



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., March 8, 2011**

MINUTES

I. CALL TO ORDER

Chairman Sanchez called the regular meeting of the Guam Power Authority to order at 5:50 p.m. and announced that there was quorum. All five (5) Commissioners were present. Those in attendance include:

Commissioners:

| | |
|----------------------|-----------------|
| Simon A. Sanchez | Chairman |
| Benigno M. Palomo | Vice Chair, GPA |
| Eloy P. Hara | Vice Chair, GWA |
| Gloria Nelson | Secretary |
| Joseph (Joey) Duenas | Treasurer |

Executive Mgmt:

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

Management & Staff:

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|------------------|-------------------------|
| Simon Camacho | Manager of T&D (A) |
| Cora Montellano | Asst. CFO / GPA Finance |
| Joseph Manibusan | Generation Mgr. (A) |
| Arlene Sahagon | Internal Auditor (A) |
| Jess Reyes | Supply Mgmt. Admin (A) |
| Art Perez | Communications Mgr. |
| Julie Quinata | Personnel Svcs. Admin. |
| John Cruz | SPORD Manager |
| Lenora Sanz | Controller |

Guest:

| | |
|-----------------------|-------------------|
| Mr. Kofi Boateng | GM Prospect / GWA |
| Eulogio S. Gumataotao | Johnson Controls |
| Keith Pereira | Intertek Asia |
| Ben Santos | Intertak Asia |

II. APPROVAL OF MINUTES

The Minutes of February 8, 2011 was presented for approval.

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

III. GM (CUS) REPORT - None

IV. GM REPORT / UPDATE

The regular staff reports were included in the packets but not discussed in detail (copies are in Master File).

1. System Update
2. Government Receivables
3. Administration Dept. Reports
4. System Losses

V. COMMUNICATIONS

1. Public Comments – None

At this point, the Chairman introduced Kofi Boateng, GM candidate for GWA. He comes from Ghana and worked in the U.S. for more than 20 years. He received his degree from Penn State and Georgetown. The Chairman welcomed him and thanked him for attending the meeting.

VI. LEGAL COUNSEL - None

VII. NEW BUSINESS

1. Resolution 2011-10: Approval of (3) Smart Grid Projects

The GM introduced Resolution 2011-10 requesting the CCU approval for management to enter into (3) Smart Grid contracts with Black and Veach for the Program Mgmt. Office in the amount of \$2,337,272 SAIC for the Comprehensive Technical Service in the amount of \$513,352 and RW Beck. For the Engineering Planning Services in the amount of \$567,675.

Comm. Duenas motioned and Comm. Hara seconded to approve Resolution 2011-10 for discussion.

In discussion, Comm. Duenas asked when SMART Grid is expected to be completed. The GM responded that the final approval of the project execution plan is January 2014. The contract signing will be the kick-off for the project. Comm. Duenas asked that the resolution be amended to include the name of the awardees for all three (3) contracts that is currently missing from the resolution.

The CFO commented that all 3 contract scopes are broader than just SMART Grid to allow GPA to ride on some other contracts for some additional work. He confirmed that GPA is currently negotiating another task order for the comprehensive technical services and the CCU will most possibly see that at the next meeting.

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

2. Resolution 2011-11: Approval of GIAA-GPA MOU

The GM said there were numerous supporting documents related to this resolution. In summary he said that GIAA was very fortunate to get the approval for a large portion of ARRA funds. GIAA outsourced the audit of their energy savings project to an energy services consultant whose responsibility was to prioritize GIAA's energy savings projects. This MOU is a result of that assessment. Under this MOU, GPA will retrofit and install energy efficient and conservation measures for GIAA. GPA will be authorized to issue a Task Order for the Development of Renewable Energy, Energy Efficiency and Demand-Side Energy Conservation Program to Johnson Controls, Inc, GPA's renewable energy consultant, to perform the services at GIAA. The ARRA funds will come from the Guam Energy Office. Some details of the work to be done include replacement / refurbishment of GIAA's infrastructure, work on chillers & air conditioning units, energy management control systems and lighting to name a few. The total cost of the project is over \$12Million in ARRA funds.

In discussion it was mentioned to include some of these details in the body of the resolution in the Where As section.

The CCU agreed to allow management to enter into the MOU with GIAA subject to the amendment and ratification of the resolution at the next meeting. The resolution will be amended to include more detail i.e. the cost of project & benefits to GPA. The Staff Attorney was tasked to make the amendments.

The CFO asked what if the equipment doesn't produce the savings, who is at risk? The Staff Attorney said the contractor, JCI is responsible for the validation / performance guarantees and is on the hook for liability. This fact should also be captured in the resolution.

