



CONSOLIDATED COMMISSION ON UTILITIES

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

GUAM POWER AUTHORITY Regular Board Meeting GPA Board Conference Room 5:30 p.m., February 8, 2011

MINUTES

I. CALL TO ORDER

Chairman Sanchez called the regular meeting of the Guam Power Authority to order at 6:00 p.m. and announced that a quorum of three (3) Commissioners were present; Comm. Palomo was off-island and excused. Those in attendance include:

Commissioners:

Simon A. Sanchez	Chairman
Eloy P. Hara	Vice Chair, GWA
Gloria Nelson	Secretary
Joseph (Joey) Duenas	Treasurer

Executive Mgmt:

John Benavente	GMCUS
Joaquin Flores	General Manager
Randy Wiegand	CFO
Graham Botha	Staff Attorney
Melinda Camacho	AGMO (A)

Management & Staff:

Simon Camacho	Manager of T&D (A)
Cora Montellano	Asst. CFO / GPA Finance
Francis Iriarte	SPORD
Joseph Manibusan	Generation Mgr. (A)

Guest:

II. APPROVAL OF MINUTES

The Minutes of January 4, 2011 and January 11, 2011 was presented for approval.

Commissioner Duenas motioned and Comm. Gloria seconded to approve the Minutes subject to verification and written correction. There was no further discussion or objection and the motion passed.

III. GM (CUS) REPORT

IV. GM REPORT / UPDATE

1. System Update

The GM shared that as a result from the November 3rd blackout, a team from Schweitzer Engineering Laboratories is on island and flew here on their private jet. They wanted to hear from GPA and we wanted to hear from them what they plan to do about the findings of a root cause analysis on the relay component that was failed. Schweitzer repeated the test on the relay equipment and narrowed the root cause to a particular component. They keep a journal of all the relay components that has been purchased by GPA and keep detailed records i.e. maintenance, upgrade etc. GPA has the opportunity to upgrade the relays at a differential cost.

Melinda Camacho updated the Commission on the status of Dededo CT 1; TEMES is helping GPA to analyze the problem and assess the repairs needed. Management is concerned because this plant is critical to servicing Anderson AFB. Historically this repair will take several months. There was discussion on the cost of repair which could amount to \$2M – which was the total cost of the maintenance of CT2. It was mentioned that the cost of the repair could be categorized as a catastrophic event and could be covered under the self-insurance funds or possibly a reimbursement from DoD funding. It was mentioned that the CT's repairs / maintenance have been deferred due to cash issues. The GM said there has not been any CT generator overhaul since maintained since 1992. The installation degrades whether or not it is running and we must try to be consistent with maintenance.

2. Government Receivables

This matter was not discussed.

3. Operations Dept. Reports

This matter was not discussed.

4. System Losses

This matter was not discussed.

5. Fuel Inventory Update

This matter was not discussed.

V. COMMUNICATIONS

1. Public Comments - None

VI. LEGAL COUNSEL - None

VII. NEW BUSINESS

1. Resolution 2011-07: Approval of Acct. Receivables Deemed Uncollectible

The CFO presented Resolution 2011-07 asking the Commission to approve a charge off in the amount of \$1.8 Million for uncollectible receivables for FY2009 and FY2010. GPA's Customer Service Division has made significant strides towards eliminating losses resulting from uncollectible accounts but the service nature of a utility makes it impossible to prevent such losses once an account has become inactive or disconnected. GPA's bad debt loss level is consistent with the best utilities in the country and it is standard for utilities to review their Receivables records periodically to remove accounts that have been determined by the utility to be uncollectible. It was mentioned that the last write-off was in February 2010 for FY 2007 and FY2008. This request is comprised of bad debts for FY2009 in the amount of \$893k and FY2010 for \$921 for a total of \$1.8M representing .24% of GPA's billings; this write off action will not have any further impact on GPA's statement of revenues and expenses. Management also stated that this write-off action does not preclude GPA from continuing to collect on any bad debts; any affected customer who returns to the agency for service in the future must make good on their bad debt amount prior to activation of their application.

Comm. Hara motioned and Comm. Nelson motioned to approve Resolution 2011-07 for discussion.

In discussion Comm. Duenas recommended that verbiage be added in the Resolved section indicating the total amount noted for write-off for each fiscal year – FY09 - \$892.9k and FY10 - \$921.1k respectively for better tracking.

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

2. Resolution 2011-08: Fire Protection Upgrade for Dededo Diesel

Acting AGM for Operations, Melinda Camacho presented Resolution 2011-08 for approval. It asks the Commission to authorize management to enter into a contract for the upgrade of the fire protection and smoke alarm system at the Dededo Diesel Power Plant. This is necessary to be in compliance with the latest edition of the National Fire Protection Association's codes and requirements as well as the requirements noted in the insurance risk survey that was recently conducted on behalf of GPA. An IFB for the service upgrade was executed as required by Guam's procurement laws and GPA's Evaluation committee has completed the evaluation of four bids submitted for this project and determined GEMCCO to be the lowest, responsible and responsive bidder. It was mentioned that management has budgeted and obtained CCU approval for funding via the Bond Funds for CIP projects. The Resolution also asks that the GM's authorized obligated amount be increased from \$250k to \$337,980k to effectuate a contract with GEMCCO.

Comm. Duenas motioned and Comm. Hara seconded to approve Resolution 2011-08 as written.

Comm. Duenas recommended that the resolution indicate what bond issue is related to this funding. It was mentioned that the resolution cited in the Resolution 2011-08 cites that the funding comes from the 2010 Bond Funds. The Commissioner asked that for all future resolutions where Bond Funds are being budgeted, that the Bond Series or Issue date be mentioned.

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

3. Resolution 2011-09: Fire Protection Upgrade for Yigo CT

Acting AGM for Operations, Melinda Camacho confirmed that Resolution 2011-09 is similar in nature to Resolution 2011-08 above. This request is to authorize the upgrade of the fire protection and smoke alarm system at the Yigo CT Power Plant. There were three (3) respondents to this bid; the lowest, responsible and responsive bidder was Midong E&C Corporation. The total project cost is \$363,409 and will be funded through Bond Funds for CIP projects. The cost exceeds the GM's obligating authority of \$250k and thus requires CCU approval.

Comm. Duenas motioned and Comm. Hara seconded to approve Resolution 2011-09. There was no further discussion or objection and the motion carried.

4. December 2010 Financials

The CFO reported that sales are down 1 Million kWh for the fiscal year which represents .6% of total sales. Large customers is down 800k; residential is up; all commercials are down' DoD is down as well. He said revenues are positive for the year but believes that this will change. Fuel expense is down from last year. The budget is under forecast for the year.

VIII. OLD BUSINESS - None

IX. ANNOUNCEMENTS

1. Next CCU Meeting

The Chairman announced that the next meeting would be for GWA on February 22nd.

Comm. Duenas motioned to move the meeting to Executive Session; Comm. Hara seconded. It was 6:30 p.m.

X. EXECUTIVE SESSION

1. Ex. Mgmt. Evaluations

This matter was discussed.

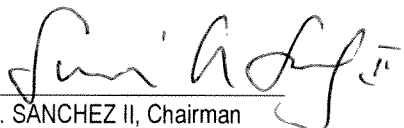
Executive Session ended at 7:10 p.m.

XI. ADJOURNMENT

There being no further business to bring before the Commission, the meeting was adjourned at 7:10 p.m.

llsl
bls

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary