



# CONSOLIDATED COMMISSION ON UTILITIES

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

## GUAM WATERWORKS AUTHORITY REGULAR BOARD MEETING *GPA Board Conference Room* 5:00 p.m., May 12, 2009

### MINUTES

#### I. CALL TO ORDER

Chairman Simon Sanchez called the regular meeting of Guam Waterworks Authority to order at 5:30 p.m. He announced that 4 Commissioners were present; Comm. Nelson is still off-island. Those present included:

##### **Commissioners:**

Simon Sanchez	Chairman
Benigno Palomo	Vice Chair, GPA
Eloy Hara	Vice Chair, GWA
Joseph (Joey) Duenas	Treasurer

##### **Executive Mgmt:**

John Benavente	GMCUS
Len Olive	GWAGM
Danny Santos	AGMCA
Greg Cruz	GWA-CFO
Sam Taylor	Staff Atty., GWA

##### **Management & Staff:**

Don Antrobus	Chief Engineer / GWA
Paul Kemp	Asst. GM, Compliance & Safety
Mark Miller	Asst. GM, Production & Treatment
Gilda Mafnas	Controller / GWA
Julie Shane	Engineering Supervisor / GWA
Jesse Lujan	Asst. GM, Collection & Distribution
Yuka Cabrera	Internal Auditor
Joey Claveria	Asst. CFO
Victor Torres	Supervisor, Data Processing / GWA
Ron Topasna	GWA

##### **Guests:**

Cyrus Luhr	Sen. Ada's Office
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The Chairman announced that Staff Attorney Taylor was not feeling well and recommended to the Commission to move the Agenda to Executive Session first to allow the Staff Attorney to present the MSG Lawsuit item under Section X.1 in the Agenda. There was no objection and the meeting moved to Executive Session; it was 5:16 p.m.

The Chairman announced that the meeting was back in regular session at 5:26 p.m. At that time Comm. Duenas motioned to authorize GWA management and legal counsel to proceed as discussed in executive session; Comm. Hara seconded. There was no further discussion or objection and the motion carried.

#### II. APPROVAL OF MINUTES

The Minutes of March 10, 2009 was presented for approval.

Comm. Palomo moved to approve the Minutes subject to written correction; Comm. Hara seconded. There was no further discussion or objection and the motion passed.

### III. GM (CUS) REPORT

#### 1. System Update

The GMCUS gave his brief on the current system and his priorities for FY2009. Here are some highlights:

- The operation and maintenance team are working well; progress being made in reporting and addressing problematic wells
- Daily monitoring of each well's production and trips
- Reservoir levels substantially improved although not at earlier levels possibly due to dry spell
- Reduced rate of well failures from average of about 4 per month to now 2 per month; repairs addressed immediately
- Hands-on pump repair and installation training accomplished last month by mainland representative; pumps previously receive out of specs and were adjusted in-shop by employees
- Consolidation of electrical group working to cross train and to address issues systematically as they occur
- There was 1 major outage in April involving Hyundai tank taken off-line to do tank welding repair; exposure limited to less than 100 customers
- Coordination and weekly meetings continue

Priorities for FY09 include:

- Continued analysis to further reduce well failure
- Increased production capacities per zone; rehabilitate all hard-down wells
- Increase reservoir levels in central and south; provide redundant supply capabilities by upgrading booster stations
- Implement leak detection contract
- Install pilot SCADA and implement System Dispatch Center Rehabilitate Critical Hard Down Wells Y-7,M17A
- Consolidate distribution and production divisions
- Continued VFD installation and coordination
- Identify new well sites

#### 2. Meter Issue Update

The GMCUS also updated the Commissioners on the meter issue. A hard copy of his report is in Master File which included attachments related to zero consumption – summary and customer profile, low read meters, monthly consumption by size, billing comparison by routes. Here are some highlights:

- A total of 6937 meters were identified for investigation. Though substantial, the numbers show a decline i.e. January total of 2,422 v. April of 771. The numbers continue to be monitored as routes are billed and service orders for any exceptions are generated and sent to the crews for investigation
- Out of 6642 accounts identified with zero reads, 4453 have been investigated and of these 3356 or 75% have been corrected – details of problems found was detailed in attachments
- Report includes details of the percentages of zero reads by meter size – the majority being the new AMR type meters
- 46 meters were identified as “low read” meters (meaning consumption is suspected to be higher the registered reading) and have been given to the crews for investigation together with those with zero reads.
- Report notes what the losses may be as a result of zero and low read meters; it is estimated that as much as \$1M/month is the estimated loss which translates to about 8% unaccounted for water
- Report also detailed the criteria table being implemented to insure meters are not undersized in the system. This criteria was tested in the current database and it was determined that there are about 988 accounts which exceed the criteria over the account's entire history. It does not mean that all these accounts have under size meters but potentially can. The listing would be used to flag potential ones which would be reviewed and corrected.
- Efforts are paying off because the May billing by routes report indicate a 22% revenue increase; the April vs. March report also indicated significant increases. It is expected that May revenues will be higher than April and certainly June revenues will show significant improvements since most of the work done in April.
- A significant number of back billings for the defective meters will also occur in June and July as the required 2-month consumption history (to back bill 4 months) is realized. To date, 156 accounts have been back billed a total of \$283k.
- Management had a meeting with all parties involved in the meter exception process to determine where the system failed and to identify and correct this revenue loss crisis. More importantly, each area is reviewing the shortfalls of the process in place to determine what is necessary to make / ensure corrective action. Additionally management is trying to determine when these massive failures began and to put in place additional exception reports which will be proactive to stop incidences. Resources will be provided to address meter issues on a regular basis and a separate report will be provided next month detailing the system and resources put in place to protect revenues.
- 2 Metron Farnier representatives are on-island to address faulty transponders and the rebuilding of defective commercial meters. An initial meeting was held and they were advised of the severity and magnitude of GWA's meter and transponder problems. The plan is to change-out 500 transponders on this trip with a newer version and to rebuild 100 meters by the end of the week. The defective components are being photographed, cataloged and packaged for return to the manufacturer.

- A web conference was conducted last Friday with the president of Metron Farnier (MF) on the key issue of transponders; they recognize that certain series of transponders have had high failure rates as a result of defective boards being provided to MF by their vendor. An upgraded version is being used to change out defective ones. A plan to address the change out of about 5,000 transponders is forthcoming from MF to replace defective transponders over a 6-month period. Management is verifying their findings and a tracking mechanism will be put in place to verify their effectiveness within a 1-2% failure rate – the acceptable standard level.
- MF was also aware of a factory defect on their commercial meters. Certain meter sizes had stainless steel shafts of inferior quality provided to them by their vendors. Defects caused shafts to break and therefore meters not to register. MF bought several hundred parts / replacement kits to address this issue. In addition, as meters are being rebuilt others have surfaced. Some meters are found to be undersized while others are seizing as a result of buildup in bearing areas. The latter are being shipped back of analysis. GWA has been advised that a new version of the meter which eliminates the gearing system is currently in production. MF believes this will eliminate the seizing issue.
- The president of MF will develop a plan to correct the meter and transponder problems. GWA will review the plan for effectiveness and completeness. Management appreciates that MF is forthcoming about their intention and responsibility to correct these issues as expeditiously as possible.
- The GMCUS recognized and praised the efforts of GWA's employees who are working feverishly to identify, correct and manage this problem. The goal is to stop the bleeding and put a program in place to sustain revenues by identifying meter issues as quickly as possible.

#### IV. **GM REPORT**

The GWAGM gave the following report – copy in Master File:

##### 1. **Chief Engineer Recruit Update**

Mr. Martin Roush, top ranked Chief Engineer candidate is on island meeting with GWA engineering and other utility staff as the selection process wraps up

##### 2. **SDC Update**

GWA staff is in the process of completing tasks in the Georgetown Consulting Group work plan pursuing the 2-tiered methodology approach incorporating both the Equity and Incremental methods. The GM said that the methodology would be ready for CCU approval by the July meeting.

##### 3. **Moratorium Project Update**

Two bids have been received and they are currently being reviewed / evaluated for respective NPV's. The GM said the award could possibly happen in May but definitely by June.

##### 4. **Mgmt. Audit Update**

The Phase II scope has been reviewed and narrowed down by staff. The priority audit areas for Phase II which have emerged are the identification and additional action steps needed to improve customer service and restore ratepayer confidence, optimization of organizational structure, accountabilities and performance expectations, improvement to work crew efficiency. A meeting is scheduled with VK tomorrow at 3 p.m.

##### 5. **Leak Detection Project Update**

GRH is on their 10<sup>th</sup> week of leak detections. A report of their progress is included in the Water M&O Report packet

##### 6. **EPA Update**

The 301(h) waiver public hearing will be held in June. GWA staff and Region 9 staff led by Nancy Woo will have an informal phone conference on May 21<sup>st</sup> regarding mutual concerns surrounding the DoD Pacific realignment, the pre-military construction bubble and general perceived shortcomings in the emerging DoD EIS

##### 7. **DoD Update**

GWA staff has had no contact with DoD since the Industry Forum

##### 8. **5-year Rate / Financial Plan Update**

Staff is currently addressing ongoing discoveries received from Georgetown Consulting Group. The Chairman mentioned that if the Rate Plan is ready before the SDC, he would like to move forward with the implementation of the Rate Plan.

#### V. **COMMUNICATIONS**

##### 1. **Public Comments - None**

#### VI. **NEW BUSINESS**

##### 1. **GWA Internal Audit Charter**

Comm. Duenas presented the GWA Internal Audit Charter to the Commission for review and approval (copy in Master File). He said it gives structure to the IA division and talks about how IA relates / interacts with the GM, CCU and other divisions within GWA. He added that both the GM and the CFO have reviewed it and are satisfied. It defines the purpose

authority and responsibility of the GWA Internal Audit Division headed by Internal Auditor, Yuka Hechanova. It also details GWAIA's mission and scope of work.

Comm. Duenas moved to approve the GWA IA Charter as presented; Comm. Palomo seconded. There was no further discussion or objection and the motion carried.

## VII. OLD BUSINESS

### 1. Resolution FY2009-16: GPA / GWA Memorandum of Understanding

This matter was tabled.

## VIII. STAFF REPORTS

### 1. Legal

In absence of Staff Atty. Taylor, the Chairman gave an update on the last fine from USEPA. He said that the magistrate judge ruled that USEPA inappropriately fined GWA and ordered that the fine be reversed which is good because it can be used to better serve the ratepayers. The Chairman's message to USEPA is that they too are bound by the Stipulated Order (STIP). GWA is 90% completed on the STIP.

### 2. Financial

The CFO submitted the March 2009 Financials (copy in Master File). He mentioned that overall revenues are still \$3M behind prior year. He believes this is attributed to the zero consumption meters. Operationally O&M is in-line with prior year with power and water driving expenses. April 09 is the best month all year in terms of collection which has shown significant improvement.

### 3. Water Maintenance & Operations

The AGM announced that the Production & Treatment / Collection & Distribution Divisions have been combined and is now called the Water Maintenance and Operations Division. The AGM for M&O, Jesse Lujan submitted the new combined report (copy in Master File). Some highlights include: 666 complaints were received by dispatch in April, 493 or 74% were repaired and 173 or 26% remains pending. Re Leak Detection Repair Status – 288 reported leaks with 153 repaired and 135 still pending. Re Water Loss Status – 3 classes were identified – class 1 / 5 gpm; ; class 2 / 5-15 gpm; class 3 / 15+ gpm; 1210 gpm were found and 522.31 gpm (750k gallons) were repaired. Translated to percentages, 8% on leaks found, 3.9% repaired and 5.2% pending just for the wells in the north. Re deep wells 120 wells were recorded; 104 are operational 2 on reserves, 5 soft broke, 3 secured and 6 hard broke. Currently 30.6 million gallons are pumped from GWA wells; Ugum generates about 70 million gallons per month or 2 million gallons per day. Comm. Palomo commented that a lot of money is being lost thru water loss and leaks. This has been happening for more than 6 years and translates to lost dollars.

Waste Water Report – the GM reported that currently there is nothing significant in terms of operations.

### 4. Asst. GM Consolidated Administration - None

### 5. Chief Engineer

The CE submitted his Engineering Report (copy in Master file) – some highlights he mentioned:

- Old Agat Wastewater Collection System – all necessary clearances for construction obtained. Actual excavation work began May 7<sup>th</sup> at San Francisco / San Vicente Streets. Due to funding limitation, project scope was divided into 3 phases to allow the construction of each phase based on the availability of funds. Archaeological work will be required during construction and procurement is in progress; negotiation for wage rate and material cost escalation will be scheduled after contract is executed and a change order to the contract will be prepared based on the negotiated amount.
- Ugum Treatment Plant Upgrade – the final permit will be ready from DPW on 5/11/09; approval of the building permit from GEPA was conditional; Due to building permit issuance delays it is not possible to order remaining filter items in time to complete work before the rainy season. The Contractor will mobilize to complete all work that does not require the plant to operate at 50% filter capacity.
- Sinajana Transmission Lines – the Contractor has begun construction activities along Dero Rd. after the entrance to Leo Palace and on Afame Rd. Along the latter, the contractor installed about 90% of pipe and about 35% along Dero Rd; the lowest possible bidder for Phase II has been determined. Approval to Award has been forwarded to USEPA (project includes federal funding); upon approval of USEPA, GWA will transmit the conditional notice of award. The Contractor claims the clearance performed by GWA is not sufficient thus leading to line breaks along Afame and Dero Roads. GWA and the CM have advised the contractor that in populated areas they should be more cautious.

### 6. Compliance / Safety

Mr. Kemp reported that USEPA is throwing a monkey wrench – USEPA is saying that they want to make another STIP. The Chairman said he would not be ready to agree with another STIP. PK said the Master Plan should be the map for the future after all of the STIP issues are completed. The Master Plan should be the new STIP. Mr. Kemp said that USEPA should keep GWA at normal regular check like all other water utilities after all issues on the STIP has been addressed.

7. **Human Resources - None**

8. **Communications / PIO**

PIO Heidi Ballendorf reported on the following (copy in Master File):

- Website Design & Upgrades – this process is nearly complete with the final stage of planning / revision of the “Kids Corner:
- Water Conservation Poster – completed and currently being distributed to the community
- Leak Detection Media Tour – focus and intent is to promote work of the leak detection crew
- TV Media Campaign – continued development and expansion of the “Celebrity Tap Water Delivers” campaign
- Radio Media Campaign – working to develop an audio version of “Guam’s Celebrity Tap Water Delivers” campaign to work side-by-side with video version
- School Campaign – Discussions with WERI to work on the development of school based program
- Collateral Marketing Pieces – working on door hangers, posters, placemats
- New Initiatives – “Celebrity Tap Water Delivers” ads in Direction Magazine, Infrastructure print ads, completion of annual report, development of “Pipeline” – a utilities program on K57 featuring folks in the field from both utilities; will have own theme song and promotion, Earth Day activities, banners for Relay for Life

IX. **ANNOUNCEMENTS**

1. **Next CCU Meeting**

The Chairman set the next CCU meeting for GPA matters on May 26, 2009.

He also announced that there is 1 other matter under Executive Session and asked that the meeting be moved to Executive Session. There was no objection; it was 8:05 p.m.; Executive Session ended at 9:20 p.m.

X. **EXECUTIVE SESSION**

1. **MSG Lawsuit**

This matter was discussed in the presence of Atty. Sam Taylor

2. **Personnel Matter**

This matter was discussed.

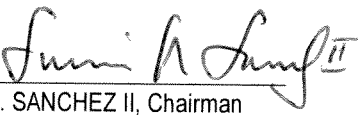
XI. **ADJOURNMENT**

There being no other business to bring before the Commission, the meeting was adjourned at 9:25 p.m.

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Attested:

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary