



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 5:00 p.m., March 9, 2010

MINUTES

I. CALL TO ORDER

The Chairman called the meeting to order at 5:30 p.m. He announced that all 4 Commissioners were present; Comm. Palomo was not present yet. Those in attendance include:

Commissioners:

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

Executive Mgmt:

John Benavente	General Mgr., / Consolidated Utility Services (GMCUS)
Kin Flores	General Mgr., / GPA (GPAGM)
Sam Taylor	Staff Atty., GWA

Management & Staff:

Art Perez	Communications Mgr. / PIO, GPA
Joseph Manibusan	Generation
Lenora Sanz	Controller / GPA Finance
Julie Quinata	Personnel Services Administrator / GPA Human Resources
Pam Aguigui	Chief Budget Officer / GPA Finance
Cora Montellano	Asst. Chief Financial Officer / GPA
Angela Quinto Bates	Internal Auditor / GPA
Simon Camacho	Asst. Manager, T&D / GPA
Jimmy Pangelinan	
Carmen Denton	Laboratory Supervisor / GWA
Paul Kemp	Asst. GM, Compliance & Safety / GWA
John Cruz	Manager / SPORD
Lou Sablan	Board Recording Secretary / GPA/GWA

II. APPROVAL OF MINUTES

The Minutes of January 12, 2010 & October 27, 2009 was presented for approval.

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

III. GM (CUS) REPORT - None

IV. **GM REPORT / UPDATE**

The items below were not discussed.

1. **System Update**
2. **Government Receivables**
3. **Administration Dept. Reports**
4. **System Losses**
5. **Fuel Inventory Update**

V. **COMMUNICATIONS**

1. **Public Comments - None**

VI. **LEGAL COUNSEL - None**

VII. **NEW BUSINESS**

1. **GWA Resolution 13-FY2010: Relative to Ratification for Payments for Testing**

Mr. Paul Kemp explained that GWA is required, under the Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA), to conduct testing on water and wastewater samples by a USEPA certified and approved laboratory. Montgomery Watson Harza Laboratories is the such laboratory in the Pacific Region and GWA has adopted quarterly purchase orders for their services. Currently GWA has exceeded the amounts on the quarterly purchase orders by \$15,850 due to delays in approving the next purchase order in sequence. While MWH continues to accept GWA's compliance samples, they are not releasing the results of the analyses until GWA's payables are made current. As a result GWA is now unable to meet compliance schedules for submittals of SDWA and CWA reporting putting GWA at risk of receiving a Notice of Violation of reporting requirements. This resolution is asking the CCU to ratify the overage which did not contain neither a certification of funds nor authorization from the General Manager

Comm. Duenas motioned to approve Resolution 13-FT2010 as written; Comm. Hara seconded. There was no further discussion or objection and the motion passed.

2. **GWA Resolution 14-FY2010: Rosario Settlement**

Atty. Sam Taylor explained that in the late 1980's Govt. of Guam granted title in a portion of Lot in Dededo to Lorenzo C. Rosario. The lot was later subdivided by GovGuam into several lots and GWA was given title to one of the newly subdivided lots where GWA finally built the Route 15 Wastewater pump station. In 1993 Lorenzo Rosario filed suit against GovGuam seeking the partition of the lot to recover rent, the relocation of GWA's pump station. Mr. Rosario passed away and in 2009 Lorenzo and Judy M. Rosario were given authority to act on behalf of the Estate and they eventually filed a Special Proceedings Case against GovGuam & GWA seeking compensation for construction of GWA's pump station. In Feb. 1998 GovGuam filed an Amended Answer to the suit asked for a declaratory relief so that each party can finally be made aware of their rights. Staff Atty. Taylor entered an appearance on the matter in 2008 to try to resolve the matter. GWA was able to secure the settlement noted in the resolution and thought it to be fair and reasonable. In Resolution 14-FY2010, management is asking the CCU to ratify and approve the settlement as stated.

Comm. Duenas motioned to approve Resolution 14-FY2010 as written; Comm. Nelson seconded. There was no further discussion or objection and the motion carried.

3. **Statutory Time Limitation for Back-billing and Meter Malfunctions**

The GWAGM mentioned that coincidental to the 5-year rate plan PUC requested that GWA look at and discuss with the CCU to extend the backbilling for faulty meters from 4 months to something bigger. Management is looking and forming model legislation for CCU consideration.

4. **Resolution 2010-21: Fuel Hedging Program**

The CFO said that GPA has maintained a fuel hedging program was adopted 4 years ago and management would like to make 1 change. Right now GPA is only authorized to engage in zero cost collars there's no net cost of the transaction to GPA. Unfortunately, the problem with this is that if there is ever a drastic drop in the price of fuel then there's a significant price to pay. In 1999 the cost for a call is about \$7Miliion, now our fuel cost is growing to near \$300Million and the cost for a call now is more manageable. Management would like to continue to engage in zero cost collars especially when the market is in a downward trend. This is giving us 1 extra tool to help GPA deal with the price of hedging / fuel. All calls made thru the purchase of a call will be covered by the LEAC

Comm. Nelson motioned to approve Resolution 2010-21; Comm. Hara seconded.

In discussion, Comm. Duenas wanted to know if hedging will cost GPA money. The CFO said it was about 2% of the total fuel cost or 1.5% of the total bill. This increase will be brought to the PUC for their approval in August

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

5. **Resolution 2010-22: Liquidity Study**

This matter was discussed in length. In the discussion it was mentioned that implementation of the build-up of the working capital fund would require another rate increase and the CCU thought it was too much to ask ratepayers to absorb yet another rate increase after the recent LEAC and base rate increases. They asked management to consider postponement of the build-up of the working capital fund another year to make it more palatable for rate payers. It was decided to revisit this matter and perhaps offer other scenarios / alternatives. The matter was tabled at this time.

6. **Resolution 2010-23: Relative to Turbocharger Overhaul of Cat Gen Sets**

The AGMO reported that there are a total of 8 Caterpillar diesel Generator Sets located between Tenjo Vista Power Plant and the Talofoto Power Plant originally purchased in 1993. These units are considered critical peaking units due to their quick startup capabilities and smaller unit capacities. There are 2 turbochargers in each unit that have exceeded the recommended operating hours of 8,000 hours between cycles for turbocharger overhauls. ABB is the only authorized maintenance service provider for these types of generators. They conducted a turbocharger inspection and has offered GPA a zero-interest payment plan over 18 months to minimize the impact of the contract cost totaling \$610k as indicated in a proposed contract. ABB will additionally provide a spare turbocharger and use the existing GPA spare turbocharger to rotate among the diesel generator sets further minimizing the outage periods. The total contract costs exceeds the General Manager's \$250k threshold for procurement

Comm. Nelson motioned to approve Resolution 2010-23; Comm. Duenas seconded. There was no further discussion or objection and the motion passed.

7. **Borrowing Legislation**

This matter was tabled.

VIII. **OLD BUSINESS**

1. **Resolution 2010-24: Smart Grid Grant Award**

GPA received formal notice of award for Smart Grid Investment Grant Award. GPA has received indication that it will be awarded 50% grant fund for its proposed \$33.2million Smart Grid Project; the Government's Dept. of Energy 50% share of the grant is reimbursable and the Authority has received the final Dept. of Energy Agreement for terms and conditions of the Smart Grid Investment Grant Award. In Resolution 2010-24, management is requesting the CCU to endorse the Smart Grid Project and the continued pursuit of the ARRA grant funding.

Comm. Duenas motioned to approve Resolution 2010-24; Comm. Nelson seconded.. There was no further discussion or objection and the motion passed.

IX. **ANNOUNCEMENTS**

1. **Next CCU Meeting**

The Chairman set the next CCU meeting for GWA on March 23rd.


X. **ADJOURNMENT**

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

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BLS

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary