asked for this revenue requirement. We did before we knew about the Navy's action. Even if get this resolve it amicably and to what we believe would be just or if that didn't happen or if we were able to get a good adjustment, there would be no rate reduction and that's my point. We're going to continue to collect this money because the money is going to go to things that Miguel has planned. I don't want to give our rate payers the information or the perception that if somehow, we resolve this positively for ourselves and for our rate payers that all of a sudden, we can say, oh, now we can reduce this first year rate increases. It's not going to be reduced because we still need this money, I just want to make sure we're clear on that. Commissioner Sanchez I just want to make sure that we're really transparent with our rate payers in saying that the original rate plan did not take into

we're really transparent with our rate payers in saying that the original rate plan did not take into account the Navy impact. We can acknowledge that there's an impact and it's a negative impact. That, I agree but, I want to make sure they understand that the rates that we ask for are the rates that we need to do all the work we need to do. There's not going to be a rate reduction because the Navy says, okay, we agree with you GWA and we're not going to moderate and change our position. I don't want the rate payers to say, "oh, so I'm going to get a rate reduction," because they're not. The plan is to have that money going to a specific project. Now the way it works is, all the money that we bring in has to pay for all of our just expenses and if there's an expense that we didn't anticipate, we're going to have to cover it and we'll take that up at the True Up.

Comm. Limtiaco asks, Miguel, can you go over the schedules that were provided as a supplemental? I have two questions, one, what is the general impact on an average water bill to the public? And, in regards to the rate stabilization fund, what is the dollar impact to the bill based on what was approved by the PUC last night? GM Bordallo replies, I'll start with the first one and maybe the CFO can work on calculating the second one. On schedule L, that was provided you could see a breakdown of a sample bill impacts by customer class. Just for the for the purposes of what's considered the average residential consumption... we we'll look at the 7,000 K gallons. So under for a combined Water and Wastewater bill at 7,000 gallons per month, the current bill would be \$111.74 and under the approved rate increases for fiscal year 2025 that would rise to \$124.44. So, it's an 11.4% increase...an increase in dollar amount of \$12.70 for next year. The remaining years are also listed on that schedule, for fiscal year 2026, it would go from \$124.44 to \$131.65 so that's a \$7.21 increase an additional 5.8% in fiscal year 2026. The difference there is because the Lifeline Rate isn't increase was only in fiscal year 2025. The volumetric rate is what gets increased in 2026 and based on that it's a lower percentage impact to the bill. Similarly in 2027, it would be increased \$5.77 or 4.4% and then in fiscal year 2028, an additional \$6.36 and that would be an additional 4.6%. In 2029, \$6.87 additional percentage impact of 4.8%. So cumulatively over the 5-year period, the monthly bill would increase by \$38.98 or a total of 34.8% from over 2024 rates. Comm. Limtiaco further asks, in regards to the rate stabilization fund, what was approved at the PUC last night, roughly what impact does that have on the average 7 KCAL bill? GM Bordallo states, it was originally a request of 1.5% and they approved half that... in dollar amount they approve half of it so it would work out roughly to .75 so just under a dollar.

5. GPA

5.1 GPA Resolution No. FY2024-28 - Relative to Approval of the Purchase of Water Systems Diesel (WSD) Generators – GM Benavente begins, the WSD Generators provide power backup to water wells, water booster pumps, sewer pump stations and treatment plants. CCU Resolution No. FY2024-06 authorized GPA to procure 104 generators to provide or replace damaged or down generators. The procurement was separated by size into three bids to minimize potential protest impacts. GPA bid number GPA-052-24 includes stationary generators sizes 500 kW (7 each), 800 kW (2 each), 1,400 kW (2 each), and portable generators with trailers size 500 kW (3 each), totaling 14 generators. The cost is \$3,177,636.33. The lead time is 1.5 years. The warrantee for the generators is one-year and the installation is 90-days. Comm. Santos motions to accept Resolution FY2024-28 Relative to the Approval to Purchase WSD Generators; Comm. Sanchez second. Comm. Limtiaco asks to recuse himself from the discussion, but Comm. Santos informed him that it is okay to stay during the discussion.

With no further discussion, Chairman Duenas calls for the vote by raising hands for Resolution FY2024-28, motion passes with four Ayes, including Comm. Martinez online. Comm. Limtiaco abstained from voting. [Aye = 1, Nay = 0, Abstain = 1]

5.2 GPA Resolution No. FY2024-31 Relative to Approval for the Replacement of the Piti Substation T-7 Transformer – GM Benavente states, the transformer replacement requires the installation of a transformer pad with an oil containment to be EPA compliant. Scope of work will include the design and construction of the transformer infrastructure to support the oil containment, the assembly and installation of the already acquired T-7 transformer and its electrical connections to existing substation equipment, and the site acceptance testing and commissioning for the transformer. The T-7 30 MVA transformer was procured for \$1.034 million dollars in August of 2021 and delivered on December 30, 2022. The main tank is currently stored at the Cabras 3&4 parking lot. Additional components are split between the Piti GIS substation and the T&D substation warehouse in Dededo. The Piti substation T-7 power transformer is the source for GPA feeders serving the villages of Asan and Piti, to include the Nimitz Hill area and the Port Authority of Guam. Comm. Santos motions to approved Resolution FY2024-31 Relative to Approval for the Replacement of the Piti Substation T-7 Transformer; Comm. Sanchez second.

With no further discussion, Chairman Duenas calls for the vote for Resolution FY2024-31, motion passes with five Ayes. [Aye = 5, Nay = 0]

5.3 GPA Resolution No. FY2024-32 Authorizing the Management of the Guam Power Authority to Petition the Public Utilities Commission to Award the Contract for the Supply of Diesel Fuel Oil No. 2 to Various GPA Plant Site Locations – GM Benavente states, The Guam Power Authority’s current contracts for the Supply of Diesel Fuel Oil No.2 to the Various GPA Plant Site Locations will expire on December 31, 2024. The new fuel supply contracts under Multi-Step Bid GPA-050-24 are necessary to provide uninterrupted supply of fuel for the power plants. The contract services were split into four (4) specified plant delivery site locations as follows: Site Location 1 (Yigo CT and Yigo Diesel), Site Location 2 (Macheche CT and Dededo CT), Site Location 3 (Cabras 1&2 and Piti 7), and Site Location 4 (Manenggon Diesel and Talofoto Diesel Plant).

The bid price proposal analysis is shown in Exhibit A. Mobil Oil Guam, Inc. (“MOGI”) was determined to be the lowest responsive and responsible bidder for Site Locations 1 & 4. The three-year contract base period with MOGI is estimated to have an aggregate contract value of \$71,270,980.00 of which \$63,235,080.00 is for the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$8,035,900.00 is for the Fixed Service Fee cost.

IP&E Holdings, LLC (“IP&E”) was determined to be the lowest responsive and responsible bidder for Site Locations 2 & 3. The three-year contract base period with IP&E is estimated to have an aggregate contract value of \$99,224,480.00 of which \$88,674,480.00 is for the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$10,550,000.00 is for the Fixed Service Fee cost.

The three-year contract base period for MOGI and IP&E for all the site locations is estimated to have an aggregate contract value of \$170,495,460.00 of which \$151,909,560.00 is for direct fuel cost (subject to change depending on prevailing market price for diesel) and \$18,585,900.00 is for the Fixed Service Fee cost. Comm. Santos asks, what is the fixed service fee cost? GM Benavente

responds, the cost for the fixed service fee is for the trucking and the other is for the fuel. The fuel varies with the price of oil. Comm. Limtiaco asks, there are different contract years...are the shorter base contract for the units you intend to turn on is that why you're decommissioning something sooner? GM Benavente responds, that may be an error... it maybe a typo. The resolution states they are all three years. Our apologies, they are all three years. Comm. Santos asks, the fuel storage sites at Ukudu belong to KEPCO? GM Benavente replies, yes, it'll be our fuel and we have to account for what's burned by the power plant and what's going to come out. Comm. Limtiaco asks, but they insure that fuel or tank? CFO Kim replies, we insure the fuel. Comm. Santos asks, we require them to carry an insurance policy for everything they build. GM Benavente states, we own the gantry because we will operate the gantry. Comm. Santos states, the gantry needs to be insured. Comm. Limtiaco motions to approved Resolution FY2024-32 Relative to Authorizing the Management of Guam Power Authority to Petition the Public Utilities Commission to Award the Contract for the Supply of Diesel Fuel Oil No. 2 to the Various GPA Power Plants Site Locations; Comm. Santos second.

With no further discussion, Chairman Duenas calls for the vote for Resolution FY2024-32, motion passes with five Ayes. [Aye = 5, Nay = 0]

5.4 GPA GM Report

GM Benavente states there is not much to report.

6. EXECUTIVE SESSION

6.1 Chairman Duenas announces there is no executive session.


7. ADJOURNMENT

7.1 Comm. Santos moves to adjourn; Comm. Limtiaco second. Meeting is adjourned at 6:47 PM.

//s/

Lourissa L. Gilman

Attested



JOSEPH T. DUENAS, Chairman



PEDRO ROY MARTINEZ, Secretary

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