



# CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority  
P.O.BOX 2977 • Agana, Guam 96932

GUAM WATERWORKS AUTHORITY  
REGULAR BOARD MEETING  
*GWA Conference Room*  
Tuesday, February 28, 2006, 5:00 p.m.

## MINUTES

### I. CALL TO ORDER

The Consolidated Commission on Utilities met in a regular meeting on February 28, 2006. Chairman Simon Sanchez called the meeting to order at 5:20 p.m. It was held at the Guam Waterworks Authority conference room; the following were in attendance:

#### Commission:

Simon Sanchez  
Tom Ada  
Benigno Palomo  
Gloria Nelson

Chairman, CCU  
CCU Vice-chair, GWA  
CCU Vice-chair, GPA  
Secretary

#### Management:

John Benavente  
David Craddick  
Danny Santos  
Randy Wiegand  
Tony Camacho  
Sam Taylor

GM, Consolidated Utility Services (GMCUS)  
GM, Guam Waterworks Authority (GWAGM)  
Asst. GM, Consolidated Administration (AGMCA)  
Chief Financial Officer (CFO)  
Legal Counsel, CCU  
Staff Attorney

#### Staff:

Bernie Sadler  
Becky Balajadia  
Gilda Mafnas  
Gigi Q. Salayon  
Don Antrobus  
Kin Flores  
Francis Iriarte  
Paul Kemp  
Mark Miller  
B. Lou Sablan

GWA  
GWA Customer Service  
Accounting  
Accounting  
GWA Chief Engineer  
GPAGM  
GPA  
DRC/GWA C&D  
Manager, Production & Treatment  
Special Asst., CCU

#### Media:

#### Guests:

JoyJean Mantanona  
Thomas Arthur  
Woodie Mark Muirhead

Vice Speaker's Office  
Consultant  
Brown & Caldwell

I. APPROVAL OF MINUTES

1. **February 21, 2006 (DRAFT)**

The Minutes of February 21st was presented for approval. Comm. Palomo motioned to approve the Minutes subject to verification and written correction. Comm. Nelson seconded. With no discussion or objections, the motion carried.

II. GM(CUS) REPORT - None

III. GM (GWA) REPORT

1. **GM06-016 Meter Change Order; Resolution FY04-2006**

The Chairman said this issue is related to additional CIP costs related to the meters and distribution lines. The GWAGM apologized to everyone and asked to have this item removed from the Agenda. He said some legal issues have been raised and need to be resolved. The contractor must be advised and the report will have to be changed.

The Chairman asked the Commission if they had any questions, comments or concerns. Comm. Palomo requested the GWAGM to include in his presentation on this item the total cost of this contract – the original and all the amendments to include #10 listed on the report contained in the packet.

There was no objection and this item was tabled pending legal resolution.

IV. COMMUNICATIONS

1. **Public Comment (2 min. per person)**

There was no public comment at this meeting.

2. **GEPA Invitation to Workshops**

The Chairman referred the Commissioners to a letter of invitation from Guam Environmental Protection Agency to a series of workshops. One of the topics references the northern aquifer being declared under the influence plus an array of other matters. It is (3) full days of workshops that begin tomorrow, March 1 at the 3<sup>rd</sup> Floor, Holiday Inn. The GWAGM confirmed that there is no fee involved and the Commissioners are already registered.

V. OLD BUSINESS

1. **DPW Streetlight Issue**

The Chairman explained that the Governor left last Thursday. At the Governor's request, they met Wednesday evening where he asked if the Commission would allow GPA to stop the street light disconnections on the premise that he and the Speaker would work out a funding source for the balance of the FY and for the shortfall that is projected, which is the basis for the ongoing streetlight disconnections. He is asking that all disconnections cease until he and the Speaker can work this matter out. The Chairman said that the current budget is enough to last through June or July 2006. The Governor and the Speaker would find a resolution to this issue before the funds deplete.

In discussion, Comm. Nelson asked what the consequences are should the anticipated resolution fail. The Chairman said that 14,000 street lights would be disconnected. Comm. Ada mentioned that at the last briefing by the GPAGM he mentioned that even if the 2000 street lights (that DPW asked to be disconnected) were turned off, there would not be enough money to fund the remaining 12,000 street lights for the balance of the FY. The GMCUS clarified that the reason DPW requested the disconnection 2000 lights is so that DPW can fund the remaining 12,000 for the balance of the FY.

Comm. Ada said he can see the rationale from the Speaker's perspective re holding back the disconnection while a resolution is found to fund the shortfall. However, it is not wise from a business perspective. He said there is no guarantee that they will find a solution by June or July and it would take GPA some time to disconnect the lights necessary to keep from giving free street light service. Comm. Ada is not comfortable to totally cease the street light disconnections and wait until the 11<sup>th</sup> hour only to find out that 3,000 - 4,000 lights on top of the original 2,000 must

still be disconnected in order to break even. He said GPA must go back to the drawing board to determine how long to wait to take action before the break even point. He is concerned about the bond covenant that places a lot of restrictions on the way GPA conducts business. This cannot be disregarded.

The GMCUS agreed that the bond would be affected if the \$13 million debt is not recognized and if the debt continues to grow. He said there is (7) months left in the FY and perhaps the Governor and Speaker can identify new revenue sources to address the shortfall such as revamping the Abandoned Vehicle Fund.

Another approach that the GMCUS discussed with the GPAGM is to revisit the Street Light Policy (that took 6-8 months to develop). Based on the Policy and the GPS mapping system, perhaps DPW can reallocate the existing 14,000 street lights to identify the ones that are not essential. If the disconnections must happen, this would be a good place to start.

Comm. Ada recommended that at the next GPA meeting, on 3/21, the GMCUS and GPAGM present to the Commission an analysis that will show when it would be necessary to begin taking measures before the money runs out.

Comm. Palomo said the Promissory Note is a stronger document than the letter from the Speaker. The letter spells out urgency but is lacking substance. Everyone is aware how important the street lights are but the commitment to the Bond would be put in jeopardy if this matter is left unresolved. Comm. Palomo also pointed out that, in his letter, the Speaker blames the previous administration for not paying their power bill. The Commissioner said this is a government obligation and as such, follows every administration. He added that the Governor has tremendous transfer authority which he could exercise to continue making current payments. It is within his power but the Speaker does not mention this in his letter. He said the government must be sincere in really funding this obligation. He would like to see a more definitive commitment to funding the lights. The ultimate effect for not taking the lights down will negatively affect GPA's bond rating and essentially affect future bond funded projects.

Comm. Nelson said she has seen many promissory notes and memorandums of understanding collapse. Both the Speaker and Governor is aware of the street light issue, it is nothing new. There is mention of working with Sen. Calvo, the Finance Chair, to reprogram existing appropriations; Comm. Nelson said this should be done now, go through the process, through legislation. The letter does not mention any definite plan and the Commission is taking a risk. The letter does not show any real sincerity or assurance.

The Chairman would like GPA and DPW to meet and analyze how much money is in the account, determine when the money runs out (for 14,000 lights) and how much lead-time is needed to disconnect enough lights to make the appropriation last the whole FY. This analysis could then be made available to the Governor and the Speaker so they would know when GPA may have to start disconnection if nothing more definite happens by way of containment. The Chairman asked the GPAGM to make this analysis: given the current appropriation, determine when the money will be depleted for all 14,000 lights, and when disconnections would occur to ensure that the funds last the FY.

Comm. Ada's version is the same concept but put differently. Determine the amount appropriated, determine how many streetlights this would fund for the rest of the FY and then identify how many lights have to be disconnected. GPA should then determine how long it would take to disconnect those numbers and do so before funds are depleted.

The Chairman said a sensitivity table could be made to determine when the funds run out based on different numbers of street lights i.e. 14,000, 12,000, 10,000, 8000 and so forth. The other piece to this would be to determine when to start the disconnection.

Comm. Palomo said the CCU has been making difficult and unpopular decisions such as raising rates, streetlight disconnections and others. The CCU has not relayed to the public the rationale behind these tough decisions. The CCU must release a "Statement of Concern" to tell the public the basis for these decisions. Raising rates is unpopular but it is for the best interest of the community – the public must know this. Regarding street lights, it

should be disconnected right now but in the spirit of cooperation, he would wait a week or two. He reiterated again the importance of telling the public the rationale behind the CCU's decisions.

The Chairman asked the Commission if they would like to have the GMCUS or perhaps the Commission, themselves, draft a letter of concern detailing what the Commission tasked management to do which would be provided in a few weeks. Comm. Nelson said that the legal counsels should write the letter; Comm. Palomo said the letter should be in layman's terms. Comm. Ada said he would like to have the GMCUS initiate a draft and the Commission could add or delete from it.

Because timing is critical, Comm. Ada asked if the analysis could be completed by next Tuesday, March 7<sup>th</sup> or at latest March 14<sup>th</sup>. To wait until March 21<sup>st</sup> is too long; the issue must be dealt with now. He recommended meeting in a special session next Tuesday and deal with just this issue and possibly the GWA CIP.

The Chairman asked the GMCUS and GPAGM if the analysis and draft correspondence would be ready by next Tuesday and they both said yes. The Chairman set a regular meeting on GPA and possibly GWA matters for next Tuesday, 3/7. The Commission clearly wants to discuss the GPA streetlight issue at next week's meeting.

There was discussion again about public awareness. The Chairman said that Comm. Palomo, at both GPA and GWA meetings, continues to harp about the lack of public awareness about GPA and GWA happenings. He mentioned that the presentation made by the GPAGM on LEAC could be made into an informative brochure/mailer that could be sent to every ratepayer. LEAC is 60% of GPA's bill and every customer should get an explanation – what is LEAC, how does it work, what were the fuel prices before, what are they now, what that does to the average customer. The presentation to the CCU was excellent but it has never been explained to the ratepayer. The CCU is criticized because of this lack of education.

He asked the GMCUS to get with the Communications Manager. The GMCUS said that he has had conversations with Mr. Perez and they are working real hard to get some help. The Chairman said to make it happen in March before the LEAC approval in April. The Chairman added that we are entering mid-fiscal year and the marketing money has not even been dented. Comm. Ada commented that this raises a point. He said that although the GMCUS, GPAGM and GWAGM are the key spokesmen for the Commission and the Agencies, as the Communication Manager/ PIO he should be at every meeting so that he can understand and be aware of the pulse of the Commission. The GMCUS said that he would make sure that he attends these meetings.

**VI. NEW BUSINESS - None**

**IX. ANNOUNCEMENTS**

**1. Next CCU Meeting**

The Chairman announced that there would be a GPA meeting next Tuesday, 3/7/06 to discuss the street light issue and possibly GWA's CIP issue; GWA will be at 3/14/06; GPA will be at 3/21/06.

The Staff Attorney said there is a letter on file (copy in Master File) recommending that the Commission go into Executive Session and that this would require a majority vote of the members of the Commission. The Chairman asked if there was any objection to going into Executive Session. There was one. The Chairman announced that the meeting would go into Executive Session at 6:18 p.m.

**X. EXECUTIVE SESSION**

Executive Session began at 6:22 p.m.

**1. Earth Tech Update**


Executive Session ended at 6:50 p.m. and Regular Session began immediately.

XI. **ADJOURNMENT**

With no further issues or discussion to bring before the Commission, the meeting was adjourned at 6:50 p.m.

Attested by:

  
SIMON A SANCHEZ, II, Chairman

  
GLORIA B. NELSON, Secretary

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