Comm. Duenas motioned to approve Resolution subject to amendment; Comm. Hara seconded. There was no further discussion or objection and the motion passed.

3. Resolution 2011-12: Approval of GEO-GPA Tumon SL Project MOU

The GM said this resolution has the same characteristics and the previous resolution & may require further amendment as well. It also involves ARRA funds to improve street lighting. The lion share of the funds is targeted for Tumon but there are other sites i.e. Carnation Rd. and one other. The project involves 2 energy efficient technologies LED and induction lighting to be done concurrently. It requires that GPA look at their current tariffs and relative to this technology it may possibly change its lighting standards. ARRA funds totaling \$2.5M is targeted for this and is administered thru the Guam Energy Office. The GMCUS clarified that GPA is not at risk. If ARRA funds are not available, the awardee, Guam Energy Office is liable. The hidden beneficiary is DPW.

Comm. Duenas motioned to give GPA management the authority to enter into the MOU subject to the ratification of the resolution with amendments to include more details that clarifies the intention of the award. There was no further discussion or objection and the motion carried as amended.

4. Resolution 2011-13: Extension of Fuel Farm Contract

The GM said this resolution is a request to extend the current Fuel Farm contract because it is crucial to continue. This is the 2nd request to extend the contract. A new PMC contract was released and there was only one (1) bidder. The Authority anticipated awarding the contract by April 2010 but the bid was cancelled due to insufficient funds because the price proposal was above the budget allotted. Management was authorized to extend the contract to April 2011. A new IFB was released in December 2010 after CCU / PUC approval. The new bid improves some of the requirements i.e. performance guarantees and others. The awarding of the new PMC contract is anticipated before Sept. 30, 2011 and GPA intends to extend the current contract on a month-to-month basis up to this date. Both parties have agreed to maintain the fixed service fee at \$54.3k per month with minor revisions to some contract provisions such as the inclusion of Power Bill Increase in the monthly service fee, the adjustment of threshold for major repairs and replacement from \$5k to \$2.5k and the inclusion of increase in US Coast Guard fees. GPA management agrees that these revisions are fair for both parties and allowed under the contract provisions.

Comm. Duenas motioned to approve Resolution 2011-13; Comm. Nelson seconded. There was no further discussion or objection and the motion carried.

5. Resolution 2011-14: Relative to Filing of Commercial Paper Drawdown

GPA received \$20M in bond proceeds to pay off the \$20M Commercial Paper loan with Cathay Bank. The actual amount due to Cathay Bank was \$13.9M so the difference was \$6.1M that GPA was trying to reimburse itself for other expenses. GPA made three (3) filings with PUC to draw down the balance & PUC was not comfortable doing so. In compromise, PUC approved that GPA take \$3M for unbudgeted projects and then use the balance \$3.1M for shortfalls in bond projects i.e. cost overruns. The \$3M can be spent but GPA needs to submit the project details. Resolution 2011-14 details these projects and asks the CCU for the approval and to move the request to the PUC for further approval.

Comm. Duenas motioned to approve Resolution 2011-14; Comm. Nelson seconded

In discussion, Comm. Nelson asked how the GM arrived at the project schedules. The GM said that the dates are planning estimates only.

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

6. January 2011 Financials

It was discussed that there was a drop in kilowatt sales. The CFO said we are ahead of last year but below projections. The LEAC under-recovery is at \$3M. The CFO highlighted the balance sheet by mentioning that the fuel inventory is up over \$5M; the deferred credit is up from 0 to \$7.8M due to the fuel under-recoveries. Relative to LEAC, the CFO said that the Authority may need to do a mid-period change in the LEAC +/- \$2M. The GM said this would be more relevant in April.

It was mentioned that GWA's note has a small balance of \$800 and that once paid, the surcharge on GWA's bill will be diverted 100% to the Navy billing to pay GWA note to the Navy that much quicker. It was estimated that the Navy bill would be paid in full by another year.

The GM also mentioned that the hedge gains are at \$2M for one (1) month.

VIII. OLD BUSINESS - None

IX. ANNOUNCEMENTS

1. Next CCU Meeting: GWA – 3/22/11

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


X. ADJOURNMENT

There being no further business to bring before the Commission, the meeting was adjourned at 7:00 p.m. The Chairman also mentioned that there is a hearing on the solid waste Bill introduced by Sen. Tom Ada on Thursday at 3:30 p.m. The CCU reiterated that their stance is they are honored for the trust being placed upon them & are up to the task. Comm. Duenas volunteered to write and present testimony at the hearing. He will circulate his testimony to the rest of the Commission. There is a hearing re the STIP order at District Court tomorrow at 9 a.m.

He added that Congresswoman Bordallo would like to meet with the CCU to discuss the FENA issue on the 23rd.

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Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary