



# CONSOLIDATED COMMISSION ON UTILITIES

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

## CONSOLIDATED COMMISSION ON UTILITIES REGULAR MEETING OF Guam Power Authority *GPA Board Conference Room* 5:00 p.m., Tuesday, March 27, 2007

### MINUTES

#### I. CALL TO ORDER

The Chairman called the regular meeting of the Guam Power Authority to order at 5:25 p.m. and announced that all (5) Commissioners were present.

The attendance roster follows:

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman - GPA
Tom Ada	Vice-Chairman - GWA
Gloria Nelson	CCU Secretary
Eloy Hara	CCU Treasurer

Executive:

John Benavente	General Manager, Consolidated Utility Services (GMCUS)
Kin Flores	General Manager, Guam Power Authority (GPAGM)
Andy Balajadia	Asst. GM, Operations (AGMO)
Danny Santos	Asst. GM, Consolidated Administration (AGMCA)
Randy Wiegand	CFO / Finance

Legal Counsel:

Graham Botha	GPA Staff Attorney
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Management & Staff:

Rudy Manibusan	Systems Manager (A) / Computer Services
John Crisostomo	Safety Administrator / GPA
August Guerrero	GPA
Julie Quinata	Personnel Services Administrator / Human Resources
Donna Lujan	Human Resources
Sylvia Ipanag	Planning & Regulatory / GPA
Sandi Perez	Human Resources
Melinda Camacho	Engineering Mgr / Engineering
Jaimie Pangelinan	Supply Management Administrator / Procurement
Pam Aguigui	Chief Budget Officer / Budget
Simon Camacho	Asst. Mgr, T&D / Transmission & Distribution
Cora Montellano	Asst. CFO, GPWA / Finance
B. Lou Sablan	Special Asst. to Ex. Mgmt. / Executive

Media: None

Guests:

Alan Searle Alan Searle Consultants  
Mike Perez Representative, Senator Jesse Lujan  
Jonathan \_\_\_\_\_ Representative, Shell Guam

II. **APPROVAL OF MINUTES**

1. **February 20, 2007 (DRAFT)**

The Minutes of February 20th was presented for approval (copy in Master File). Comm. Nelson motioned to approve the Minutes subject to verification and written correction; Comm. Hara seconded. There was no further discussion or objection and the motion carried.

The Chairman recommended that those items requiring action be discussed first. There was no objection and the Agenda moved to Section VIII, New Business. He further recommended addressing Public Comments midway through New Business.

III. **GM (CUS) REPORT - None**

IV. **GM (GPA) REPORT**

1. **System Update**

This was not discussed.

2. **FEMA Update**

This was not discussed.

3. **Government Receivables**

Re Streetlights - The current appropriation is short \$800k which means that if this remains the same, streetlights will have to be disconnected. They also have arrears for FY05. The appropriation will run out in June. The challenge is the manpower involved to do the actual disconnection. Comm. Nelson asked the GMCUS and GPA to challenge the Speaker's commitment as discussed in the recent meeting with the Speaker.

Comm. Palomo discussed strategic planning and working on achieving resolutions to major issues. He mentioned the ideas that were discussed in the recent conference he attended. The Chairman asked the GPAGM to prepare for a strategic planning session sometime in the future.

4. **Administration Dept. Reports**

This was not discussed.

5. **System Losses**

This was not discussed.

6. **Fuel Inventory Update**

This was not discussed.

V. **COMMUNICATIONS**

1. **Public Comment – None**

**2. APPA Correspondence**

The Safety group was applauded for placing 3<sup>rd</sup> in Group G of the APPA 2006 Safety Contest. GPA scored an incident rate of 1.5401. The GPAGM said all of GPA was to be commended because safety begins with the individual.

**VI. LEGAL COUNSEL - None**

**VII. OLD BUSINESS - None**

**VIII. NEW BUSINESS**

**1. Resolution 2007-08: PMC Contract for Cabras 1&2**

The GPAGM asked the Commission approval to proceed with procurement of a PMC for Cabras 1&2. He asked the AGMO to provide further detail. The AGMO said the resolution, if approved would allow management to procure the PMC solicitation. The AGMO prepared a slide presentation but the Commission, accustomed to the PMC concept opted to work directly with the content of the resolution itself.

Comm. Nelson moved to approve the Resolution for discussion purposes; Comm. Palomo seconded.

In discussion, it was mentioned that TEMES is the current contractor for Cabras 1&2 and FY2007 is the 5<sup>th</sup> and final option of their PMC contract. Management proposed that the new contract term be for 5 years with another 5-year option. Legal Counsel confirmed that this term is legal and acceptable.

Comm. Palomo wanted clarification if this authorization is the only role the Commission will play in the process. He was concerned that with the current language, it could be interpreted that management does not have to come back to the Commission for further approval. Management confirmed that this is not the understanding. After some discussion, it was agreed to amend Resolved, Item #2 to read "authorized to issue an IFB to procure PMC services and to delete "authorized to procure the services of a PMC"... There was no objection to this proposed amendment.

Comm. Palomo also commented that the way the whereases are written, management is condemning GPA by citing the (8) items on page 1. It is a negative reflection on management and the CCU.

Comm. Ada moved to delete the 3<sup>rd</sup> whereas and replace it with a more positive affirmation that reads

"Whereas, the Authority has through its past experience with the PMC, found that the partnership has been very effective and has enabled GPA to function more effectively which ultimately benefits the consumers"

There was no objection or objection and the motion carried

The Chairman asked Legal Counsel to make the changes, circulate the language to the Commission for final review and acceptance.

**2. Resolution 2007-09: Navy Customer Service Agreement (CSA) Amendment III**

The GWAGM said that Resolution 2007-09 is the final step in formalizing Amendment III of the Customer Service Agreement. He asked the AGMO to explain further. The AGMO said that the approval of this resolution will allow certain assets to be moved from Table 2 to Table 4. These

would be for GPA ownership upon completion of certain EPA studies. The GPAGM said this process required legislative approval and was passed into law on 2/1/07, as P.L. 28-178. All the approvals have been achieved and now the Commission must formalize and sign the agreement, which will then be filed and approved by the PUC and then forwarded to the Navy for their signature.

Comm. Nelson moved to approve Resolution 2007-09; Comm. Ada seconded. There was no further discussion or objection and the motion carried.

**3. Resolution 2007-10: Engine Cylinder Oil Contract Price Amendment**

The GPAGM said this Resolution is relative to a change in the price per gallon cost for GPA's cylinder oil contract with Shell. He said Jonathan from Shell is here to respond to any questions. He also added that now ratepayers would benefit when GPA purchases diesel for its fast tracks.

The Chairman announced (for the record) that Comm. Ada has advised that he would have to abstain from voting on this resolution.

The AGMO stated that the purpose of the resolution is to amend the Shell contract for diesel engine cylinder oil. The existing contract is for \$5.20 per gallon; the amendment increases this by \$.70 to \$5.90 per gallon. Further, Shell has stipulated that even if there is an increase of \$.70 per gallon, they will make up the increase in the reduction in the price of diesel plus 10% - this equates to \$1.10 off the price of a gallon of diesel.

Comm. Palomo asked Legal Counsel if this amendment is within the parameters of procurement law. The Legal Counsel responded that the law states that the original contract can be changed within 10% of the original contract amount. This amendment falls within these guidelines.

The AGMO pointed out an error on line 48; the correct number is \$1,450,000 instead of \$1,420,000.

Comm. Nelson wanted clarification regarding the amendment noted on line 17 verses the amendment on line 25. The AGMO explained that this contract was amended twice. The first amendment was on September 19, 2006 when the price was increased by \$.40 and this request is the 2<sup>nd</sup> amendment.

Comm. Nelson moved to approve Resolution 2007-10 as amended; Comm. Hara seconded. There was no further discussion or objection and the motion passed. For the record, there were 4 ayes, 0 nays and 1 abstention, (Comm. Ada).

**4. Resolution 2007-11: Ratification of GPAs CTP Listing**

The GPAGM said that he would like to proceed with the formulation of a compensation plan and performance management system for List A and List B as stated in Resolution 2007-11.

Comm. Ada motioned to accept Resolution 2007-11 for the purposes of discussion; Comm. Hara seconded.

In discussion, it was noted that GWAs GM, in a work session that preceded the meeting, asked that tonight's approval be for List A only for GWA. Comm. Ada said that the more comprehensive something is the more complicated it could become and strongly recommended to delete all language in the resolution relating to Guam Waterworks making it purely a Guam Power Authority resolution. He asked legal counsel to amend the resolution as noted stating that GWA can write its own resolution.

Further, the Chairman added that the last whereas on page 3 and the 5<sup>th</sup> whereas on page 1, deals with GWA only so he recommended that they be deleted entirely. Comm. Nelson moved to delete the last whereas on page 3 and the 5<sup>th</sup> whereas on page 1 as recommended by the Chair;

Comm. Palomo asked that a clause be included that management will make a presentation to the employees regarding the impact of this policy. The Chairman recommended that this requirement be added at the end of the 4<sup>th</sup> resolve on page 4.

Comm. Palomo asked to change the word migrate on line 31, page 3; it was decided to replace "migrate" with the word "transition".

With no further amendments, the Chair called for the vote; On the motion, all voted aye and the motion passed.

#### **5. US DoD EIS/OEIS Scoping Meetings**

The Chairman provided a handout – the 1<sup>st</sup> page of the Federal Register that describes the scope of work in the environmental impact statement. The military feels that they may not have thought of everything so they are bringing the matter to the public for their input.

The Chairman said that if GPA has ideas they think important to consider/include in the scope of work, all that would be required is to submit it in writing. The document cited (3) major changes: 1) to relocate the marine corps forces 2) improve the pier / water front at big navy's port to accommodate transient nuclear aircraft carrier presence and 3) placement of army ballistic task force on Guam

The scoping meeting is an open house to the public and the Chair thought it would be important for the utilities to attend just to put your ideas / thought in writing now because it is early and ideas can be entertained. Legal Counsel Botha said that all scoping ideas will be responded to in writing by the military. It was mentioned that the actual impact statement will be released in a year and a half. The GMCUS and GPAGM were asked to ensure that the utilities participate.

#### **6. January 2007 Financials**

The CFO said he does not have a lot of comments. The big issue is that sales are slower than projected. The budget projection for revenue is \$800k net at this point and we are at \$300k negative. Everything is being done to reduce expenses.

### **IX. ANNOUNCEMENTS**

#### **A. Future Meeting Dates**

Comm. Ada asked for a mid-year review in April re HR issues, capital projects and financial issues.

The Chairman announced that the next CCU meeting would be a GPA/GWA meeting on 4/10/07 for Executive Management Evaluation; a GWA meeting on 4/17/07 and a GPA meeting on 4/24/07.

The CFO also announced the Exit Audit Conference for Wednesday, 4/4/07 at 4 p.m.

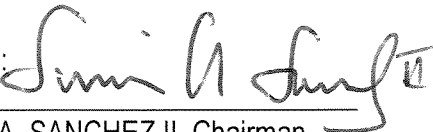
Comm. Palomo commented about a letter from Capt. Kenneth Branch regarding "dirty power" and asked management to relay these types of communication to the public good or bad. The Chairman said this is the biggest challenge GPA faces – giving confidence to the military that the quality of the energy GPA provides will meet their standards. This is the only way to stop them from thinking of doing it themselves.

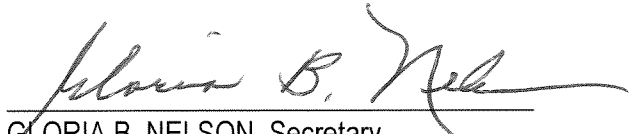
**X. EXECUTIVE SESSION – None**

**XI. ADJOURNMENT**

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

Attested:

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary

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**CONSOLIDATED COMMISSION ON UTILITES  
REGULAR MEETING OF  
Guam Power Authority  
Tuesday, 3/27/07**

**SUMMARY OF MOTIONS, RESOLUTIONS & PENDING ACTIONS**

**I. MOTIONS & RESOLUTION**

ITEM #	AGENDA ITEM	MOTION OR RESOLUTION	VOTES
1	<p><b>Approval of Minutes:</b></p> <p><b>February 20, 2007</b></p>	<p>The Minutes of February 20th was presented for approval (copy in Master File). Comm. Nelson motioned to approve the Minutes subject to verification and written correction; Comm. Hara seconded. There was no further discussion or objection and the motion carried.</p>	<p>Ayes – 5 Nay – 0 Abstention - 0</p>
2	<p><b>Resolution 2007-08:</b> PMC Contract for Cabras 1&amp;2</p>	<p>The AGMO said the resolution, if approved would allow management to procure the PMC solicitation. Comm. Palomo wanted clarification if this authorization is the only role the Commission will play in the process. He was concerned that with the current language, it could be interpreted that management does not have to come back to the Commission for further approval. Management confirmed that this is not the understanding. After some discussion, it was agreed to amend Resolved, Item #2 to read “authorized to issue an IFB to procure PMC services and to delete “authorized to procure the services of a PMC”... There was no objection to this proposed amendment.</p> <p>Comm. Palomo also commented that the way the whereases are written, management is condemning GPA by citing the (8) items on page 1. It is a negative reflection on management and the CCU.</p> <p>Comm. Ada moved to delete the 3<sup>rd</sup> whereas and replace it with a more positive affirmation that reads “Whereas, the Authority has through its past experience with the PMC, found that the partnership has been very effective and has enabled GPA to function more effectively which ultimately benefits the consumers”</p> <p>There was no objection or objection and the motion carried management to procure the PMC solicitation.</p>	<p>Ayes – 5 Nay – 0 Abstention – 0</p>

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2	<p><b>Resolution 2007-09:</b> Navy Customer Service Agreement (CSA) Amendment III</p>	<p>The GWAGM said that Resolution 2007-09 is the final step in formalizing Amendment III of the Customer Service Agreement. The AGMO said that the approval of this resolution will allow certain assets to be moved from Table 2 to Table 4.</p> <p>Comm. Nelson moved to approve Resolution 2007-09; Comm. Ada seconded. There was no further discussion or objection and the motion carried.</p>	<p>Ayes – 5 Nay – 0 Abstention – 0</p>
3.	<p><b>Resolution 2007-10:</b> Engine Cylinder Oil Contract Price Amendment</p>	<p>The AGMO stated that the purpose of the resolution is to amend the Shell contract for diesel engine cylinder oil. The existing contract is for \$5.20 per gallon; the amendment increases this by \$.70 to \$5.90 per gallon. Further, Shell has stipulated that even if there is an increase of \$.70 per gallon, they will make up the increase in the reduction in the price of diesel plus 10% - this equates to \$1.10 off the price of a gallon of diesel.</p> <p>Comm. Nelson moved to approve Resolution 2007-10 as amended; Comm. Hara seconded. There was no further discussion or objection and the motion passed.</p>	<p>Ayes – 4 Nay – 0 Abstention – 1 (T. Ada)</p>
4.	<p><b>Resolution 2007-11:</b> Ratification of GPAs CTP Listing</p>	<p>The GPAGM said that he would like to proceed with the formulation of a compensation plan and performance management system for List A and List B as stated in Resolution 2007-11.</p> <p>Comm. Ada motioned to accept Resolution 2007-11 for the purposes of discussion; Comm. Hara seconded.</p> <p>In discussion, it was noted that GWAs GM, in a work session that preceded the meeting, asked that tonight's approval be for List A only for GWA. Comm. Ada said that the more comprehensive something is the more complicated it could become and strongly recommended to delete all language in the resolution relating to Guam Waterworks making it purely a Guam Power Authority resolution. He asked legal counsel to amend the resolution as noted stating that GWA can write its own resolution.</p> <p>Further, the Chairman added that the last whereas</p>	<p>Ayes – 5 Nay – 0 Abstention – 0</p>

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		<p>on page 3 and the 5<sup>th</sup> whereas on page 1, deals with GWA only so he recommended that they be deleted entirely. Comm. Nelson moved to delete the last whereas on page 3 and the 5<sup>th</sup> whereas on page 1 as recommended by the Chair; Comm. Palomo asked that a clause be included that management will make a presentation to the employees regarding the impact of this policy. The Chairman recommended that this requirement be added at the end of the 4<sup>th</sup> resolve on page 4.</p> <p>Comm. Palomo asked to change the word migrate on line 31, page 3; it was decided to replace "migrate" with the word "transition".</p> <p>With no further amendments, the Chair called for the vote; On the motion, all voted aye and the motion passed.</p>	
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**II. PENDING**

ITEM#	AGENDA ITEM	PENDING ACTION	RESPONSIBLE PARTY
1	<p><b>Government Receivables: Streetlights</b></p> <p>Strategic Planning</p>	<p>Comm. Nelson asked the GMCUS and the GPAGM to challenge the Speaker's commitment as discussed in the recent meeting with the Speaker.</p> <p>Comm. Palomo discussed strategic planning and working on achieving resolutions to major issues. He mentioned the ideas that were discussed in the recent conference he attended. The Chairman asked the GPAGM to prepare for a strategic planning session sometime in the future.</p>	<b>GPAGM</b>
2	<p><b>Resolution 2007-08:</b> PMC Contract for Cabras 1&amp;2</p>	<p>The Chairman asked Legal Counsel to make the changes, circulate the language to the Commission for final review and acceptance.</p>	<b>G. Botha</b>
3	<p><b>US DoD EIS/OEIS Scoping Meetings</b></p>	<p>The GMCUS and GPAGM were asked to ensure that the utilities participate</p>	<b>GMCUS GPAGM</b>