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BENJAMIN CRUZ <speaker@senatorbjcruz.com>

MC Fwd: CCU 12/7/17 MEETING / BOARD BOOKS (MATERIALS)

BENJAMIN CRUZ <speaker@senatorbjcruz.com> Mon, Dec 11, 2017 at 8:44 AM
To: 34th Guam Legislature Clerks <clerks@guamlegislature.org>

12/11/17	12/11/17	Consolidated Commission On Utilites	CCU 12/7/17 Meeting/ Board Books (Materilas)*	34-17-1303

---------- Forwarded message ----------
From: **Bernadette Lou Sablan** <l.sablan@gpagwa.com>
Date: Thu, Dec 7, 2017 at 4:22 PM
Subject: CCU 12/7/17 MEETING / BOARD BOOKS (MATERIALS)
To: "Andy Niven (ndynvn@yahoo.com)" <ndynvn@yahoo.com>, Angelica Perez <aperez@amibrokers.com>, Ann Borja - GWA <annborja@guamwaterworks.org>, "Annmarie Muna (amuna@ambrokers.com)" <amuna@ambrokers.com>, Artemio S Perez <aperez@gpagwa.com>, BENJAMIN CRUZ <speaker@senatorbjcruz.com>, "Bill Chang (bchang@brwncald.com)" <bchang@brwncald.com>, "Cameron Mulka (cimiculka@guampdn.com)" <cimiculka@guampdn.com>, "Charlene Calvo (charlene.calvo@ipehq.com)" <charlene.calvo@ipehq.com>, Chilang F Unpingco <cfejeran@gpagwa.com>, "Fred Horecky (horeckylaw@teleguam.net)" <horeckylaw@teleguam.net>, "Gaynor Delano (gdumat-ol@guam.gannett.com)" <gdumat-ol@guam.gannett.com>, Gilda Mafnas <gildam@guamwaterworks.org>, Governor's Office <joy.unpingco@guam.gov>, "Greg P. Cruz" <gpcruz@guamwaterworks.org>, Heidi Ballendorf <heidi@guamwaterworks.org>, "Jams Y Kim (pacguam@gmail.com)" <pacguam@gmail.com>, "Jeff Johnson (jeffcharjohnson@hotmail.com)" <jeffcharjohnson@hotmail.com>, "Jessica Peterson (webmaster@theguamguide.com)" <webmaster@theguamguide.com>, "Jessy Gogue (ocp.mayor@gmail.com)" <ocp.mayor@gmail.com>, "Joe John Mantanona (joejohnmantanona@gmail.com)" <joejohnmantanona@gmail.com>, "John O'Connor (john@postguam.com)" <john@postguam.com>, Joyce N Sayama <jsayama@gpagwa.com>, Karla Tydingco <ktydingco@guamwaterworks.org>, "Louella Losinio (louella@postguam.com)" <louella@postguam.com>, Manny Apuron <mapuron@guamwaterworks.org>, "Maripaz N. Perez" <mnperez@gpagwa.com>, "Michael White (whitema@cdmsmith.com)" <whitema@cdmsmith.com>, "Nestor Licanto (nestor@kuam.com)" <nestor@kuam.com>, "PDN Newsroom (news@guampdn.com)" <news@guampdn.com>, "Peter Montinola (peter@isuguam.com)" <peter@isuguam.com>, Selma HG Blas <sblas@gpagwa.com>, "Telena Nelson (senatortcnelson@gmail.com)" <senatortcnelson@gmail.com>, "Therese Terlaje (senatorterlajeguam@gmail.com)" <senatorterlajeguam@gmail.com>

Hi everyone,

Attached is the pdf file for today's CCU meeting.

GL#34-17-1303
Speaker Benjamin J.F. Cruz

DEC 11 2017
Time: 844 [ ]AM [ ] PM File No.
Received By:

Best,

Lou

B. Lou Sablan

Board Secretary

Consolidated Commission on Utilities

Admin Asst., Legal Counsel, GPA

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http://guamwaterworks.org/

2017 DEC 11 AM 9:12 CE

1303

OFFICE OF SPEAKER BENJAMIN J.F. CRUZ

Committee on Appropriations and Adjudication

I Mina'trentai Kuattro na Liheslaturan Guåhan

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CCU 12.7.17.pdf
2268K

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., December 7, 2017

AGENDA

1. CALL TO ORDER

2. APPROVAL OF MINUTES

3. COMMUNICATIONS
   - 3.1 Public Comments (2 min. per person)

4. NEW BUSINESS
   - 4.1 GWA
   - 4.1.1 GM Report Update
   - 4.1.2 Financials
   - 4.1.3 GWA Resolution 10-FY2018 (GPA Resolution 2017-46) Relative to November 24, 2017 Holiday
   - 4.2 GPA
   - 4.2.1 GM Report Update
   - 4.2.2 Financials
   - 4.2.3 Resolution 2017-47 LEAC Adjustment
   - 4.2.4 Resolution 2017-48 Ultra Low Sulfur Diesel (USLD) Contract Extension
   - 4.2.5 Resolution 2017-49 LED Streetlight

5. OLD BUSINESS

6. ANNOUNCEMENTS
   - 6.1 Next CCU Meetings: GWA Work Session _____; GPA Work Session _____;
   CCU Meeting: _____

7. EXECUTIVE SESSION
   - 7.1 Litigation Matter

8. ADJOURNMENT

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., November 22, 2017

MNUTES

1. CALL TO ORDER

The Chairman called the regular meeting of November 22, 2017 to order at 5:36 p.m. He announced that all five (4) Commissioners were present and that there was a quorum. It was mentioned that Comm. Sanchez was enroute.

Those present included:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	CCU Member

Executive Mgmt.:

John Benavente	GM / GPA
Tom Cruz	GM (A) / GWA
Paul Kemp	GM (A) / GWA
Melinda Camacho	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Graham Botha	Staff Attorney / GPA
Kelly Clark	Staff Attorney / GWA
Tom Cruz	

Management & Staff:

Lisa San Agustin	Utility Service Administrator / GWA
Heidi Ballendorf	PIO / GWA
Zina Charfaurous	HR / GWA
Ron Topasna	GWA

Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Charlene Calvo	IP&E
Angelica Perez	AM Insurance
Annmarie Muna	AM Insurance
George Watson	Brown & Caldwell
Bill Gilman	Brown & Caldwell

2. APPROVAL OF MINUTES

The Minutes of October 20, 2017 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Santos seconded. On the motion there was no further discussion or objection and the motion passed. The vote was (4) yes; (1) absent

3. COMMUNICATIONS

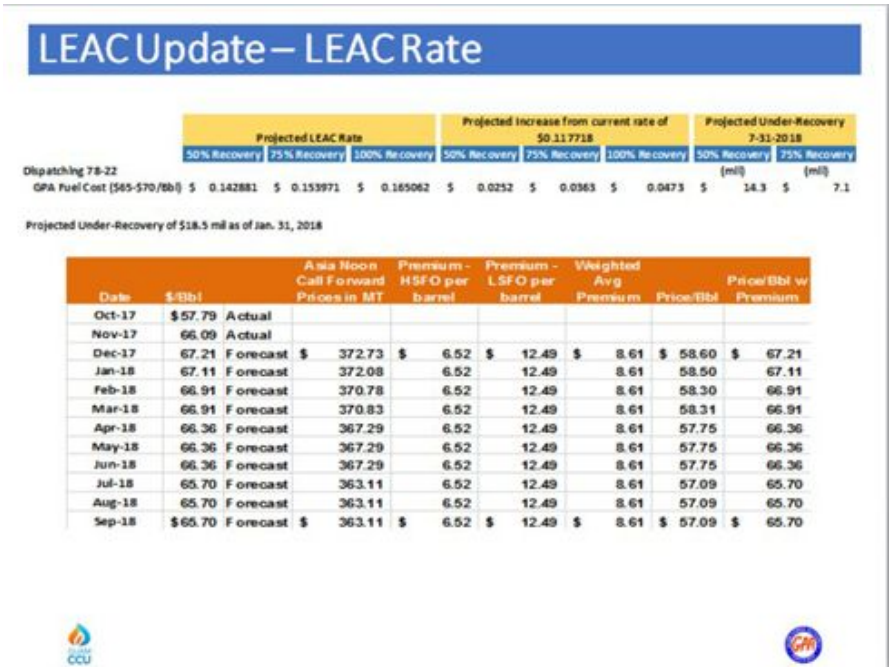
3.1 Public Comment- None

4. NEW BUSINESS

4.1 GPA

4.1.1 GM Report Update

GM Benavente reported on LEAC and the anticipated increase in February 2018. He said GPA's fuel cost is trending upward once more. In 2008 the barrel price was at it's highest $142 per barrel. It went down to $28 per barrel in February 2016 and is currently on its way upward once more at $66 per barrel on Nov. 4, 2017. He added that LEAC fuel forecast prices should be based on the 5-day period which is ten days before the PUC meeting that determines the LEAC factor. This is done precisely to capture the most favorable scenario / factor. Further it is also based on the 5-day Morgan Stanley Fuel Price Forecast.



LEAC Update – LEAC Rate

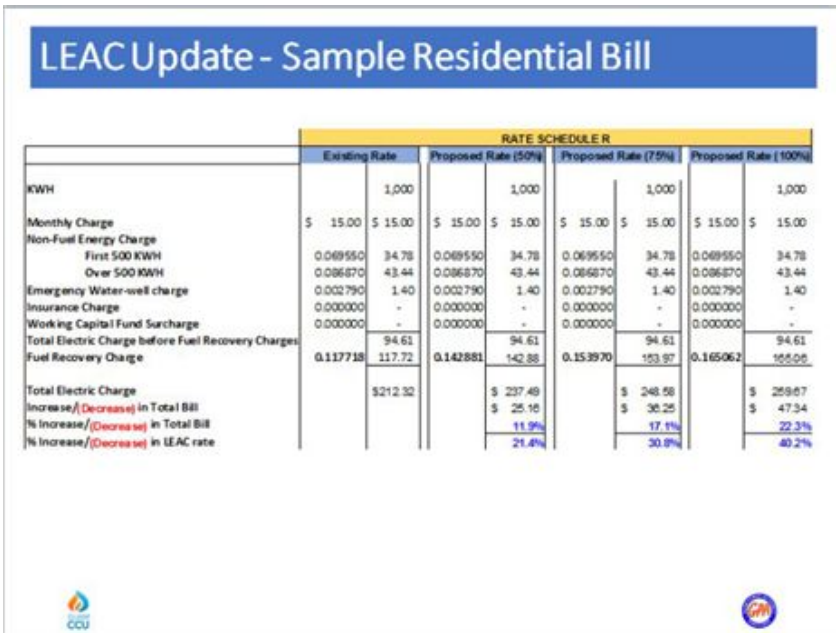
	Projected LEAC Rate			Projected Increase from current rate of $0.117718			Projected Under-Recovery 7-31-2018	
	50% Recovery	75% Recovery	100% Recovery	50% Recovery	75% Recovery	100% Recovery	50% Recovery (mil)	75% Recovery (mil)
Dispatching 78-22								
GPA Fuel Cost ($65-$70/Bbl)	$ 0.142881	$ 0.153971	$ 0.165062	$ 0.0252	$ 0.0363	$ 0.0473	$ 14.3	$ 7.1

Projected Under-Recovery of $18.5 mil as of Jan. 31, 2018

Date	$/Bbl		Asia Noon Call Forward Prices in MT	Premium - HSFO per barrel	Premium - LSFO per barrel	Weighted Avg Premium	Price/Bbl	Price/Bbl w Premium
Oct-17	$57.79	Actual						
Nov-17	66.09	Actual						
Dec-17	67.21	Forecast	$ 372.73	$ 6.52	$ 12.49	$ 8.61	$ 58.60	$ 67.21
Jan-18	67.11	Forecast	372.08	6.52	12.49	8.61	58.50	67.11
Feb-18	66.91	Forecast	370.78	6.52	12.49	8.61	58.30	66.91
Mar-18	66.91	Forecast	370.83	6.52	12.49	8.61	58.31	66.91
Apr-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
May-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
Jun-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
Jul-18	65.70	Forecast	363.11	6.52	12.49	8.61	57.09	65.70
Aug-18	65.70	Forecast	363.11	6.52	12.49	8.61	57.09	65.70
Sep-18	$65.70	Forecast	$ 363.11	$ 6.52	$ 12.49	$ 8.61	$ 57.09	$ 65.70

It was mentioned that on January 31st the LEAC under recovery would be $18M, the Commission would have to decide how much of this shortage would be recovered with the new LEAC adjustment. With a 50% LEAC increase the under recovery would only be $14M; at 75% the balance of the under recovery would be $7.1M

Comm. Duenas said with no adjustment the $18M under recovery will continue to grow. It was mentioned that this is the



LEAC Update - Sample Residential Bill

	RATE SCHEDULE R							
	Existing Rate		Proposed Rate (50%)		Proposed Rate (75%)		Proposed Rate (100%)	
KWH		1,000		1,000		1,000		1,000
Monthly Charge	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Non-Fuel Energy Charge								
First 500 KWH	0.069550	34.78	0.069550	34.78	0.069550	34.78	0.069550	34.78
Over 500 KWH	0.086870	43.44	0.086870	43.44	0.086870	43.44	0.086870	43.44
Emergency Water-well charge	0.002790	1.40	0.002790	1.40	0.002790	1.40	0.002790	1.40
Insurance Charge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Working Capital Fund Surcharge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Total Electric Charge before Fuel Recovery Charges		94.61		94.61		94.61		94.61
Fuel Recovery Charge	0.117718	117.72	0.142881	142.88	0.153970	153.97	0.165062	165.06
Total Electric Charge		$212.32		$ 237.49		$ 248.58		$ 259.67
Increase/(Decrease) in Total Bill				$ 25.16		$ 36.25		$ 47.34
% Increase/(Decrease) in Total Bill				11.9%		17.1%		22.3%
% Increase/(Decrease) in LEAC rate				21.4%		30.8%		40.2%

The GM said this analysis will be updated for the December meeting to give the Commission a closer look at actual trends coming to the end of the year.

There was discussion on the next CCU meeting date. Comm. Santos asked Legal Counsel if the board can act telephonically. Legal Counsel said no. The law must be changed to enable telephonic meetings.

After some more discussion, it was decided to change the December meeting schedule from Dec. 12 to Dec. 7th to allow travel to Bond Rating and USEPA meetings stateside.

4.1.2 Financials

4.1.3 Resolution 2017-43 Tristar Doc Pipeline & RFO Storage Extension

The Guam Power Authority ("GPA" or "Authority") utilizes the services of Tristar Terminals Guam, Inc.("Tristar" or "TTGI") pier facility for the docking of ocean freight vessels delivering fuel to GPA facilities through a Dock Facility User Agreement.

GPA utilizes the Tristar fuel pipeline facilities for the delivery and transport of Fuel Oil to and from GPA's fuel storage facilities through a Pipeline Agreement.

GPA utilizes the Tristar fuel storage facilities for GPA's additional RFO storage requirements through a RFO Storage Lease Agreement.

TTGI is the sole service provider for the Dock Facility User Agreement, Pipeline Agreement, and RFO Storage Lease Agreement (or "3 Agreements"). The current contracts for the 3 Agreements will expire on August 31, 2018.

The fee schedules for the Pipeline Agreement and RFO Storage Lease Agreement for the 4 year extension period will be at the same annual incremental rate of 4% based on standard Consumer Price Index changes and increased operational cost; and

The estimated total expenses for the 3 Agreements for the 4-year extension period as shown in Exhibit A are as follows: $6,324,864 for the Dock Agreement; $2,138,024 for the Pipeline Agreement; and $6,674,891 for the RFO Storage Agreement.

GPA and TTGI have negotiated for an extension of the 3 Agreements for up to 4 years, renewable annually. The Dock Agreement fee schedule shall remain the same until March 31, 2019.

Extension of the Agreement and the fee schedule thereof is subject to change and is incumbent upon Tristar's contract renewal with the Port Authority of Guam (PAG) beyond March 31, 2019.

It was mentioned that the funding source for this expense is LEAC.

TRISTAR AGREEMENTS - Estimated Expenses								
Fee Schedule	**Parameters**			**Contract Extension** Sep2018-Aug2022				
						Annual		**4-Year Total**
A. Dock Agreement				**$/Shipment**		**$/yr**		**$**
1. Dock Operator O.T. Fee	Outside 0800H-1600H on Weekdays	$38.00	per manhour	$7,296.00		$80,256.00		$321,024.00
(Minimum of 4 Operators)	All hrs on weedays & holidays	48	hrs/shipment					
		11	ships/yr					
2. Excess Laytime	0-36 hrs upon start of dicharge	$0.00	per Hour					
	Over 36 hrs & less than 72 hrs	$1,000.00	per Hour					
	Over 72 hrs	$600.00	per Hour					
	Excess hrs	12	hrs/shipment	$12,000.00		$132,000.00		$528,000.00
		11	shipment/yr					
3. Imports (RFO Receiving)								
a. Thoughput Fee	RFO received (Gross) - PAG Fee	$0.50	$/bbl	$120,000.00		$1,320,000.00		$5,280,000.00
		240,000	bbl/shipment					
		11	shipment/yr					
4. Exports (Bunkering)		3000	bbl/shipment					
		24	shipment/yr					
a. Port Royalty Fee	RFO delivered (Gross) - PAG fee	$0.66	$/bbl	$1,980.00		$47,520.00		$190,080.00
b. Maritime Security Fee	RFO delivered (Gross) - PAG Fee	$0.02	$/bbl	$60.00		$1,440.00		$5,760.00
SUB-TOTAL				$141,336.00		$1,581,216.00		**$6,324,864.00**
B. Pipeline Agreement						**Annual**		**4-Year Total**
1. Pipeline Rental (B-Line)	Pipeline from Dock to Navy tie-in			**$/Month**		**$/yr**		**$**
Sep 2018- Aug 2019				$41,956.95		$503,483.39	4%	
Sep 2019- Aug 2020				$43,635.23		$523,622.72	4%	
Sep 2020- Aug 2021				$45,380.64		$544,567.63	4%	
Sep 2021- Aug 2022				$47,195.86		$566,350.34	4%	
SUB-TOTAL				$44,542.17	avg	$534,506.02	avg	**$2,138,024.08**
C. Storage Agreement	Based contracted storage capacity					**Annual**		**4-Year Total**
1. Fixed Lease Fees	Tk1902	0	bbls	**$/Month***		**$/yr**		**$**
Sep 2018- Aug 2019	Tk1903	278,500	bbls	$107,251.80		$1,287,021.64	4%	
Sep 2019- Aug 2020	Tk1910	0	bbls	$111,541.88		$1,338,502.50	4%	
Sep 2020- Aug 2021	Tk1911	37,000	bbls	$116,003.55		$1,392,042.60	4%	
Sep 2021- Aug 2022	***Total storage capacity**	**315,500**	**bbls**	$120,643.69		$1,447,724.30	4%	$5,465,291.04
2. Bunkering Fee	(P/L fee from tanks to navy tie-in)							
	RFO delivered (Net)	$4.20	$/bbl	$12,600.00		$302,400.00		$1,209,600.00
SUB-TOTAL				$93,608.18	avg	$1,153,538.21	avg	**$6,674,891.04**
				$279,486.35	avg	**$3,269,260.23**	avg	**$15,137,779.12**
				$/Month		**$/yr**		**Total for 4 Yrs**

During his presentation, GM Benavente showed the Commissioners and others in attendance a map of the GPA Cabras property and pipeline & storage locations for their better understanding. It was greatly appreciated by all.

Bamba - questioned the one year lease with option as opposed to GPA owning the storage tanks. GM Benavente confirmed that the goal is to clean and refurbish GPA tanks for future use.

Chairman Duenas asked clarification re MEC8&9 and TEMES, does GPA have lease hold interest on the Navy properties. GM Benavente confirmed the boundaries on the map that are lease hold and those that will be transferred to GPA, fee simple.

Comm. Bamba motioned to approve Resolution 2017-43; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.4 Resolution 2017-44 Bond Refinancing

GPA has been pursuing strategies for reducing debt service payments. One strategy that has emerged as a result of historically low interest rates has been the concept of refunding portion of GPA's 2010 Series A revenue bonds for interest rate savings.

GPA expects that opportunities will arise from time to time to refund all or a portion of its other then outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers. Low interest rate warrants action from the CCU.

After several months of reviewing this strategy with Barclays, GPA Bond Counsel, and GEDA, GPA believes this strategy provides significant benefit for GPA ratepayers. This transaction will need the approval of the Guam Legislature, GEDA, the PUC, and the Governor. The CCU desires to pursue this plan for refinancing of GPA's debt service costs in order to provide a net present value savings to ratepayers.

The present value of debt service on the refunding bonds shall be at least two percent (2%) less than the present value of debt service on the prior bonds, using the yield on the refunding bonds as the discount rate.

The projected NPV savings from refinancing 2010 Series A revenue bonds is $6.74 million or 4.48% NPV savings.

Legal Counsel Botha clarified that Barclay's and Orrick are comfortable to bring borrowing up to $150M and based on what GWA had for their pricing and it is expected GPA will get same or better.

Chairman Duenas reported that Sen. Nelsons group that this matter will be heard on Monday at 9 a.m. The Commissioners agreed it would be good to be present in case any questions arise.

Comm. Guthertz motioned to approve the resolution as presented; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.

4.1.5 Resolution 2017-45 (GWA Resolution 08-FY2018) GPWA CC&B Upgrade)

The Consolidated Commission on Utilities has undertaken a number of initiatives to identify opportunities within, in which the ratepayers of Guam will be better served if both utilities work together as a consolidated utility. GPA and GWA have planned and implemented the replacement of its previous Customer Information System (CIS) with Oracle's Customer Care & Billing (CC&B) system as of March 2015. GPA and GWA both realize that there are efficiencies and cost savings in having a consolidated effort in implementing and maintaining a single CIS. In April of 2016 GPA and GWA procured the services of Prithibi LLC to provide training, GAP analysis review and ongoing support for the operation of CC&B and extended off site support of the system till June 2018.

In November of 2016, the GAP analysis document was presented to both GPA and GWA which listed deficiencies in the implementation of the CC&B system that impacts the short and long term operation of the CC&B System. In one of the noted deficiencies is that GPA and GWA are utilizing physically separate databases in Oracle CC&B and that there will be efficiencies in terms of cost and resources if one CC&B database is utilized for both utilities.

Change order increase amount total is $1.6M with following breakdown:

- GPA – From: $552,853 to $1,312,853 ($760,000)
- GWA –From: $551,853 to $1,391,853 ($840,000)

It was mentioned that the project completion date is September 2018 and will be funded with revenue funds.

GM Benavente said that changes are necessary to have one customer service process for power water customers

Bamba - This is the beginning of seamless service to our ratepayers; He also asked the Board Secretary to load the Gap Analysis to Board books.

Comm. Bamba motioned to approve GPA Resolution 2017-45 / GWA Resp0;itopm 08-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed unanimously.

The GM said this next matter is not on the Agenda but he would like to make a request to the CCU relative to the Governor's Executive Order. The Judiciary and Legislature have both followed suit and he is requesting the same for GPA and GWA. He said the employees are deserving and would like to ask the Commissioner for their consideration. He said he and Acting GM Tom Cruz of GWA is also on board with this request.

Comm. Guthertz said as a public administration professor said it would not be good to be inconsistent with the Governor of Guam moved to approve the motion to approve November 24th as a holiday; Comm. Bamba seconded.

Comm. Duenas said he has a legal question and asked if the Commission can do this despite the item is not an Agenda item. Legal Counsel Botha said yes the GM can make the recommendation and the item can be placed on the Agenda for the December meeting for official ratification.

There was discussion on holiday pay and it was confirmed that shift workers who work on Nov. 24th qualifies for Holiday Pay.

Comm. Guthertz asked if an emergency develop, employees will be activated to respond; the GM confirmed yes that is correct.

Comm. Duenas said he usually votes no on these types of request but GPA has been through some catastrophic events and was still able to provide the service which is a mark of a good organization. On the GWA side, today's GWA is different. We continue to get better and because of that he supports this request.

On the motion, there was no further discussion or objection and the motion passed.

The Commission thanked everyone and wished everyone a Happy Thanksgiving.

4.2 GWA

4.2.1 GM Report Update

Acting GM Tom Cruz updated the Commission on Mt. Santa Rosa status. Customers in this area are susceptible to water outages because of the Yigo Well Y-15 being off line and the Gayinero Booster

Pump Station experiencing pump failure. Any main break along Rte 15 brings water levels down. There

There are Solutions Moving Forward to stabilize water system operations for the Mt. Santa Rosa customers. GM Cruz named the following:

- Having available spare pump and motor for Y-15 at all time
- Having the ability to "re-zone" the Mt Santa Rosa zone which reduces the demand area serviced.
- Having the ability to pump water from the Yigo Booster Pump Station (adjacent to the new Yigp reservoirs) to the Mt. Santa Rosa reservoir
- Having available spare pump and motor for Y-15 at all time
- Having the ability to "re-zone" the Mt Santa Rosa zone which reduces the demand area serviced.
- Having the ability to pump water from the Yigo Booster Pump Station (adjacent to the new Yigp reservoirs) to the Mt. Santa Rosa reservoir
- Completing the "One Guam" Intertie between the DoD tank and GWA tank in the Mt. Santa Rosa area.
- Assessing the viability for a 50K gallon reservoir at highest elevation on Mt. Santa Rosa.
- Maintaining pump and motor redundancy at the Mt Santa Rosa BPS.
- Maintaining back-up generator operations at the Mt. Santa Rosa BPS
- Completing the "One Guam" Intertie between the DoD tank and GWA tank in the Mt. Santa Rosa area.
- Assessing the viability for a 50K gallon reservoir at highest elevation on Mt. Santa Rosa.
- Maintaining pump and motor redundancy at the Mt Santa Rosa BPS.
- Maintaining back-up generator operations at the Mt. Santa Rosa BPS

As a "just in case", below are the solutions for the Tiyan area as discussed in the meeting.

Solutions moving forward to stabilize water system operations for the Tiyan customers

- Having available spare pump and motor for NAS-1, M-2, M-5, M-6, M-7, M-15 and some of the Y-Series wells at all time.
- Maintaining the Granulated Activated Carbon (GAC) system at NAS-1.
- Having the GIAA water system available during emergency
- Looping the Tiyan area from Route 8 near Tri-Intersection to improve system reliability.
- Leak Detection and Line Replacement Program due to asbestos concrete piping (ACP) in the Tiyan area reaching its life expectancy. (Old Navy infrastructure)
- Eliminating the 16" diameter water main running below the Airport runway to keep water in South Tiyan area. Associated with this is the completion of the new water main from Route 8 (near Cars Plus) to the West Tiyan area.

Comm. Duenas asked when and how much (to build tank higher than homes in Mt. Sta. Rosa) - 2018, One Guam 2019; 50kgal tank; this all falls in line with the court order and the timeline management is looking at is 2019 and 2020.

Comm. Sanchez mentioned that one of the last things we do when we finish the court order we have to look at all 31 tanks. The Court Order put these tanks at the back of the line; we can revisit and change the priority. Comm. Sanchez said we must repair the tanks in priority starting with the area that is most affected first. Unfortunately Mt. Sta. Rosa is one of the last tanks for repair.

Comm. Guthertz asked for current status of Mt. Sta. Rosa, GM Cruz said they all have water now and management is trying to keep the water wells stay on line. The parts are here and GWA is building their inventory. Comm. Sanchez said there's more ailing the Mt. Santa Rosa than just parts to a pump and management needs to keep the ball in the air to keep water flowing and buy us more time.

GM Benavente said the Y15 well parts are in and management is trying to manage this piece. Because we are dependent on Yigo tank we have to have high production, brand new wells in the north to be able to direct 1000kgals to Yigo tank to keep it full. He mentioned a couple of wells that are being constructed that can help fill this need.

Comm. Santos commented when potential resident want to build up in Mt. Sta. Rosa why would management allow it? Comm. Sanchez said we cannot change the sins of the past but in the future we should not allow more building in that area.

Comm. Bamba said if all these solutions are acted upon and will building homes be allowed.

Comm. Duenas said it is incumbent by management to make recommendation not to build until such time that management feels that service will not be hampered. It is DPW that stamps the permits and management needs to advise them of intent to deter further building in that area.

GM Cruz said the Commission requested for a monthly report on meters. USA Lisa San Agustin gave a report on the number of meters installed to date – 5,000 meters to date. A long discussion followed on this matter. The graph below is a summary of her report.

NON AND LOW REGISTERING METER PROJECT
MONTHLY COMPLETION
JAN 2017 THRU OCT 2017

COMPLETED FIELD ACTIVITY - JAN THRU OCT 2017 (POSTED IN CIS)	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	TOTAL:	OCT 2017 COMPLETED FIELD ACTIVITIES (IN PROCESS) TO BE POSTED IN CIS
GWA - Test Meter	30	9	9	371	745	87	393	743	1000	1007	4394	218
GWA - Meter Exchange	393	179	220	276	482	353	501	807	1526	1039	5776	39
GWA - Verify Zero Report	30	124	114	94	96	402	261	199	550	89	1959	165
GWA - Verify Low Usage	0	0	0	2	37	36	196	488	657	202	1618	135
TOTAL:	453	312	343	743	1360	878	1351	2237	3733	2337	13747	557

# OF METERS TESTED AS PER METER TEST FACILITY REPORTS:	345	350	144	252	305	210	302	397	1013	1130	4448	
# OF BACKBILLINGS APPLIED AS PER FINANCE REPORTS:	0	0	0	20	122	84	29	111	219	80	665	$ 472,257.00 TOTAL AMOUNT ($$$) OF BACK BILLS

# OF FIELD CREW PERFORMING CHANGE OUTS:	19	10	13	9	21	21	14	24	35	28
# OF ADMIN STAFF TO CREATE AND POST FIELD ACTIVITIES IN CIS:	7	4	5	6	9	9	10	13	15	15
# OF SUPPLY STAFF TO ISSUE MATERIALS AND PROGRAM NEW METERS:	2	2	2	2	2	2	2	2	2	2
# OF TEST FACILITY PERSONNEL TESTING METERS:	2	2	2	3	3	3	3	3	3	3
# OF ACCOUNTANTS CALCULATING BACK BILLS:	0	0	0	2	3	2	2	3	3	2
TOTAL:	30	16	20	17	32	32	26	39	52	45

4.2.2 Financials – not discussed

4.2.3 Resolution 04-FY2018 Relative to Mastercard Payments for Commercial Accounts

In March 2016, the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) procured and awarded the merchant banking services contract to the Bank of Hawaii (BOH). BOH is able to offer both GPA and GWA the Utility Interchange rate when utility bills are paid with MasterCard which will offer commercial customers the convenience of paying their bills using their MasterCard.

At all three locations (Fadian-Mangilao, Julale Shopping Center, Agana & GWA Upper Tumon), Online, Pay-by-Phone, and future releases of the Integrated Voice Response Pay-by-Phone and Mobile App.

This rate is $0.65/transaction for MasterCard consumer credit cards, $0.45/transaction for MasterCard debit cards and $1.50/transaction for MasterCard commercial and business cards plus BOH's nominal processing fee passed on to GWA.

A large commercial customer would generate fees of approximately between $50 - $100 using a commercial or business MasterCard. GWA estimates the total cost to the Authority will be approximately $115,000 annually assuming all commercial accounts use MasterCard.

This action will take effect Immediately, upon the approval by the CCU and the funding source is revenue funds.

Comm. Santos motioned to accept Resolution 04-FFY2017; Comm. Guthertz seconded. All voted yes and the motion passed.

However, CFO Cruz asked if there be a slight amendment to Line 16, 3rd Resolved to say payment from "non residential customers" instead of just commercial customers

Comm. Sanchez asked to rescind the previous vote and the accept the CFO's recommendation to amend the resolution by replacing the word commercial to non residential; Comm. Guthertz seconded.

On the amendment there was no further discussion or objection and the amendment passed.

On main motion as amended there was no further discussion or objection and the motion passed.

4.2.4 Resolution 05-FY2018 Construction Contract for Tumon #2, Chaot #2 Reservoirs

The project is spread across three different water reservoir sites as well as at water system control devices such as Pressure Regulating Valves. The following describes the project locations and general scope of work.

Tumon No. 2 (Nissan) Reservoir

- The existing steel reservoir will be replaced with a new concrete reservoir (1.0 MG). The work will also include upgrading three PRVs on Pale San Vitores Road and Marine Corps Drive.
- The work is listed in the Base Bid.

Hyundai Reservoir

- The existing steel reservoir will be replaced with a new concrete reservoir (1.0 MG). The work will also include a new booster pump station at the reservoir site and water line upgrades in the surrounding service area.
- The reservoir work is listed in the Base Bid. The booster pump station and water line upgrades are listed in the Additive Bid.

Chaot Reservoir

- A new reservoir (0.5 MG) will be constructed adjacent to the newly built Chaot No. 1 reservoir (0.5 MG). This will bring the capacity of the site back to 1.0 MG. The A-series wells that feed the Chaot and Agana Heights system will be disconnected from the distribution line; making the wells feed directly to the Sinajana-Agana Heights transmission lines. The chlorination systems at the central chlorination building will be modified. The Dero Road PRV will be rehabilitated.
- The A-series well, chlorination system, and Dero Road work are listed in the Base Bid. The reservoir work is listed in the Additive Bid.
- This project is a Court Order project thus falls under the deadline requirements established.

The bid proposal submitted by AIC International, Inc. is $14,828,194.00. With a 10% contingency of $1,482,819.40, the total project funding amount will be $16,311,013.40. It was mentioned that the funding source would be per following:

1. PW 09-11: Water System Reservoirs 2005 Improvements
2. PW 12-04: Agana Heights and Chaot Tank Construction
3. PW 12-06: Tank Replacement Piti and Hyundai Tanks

The completion dates for the work follows:

1. Tumon No. 2 Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Tumon No. 2 base bid work shall be substantially complete as specified no later than 425 calendar days from NTP.
2. Hyundai Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Hyundai base bid work shall be substantially complete as specified no later than 425 calendar days from NTP.
3. Chaot No. 2 Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Chaot No. 2 base bid work shall be substantially complete as specified no later than 180 calendar days from NTP.
4. Hyundai Additive Bid Items Substantial Completion: Additive Bid Item #8 if awarded will add 60 calendar days to the Hyundai Base Bid Substantial Completion. Additive Bid Item #9 if awarded will add zero (0) calendar days to the Hyundai Base Bid Substantial Completion. Additive Bid Item #10 if awarded will add 60 calendar days to the Hyundai Base Bid Substantial Completion.
5. Chaot No. 2 Additive Bid Item Substantial Completion: Additive Bid Item #5 if awarded will add 185 calendar days to the Chaot No. 2 Base Bid Substantial Completion. Additive Bid Item #6 if awarded will add zero (0) calendar days from NTP to the Chaot No. 2 Base Bid Substantial Completion. Additive Bid Item #7 if awarded will add zero (0) calendar days from NTP to the Chaot No. 2 Base Bid Substantial Completion.

Acting GM Cruz requested a change on page 122 to change line 9 to edit and include PW09-03 water distribution system replacement and PW09-04, upgrade pressure zone realignment to both the whereas and resolved sections of the resolution. He said these are a part of the project and the verbiage was left off.

Comm. Guthertz motioned to amend the whereas and resolved section as stated by the Acting GM; Comm. Sanchez seconded

Comm. Bamba motioned to approve the resolution ; Comm. Guthertz seconded.

On the amendment, there was no further discussion or objection and the amendment passed.

On the main motion as amended, there was no further discussion or objection and the motion passed.

4.2.5 <u>Resolution 06-FY2018 Change Order for ConstrMgmtSvcs for Rehab of GWA Wells</u>

The objective of Change Order No. 3 is to extend the Construction Management (CM) services 97 days to match the contract time extension approved for the construction contract. Additional funding is needed for Change Order No. 3 to manage the construction, on a time and materials basis. These wells have been inoperable for a significant amount of time. Once they are put on line and operational, it will add almost 1,000 MGDs back to the island's water system.

This project is located at Groundwater Wells D-03, D-17, D-18, D-22, and M-09 within the villages of Dededo, and Mangilao. Construction activities will be limited to the property boundaries of the well sites.

The original contract value for this CM Services was Seven Hundred Forty Nine Thousand One Hundred Eighty Four Dollars ($749,184.00), plus a ten percent (10%) contingency of Seventy Four Thousand Nine

Hundred Eighteen Dollars and Forty Cents ($74,918.40). The value of the Change Order No. 3 proposal is One Hundred Nineteen Thousand Three Hundred Eighty One Dollars ($119,381.00). Approval of Change Order No. 3 will bring the total authorized funding amount to a maximum of Nine Hundred Forty Three Thousand Three Hundred Sixty One Dollars and Thirty Two Cents ($943,361.32).

The project is scheduled to be substantially completed by end of November 2017 and the fimdomg source for this project will be from USEPA Grant and, if necessary, GWA Bond funds applicable to the project type.

Comm. Santos moved to approve Resolution 06-FY2018; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

4.2.6 Resolution 07-FY2018 Contingency Fund for Route 1 Sanitary Sewer Rehab/Replacement for Asan Sewer Break Repair

Due to the deteriorating conditions of the sewer lines on Route 1 in Asan and Adelup, GWA is requesting additional funding authorization via a contingency fund to the contract with Pacific Rim Constructors, Inc. (PRC) for the Route 1 (Asan-Adelup-Hagatna) Sewer Rehabilitation Asan Sewer Break Repair Project. This additional authorization funding will provide GWA with construction services as, and if needed, on a time and materials basis, should additional sewer lines collapse before the re-bid of Route 1 Sewer Rehabilitation and Replacement (Asan-Adelup-Hagatna) Project for Asan and Adelup is awarded and is under construction which is expected to occur before March 3, 2018.

The contingency amount is ten percent (10%) of the original contract value of Two Million Four Hundred Seventy Thousand Six Hundred Fifty Eight Dollars ($2,470,658.00) or Two Hundred Forty Seven Thousand Sixty Five Dollars and Eighty Cents ($247,065.80). Approval of the contingency will bring the authorized total amount for the contract with PRC to Two Million Seven Hundred Seventeen Thousand Seven Hundred Twenty Three Dollars and Eighty Cents ($2,717,723.80).

GWA intends to change order the construction services contractor to March 2018 when GWA anticipates an award to the Route 1 Sewer Rehabilitation and Replacement (Asan-Adelup-Hagatna) Project for Asan and Adelup area.

It was mentioned that the funding for the additional work will be from the USEPA State Revolving Fund and, if necessary, GWA Bond funds applicable to the project.

Comm. Bamba motioned to approve Resolution 07-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion carried.

4.2.7 Resolution 08-FY2018 (GPA Resolution 2017-45) GPWA CC&B Upgrade)

This matter was discussed / passed at the GPA portion of the meeting, Section 4.1.5

4.2.8 Resolution 09-FY2018 Approval of NDWWTP Land Acquisition Funding

The objective of the resolution is to seek CCU approval to use other funding sources such as System Development Charge Fund and bond funds under CIP line items applicable to the project to supplement the balance of the funds required to use towards the purchase of the GALC property for the purposes of upgrading the NDWWTP to secondary treatment.

The fair market value for the purchase of the GALC property adjacent to the NDWWTP is Two Million Four Hundred Ninety Thousand Dollars ($2,490,000.00). GWA currently has Five Hundred Sixty Thousand Dollars ($560,000.00) from the OEA grant and One Million Dollars ($1,000,000.00) for 2010

Bond funds applicable for the purchase of the GALC property. The balance of the funds required is approximately One Million Dollars ($1,000,000.00).

Acquisition of the subject property should take approximately 3-4 months after approval of funding availability. This time frame includes final property map approval and recording at Guam Land Management as well as escrow services to purchase the property from GALC.

The funding will be from System Development Charge Fund and bond funds under CIP line items applicable to the NDWWTP Secondary Treatment Upgrade project.

Comm. Bamba motioned to approve Resolution 09-FY2017; Comm. Guthertz seconded. There was no discussion or objection and the motion passed.

5. OLD BUSINESS - None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings: CCU Meeting Dec. 12

The Chairman announced that the December meeting will be moved up to December 7th.

He then asked for a 10 minute recess; it was 7:04 p.m.

Executive Session started at 7:15 p.m.

7. EXECUTIVE SESSION

7.1 Litigation Matter

This matter was discussed

8. ADJOURNMENT

There was no further business to bring before the Commission and the meeting was adjourned at 7:40.m.

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Attested:

_____ _____

JOSEPH T. DUENAS, Chairman J. GEORGE BAMBA, Secretary

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
4:30 p.m., September 26, 2017

MINUTES

1. CALL TO ORDER

The Chairman called the regular monthly meeting of September 26, 2017 to order at 5:30 p.m. He announced that all five (5) Commissioners were present.

Others present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Judi Guthertz	CCU Treasurer
Simon Sanchez	Member

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Melinda Mafnas	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
Graham Botha	Staff Attorney / GPA
Kelly Clark	Staff Attorney / GWA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Manny Apuron	IT / GWA
Geigy Salayon	Asset / GWA
Ron Topasna	P&T / GWA
Vincent Pangelinan	GWA
Art Perez	PIO / GPA
Vince G.	GWA
Zina Charfauros	Personnel Admin. / GWA HR

Jacalyn Taisacan	Customer Service / GWA
Linda Benavente	Customer Service / GWA
Karen Grape	GWA / IT
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Bill Gilman	Brown&Caldwell
George Watson	Brown&Caldwell
Dela Cruz, WW	KUAM
Andy Niven	Commissioner / PUC
Bill Chang	Brown&Caldwell
Annmarie Muna	AM Insurance
Angela Perez	AM Insurance

2. APPROVAL OF MINUTES

The Minutes of August 29, 2017 was presented for approval.

Comm. Guthertz motioned to approve the Minutes subject to verification & written correction; Comm. Santos seconded. There was no further discussion or objection and the motion passed.

3. COMMUNICATIONS

3.1 Public Comments - None

4. NEW BUSINESS

4.1 GPA

4.1.1 GM Report Update

There was no GM Report Update given at this meeting

4.1.2 Financials

There was no discussion relative to this matter.

4.1.3 Resolution No. 2017-29 Relative to Approval and Implementation of a Unified Zero Tolerance Drug & Alcohol Policy for GPA and GWA (GWA Resolution No. 42-FY2017)

The CCU has directed GPA and GWA to review its drug testing policies to ensure that the Agency maintains a drug- and alcohol-free workplace. GPA and GWA have drafted a new unified DRUG- AND ALCOHOL-FREE WORKPLACE policy that makes changes from the previous policy that allowed employees to a complete a drug treatment program, and remain employed provided they successfully completed a drug treatment program. GPA and GWA recognize that while the previous policies provided counseling and treatment to employees, it does not deter employee drug and/or alcohol use and its adverse effects on job performance in the workplace. The new draft DRUG- AND ALCOHOL-FREE WORKPLACE POLICY provides for a zero-tolerance drug policy, such that if an employee tests positive for drugs they will be terminated as an employees of GPA and GWA. To ensure a drug-free workplace, every employee shall be tested for illicit drugs at least once a year. The management has provided notice, informational sessions, and solicited comments from GPA & GWA employees, including supervisors and managers regarding the new draft DRUG-AND ALCOHOL-FREE WORKPLACE policy.

Management of GPA and GWA request the Consolidated Commission on Utilities to adopt the draft unified DRUG- AND ALCOHOL-FREE WORKPLACE policy as follows:

The unified DRUG- AND ALCOHOL-FREE WORKPLACE policy for GPA and GWA is hereby adopted to include employees of GPA and GWA. All Consolidated Commission on Utilities members and employees shall be subject to the DRUG- AND ALCOHOL-FREE POLICY, and accordingly, will be placed in the employee population for random testing. This policy shall be effective for the Guam Power Authority and the Consolidated Commission on Utilities on October 1, 2017. This policy shall be effective for the Guam Waterworks Authority upon completion of the Guam Administrative Adjudication Act process. GM Benavente said GPA will implement effective 10/1/17 and GWA in 90 days or around Jan 1, 2018,

Comm. Bamba asked if this matter needs to comply with Triple A process and Legal Counsel Kelly confirmed yes. Comm. Duenas said this resolution was discussed in detail during the recent work session and asked for clarification – if an employee comes asking for help before being tested will they be granted counseling process and the response was yes. Comm. Duenas added that HR will administer a mandatory briefing on the proposed drug policy and have each employee acknowledge or sign their understanding about the new zero tolerance policy.

Comm. Bamba motioned to approve GPA Resolution 2017-29 / GWA Resolution 42-FY2017; Comm. Guthertz seconded. On the motion there was no further discussion and the motion passed.

It was again mentioned that the approval is for the policy for both GPA and GWA but each agency will have different start dates – GPA on Oct. 1, 2017 and GWA on Jan 1, 2018.

4.1.4 Resolution No. 2017-35 Ratification of Poll Vote on Approval of FY'2018 Budget

Section 8117 of Chapter 8 of Title 12 of Guam Code Annotated authorizes the Consolidated Commission on Utilities (CCU) to adopt an annual budget for the Authority. Section 6.11 of the GPA Bond Indenture Agreement requires the Authority to provide a copy of an approved budget to the Bond Trustee prior to the beginning of each fiscal year. The General Manager has carefully scrutinized each line item of the budget and made substantial and significant reductions to the budget document as a whole to ensure that all budget expenditures are consistent with the strategic goals of the Authority. The Consolidated Commission on Utilities has held a working session in which budget items were reviewed and discussed.
The Fiscal Year 2018 Budget is based on a Non-Fuel Revenue forecast of $165,064,000 and miscellaneous revenues and a Fuel Revenue forecast of $250,707,000 for *total revenues of $415,771,000.*

Total Operations and Maintenance budget includes Labor and Retiree's benefit costs of $48,294,006; Non-Labor cost of $34,257,992 less Capitalized O&M of $6,794,853 for *total O&M Budget of $75,757,145*; Bad Debt Expense of $1,039,000; Independent Power Producers costs plus Aggreko Payments of $43,719,000; Debt Service of $30,168,000; Production Fuel of $248,677,000 and revenue Funded Capital Improvement Projects of $25,230,000. Funds pledged for the Bond Reserves are not included in the overall budget amounts.

The General Manager of the Guam Power Authority has created and thoroughly reviewed the budget for *Fiscal Year 2018 totaling $415,771,000.* The CCU Commissioners noted that the budget provides funding of Revenue Funded Capital Improvement Projects totaling $25,230,000.

This matter was poll voted for $418M O&M to include fuel and non-fuel; $25.230M for revenue funded CIP etc. There was a lengthy discussion about LEAC and whether or not the budget provided for fuel included the recovery of the $13M current under recovery.

Comm. Bamba asked about under-recovery does the budget include the under recovery. Comm. Simon chimed in saying this was the CCU's main concern Does the $248 recover the $13M? What would LEAC factor have to be on Feb 1 to recover the $248M and the $13M.

GM Benavente said the LEAC is not dependent is what we spend and what we project for the next 6 months. The $248M is only authorization to spend up to this amount. Commissioners Sanchez and Bamba understood this but wanted further clarification.

Asst. CFO Montellano said fuel forecast was $225M in FY17 the projected actual is estimated at $166M. With the $15M our estimated expense is $181M, the expense for the year. The Budget is $248M includes all the fuel cost, handling etc.

Comm. Sanchez asked what is the forecasted increase will be in February to recover the $13M; GM Benavente said that yes there will be an increase in LEAC come February 1 by 11.77 to 13.77 or 8-10%

For budget purposes the CFO said the $248M covers for the trending fuel cost of $60 per barrel and the under recovery of $13M at 100%. He reiterated that the LEAC projected increase in February but the magnitude is dependent on the policy call of the CCU.

GM Benavente said he will get the LEAC figure to the Commission because he does not have this figure right now.

Comm. Sanchez said this is a good exercise for next year's fuel budget. He recommended doing a LEAC projection for each related annual fuel budget request.

4.1.5 Resolution No. 2017-38 Relative to the Creation and Addendum of Certified Technical and Professional (CTP) List of Positions and Adoption of Market Update for GPA & GWA (GWA Resolution No. 53-FY2017)

The aim of this project is to improve GPWA business processes, optimize its assets and maximize employee's performance through the consolidation of its pay policies and all positions under an updated Strategic Pay plan. It is necessary to create new utility-specific CTP positions and fill these positions with existing employees who have the requisite training and skills. It is necessary to accept the 2017 market update report and adopt an updated pay scale necessary to maintain the utilities' position in the market place aimed at being externally competitive in attracting and retaining talented, skilled employees. It is necessary that CCU Resolution No. 2012-49 apply to both GPA and GWA business processes to promote equity and uniformity in the utilities' promotion, demotion, and transfer pay policies.

The cost for the migration to 15th and 20th market percentile is $2,281,785 and $2,955,775 respectively, per 12-month calendar year. The recommended 2017 15th market percentile update will be implemented in January 2018, thus the *FY2018 cost is estimated at $1,725,000* ($1,121,250 base salary + $603,750 benefits) from January - September.

Upon approval by the CCU, the implementation date is January 6, 2018 for the 15th market percentile and January 6, 2019 for the 20th market percentile and will be funded thru revenue funds.

It was mentioned that GPA will implement the migration to the 15th percentile on Jan 6. The full year annualized cost to do this is $2.28M including benefits =and the cost for' FY2018 impact is $1.7M including benefits.

Comm. Santos asked what factor was used to calculate for benefits, CFO Kim responded 35% inclusive of medical, life, dental. Comm. Santos asked at what class structure – single, family? Is it the highest government rate at the health insurance side? Management said they do not have this information right now. Comm. Santos said he wants to know what the realistic figure is for this factor because this is a huge cushion. He is interested to know how much of the $700k is imbedded in this figure.

Comm. Sanchez said GPA wants to do migration to 15th market percentile in 2018 and 20th percentile in 2019. It would cost $3M to move to 20th market percentile in 2020 – a 700k annual difference. $1.7M in FY18 is in budget but what about the budget for the 2019 migration.

Comm. Duenas asked both legal counsels Botha and Kelly if language if approved tonight approves 20th percentile migration in 2019; Counsels Botha and Kelly confirmed yes.

Comm. Sanchez said it would be better to work on the migrations one at a time instead of the way the resolution is written. He would prefer management to approach the Commission with each migration and not automatically approve future migrations the way the resolution is currently written. Other Commissioners agreed.

Comm. Sanchez moved to approve GPA Resolution 2017-38 / GWA Resolution No. 53-FY2017 for discussion; Comm. Bamba seconded.

Comm. Sanchez said he would like to amended the resolution Line 65 to delete phrase “and to the 20th market percentile in Jan. 6, 2019” and on Line 68 delete last 2 sentences in that resolve the entire sentence beginning with work “thereafter” and ending with word funds; JG seconded

On the amendment – all voted yes; no objections

Comm. Santos wanted clarification from CFO Kim and Cruz if the funds for these migrations are on the approved budgets? GPA CFO Kim said yes; GWA CFO Cruz said no funding for migration is not in FY2018 budget.

Discussion on GWA side of the resolution followed. GWA GM Bordallo said it would cost $1.2M to go to 10th percentile January 2018.

Comm. Sanchez said for the record GWA included in the budget the hiring of 51 people but if this is not going to happen there may be some monies available. Comm. Santos asked what is the value of 51 positions CFO Cruz said $3M. GM Bordallo said management is trying to fill these positions or at least 26 of the 51 positions in FY18.

Comm. Sanchez said the timing of GWA CTP migration is not critical tonight. He said he would like to hear what PUC has to say about GWA's request for a 4% rate increase. He recommended to table GWA piece of the puzzle to see what PUC decides on the increase and to allow management more time to decide how GWA wants to implement migration to CTP 10. Comm. Sanchez felt strongly that the CTP resolution should not be combined GPA-GWA, it should be separate.

Comm. Bamba asked CFO Cruz what is track for budget vs. actual; CFO Cruz responded that currently revenues are underperforming.

Comm. Sanchez motion to delete Resolved #3 in its entirety and delete any reference to GWA in reset of the resolution; Comm. Bamba seconded

On the amendment there was no objection; all voted yes

On main motion as amended – no further discussion – all voted yes. The motion carried unanimously.

4.1.6 Resolution No. 2017-39 Approval of the Bid for 180 MW Power Plant

The Guam Power Authority is developing the technical bid documents for the new power plant. However GPA is still in the process of acquiring the property to site the new plant and the land details will be required in the bid documents. GPA is proposing a three step bid process that requires a prequalification of bidders based on experience and financial capability to execute a contract for the construction, commission and operation of a power plant up to 180MW in capacity. The remaining steps are the qualification of the technical proposal and the cost evaluation. Since bidder qualifications will not be based on any technical requirements and does not require the technical bid documents, GPA would like to proceed with the bidder qualification process to establish the Qualified Bidders List. This parallel process while the technical bid documents are being finalized will aid to minimize further schedule delays on the commissioning of the new plant. The projected timelines will allow GPA to complete the bid documents and obtain necessary approvals upon the finalization of a Qualified Bidders List.

GPA is presently evaluating and negotiating the land acquisition for property in the Harmon area.

The allowance of the RFQ process will shorten the procurement schedule by 3-4 months if done parallel with finalization of bid documents. A summary of the proposed bid schedule is provided below.

Milestone	Complete
IPP RFQ Advertised	Nov-17
Evaluate / Qualify Bidders	Feb-18
Land Acquisition & Process	Jan-18
Finalize IPP Bid Documents	Jan-18
Announce IPP Bid	Mar-18
Evaluate / Qualify Technical Proposals	Aug-18
Evaluate/ Select Price Proposal	Sep-18
Negotiations & Final Recommendation	Oct-18
Notice to Proceed	Dec-18
Commissioning	Dec-21

It was mentioned that the funding source for this project is revenue bonds.

GM Benavente said he is asking to petition the PUC on the bid process on 180MW power plant. Management proposes a multi-step bid – a 3-step process; 1) proponents provide qualification and financial capability to be short listed; 2) short list is provided technical proposal to bid specs & provide costing and 3) for those accepted the price proposal opening follows.

The Chairman said for the record - (2) Commissioners have recused themselves on this matter - Comm.Bamba and Comm. Sanchez.

Chairman Duenas reiterated that management will procure the land and the project will be to Build Operate and Transfer (BOT). This action is to establish a list of interested parties and for clarification the CCU approves and PUC also must approve – management concurred.

Comm. Santos said he likes the timetable provided but where is the factor for protests etc. GM Benavente said he hopes there is no protest. Legal Counsel Botha said that GPA has done multi-step bids before the one thing we are doing different is to establish parties who are financially stable.

Comm. Santos asked again if this project was a build, operate and transfer; management's response was yes. He then asked how does the CCU move forward if someone approaches him with an opportunity tomorrow; this is a valid question and the burden for this very large project is put on just 3 people. If a business opportunity came to him why would he not be able to accept the business opportunity.

There was discussion about conflicts of interest. Comm. Guthertz said the Commission drafted and adopted a Code of Ethics that was signed by all Commissioners. They all agreed yes and that is why Comm. Sanchez and Bamba has recused themselves from this resolution. They both are engaged with companies that may be interested to place a bid so for now they are conflicted and thus have asked to be recused.

In response to Comm. Santos's inquiry about the future and what if he were presented with an opportunity, Legal Counsel confirmed that for now, Comm. Santos is not conflicted and is able to vote on this resolution tonight but if in the future he becomes conflicted, he must recuse himself. At that point, this matter them is dead in the water.

Comm. Guthertz stated for the record, she does not entertain conflict and will not accept opportunity that will force her to be conflicted. Comm. Duenas said the same goes for him.

Comm. Santos asked what the law says about CCU action items; Legal Counsel Botha confirmed that three (3) is a quorum and 3 affirmative votes are needed to pass an action.

Comm. Guthertz motioned to approve Resolution 2017-39; Comm. Santos seconded. There were three yes votes and the motion passed without further discussion or objection.

4.1.7 Resolution No. 2017-40 New RFO Fuel Supply Contract

The Guam Power Authority's current contract for Supply of Residual Fuel Oil No.6 for the Baseload Plants is expiring in August 31, 2018. The fuel supply contract is necessary to provide uninterrupted supply of fuel for the Baseload plants – Cabras 1&2 and MEC 8&9. The 3-year contract is estimated to exceed $1.5M requiring prior approval from the PUC.
The contract is planned for an initial period of three (3) years to commence on or about September 01, 2018 and to expire on August 31, 2021, with the option to extend for two (2) additional one-year terms. The funding source is revenue funds and the IFB solicitation will commence after CCU approval.

Comm. Santos motioned to approve Resolution 2017-40; Comm. Guthertz seconded.

In discussion it was mentioned that the existing contract for RFO supply expires on 12/31/18 and this resolution if approved will keep supply going through transition to the new generation plant.

For the record the vote was (4) yes and (1) abstention by Comm. Bamba. The mo0on passed.

4.1.8 Resolution No. 2017-41 Ultra Low Sulfer Diesel (ULSD) Contract Extension

The Guam Power Authority's current contract for Supply of Diesel Fuel Oil No. 2 for the Baseload Plants and Peaking Units expires on December 31, 2017. Through CCU Resolution 2015-05, a Multi-Step Bid GPA-057-17 to procure a new supply contractor was issued with the intent to award before December 2017. The bid was cancelled due to changes in operation requirements, anticipated dispatching for the next 3-5 years, as well as inquiries raised by prospective bidders requiring major revisions in the current structure of the bid. The CCU Resolution No. 2017-33 approved the revised bid documents which requires and is pending PUC approval.

Based on a projected bid schedule for the re-solicitation for a Diesel supply and delivery contract, the new contract is anticipated to commence July 01, 2018. GPA requires an extension of supply and delivery services for 6 months from January 01, 2018 to June 30, 2018.

Diesel Fuel Oil No.2 supply will be stored at GPA-leased tanks in the Tristar Facility. From the tank, it will be delivered via tanker truck and pipeline (if the option is available) to the Baseloads (Cabras 1&2 and MEC 8&9), Fast Tracks (Manenggon and Talofofo), TEMES CT and Northern Plants (Dededo CT, Macheche CT and Yigo CT, Aggreko)

The estimated quantity for 6 months is approximately 16 million gallons (~380,000 barrels) of ULSD at an estimated premium fee cost of $0.3500/gallon for a total cost of approximately $5.6M. The contract will be extended for a period of six months to commence on or about January 01, 2018 and to expire on June 30, 2018. The funding source for this expense is fuel revenue funds.

It was mentioned that price proposals were submitted by Mobil Oil Guam and IP&E. IP&E was determined to have the lowest price proposal (Exhibit A

Comm. Sanchez motioned to approve Resolution 2017-41; Comm. Santos seconded. On the motion there were (4) ayes and (1) abstention by Comm. Bamba.

4.1.9 Resolution No. 2017-42 Approval for Purchase of Land for New 180 Power Plant

This matter was tabled and not discussed.

4.2 GWA

4.2.1 GM Report Update

There was no GM Report Update at this meeting.

4.2.2 Financials

There was no discussion relative to this matter.

4.2.3 Resolution No. 42-FY2017 Relative to Adoption and Implementation of a Unified Zero Tolerance Drug & Alcohol Policy for GPA and GWA (GPA Resolution No. 2017-29)

This matter was discussed at the top of the meeting under Section 4.1.3.

4.1.4 Resolution No. 53-FY2017 Relative to the Creation and Addendum of Certified, Technical and Professional (CTP) List of Positions and Adoption of Market Update for GPA & GWA (GPA Resolution No. 2017-38)

This matter was discussed at the top of the meeting under Section 4.1.5. The Commission decided to postpone any action related to GWA at this time to allow GWA management to further study a manageable level of market percentile increase. This matte will be brought up again for CCU review and action at a future meeting.

4.1.5 Resolution No. 54-FY2017 Relative to Approving Contract Amendment No. 7 for Program Management Services

The objective of the project is to provide additional Program Management Services to GWA. The PMO currently provides various engineering services, financial analysis, and operational training to GWA and there is a need for additional services above the original contract value and amendments to date. The additional services needed include general programmatic work that covers needs throughout GWA, consulting engineer's report for 2018 revenue bond financing, project management for new wells AG10, AG12 and Y8, hydraulic modeling and training for wastewater collection system, and continued assistance with project management

over USEPA SRF projects. The proposed amendment and funding are generally in line with GWA Management's transition plan for the PMO as presented to the PUC in December of 2016.

The additional cost for PMO services is Two Million Ninety Five Thousand Nine Hundred Four Dollars ($2,095,904.00). The latest PMO service related to this Amendment No. 7 will be completed by December 2018.

The source of funding will be from the 2010, 2013 and 2015 bond series proceeds, GWA revenue funds as well as State Revolving Funds that are applicable to the PMO's work and which are eligible to be used.

Comm. Bamba motioned to approve Resolution 54-FY2017; Comm. Santos second.

In discussion Comm. Guthertz asked how much longer would this program be needed and management responded that the program is necessary. Management responded the contract is up in the Spring of 2019. Comm. Guthertz followed up asking Brown & Caldwell's work is complete does GWA have the capacity to do the service in house. GM Bordallo said we will never have the technical expertise that they offer and service contracts will be procured on an as needed basis.

On the motion, there was no further discussion or objection and the motion passed.

5. OLD BUSINESS - None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings

The Chairman announced that the next CCU meeting would be a work session for GWA on Oct. 17, work session for GPA on Oct. 19 and the CCU meeting on Oct. 24.

The Chairman said GWA Legal Counsel has advised of a litigation matter for discussion in Executive Session.

The Chairman then asked for a 10 minutes recess; it was 7:00 p.m.

7. EXECTIVE SESSION

7.1 Litigation Matter

This matter was discussed.

The chairman announced that the meeting was not back in regular session; it was 7:15 p.m. He asked if there was a motion in order.

Comm. Bamba moved to approve Resolution 55-FY2017 Relative to the Rosinni Baloran Government Claim No. 2017-010 as discussed in Executive Session; Comm. Guthertz seconded.

There was no further discussion or objection and the motion passed unanimously.

8. ADJOURNMENT

There was no further business to bring before the Commission and the meeting was adjourned at 7:20 p.m.

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bls

Attested:

_____ _____

JOSEPH T. DUENAS, Chairman J. GEORGE BAMBA, Secretary

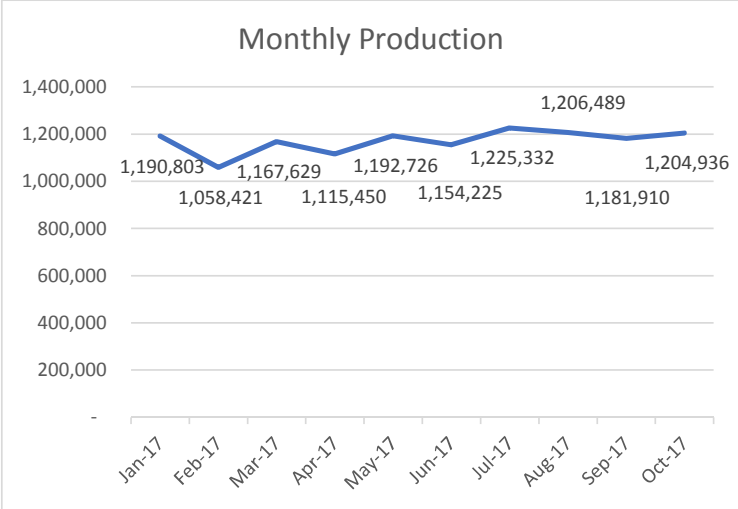
GUAM WATERWORKS AUTHORITY

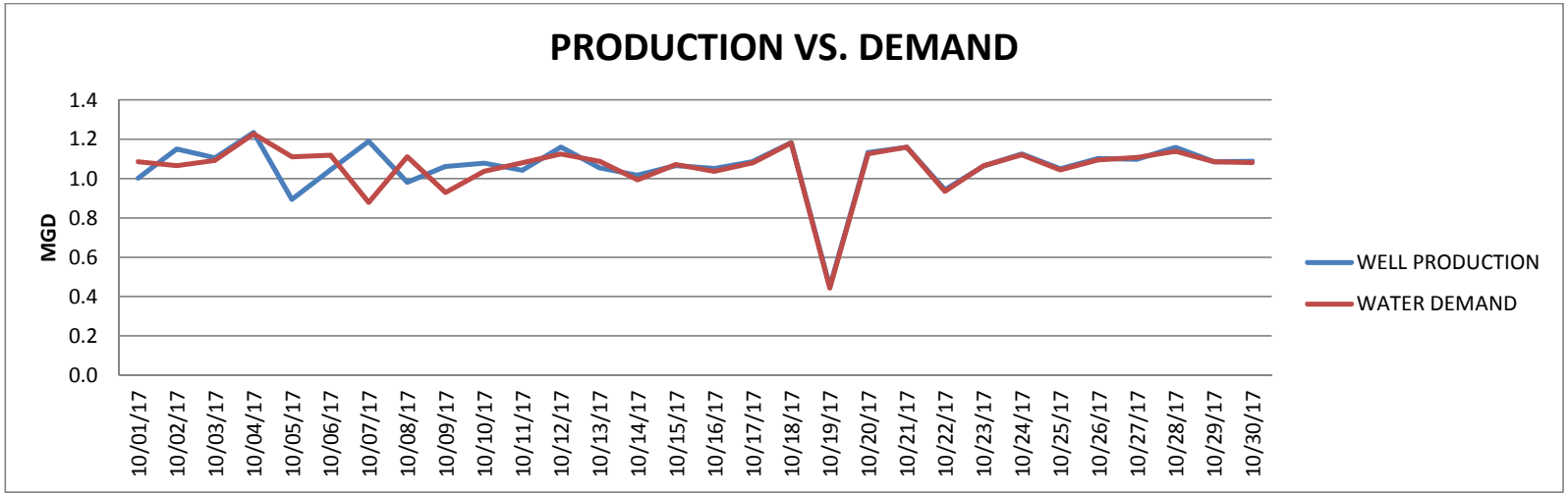
General Manager's Report
GPWA CCU Board Meeting, December 7, 2017

Operations Update

Production

Monthly Production Summary - November 2017				
Deep Wells			34.7	MGD
Active wells =	92	of 120		
Avg days in operation =	28.54	days		
Total Production =	1,076,807	Kgals		
Springs			0.00	MGD
Avg days in operation =	0	days	*placed on standby	
Total Production =	0	Kgals		
Ugum Surface Water Plant			-	MGD
Avg days in operation =	30	days		
Total Production =		Kgals	*data pending	
Tumon Maui Well			-	MGD
Avg days in operation =	30	days		
Total Production =		Kgals	*data pending	
	1,076,807	Kgals	34.7	MGD



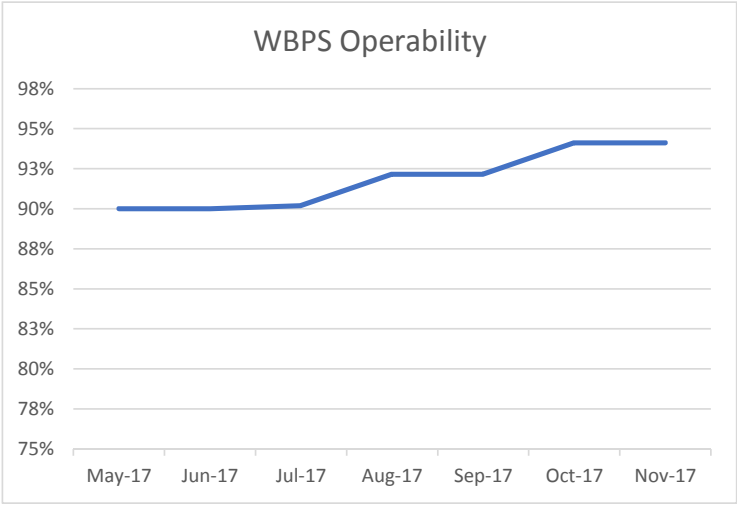


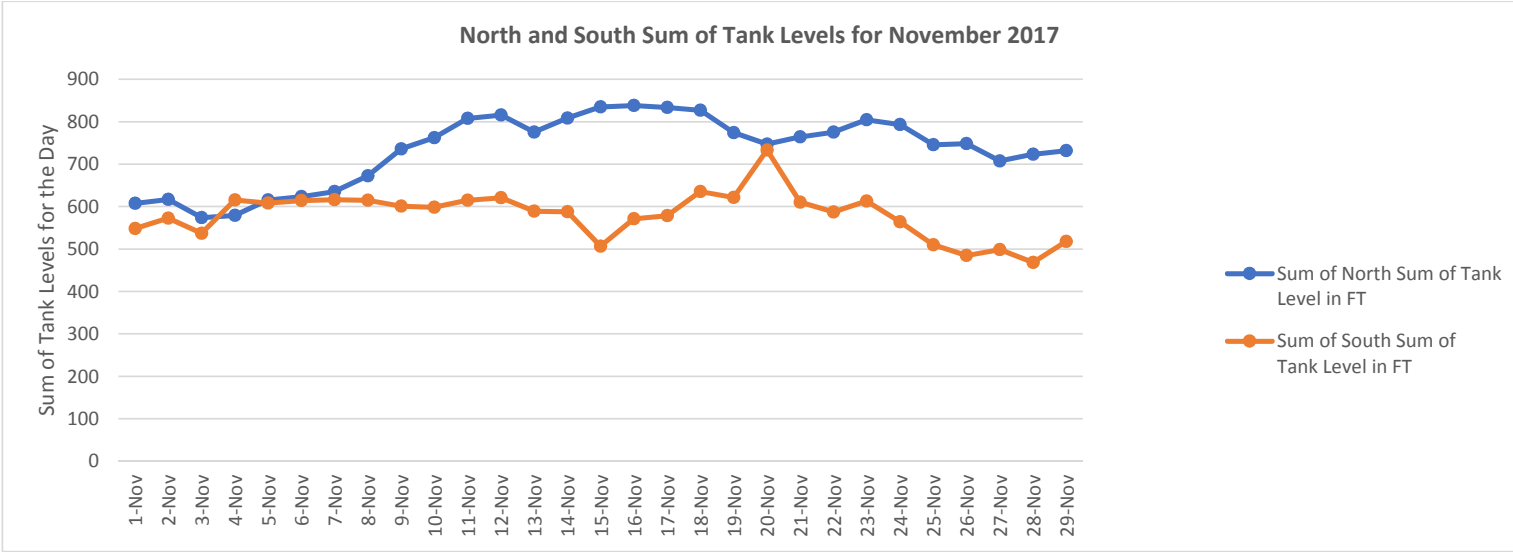
Distribution

Monthly Distribution Summary - November 2017

Water Booster Pump Stations

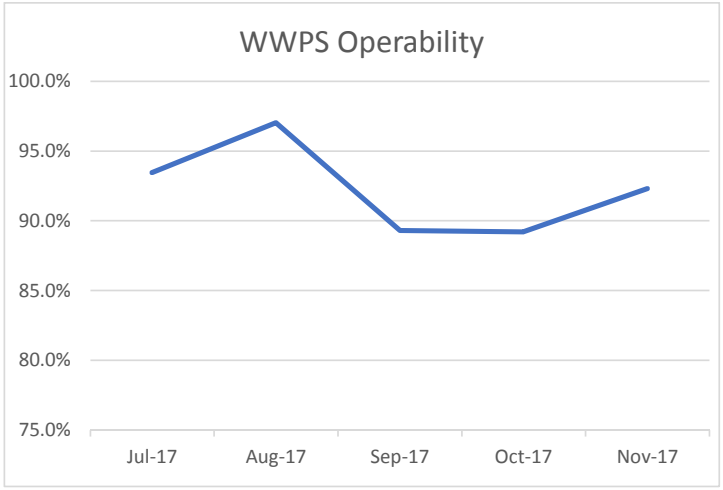
District	No. of Stations	Total Pumps	Pumps Operating	% Operational
Northern	11	21	20	95.2%
Central	7	15	13	86.7%
Southern	7	15	15	100.0%
	25	51	48	94.1%





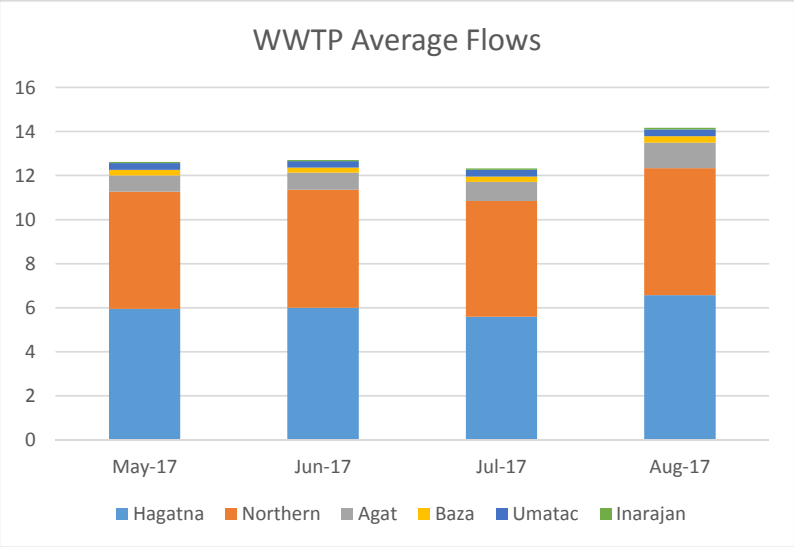
Wastewater Collections

Monthly Collections Summary -November 2017					
Wastewater Pump Stations					
	District	No. of Stations	Total Pumps	Pumps Operating	% Operational
	Northern	22	52	48	92.3%
	Central	29	65	61	93.8%
	Southern	25	52	47	90.4%
		76	169	156	92.3%

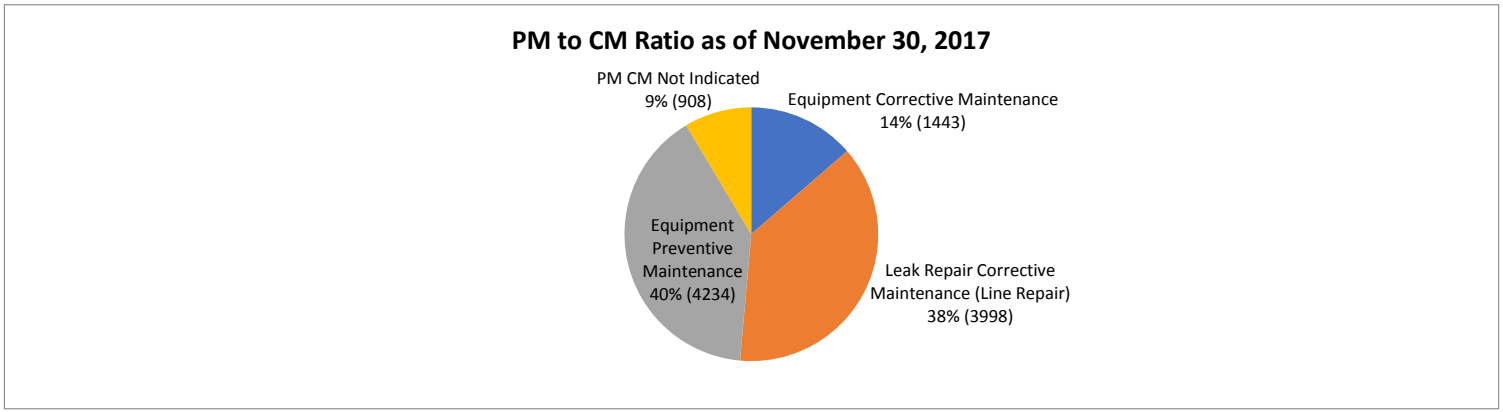


Wastewater Treatment

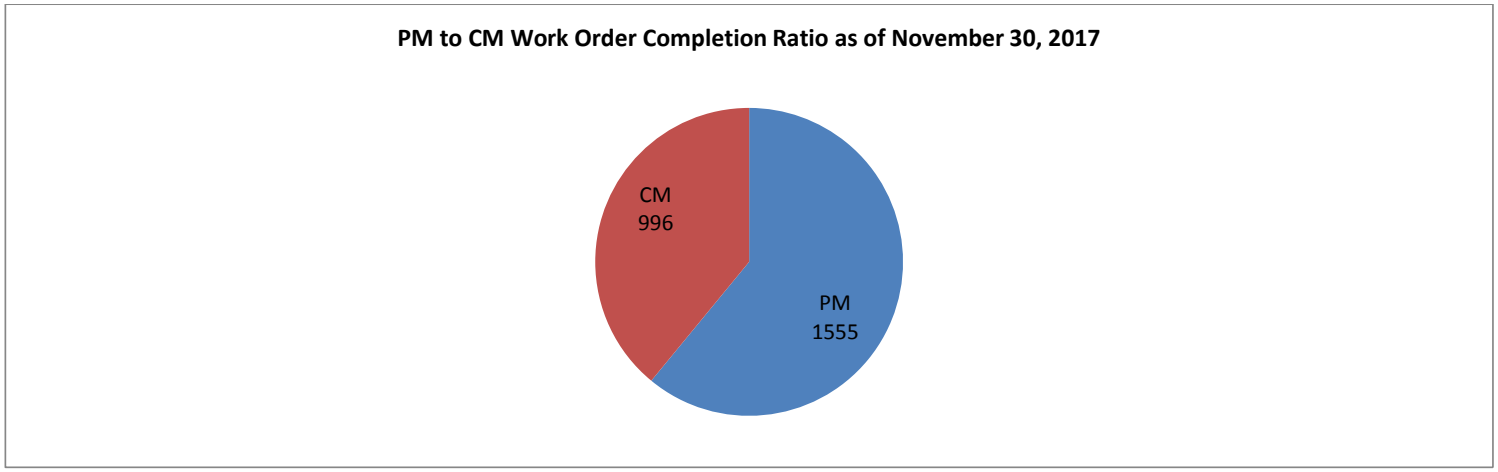
Monthly Wastewater Treatment Summary - August 2017				
WW Treatment Plants - Flows				
	Facility	**Avg. Daily Flows**	**Sludge (lbs)**	**Sludge Disp. ($)**
	Hagatna	6.57	694,420	$ 62,498
	Northern	5.77	690,200	$ 62,118
	Agat	1.16		
	Baza	0.29		
	Umatac	0.30		
	Inarajan	0.08		
		14.17	1,384,620	$ 124,616



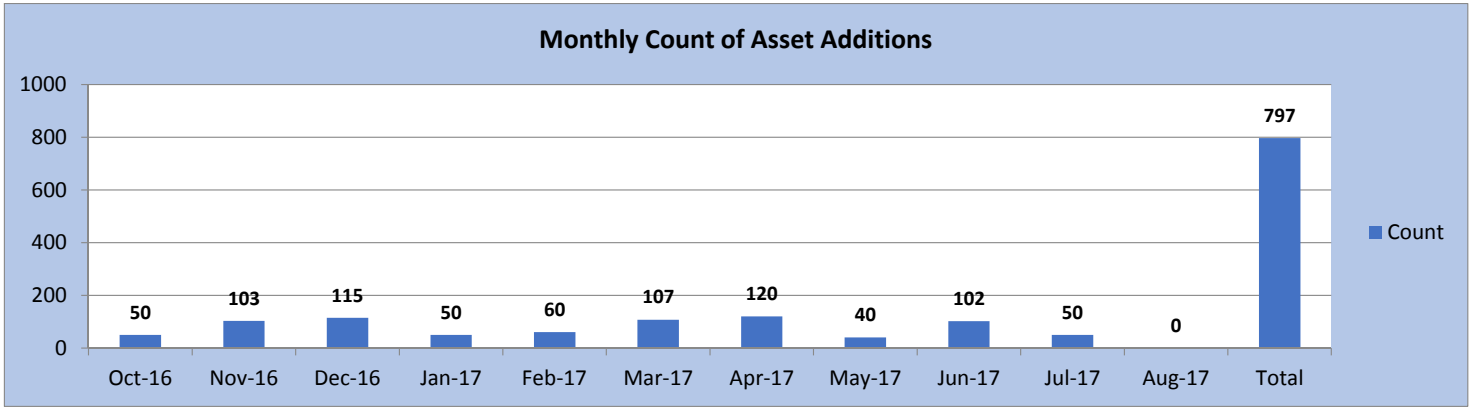
Asset Management



Equipment CM =1376
Leak Repair= 3722
Equipment PM=4176
PM/CM Not Indicated= 806



- **No new asset additions for November 2017**



On-Going Asset Management Activities

- Ongoing routine asset condition assessment for all water and wastewater assets and update asset registry.
  Goal: once a year for critical assets and every three years for non-critical.
- Risk identification based on asset condition
- Improved PM scheduling
- Establishment of an Asset Management System based on ISO 5500 standards through effective and efficient management of GWA assets.

Operational Issues

- Operations crew completed two additional sewer line replacement projects in Asan/Piti and Adelup.
- Permanent modifications to NAS-1 GAC Treatment System pending – schedule to be coordinated with DOE during non-school break
- Sewer connection program – initial pilot program on-going
  - Field verification of established GWA connections vs. septic systems in sample population completed
  - Data validation and correction on-going
  - Program analysis and recommendations – future action

Meters

NON-REGISTERING / LOW-REGISTERING METER PROJECT STATUS REPORT - January through October 2017

COMPLETED FIELD ACTIVITIES (POSTED IN CIS)	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	TOTAL:	OCT 2017 COMPLETED ACTIVITIES (Posting Pending)
GWA - Test Meter	30	9	9	371	745	87	393	743	1000	1007	4394	218
GWA - Meter Exchange	393	179	220	276	482	353	501	807	1526	1039	5776	39
GWA - Verify Zero Report	30	124	114	94	96	402	261	199	550	89	1959	165
GWA - Verify Low Usage	0	0	0	2	37	36	196	488	657	202	1618	135
TOTAL:	**453**	**312**	**343**	**743**	**1360**	**878**	**1351**	**2237**	**3733**	**2337**	13747	557

TESTING & BACKBILLING REPORT DATA											
# OF METERS TESTED AS PER METER TEST FACILITY REPORTS:	345	350	144	252	305	210	302	397	1013	1130	**4448**
# OF BACKBILLINGS APPLIED AS PER FINANCE REPORTS:	0	0	0	20	122	84	29	111	219	80	**665**

TOTAL AMOUNT - BACK BILLS
$ 472,257.00

PROJECT STAFFING DATA										
FIELD CREW PERFORMING CHANGE OUTS:	19	10	13	9	21	21	14	24	35	28
ADMIN STAFF TO CREATE AND POST FIELD ACTIVITIES IN CIS:	7	4	5	6	9	9	10	13	15	15
SUPPLY STAFF TO ISSUE MATERIALS / PROGRAM NEW METERS:	2	2	2	2	2	2	2	2	2	2
TEST FACILITY PERSONNEL TESTING METERS:	2	2	2	3	3	3	3	3	3	3
ACCOUNTANTS CALCULATING BACK BILLS:	0	0	0	2	3	2	2	3	3	2
TOTAL:	**30**	**16**	**20**	**17**	**32**	**32**	**26**	**39**	**52**	**45**

Marbo (Andy-South) Wells – Status

- GWA management has approved sketch from surveyor.
- Technical descriptions submitted to GSA for their review and approval.
- GWA GM and Counsel met with GSA in San Francisco to discuss GWA's retention of the three water wells
- Draft conveyance documents and exhibits have been submitted to GWA by GSA for review and comment by the end of the year.

One Guam Update

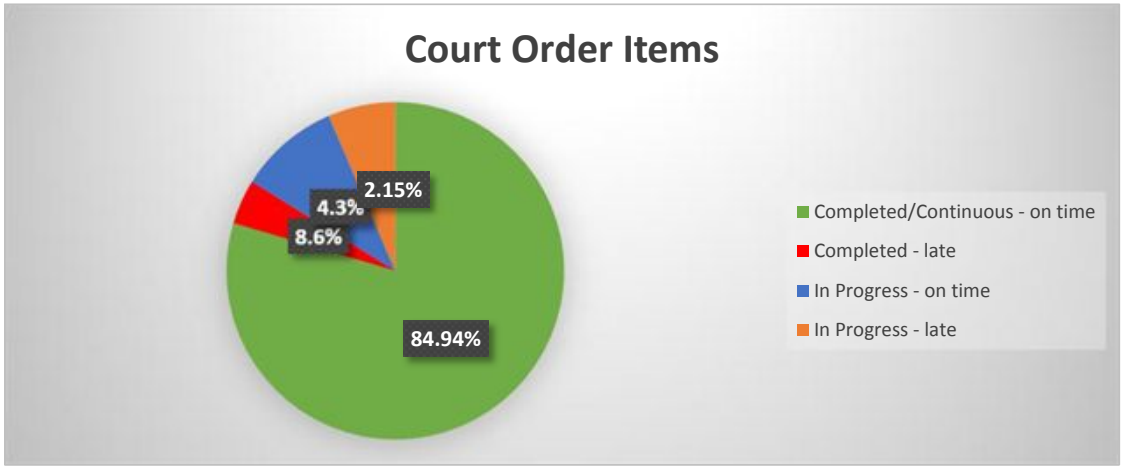
- Tumon Maui Well: Leaks from the vent shaft were observed during the inspection – GWA Engineering to assess correct method of repair and coordinate with Navy
- Santa Rosa Tank:
  - MOU for Santa Rosa Tank – in progress.
  - Still waiting for B&C to do the modelling; Tom Cruz will obtain the date on when.
- Agat Santa Rita WWTP: easement for new waterline to WWTP is pending confirmation of in-kind consideration in lieu of cash payment; Navy is evaluating GWA proposal.
- OEA Projects:
  - Chief Engineer Tom Cruz will email the project manager (Brown and Caldwell) for an update on the progress (sewer interceptor, wells & northern district).
  - Sewer Line Interceptor –
    - Going out for design-build this month; hope to have someone on contract the 1st quarter of next year.
    - Coordination with GPA and Navy on GPA renewables lease-site is needed before and during construction; construction sites overlap.
    - For the Right-of-Entry, Navy RECO submitted a range of $2,045 to $3,425. DOD will draft a letter using $3,425 for GWA to submit to their Finance Section for payment. If the cost is less, the Navy will return the difference to GWA.
  - Observation wells – Navy is requesting the coordinates for the existing wells on the DoD property; Michael Pierson will assist to get them.
    - Installations. Generally the well is owned by the utility; but the land is owned by the military. DoD will work it out.

One Guam Update

- December 1, 2017 – PMO for the OEA projects had a presentation for the One Guam Working Group
- Route 5 Sewer Line Replacement:
    - GWA's project is at the cutting of the asphalt. Miguel Bordallo stated that DPW asked GWA to do less repaving on Rt. 5 and more on Rt. 17.
    - Navy has a sewer line replacement in the same area, and proposed possibly tying into GWA's line and sending the Navy flow from Naval Magazine and the Apra Heights area to the Agat-Santa Rita plant.
    - It would be beneficial if the Navy could connect to GWA's system. Michael Pierson suggested to have design coordination meetings in general; will do so on this project for now since don't foresee any other projects in the near future that are in the same area.
- Training Collaboration: GPA is doing a SCADA training and invited GWA. Tom Cruz will ask if others can attend, then let Navy know.

Court Order

	Items	On-time Items Completed/Continuous	Items Delayed	Completed Late	Items on Schedule	Performance %
Court order total	93	79	2	8	4	97.8%



Status Information

- 2 items delayed
  - Cl Residual Monitors
  - Meters
- Final Date to complete all Court Order items is December 31, 2020.
- Overflow or Bypass events reported to USEPA:
  - Dededo Spill – Nov. 3, 2017
  - Hyatt Spill – Nov. 27, 2017

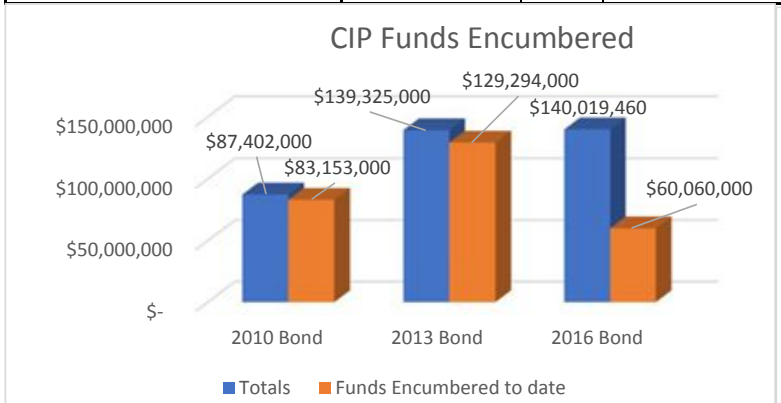
CIP Summary

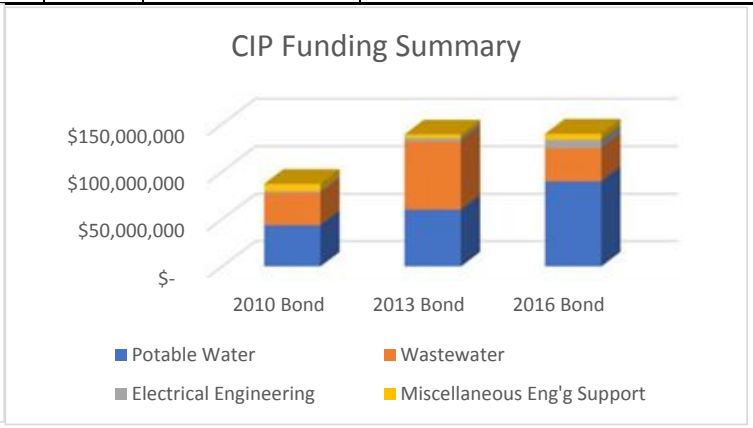
CIP Summary: Project Encumbrance

	2010 Bond		2013 Bond		2016 Bond			
	Funded	Complete	Funded	Complete	Funded	Complete	Total CIP Projects	%
Potable Water	28	17	21	7	20	0	35	49%
Wastewater	16	13	7	3	8	1	22	31%
Electrical Engineering	5	5	6	1	5	0	10	14%
Miscellaneous Eng'g Support	2	0	3	1	4	1	4	6%
Totals	51	35	37	12	37	2	71	100%
% of Total CIP by Fund Source	72%		52%		52%			

CIP Summary: Project Amounts

	2010 Bond		2013 Bond		2016 Bond			
	Funded	%	Funded	%	Funded	%	Total CIP Projects	%
Potable Water	$ 41,903,305	48%	$ 58,317,117	42%	$ 64,647,830	46%	$ 164,868,252	45%
Wastewater	$ 36,009,577	41%	$ 73,837,883	53%	$ 60,227,170	43%	$ 170,074,630	46%
Electrical Engineering	$ 1,748,118	2%	$ 3,395,000	2%	$ 8,750,000	6%	$ 13,893,118	4%
Miscellaneous Eng'g Support	$ 7,741,000	9%	$ 3,775,000	3%	$ 6,394,460	5%	$ 17,910,460	5%
Totals	$ 87,402,000	100%	$ 139,325,000	100%	$ 140,019,460	100%	$ 366,746,460	100%
Funds Encumbered to date	$ 83,153,000	95%	$ 129,294,000	93%	$ 60,060,000	43%		
% of Total CIP Funding	23.8%		38.0%		38.2%			

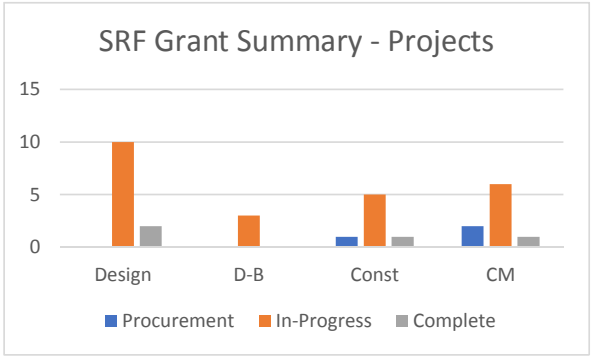




SRF Grant Summary

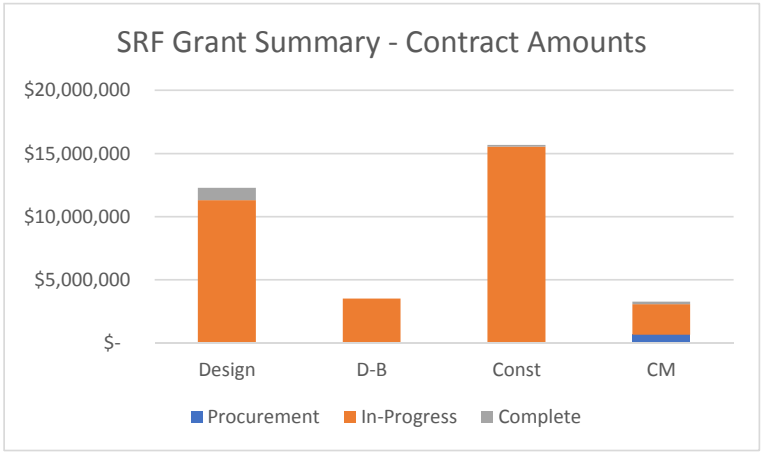
SRF Grant Summary - Projects

	Procurement	In-Progress	Complete	Totals	%
Design	0	10	2	12	39%
D-B	0	3		3	10%
Const	1	5	1	7	23%
CM	2	6	1	9	29%
Totals	3	24	4	31	
%	10%	77%	13%		



SRF Grant Summary - Contract Amounts

	Procurement	In-Progress	Complete	Totals	%
Design	$ -	$ 11,296,504	976,151	$ 12,272,655	35%
D-B	$ -	$ 3,502,453		$ 3,502,453	10%
Const		$ 15,535,155	$ 144,888	$ 15,680,043	45%
CM	$ 647,000	$ 2,428,714	$ 195,269	$ 3,270,983	9%
Totals	$ 647,000	$ 32,762,826	$ 1,316,308	$ 34,726,134	
%	2%	94%	4%		



OEA Grant Summary

- Grant application submitted for remainder of funding; OEA meeting schedule in early October
- NDWWTP Upgrades
  - Design underway – several tech memos expected for process design issues next week
  - Initial WW sampling and characterization study completed; some results were not useful due to improper dilution; additional work may be required.
- Outfall Diffuser
  - Final Design submitted to GWWIST – under review; bid documents to be released in December 2017
  - GWA procuring diving inspection team for outfall pipe verification
- Interceptor
  - Bridging Documents for Design-Build procurement being finalized; Multi-step procurement to be released in December 2017
- NGLA Monitoring Wells
  - Design in progress; Existing MW repair design under review; New MW installation design due March 2018

Action Item	Date (Target)	Date (Actual)	Status	Remarks
Project Funds Available	July-16	AUG-30-16	Completed	
Land Acquisition	Jan-17	Jan-17 (Compensation Pending)	Pending	Survey complete, appraisals complete – under review
Procure PM/CM Firm	Jan-17	Jan-17 (NTP Issued Feb 10th)	Completed	
Procure Design Firm	Jul-17		Completed	Contract issued; kickoff pending
Design -- 30/60/90/Final -- Review	Jun-18		On-target	Project design schedule under review by PM/CM
NEPA Analysis and Determination	Feb-17		Delayed	USEPA work on-going; procurement of contractor completed
Procure Construction Firm	Dec-18		On-target	
Construction Complete/Commence Operations	Nov-21		On-target	
Sewer line connection from MCB to GWA infrastructure	Jul-19		On-target	
MCB Initial Operating Capability	Jul-22		On-target	

Land Acquisition Summary

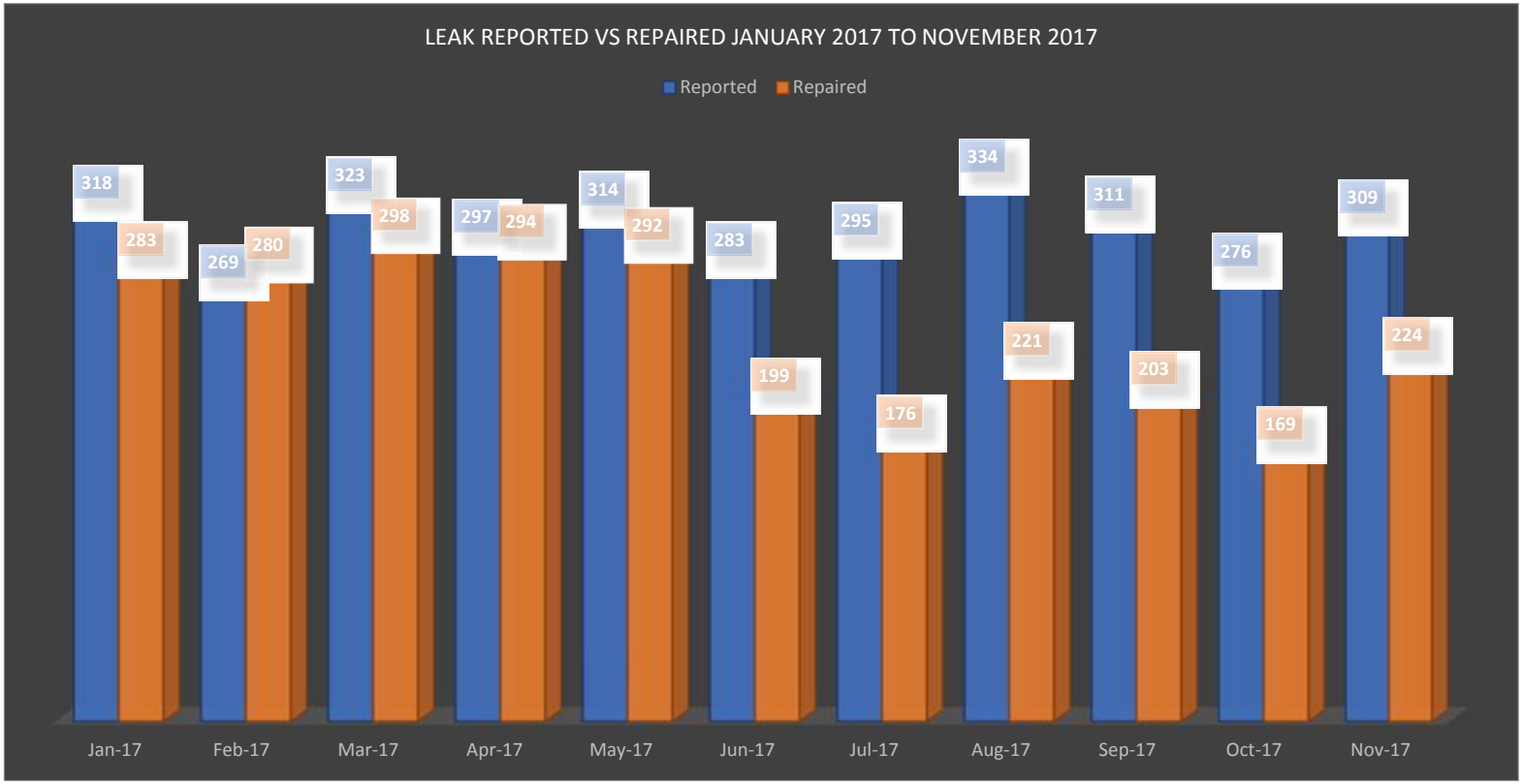
GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
Tanks	Ugum	Private	TGE to draft Letter of Decision for private property owners 11/09/17
	Astumbo	Gov't. - CLTC	GWA and DLM working together on Land Registration process. Pending Notification of surrounding lot owner information from DLM
	Piti	Private	Letter of Intent for private property owners submitted to GWA Land Agent for review 11/01/17
Expansion of the Northern District Wastewater Treatment Plant (NDWWTP)	Dededo	Gov't - GALC	Lot Parceling Survey Map sent to DLM for final approval 11/20/17. GALC Appraisal Approval Letter Received 11/16/17
Deep Well	A-12	Private	Property ownership vested in GWA 10/16/17
	AG-12	Dept. of Agriculture/Manhita Farms	Land Registration Map submitted to DLM for review and comments 09/29/17. Land Registration Map submitted to DCA for review and corrections 11/20/17
	Y-8	Gov't. - CLTC	Parceling Map submitted to DLM for final approval 12/01/17.
Booster Pump Station	Agfayan	Private	GWA started land acquisition inquiry process on 11/18/16; 2nd follow up Letter of Intent sent out 11/16/17
Sewer Pump Stations	Property adjacent to Southern Link	Private	GWA started acquisition process on 12/23/2016. Property ownership vested in GWA 08/11/2017

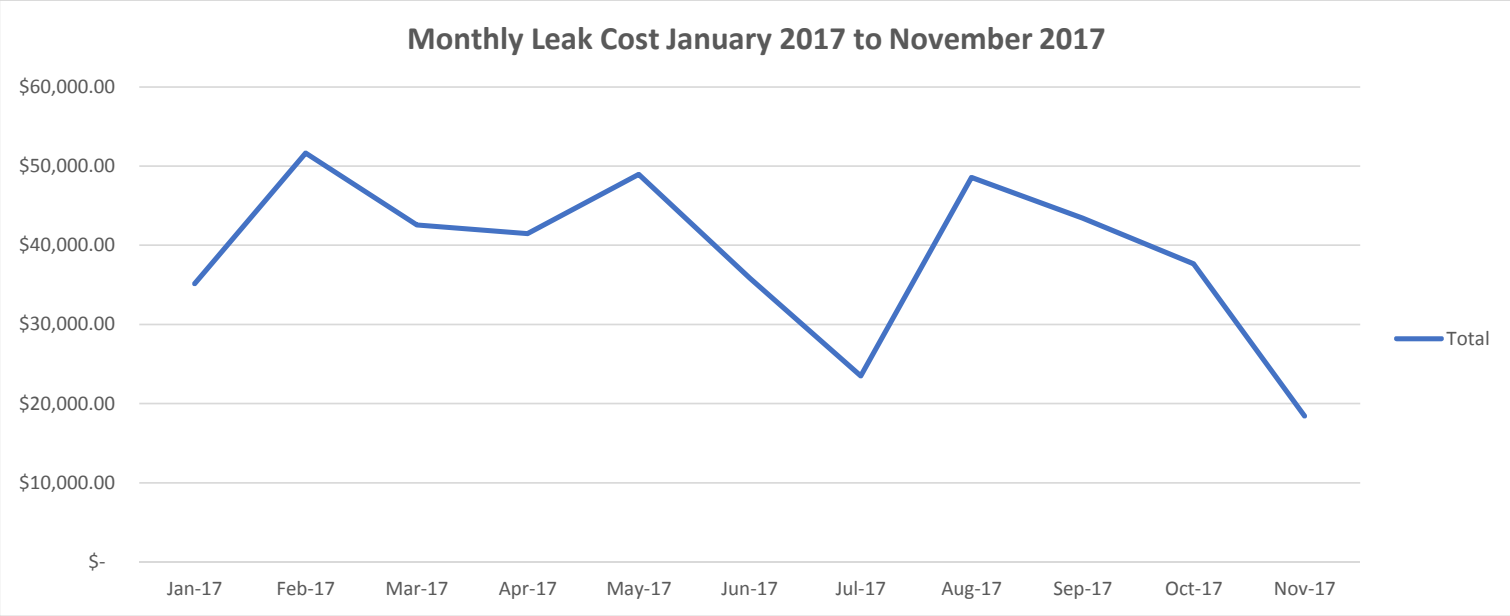
NRW – Update

- Water Audit update on-going
  - Production rates are being reviewed for accuracy and refined
  - Unmetered, Authorized uses are being quantified
  - Meter and billing inaccuracies are being reviewed and refined

Leak Repair Summary




LEAK REPORTED VS REPAIRED JANUARY 2017 TO NOVEMBER 2017
Reported
Repaired
318
283
269
280
323
298
297
294
314
292
283
199
295
176
334
221
311
203
276
169
309
224
Jan-17
Feb-17
Mar-17
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17



Assumptions:

1. Leak rate = 4 gpm
2. Cost per kgal = $4.00

GUAM WATERWORKS AUTHORITY
"Better Water, Better Lives."
Gloria B. Nelson Public Service Building| 688 Route 15 | Mangilao, Guam 96913
Tel: (671) 300-6846

ISSUES FOR DECISION

GWA Resolution No. 10-FY2018 / GPA Resolution No. 2017-46
Relative to Declaring November 24, 2017 A Holiday for the Guam Power Authority and the Guam Waterworks Authority

What is the project's objective and is it necessary and urgent?
The Office of the Governor issued an executive order declaring Friday, November 24, 2017 a holiday for the Government of Guam. GPA and GWA solicited authorization from the CCU to follow the executive order from the Office of the Governor.

Where is the location?
Both GPA and GWA agency-wide.

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

GPA RESOLUTION NO. 2017-46
GWA RESOLUTION NO. 10-FY2018

RELATIVE TO DECLARING NOVEMBER 24, 2017 A HOLIDAY FOR THE GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY

WHEREAS, the Consolidated Commission on Utilities (CCU) is the governing body for the Guam Power Authority and the Guam Waterworks Authority; and

WHEREAS, the Guam Power Authority and the Guam Waterworks Authority are public corporations of the government of Guam; and

WHEREAS, the Office of the Governor has issued an executive order declaring Friday, November 24, 2017 a holiday for the government of Guam; and

WHEREAS, GPA & GWA now wishes to solicit the authorization from the CCU to follow the executive order from the Office of the Governor; and

NOW THEREFORE, BE IT RESOLVED BY THE CCU, AS THE GOVERNING BODY OF THE GPA & GWA, AS FOLLOWS:

1. November 24, 2017 will be a holiday for the Guam Power Authority and the Guam Waterworks Authority.

RESOLVED, that the Chairman certifies and the Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 7th day of December, 2017.

Certified by:

JOSEPH T. DUENAS
Chairperson

Attested by:

J. GEORGE BAMBA
Secretary

SECRETARY'S CERTIFICATE

I, J. GEORGE BAMBA, Secretary, Consolidated Commission on Utilities hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted via ORAL VOTE of the members of Guam's Consolidated Commission on Utilities, initiated on November 22, 2017, for which all members were present, with ratification at the next CCU Board meeting on December 7, 2017.

Via said oral vote, said resolution was adopted by the following vote:

AYES: _____

NAYS: _____

ABSTENTIONS: _____

ABSENT: _____

Said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

SO CERTIFIED this 7th day of December, 2017.

J. GEORGE BAMBA
Secretary, Consolidated Commission on Utilities

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GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

TO: **Consolidated Commission on Utilities**

FROM: **General Manager (Acting)**

DATE: **December 07, 2017**

SUBJECT: **General Manager's Report**

This report provides an update on key issues:

- Piti No. 7 Power Plant, a 40 MW combustion turbine generating unit built and operated by Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES), was successfully transferred to GPA on December 5th, 2017 after 20 years of operation under TEMES. GPA Generation began shadowing TEMES operations in June 2017 in preparation for the transfer. Along with GPA employees, GPA has contracted professional services for about $220K to assist in the management, operation and maintenance of the plant. **The annual cost reduction of the takeover is about $5 Million.**

- A legislative hearing on GPA's bond refunding was held on December 4th. The bill was passed by the legislature, transmitted to the Acting Governor and signed into law on Tuesday, December 5, 2017. The bill is now Public Law 139-34. The PUC approved the bond refunding at their meeting on December 5th. The refinancing is scheduled for next week, December 12th in New York.

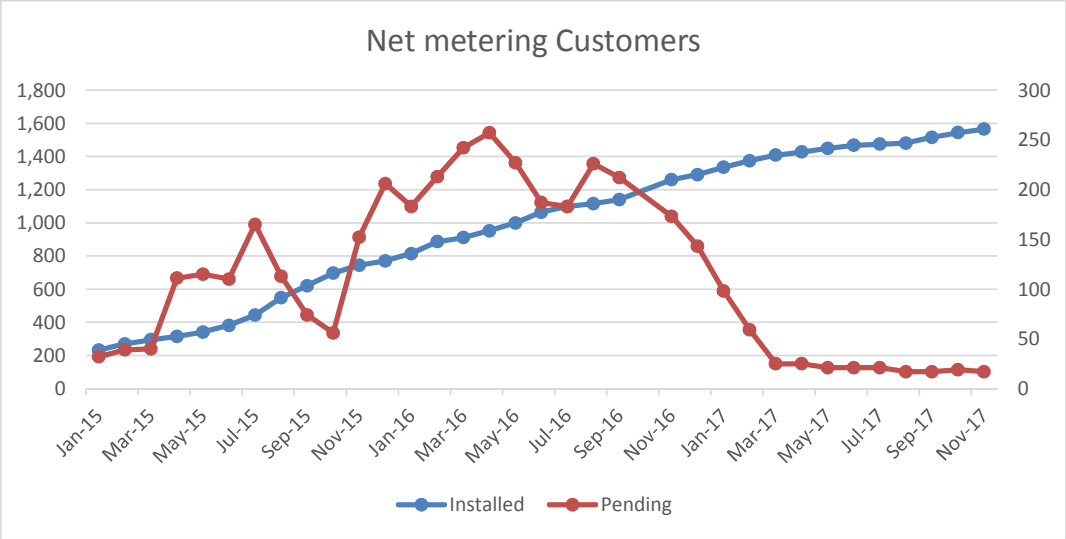
1. **Generation Capacity Summary:**

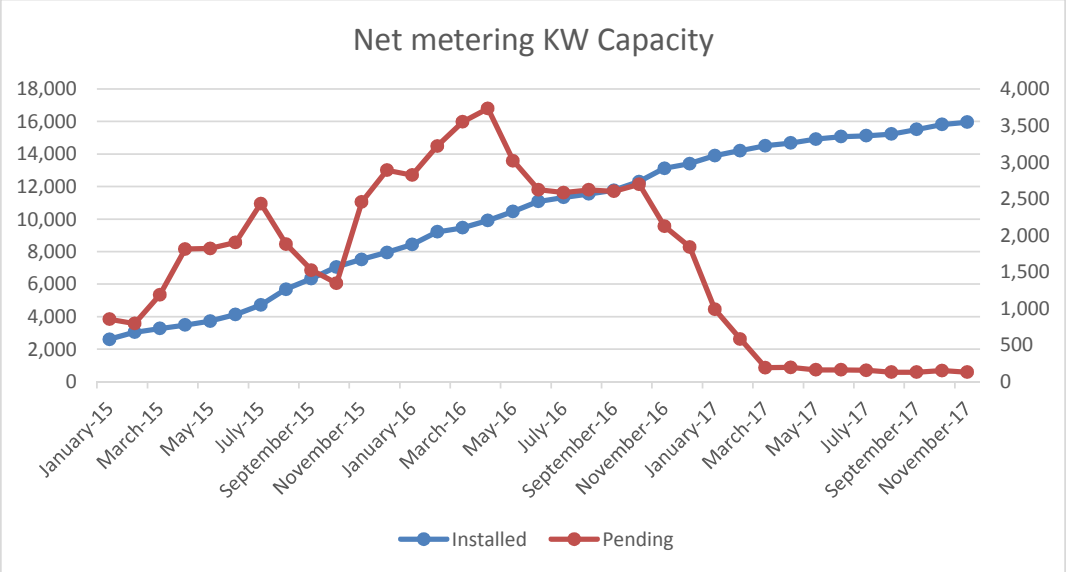
	Projected December 2017 Reserve
Generating Units:	
CABRAS 1	64
CABRAS 2	59
MEC 8	44
MEC 9	44
AGGREKO	37
MEDIUM SPEED DIESELS (10 Units)	20
YIGO CT	20
MACHECHE CT	20
TEMES CT	38
DEDEDO CT1	20
DEDEDO CT2	20
AVAILABLE CAPACITY	**386**
EXPECTED PEAK DEMAND (Highest to date in CY 2017 was 261 MW)	**248**
GPA SYSTEM RESERVE (20 MW Greater than two largest units)	**138**

2. **Net Metering Summary Ending November 2017:**

Description:	Count	Kw
Active	1,565	15,963
Pending	17	129
Totals:	1,582	16,092

Service:	**Count**	**KW**	**Kw/Customer**
Residential	1,487	13,349	9.0
Others	95	2,744	28.9
Total:	1,582	16,093	10.2
% Residential	**94.0%**	**82.9%**	
Estimated 12 Months Revenue Impact:	**$2,962,981**		


Net metering Customers
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
300
250
200
150
100
50
0
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Jul-16
Sep-16
Nov-16
Jan-17
Mar-17
May-17
Jul-17
Sep-17
Nov-17
Installed
Pending


Net metering KW Capacity
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
January-15
March-15
May-15
July-15
September-15
November-15
January-16
March-16
May-16
July-16
September-16
November-16
January-17
March-17
May-17
July-17
September-17
November-17
Installed
Pending

3. **Renewable Energy Production Summary thru Nov. 2017**

Energy Production

Energy Production Source:	Kwh	Oil Barrels Avoided	Fuel Cost Avoided
NRG Total Production beginning Aug 2015	105,512,378	176,915	$9,730,350
Net Metering Estimated Production beginning Jan 2015	50,632,364	84,897	$4,669,316
Wind Power Production beginning Jan 2016	866,010	1,452	$79,863
Renewables Total:	**157,010,752**	**263,264**	**$14,479,529**
System Heat Rate Kwh / Gal	14.2		
System Fuel $/Bbl.	$55.00		

4. **Demand Side Management (DSM) Program as of Nov 30th:**

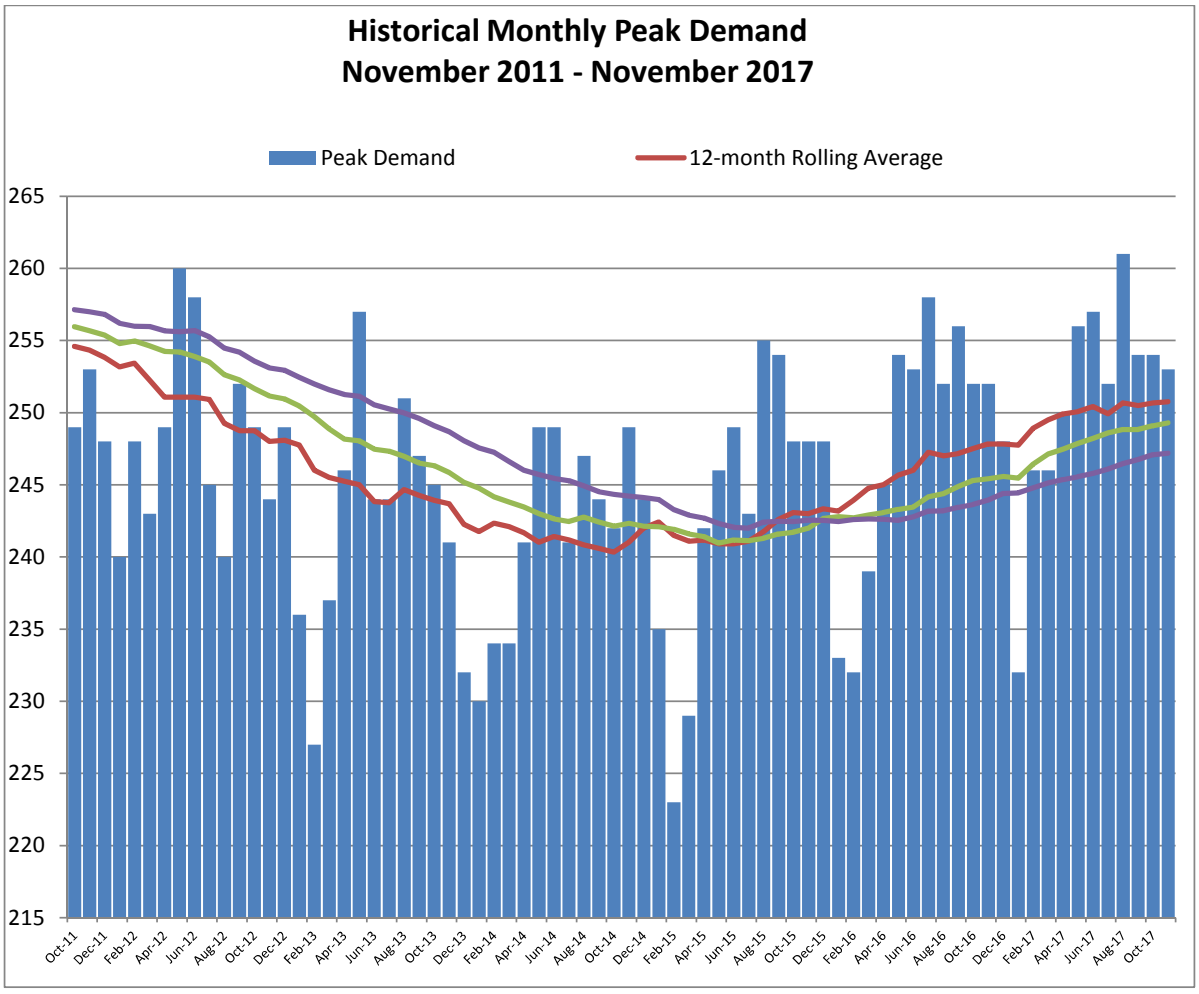
Description	FY16	FY17	FY18 As of Nov 30	Total to Date
Regular/OT Pay	$11,348.80	$22,256.00	$3,081.38	$36,686.18
Other Contractual	$28,278.50	$73,010.05		$101,288.55
Paid Rebates-Split AC	$154,700.00	$557,275.00	$227,550.00	$939,525.00
Paid Rebates-Central AC	$3,400.00	$8,200.00	$800.00	$12,400.00
Paid Rebates-Washer/Dryer	$2,800.00	$7,425.00	$400.00	$10,625.00
Total Expenses	200,527.30	$668,166.05	$231,831.38	$1,100,524.73

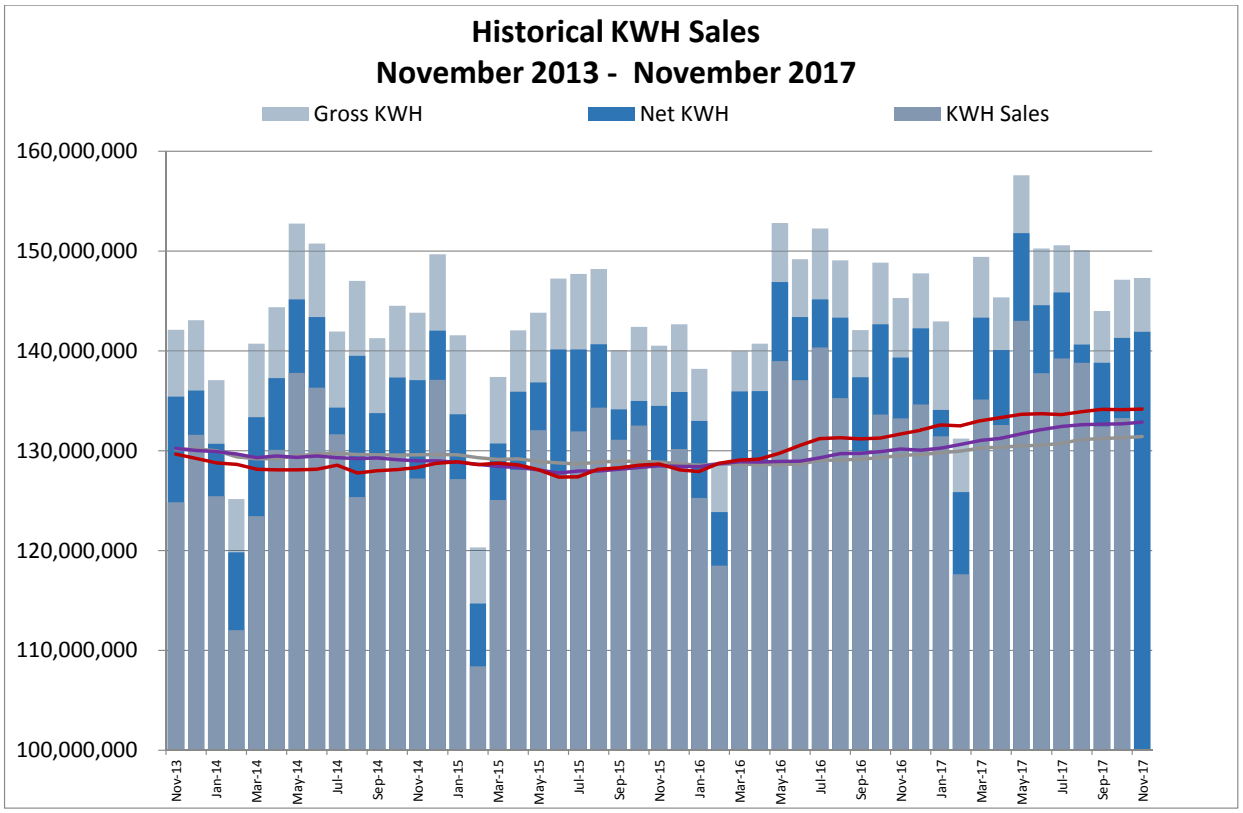
5. **Phase II Renewables:** No updates from the OPA since the October 24th thru 26th hearings.

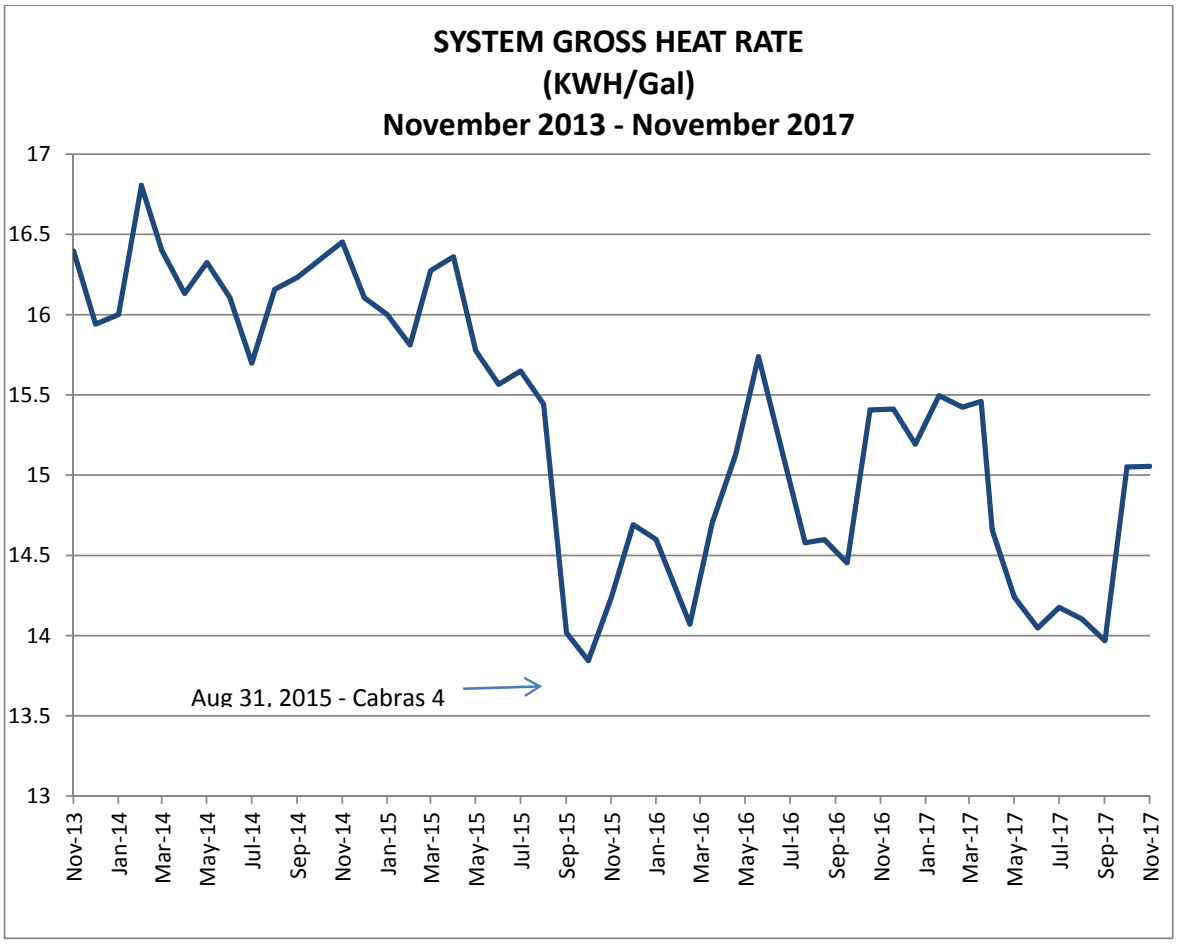
6. **PUC Agenda**: On November 30, 2017 PUC approved GPA Docket 18-02, Procurement for 180MW Power Plant with revisions to not limit the fuel source or technology

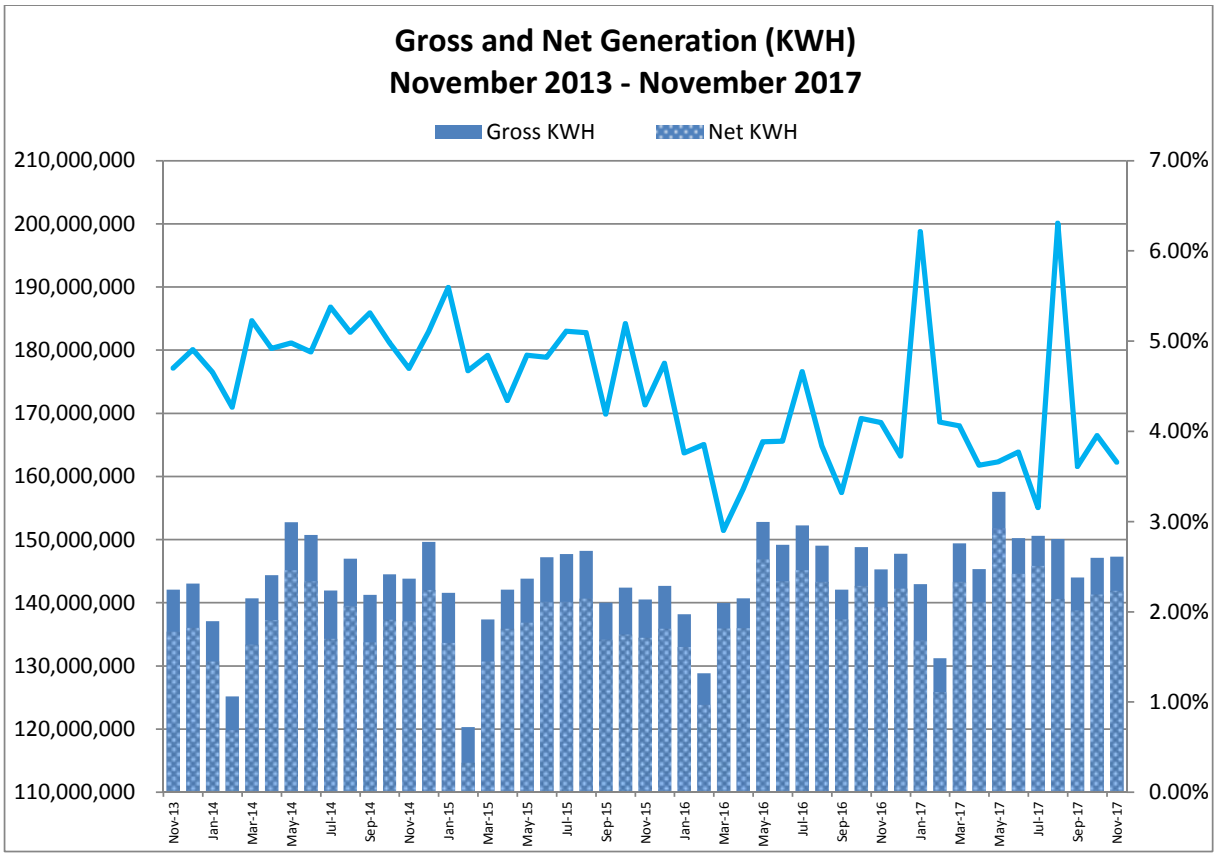
7. **Key Performance Indicators:** The following pages provide updated information thru November 2017.

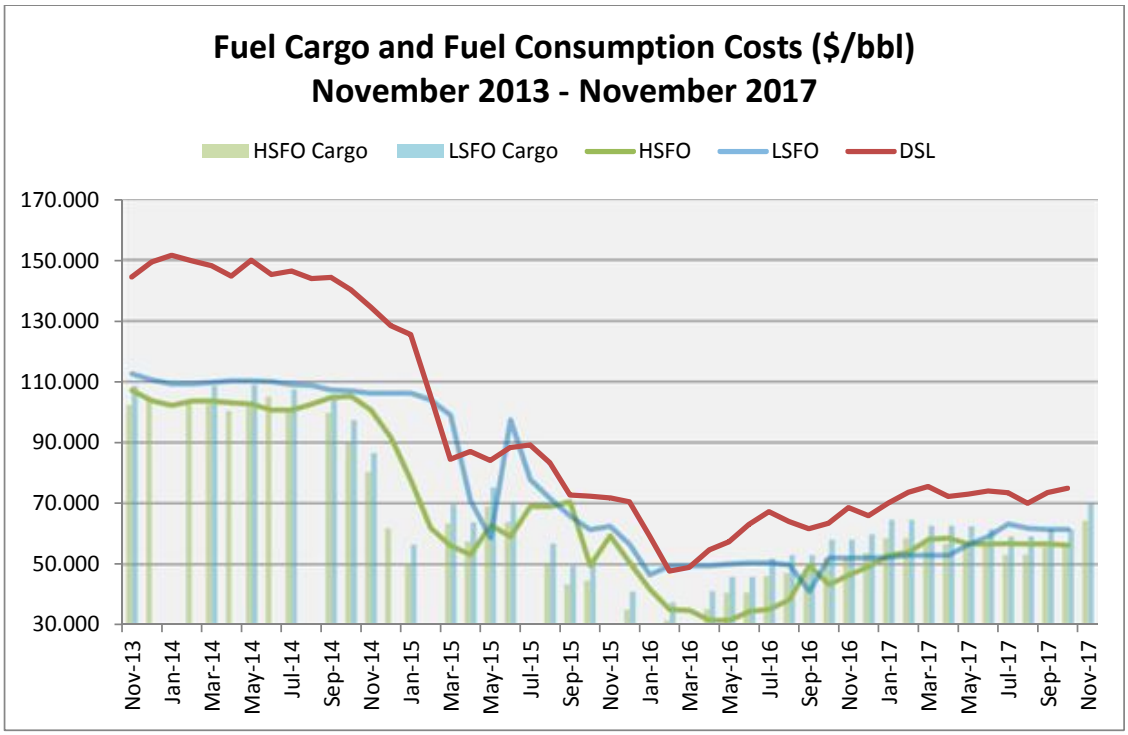
Melinda C. Mafnas, P.E



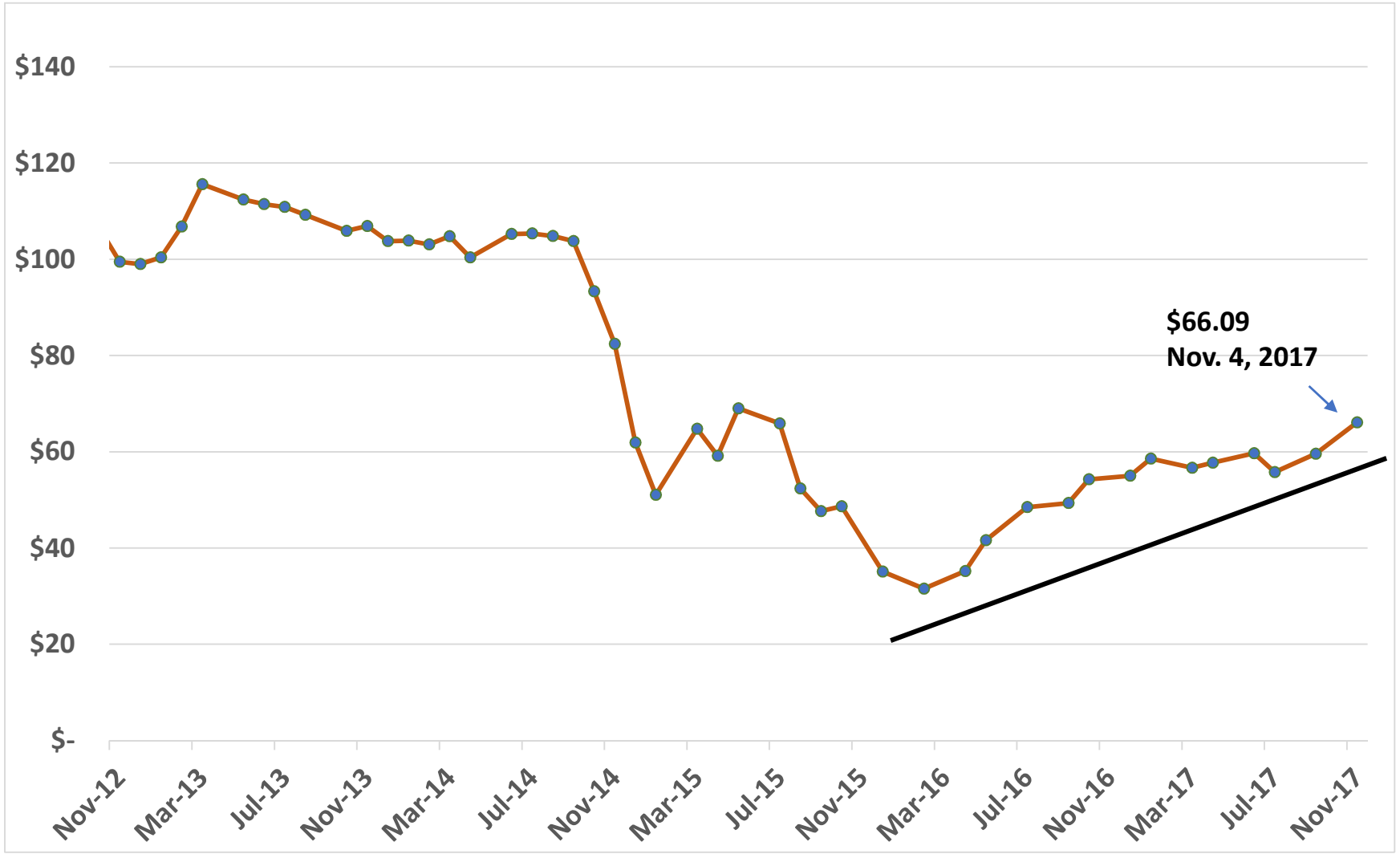

Historical KWH Sales
November 2013 - November 2017
Gross KWH
Net KWH
KWH Sales
160,000,000
150,000,000
140,000,000
130,000,000
120,000,000
110,000,000
100,000,000
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Jul-16
Sep-16
Nov-16
Jan-17
Mar-17
May-17
Jul-17
Sep-17
Nov-17


SYSTEM GROSS HEAT RATE
(KWH/Gal)
November 2013 - November 2017
17
16.5
16
15.5
15
14.5
14
13.5
13
Aug 31, 2015 - Cabras 4
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
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Mar-17
May-17
Jul-17
Sep-17
Nov-17

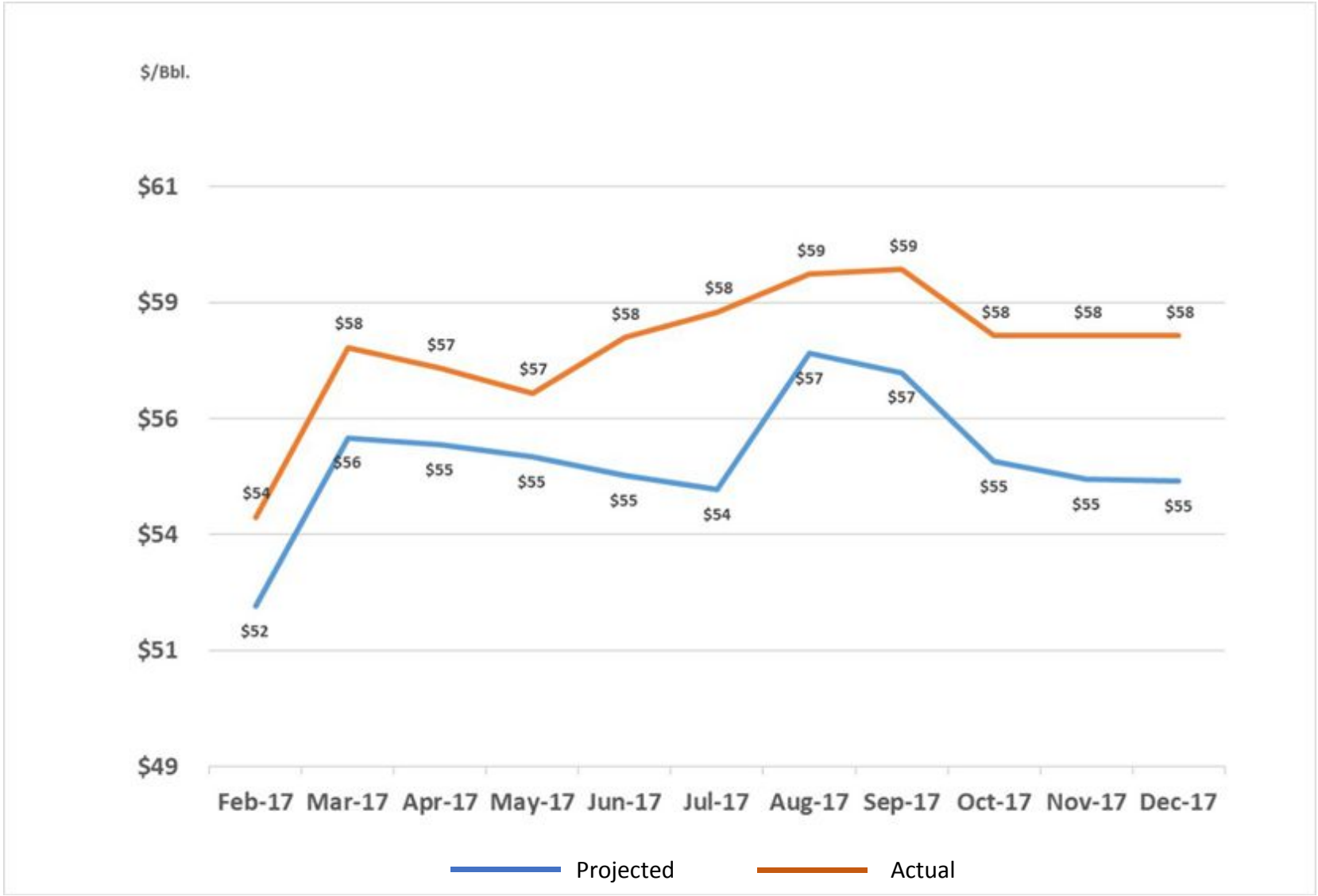

Gross and Net Generation (KWH)
November 2013 - November 2017
Gross KWH
Net KWH
210,000,000
200,000,000
190,000,000
180,000,000
170,000,000
160,000,000
150,000,000
140,000,000
130,000,000
120,000,000
110,000,000
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Jul-16
Sep-16
Nov-16
Jan-17
Mar-17
May-17
Jul-17
Sep-17
Nov-17


Fuel Cargo and Fuel Consumption Costs ($/bbl)
November 2013 - November 2017
HSFO Cargo
LSFO Cargo
HSFO
LSFO
DSL
170.000
150.000
130.000
110.000
90.000
70.000
50.000
30.000
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Jul-16
Sep-16
Nov-16
Jan-17
Mar-17
May-17
Jul-17
Sep-17
Nov-17

LEAC Update – GPA Fuel Purchases (Per Barrel)



LEAC Update –Projected vs. Actual



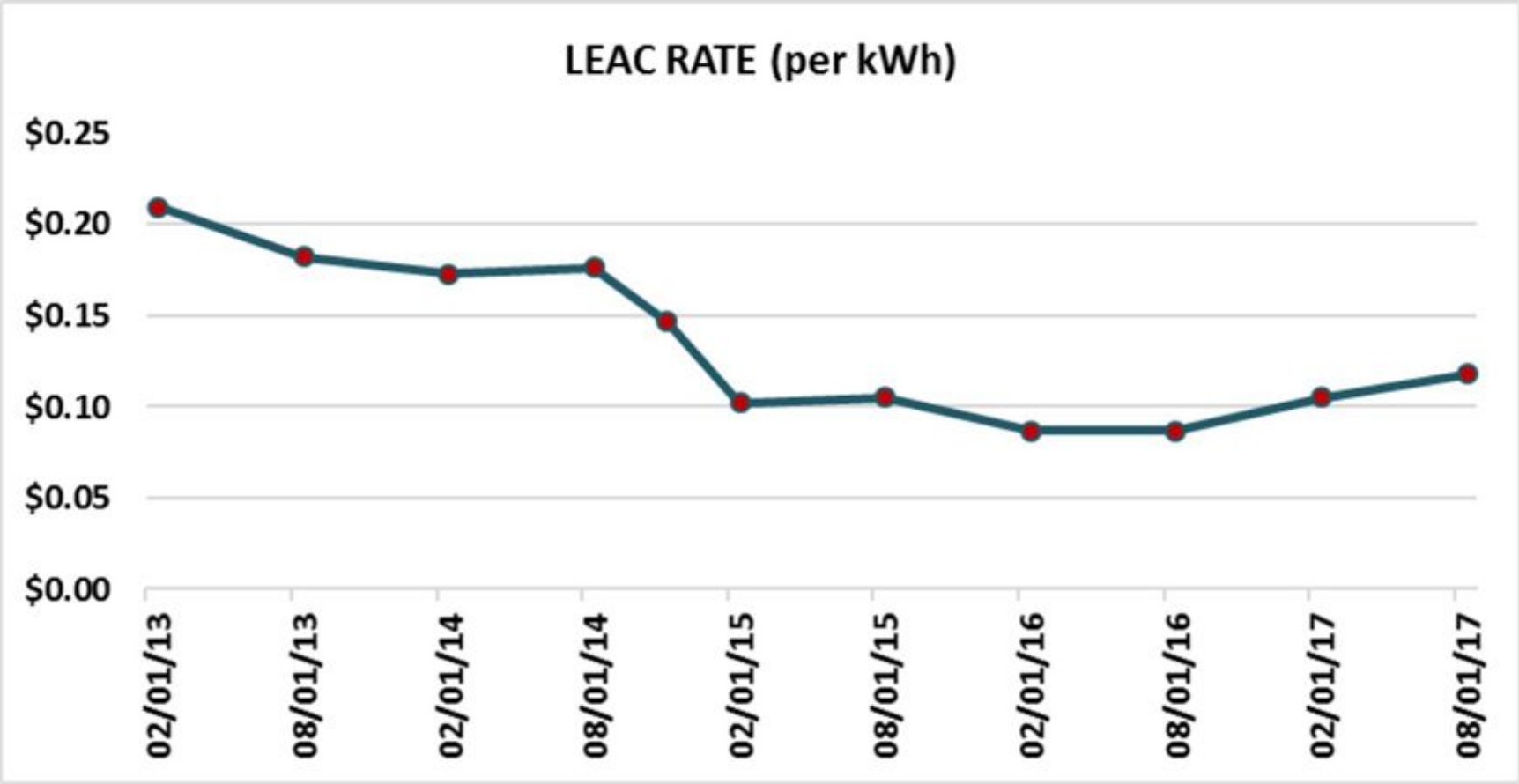
LEAC Update – LEAC Rate

GPA Fuel Cost ($65-$70/Bbl)

Projected LEAC Rate			Projected Increase from current rate of $0.117718		
50% Recovery	75% Recovery	100% Recovery	50% Recovery	75% Recovery	100% Recovery
$ 0.139787	$ 0.150824	$ 0.161858	$ 0.0221	$ 0.0331	$ 0.0441

Projected Under-Recovery 1-31-2018	Projected Under-Recovery 7-31-2018	
50% Recovery	50% Recovery	75% Recovery
(mil)	(mil)	(mil)
$ 18.5	$ 14.2	$ 7.1

LEAC Update – Historical LEAC Rate



LEAC - Historical LEAC Rate

(in cents)	2013	2014	2015	2016	2017
February	20.92	17.30	10.21	8.66	10.51
August	18.21	17.64	10.49	8.66	11.77
November		14.67			

LEAC – Historical Over / (Under) Recovery

(in millions)	2013	2014	2015	2016	2017
February	1.30	(1.10)	1.75	(2.67)	(14.05)
August	1.30	(4.60)	(2.47)	(5.32) *	(18.63)
November		0.66			

*4.6 insurance proceed was applied to the under recovery of August 2016

LEAC Update - Sample Residential Bill

	RATE SCHEDULE R							
	Existing Rate		Proposed Rate (50%)		Proposed Rate (75%)		Proposed Rate (100%)	
KWH		1,000		1,000		1,000		1,000
Monthly Charge	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Non-Fuel Energy Charge								
First 500 KWH	0.069550	34.78	0.069550	34.78	0.069550	34.78	0.069550	34.78
Over 500 KWH	0.086870	43.44	0.086870	43.44	0.086870	43.44	0.086870	43.44
Emergency Water-well charge	0.002790	1.40	0.002790	1.40	0.002790	1.40	0.002790	1.40
Insurance Charge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Working Capital Fund Surcharge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Total Electric Charge before Fuel Recovery Charges		94.61		94.61		94.61		94.61
Fuel Recovery Charge	**0.117718**	117.72	**0.139787**	139.79	**0.150824**	150.82	**0.161858**	161.86
Total Electric Charge		$212.32		$ 234.39		$ 245.43		$ 256.46
Increase/(Decrease) in Total Bill				$ 22.07		$ 33.11		$ 44.14
% Increase/(Decrease) in Total Bill				**10.4%**		**15.6%**		**20.8%**
% Increase/(Decrease) in LEAC rate				**18.7%**		**28.1%**		**37.5%**

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

RESOLUTION 2017-47

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR A CHANGE IN THE LEVELIZED ENERGY ADJUSTMENT CLAUSE

What is the project's objective? Is it necessary and urgent?

The Guam Public Utilities Commission (GPUC) has established a Tariff under which the Guam Power Authority (GPA) is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months through the Levelized Energy Adjustment Clause (LEAC). For the LEAC period covered from February 1, 2017 through July 31, 2017, GPA requested for the first time a phased in approach in increasing the secondary LEAC rate of $0.105051/kWh in anticipation of stabilized prices in the fuel market. During this period, however, GPA recognized a $14M under-recovery of fuel costs as market fuel prices rose instead.

GPA for the second time requested that the LEAC rate be increased by 50% recovery in the latest LEAC period ending January 31, 2018 to $0.11718/kWh to alleviate the impact on ratepayers, again the fuel under-recovery continued to increase to a total of $16.0M as of October 31, 2017.

The market price of fuel in the initial filing for the current period was projected to be $55.38/bbl for the (6) six-month period ending January 31, 2018, the current projection for the same period is $58.19/bbl and the projected price of fuel for the period ending July 31, 2018 is $65.78/bbl. For the current LEAC period covered from February 1, 2018 to July 31, 2018, GPA requests the secondary LEAC rate of $0.150824/kWh which is again 75% of the full recovery rate of $0.161859.

GPA has determined that in a phase-in approach the Levelized Energy Adjustment Clause factor for secondary voltage service customers as well as alternative voltage customers will need to be increased.

How much will it cost?

From $0.0.11718/kWh to $0.150824/kWh, an increase in the total bill *by 15.6% or about a $33.11 increase on a 1000 kWh power bill*, in order to recover 75% of the projected under-recovery.

When will it be completed?

The increase will take effect February 1, 2018 thru July 31, 2018

What is its funding source?

LEAC

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

RESOLUTION NO.: 2017 - 47

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE GUAM PUBLIC UTILITIES COMMISSION FOR A CHANGE IN THE LEVELIZED ENERGY ADJUSTMENT CLAUSE

WHEREAS, the Guam Public Utilities Commission (GPUC) has established a Tariff under which the Guam Power Authority (GPA) is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months through the Levelized Energy Adjustment Clause (LEAC); and

WHEREAS, the deadline for the next filing is December 15, 2017; and

WHEREAS, for the LEAC period covered from February 1, 2017 through July 31, 2017, GPA requested for the first time a phased in approach in increasing the secondary LEAC rate of $0.105051/kWh in anticipation of stabilized prices in the fuel market. During this period, however, GPA recognized a $14M under-recovery of fuel costs as market fuel prices rose instead; and

WHEREAS, GPA for the second time requested that the LEAC rate be increased by 50% recovery in the latest LEAC period ending January 31, 2018 to $0.11718/kWh to alleviate the impact on ratepayers, again the fuel under-recovery continued to increase to a total of $16.0M as of October 31, 2017; and

WHEREAS, the market price of fuel in the initial filing for the current period was projected to be $55.38/bbl for the (6) six-month period ending January 31, 2018, the current projection for the same period is $58.19/bbl and the projected price of fuel for the period ending July 31, 2018 is $65.78/bbl; and

WHEREAS, the recent news that OPEC members and major Non-OPEC producing countries decided to extend production cuts until the end of 2018 resulted in stabilizing the fuel oil market price closer to the $60/bbl. and projected to continue to be between $55-$60/bbl. range in the next several months; and

WHEREAS, GPA continues to desire the gradual true up of fuel costs by phasing in increases over the next two (2) LEAC periods in order to again alleviate the impact on ratepayers, and therefore recommends the next LEAC rate to recover 75% of the estimated total under recovery; and

WHEREAS, for the current LEAC period covered from February 1, 2018 to July 31, 2018, GPA requests the secondary LEAC rate of $0.150824/kWh which is again 75% of the full recovery rate of $0.161859; and

WHEREAS, GPA has determined that in a phase-in approach the Levelized Energy Adjustment Clause factor for secondary voltage service customers as well as alternative voltage customers will need to be increased from $0.0.11718/kWh to $0.150824/kWh for the period of February 1, 2018 to July 31, 2018; and

WHEREAS, in the phase-in approach the effect of the change in the LEAC rate will result in an increase in the total bill by 15.6% or about a $33.11 increase on a 1000 kWh power bill, in order to recover 75% of the projected under-recovery; and

WHEREAS, based on the phase-in approach, an under-recovery of about $7.1M is anticipated by the end of the LEAC period on July 31, 2018 which will not significantly impact working capital and other financial ratios; and

WHEREAS, GPA now is requesting the Consolidated Commission on Utilities to authorize the Authority to file such petition with the Guam Public Utilities Commission; and

NOW, THEREFORE BE IT RESOLVED, by the Consolidated Commission on Utilities as follows:

The General Manager of the Guam Power Authority is authorized to petition the Guam Public Utilities Commission for an increase in the Levelized Energy Adjustment Clause (LEAC) factor for secondary voltage service customers from $0.117718/kWh to $0.150824/kWh to be effective for the period from February 1, 2018 thru July 31, 2018. (LEAC factors for alternative voltage levels are as reflected in the attached spreadsheets in the attached Exhibit A.)

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED THIS 7th DAY OF DECEMBER 2017

Certified by:	Attested by:
_____	_____
JOSEPH T. DUENAS	**J. GEORGE BAMBA**
Chairperson	Secretary

I**, J. George Bamba**, Board Secretary of the Consolidated Commission on Utilities do certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting by the members of the Guam CCU, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: _____
Nays: _____
Abstentions: _____
Absent: _____

GPA
Summary of the Proposed LEAC Rate

		@ 50% Cost Recovery Proposed Eff 2/01/2018	@ 75% Cost Recovery Proposed Eff 2/01/2018	@ Full Cost Recovery Proposed Eff 2/01/2018
1	Average Price per Bbl-RFO	$ 65.78	$ 65.78	$ 65.78
2	Average Price per Gal-Diesel	$ 83.16	$ 83.16	$ 83.16
3	Number 6 (HSFO/LSFO)	$ 65,397	$ 65,397	$ 65,397
4	Number 2 (Diesel)	30,704	30,704	30,704
5	Renewable (Solar)	5,610	5,610	5,610
6	TOTAL COST	$ 101,711	$ 101,711	$ 101,711
7	Handling Costs	5,715	5,715	5,715
8	Total Current Fuel Expense	$ 107,426	$ 107,426	$ 107,426
9	Civilian Allocation	80.91%	80.91%	80.91%
10	LEAC Current Fuel Expense	$ 86,920	$ 86,920	$ 86,920
11	Deferred Fuel Expense	17,406	17,406	17,406
12	Half Recovered	(14,226)	(7,113)	-
13	Total LEAC Expense	$ 90,100	$ 97,213	$ 104,326
14	Less: Trans. Level Costs	(5,674)	(6,121)	(6,570)
15	Distribution Level Costs	$ 84,426	$ 91,092	$ 97,756
16	Under recovery at the end of the period	$ -	$ -	$ -
17	Adjusted Distribution Level Costs	$ 84,426	$ 91,092	$ 97,756
18	Distribution Level Sales (mWh)	603,962	603,962	603,962
19	LEAC Factor Distribution	**0.139787**	**0.150824**	**0.161858**
20	Current LEAC Factor Distribution	0.117718	0.117718	0.117718
21	Increase/(Decrease)	0.02207	0.03311	0.04414
22	Monthly Increase/(Decrease) - 1000 kWh	$ 22.07	$ 33.11	$ 44.14
23	% Increase/(Decrease) in LEAC	18.75%	28.12%	37.50%
24	% Increase/(Decrease) in Total Bill	10.39%	15.59%	20.79%
25	Discount (3%) - Primary 13.8 KV	$ **0.135561**	$ **0.146263**	$ **0.156965**
26	Discount (4%) - 34.5 KV	$ **0.135171**	$ **0.145842**	$ **0.156513**
27	Discount (5%) - 115 KV	$ **0.133507**	$ **0.144046**	$ **0.154586**

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. 2017-48

Authorizing management of the Guam Power authority to petition the PUC to extend the diesel fuel oil NO. 2 supply contracts with Mobil Oil Guam, Inc. and IP&E

What is the project's objective and is it necessary and urgent?

The contract extensions will supply up to 895,066 barrels (37,592,772 gallons) from January 2018 to December 2018 from Mobil and IP&E. Under the current contracts, Mobil has been delivering to all sites except for Tenjo power plant which is supplied by IP&E. Daily consumption ranges from approximately 1,000 barrels to up to 6,000 barrels a day.

How much will it Cost?

The estimated premium fees for the one year contract extension is $10,922,124 and the estimated cost of fuel less premium fees, consistent with the LEAC average ULSD cost is approximately $66,503,374.

What is its funding Source? LEAC

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

RESOLUTION NO. 2017-48

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE PUBLIC UTILITIES COMMISSION FOR THE EXTENSION OF THE DIESEL FUEL OIL NO. 2 SUPPLY CONTRACTS WITH MOBIL OIL GUAM, INC (MOGI) AND IP&E

WHEREAS, the three (3) year base period contracts for the Diesel Fuel Oil No.2 Supply (GPA-029-14) between the Guam Power Authority (herein after referred to as "GPA") and Mobil Oil Guam, Inc. (herein after referred to as "Mobil") and between GPA and Isla Petroleum Energy, Inc. (herein after referred to as "IP&E") will expire on December 31, 2017; and

WHEREAS, GPA intends to extend the contracts for Mobil and IP&E for a period of one (1) year to commence on January 01, 2018 and expire on December 31, 2018; and

WHEREAS, in the aftermath of the Cabras 3&4 incident, the total annual GPA plant diesel consumption (Exhibit A) has significantly increased from approximately 3 million gallons (80,000 barrels) to close to 34 million gallons (800,000 barrels) after FY2015; and

WHEREAS, the total annual projected requirement of diesel supply for the power plants is 895,066 barrels and the daily consumption ranges from approximately 1,000 barrels to up to 6,000 barrels a day; and

WHEREAS, the estimated premium fees for Mobil and IP&E for the one year contract extension is $10,922,124; and

WHEREAS, the estimated cost of fuel less premium fees, consistent with the LEAC average ULSD cost is approximately $66,503,374 for the one year contract extension; and

WHEREAS, the projected costs for ULSD to include premium fees is $77,425,498; and

WHEREAS, GPA is requesting approval of contract extensions with Mobile and IP&E for one year to commence on January 01,2018 and expire on December 31, 2018.

NOW THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, subject to the review and approval of the Guam Public Utilities Commission, as follows:

1. The Guam Power Authority is hereby authorized to enter into a 1-year contract extension with **Mobil** for the supply and delivery of Diesel Fuel Oil No.2.

2. The Guam Power Authority is hereby authorized to enter into a 1-year contract extension with **IP&E** for the supply and delivery of Diesel Fuel Oil No 2.

3. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating authority to $77,425,498 for a one year extension of the contracts for ULSD over $750,000.00 and to execute such agreements and documents necessary with **Mobil and IP&E**.

RESOLVED, that the Chairman of the Commission certifies and the Secretary of the Commission attests the adoption of this Resolution.

DULY and REGULARLY ADOPTED this 7th day of December 2017.

Certified by: **Attested by:**

JOSEPH T. DUENAS
CHAIRMAN

J. GEORGE BAMBA
SECRETARY

I, J. GEORGE BAMBA, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: _____

Nays: _____

Absent: _____

Abstain: _____

Exhibit A

Diesel Consumption*	TOTAL (bbls)
FY 2010	57,527
FY 2011	62,662
FY 2012	52,328
FY 2013	87,836
FY 2014	76,828
FY 2015	223,822
FY 2016	896,175
FY 2017	796,913
* Source: GPA Finance	

DIESEL FUEL OIL NO. 2 SUPPLY CONTRACT EXTENSION

Total Annual GPA Plant Diesel Consumption

Diesel Consumption*	TOTAL (bbls)
FY 2010	57,527
FY 2011	62,662
FY 2012	52,328
FY 2013	87,836
FY 2014	76,828
FY 2015	223,822
FY 2016	896,175
FY 2017	796,913

* Source: GPA Finance

PROJECTION
DIESEL FUEL OIL NO. 2

ULSD BARRELS	DAILY bbls	MONTHLY bbls	ANNUAL bbls	Premium Fees $/gal	Premium Fees $/bbl	**Qty x Premium Fee $**	LEAC ULSD COST $/bbl	**Qty x ULSD Cost $**	**ULSD COST + PREMIUM $**
2018 LEAC Forecast			895,066						
Mobil Daily Average	1,400	42,000	604,800	$ 0.262	$ 11.004	**$ 6,655,219.200**	$ 74.300	**$ 44,936,640.00**	**$ 51,591,859.200**
IP&E Allocation			290,266	$ 0.350	$ 14.700	**$ 4,266,904.320**	$ 74.300	**$ 21,566,734.08**	**$ 25,833,638.400**
TOTAL ULSD COST + PREMIUM									**$ 77,425,497.600**