



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 4, 2008

MINUTES

I. CALL TO ORDER

Chairman Sanchez called the meeting to order at 5:15 p.m. He announced that (4) Commissioners were present and that Comm. Hara would be arriving shortly.

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice Chair, GPA
Eloy Hara	Vice Chair, GWA - Tardy
Gloria Nelson	Secretary
J. Margaret Blas	Member

Executive Mgmt:

John Benavente	GMCUS
Kin Flores	GPAGM
Andy Balajadia	AGMO, GPA
Danny Santos	AGMCA, GPA-GWA
Randy Wiegand	GPA CFO
Graham Botha	Staff Atty., GPA
Melinda Limtiaco	AGMO. GPA (A)
Sam Taylor	Staff Atty., GWA

Management & Staff:

Tamra Muna	Contracts Administrator
Ron Okada	Manager, T&D
Tony Chargualaf	Asst. GM, Collection / Distribution, GWA
Yvonne Cruz	Quality Assurance, GWA
Cora Montellano	Asst. CFO., GPA
Ben Mesa	Generation Mgr., GPA
Tom Borja	Facilities Mgr.
Simon Camacho	Asst. Mgr, T&D - GPA
Pam Aguigui	Chief Budget Officer, GPA
Rudy Manibusan	Administrator, Computer Systems
John Cruz	SPORD Mgr., GPA
Arlene Sahagon	Manager, Internal Audit
B. Lou Sablan	Special Asst. to Ex. Mgmt.

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Guests:

Darryl Taggerty
Bill Martin

Representative, Sen. Jesse Lujan
Reporter, PDN

II. APPROVAL OF MINUTES

No Minutes were presented for approval.

III. GM (CUS) REPORT

The GMCUS reported that from Monday - Thursday massive disconnections are ongoing at GWA for accounts 60-90 days delinquent. No disconnections are performed on Fridays. He also reported progress in the area of estimated billings the numbers have dropped from 2632 to 1134.

IV. GM (GPA) REPORT

The usual reports were presented for the GPAGM reports – copies are in Master File

1. System Update
2. FEMA Update
3. Government Receivables
4. Operation Dept. Reports
5. System Losses
6. Fuel Inventory Update

V. COMMUNICATIONS

1. **Public Comments (2 min. per person)**

VI. LEGAL COUNSEL - None

VII. OLD BUSINESS

1. PUC Update

The CFO presented a power point presentation to the Commission (copy in Master File). He summarized that GPA petitioned the PUC for a 17.9 M Phase I increase, to double the self-insurance cap to \$25M and to implement a credit card fee of \$2.50 per transaction. The PUC responded with an Order that allows for a Phase I Base Rate Increase of \$11M; approved the SIS/SIF Capt to \$10M and the \$2.50 per card transaction. The PUC also allowed for \$5.3M in fuel inventory fluctuations to be recovered thru LEAC. The Chairman explained to the Commission that PUC in essence gave GPA the \$17.9M it requested just in a different way - \$11M in Phase I and the \$5.3 in fuel inventory fluctuations.

The CFO then explained the mechanics of the petition in detail . He reported on other PUC matters – in a stipulation with Georgetown Consulting, GPA agreed to a comprehensive staffing study to be completed by June 2009 and a Phase II date of March 2009. The latter was then delayed until the staffing study was complete and GPA is petitioning to reverse this change

Another matter discussed was the street light issue – the PUC is trying to force the government to pay the streetlight bill. The PUC mandated that the 6.15% increase tolled thru June 1 may be deferred to 3/108 if GovGuam pays the \$7.9Million on streetlight billings. The Fuel Inventory fluctuation tolled until 8/1/08 or 2/1/09 if GovGuam pays \$5.3Million on streetlight billings.

The CFO mentioned that the rate activity provides GPA \$250k per month thru June but no funding was allowed for the staffing study.

The CTP Issue was also discussed. The CFO said the GPA proposed and adjustment to GPA salaries to address the ongoing employee exodus in October 03. In Sept. 06 the Legislature approved the CTP bill and the rules were subsequently approved in December 06. In Feb 07 the CCU adopted List A and List B as authorized for CCU. In January 08, GPA implemented the CTP pay. This caused a frenzy in the media and GPA was criticized for its action. It's management's contention that it is losing its professional staff and will whether the storm to implement the law passed by the Legislature.

2. IRP Windmill

The SPORD Manager referred to an article in the PDN about the recent IRP Windmill project. Within the next 6 weeks Global Energy Concepts will assess sites where there may be sites to provide monitoring data for design of wind turbines on DOD sites. GPA will contract them on sites outside of DOD and will share data with DOD. Locations will be identified where towers would be erected to monitor wind speeds, directions, temperatures etc. which will lead GPA to provide information relative to design wind turbines.

VIII. NEW BUSINESS

1. GPA Resolution 2008-05 – To Authorize Expenditures for the Repair of the Tumon Substation's T- 60

Management presented Resolution 2008-05 for approval. The T-60 transformer is a critical equipment in the Tumon Substation. It provides power to Tumon's Hotel Row and the Harmon Industrial Park. It has been out of use since 2005, replaced by a mobile transformer because of it was unreliable. A multi-step bid was aware to Harty Inc. for \$241k and a notice to proceed was issued on 11/2707; only known discrepancies at that time were covered under the bid. Since then, Harty Inc. performed their assessment which unveiled other needed repairs not covered under the original scope of work. Management has reviewed their assessment and agrees with Hardy's findings. Resolution 2008-05 seeks to amend the existing purchase order for the additional work totaling \$33.3k thereby increasing the total bid amount to \$274k and exceeds the GM's obligating authority of \$250k.

Comm. Nelson motioned to approve management's request as specified in Resolution 2008-05; Comm. Palomo seconded. There was no further discussion or objection and the motion passed unanimously.

2. GWA Resolution 09-FY2008 – Light and Heavy Vehicle Bid

GWA management presented Resolution 09-FY2008 for approval but because the bid abstract was missing from the packet, the Commission tabled the matter advising that a poll vote could be conducted if the matter was urgent. Comm. Palomo cited that the abstract is important because it gives the Commission a picture of who the players are and reveals other pertinent information. The matter was tabled.

3. January 2008 Financials

CFO, R. Wiegand presented the January08 Financials. He said sales trended upwards in January and exceeding projected revenue budget . He hoped that this new trend would continue forward but also mentioned that he would continue to revisit the budget for further cuts.

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RE Taxable Commercial Paper – he commented that he is still trying all efforts to delink the AMBAC insurance policy from the TCP program and reiterated that Cathay Bank still wants to get out of the agreement; GPA is aggressively seeking a replacement LC provider.

The CFO drew a flow map on the board to show better clarify the current revenue flow and the current order of funding. He noted that when revenues flow into the agency the funding priority is: 1) principle / interest 2) bond reserve fund 3) working capital fund 4) surplus fund

RE budget cuts – the Chairman voiced his concern that management has cut CIP's drastically the past year due to budget and cash flow constraints. He said this moratorium must stop because he is concerned that if it continues, it will affect operational performance of the system. He would like to see cuts made somewhere else and asked management to revisit this issue and come back to the Board with their recommendations.

4. Fitch Ratings

The CFO advised that Fitch said that a double B rated company can go under if it experienced a major storm.

IX. ANNOUNCEMENTS

1. Next CCU Meeting: GWA – 3/25/08

X. EXECUTIVE SESSION - None

XI. ADJOURNMENT

With nothing further business to bring before the Commission, the meeting was adjourned at 7:20 p.m.

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary

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