



# GUAM POWER AUTHORITY

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**CONSOLIDATED COMMISSION ON UTILITIES  
REGULAR MEETING OF  
GUAM POWER AUTHORITY  
*GPA Board Conference Room*  
5:00 p.m., Tuesday, April 19, 2005**

## MINUTES

Chairman Simon Sanchez called the Regular meeting of the Consolidated Commission on Utilities to order to discuss GPA related matters. All Commissioners were present. The meeting was held at the GPA Board Conference Room and it started at 5:10 p.m.

### ROLL CALL

Commissioners:

Simon Sanchez  
Benigno Palomo  
Tom Ada  
Gloria Nelson

Chairman  
Vice-Chairman - GPA  
Vice-Chairman - GWA & CCU Treasurer  
CCU Vice-Chair / Secretary

Executive:

John Benavente  
Joaquin Flores  
Randy Wiegand

GPA General Manager (GPAGM)  
GPA Asst. Gen. Manager, Operations (AGMO)  
Chief Financial Officer (CFO)

Legal Counsel:

Graham Botha

GPA Staff Attorney

Management & Staff:

Sylvia Tumaneng  
Herbert Pinaula  
Diony Tamondong  
Rose Cruz  
John Crisostomo  
Mercy Castro  
Julie Quinata  
Simon Camacho  
Tamra Muna  
Andy Balajadia  
Cora Montellano  
Tom Borja  
Art Perez

Engineer Supervisor/Planning & Regulatory  
Transportation Manager / Equipment Support Services  
Comptroller / Finance  
Procurement  
Safety Administrator / Safety  
Utility Services Administrator / Customer Services  
Personnel Services Administrator / Human Resources  
Asst. Manager T&D / Transmission & Distribution  
Contracts Administrator / Executive  
Manager of Engineering / Engineering  
Asst. Chief Financial Officer / Finance  
Facilities Manager / Facilities  
Public Information Officer / Public Information Office

Media:

Natalie Quinata  
Marissa Borja

Pacific Daily News  
KUAM

Guests:

None

**II. APPROVAL OF MINUTES**

**A. March 1, 2005 – (DRAFT)**

The Minutes of March 1<sup>st</sup> were presented for approval.

[REDACTED]

**B. March 15, 2005 (DRAFT)**

The Minutes of March 15<sup>th</sup> were presented for approval.

[REDACTED]

**III. GENERAL MANAGER**

**A. System Update**

The GM reported Tanguisson #1 back on-line after a turbine overhaul; its output is at 5MW and currently undergoing post-overhaul testing. It should be cleared later this week at full 26MW capacity. Today's reserve capacity is at 245MW; he said this is significant because all baseload generators are now on stand-by ready; cost will start to decrease because repairs would be scheduled so no two baseload units would be off-line at the same time. The next unit to go down for overhaul is Tanguisson #2.

In terms of peak demand, April's figure was 259MW vs. 260MW last year; the energy production was 2% less than 2004 figures;

Regarding LEAC, in March there was an over recovery of \$69k due to multiple outages of baseload units. In April the trend is showing an over recovery of \$207k to date; fuel continues its upward trend and the GM reiterated the need to adjust the LEAC rates to offset this cost.

Discussion followed regarding the completion of the underground conversion between Dededo CT and AAFB, the GM confirmed that the project was the result of AAFB's desire to be self-sufficient – to generate their own power. The Commission instructed management to meet with them to discuss other possible ways to keep them in the System. It was determined through discussions that the best way to address AAFB's needs is to place one of their main feeder lines underground. The GM proudly announced that the \$13 million underground project was completed and energized last Saturday. AAFB now is being fed through four (4) main lines – one being the newly completed underground line. The latter would be used to sustain AAFB during major storms and would help initiate a quicker recovery afterward. The GM said that AAFB represents about 5% of GPA's System load.

Comm. Palomo asked if the underground line to AAFB could be inter-changed with other sources since Dededo CT #2 is down. In response, the GM confirmed that AAFB could be serviced via Macheche CT and Yigo CT. The GM also mentioned that the assessment for Dededo CT #2 repairs is near completion and negotiation with contractor will begin shortly.

Relative to underground projects, the GM announced the onset of \$20 million underground projects – of which two (2) are on the Agenda for approval today. These projects would underground the north from Tanguisson power plant to Macheche power plant; central from

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Tumon, to Tamuning and GMH; and south from Piti to Cabras. He mentioned that of the \$20 million, \$18 million is FEMA funded and \$2 million is GPA funded.

The CFO said what really hits GPA after a storm is not the damages but the lost revenues; the undergrounding of AAFB and Tumon (hotel row) – both high consumption areas will turn revenues immediately after a storm.

It was mentioned that as areas are put underground, the related concrete poles in those areas would be put in storage; the last ones to go underground would be the 115kv lines – steel poles.

Comm. Palomo commented that it would be nice to see drawings of the extent of the underground projects. The GM said this is available now through Engineering and would make them available to the Commissioners.

The GM also mentioned that more funding is needed to put the lateral lines in the Tumon/Hotel Row area underground. These lines feed condominiums and apartments, which are very high revenue areas.

There was further discussion regarding GPA's long range/strategic plans, the need for redundancy of communication, the possibility of laying fiber optic conduits – all to preserve GPA's reliability. The Chairman said it could be possible to approach the new GTA with the fiber optic idea and see if they would be interested in working with GPA thus each entity doing what their good at.

Gross generation and average daily production are both below last years' figures and the Chairman asked what the reason could be. The GM said the weather plays a big part in the fluctuation and said that SPORD would study this matter further and report back to the Commission.

### **B. FEMA Update**

The CFO said there was no change in FEMA since the last reporting. He anticipates the receipt of \$900k very soon; the drawdown has been submitted and currently being worked through the system with BBMR. Finance personnel are still crunching and trying to close Chataan; he anticipates this happening in the next couple of weeks. It was discussed that there was \$5 million still outstanding between Pongsona and Chataan; the CFO feels very confident that this would be settled and close before the end of the fiscal year.

Comm. Nelson questioned the lengthy process and the CFO said that so many people have to review the paperwork – BBMR, DOA, RCO and finally FEMA. Usually the monies are released within a month of the paperwork being submitted.

The GM referred to page 2 of the FEMA report – Hazard Mitigation Grant Program. The way this program works is GPA fronts the money for a project and then files the request for reimbursement with DOA. The Contracts Administrator confirmed that it is a 2-week lead-time to receive the reimbursement.

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### C. GovGuam Receivables

This month the GG Receivables Report showed only Chamorro Village, Tamuning Mayor and Dept. of Labor in arrears. The Utility Services Administrator confirmed that Chamorro Village had paid, the Tamuning Mayor's Office had an inactive balance transferred to their account and Dept. of Labor is pending an electronic transfer. All other agencies listed were current.

### D. Operations Dept. Reports

The AGMO presented a Power Point presentation that focused on specific pages of the Operations Dept. Report included in the packet. He said at the request of Comm. Ada, he wanted to change the presentation format to show where we are vs. target or best practice. He also said he would combine System Losses Report in his presentation.

Some highlights he provided: customer back billings (System Losses) has increased by \$55k for a total of approximately \$1.6 million; total kWh recoveries to date totals 6.5 million; Navy metering (that has been estimated for about 25 months) has recovered about \$1.1 million for the current billing; there is ongoing negotiations for the last 18 months of estimated billings, of which \$250k was for wheeling and about \$7.4 million for kWh. The GM commented that the Navy was a major concern because of the back billing issue but discussions with them are going along very smoothly. The AGMO said that this is a new development for the Meter Task Force and would result in a reduction of line loss for T&D and also a significant impact on revenue recovery.

In response to Comm. Ada's question as to the events leading up to the Navy back billings, the AGMO explained that Navy was being metered at the transmission level – about 20 sites. Over the course of many months, for one reason or another, the meters have become defective, transformers were burned out and never replaced. As an alternative, the billings were being estimated. The Navy asked for assistance to back feed their circuits when their transformers failed at Marbo and Radio Barrigada. GPA installed new metering sites for the latter and was placed back in service. This led to the current process. It was mentioned that the Navy is fully aware of this scenario and negotiations have been ongoing to arrive at a mutual agreement. The Comptroller confirmed that the Navy reviewed the reasonableness of the estimates - four (4) months actual reading to compute for the 18-month back billing.

The AGMO proceeded to refer to specific slides in the Operation Reports provided and commented about various performances vs. targets. Some highlights that he mentioned for Generation: for March production, baseload hovered at 96% and diesel at 4%; actual historical 12-month production average is 92% - the target is 95% for baseload and 5% for diesel; regarding LEAC the slide presented showed where the target should be to recover the balance of past under recoveries; it showed that the current trend hovering right at that target level; he was confident that if production performance continues to improve, the target is achievable.

Re T&D the focus is to track customer service and reliability; he said reliability is effected by infrared and said management must complete infrared testing for all three (3) levels of the T&D system – 13kv, 34.5kv and the 115kv; for 2005, the testing for the 1<sup>st</sup> half has essentially been completed and was assured by T&D management that there should not be a problem completing the May – December infrared testing. He said personnel and equipment are the

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main challenges faced by T&D; the standard performance for metering is +/- 2%; a majority of the meters tested are within the tolerance range acceptable for billing;

Re Engineering, the AGMO said that at this stage, the report forms included in the packet is a working document. He and the Engineering Manager are still trying to determine standards for engineering. He said they are the technical arm for the Authority and they also provide customer service; the report depicts the demographics of where the efforts are going into in this regard. Engineering averages only one (1) customer call/visit per month regarding service – the AGMO feels that this is an indicator that customer needs are being met. The Engineering Manager is trying to measure the service they provide against the magnitude of effort, staffing levels and type of required work. He said it is difficult to develop a standard by measuring customer satisfaction; pending work orders continue to decrease which is another indicator of good response to customer needs - a trend that is indicative of better customer service.

Re PSCC, the AGMO said PSCC drives of the System – they push the throttle for fuel, turn circuits on and off, and plan outages accordingly. Every Unit on the System is monitored on an hourly basis. He referred to a graph that depicts every Unit's performance and its related target for optimum fuel consumption requirements. The AGMO pointed out several instances on the graph where the actual fuel usage exceeded this target and explained that this meant that the Unit was not operating efficiently. He also said that explanations are required when such things happen and normally it is because the unit is undergoing performance testing and must undergo its maximum load. He explained other rationale related to the graph. The report also contained a graph for the LEAC monthly performance and in response to Comm. Ada's question regarding an explanation for the gap between the forecast and actual performance. The AGMO said that there was a variety of situations that caused unforced ops shutdown. He added that when the LEAC period is forecasted prospectively, they plan for outages of several days for certain units and when random things occur, in some cases, management plugs in the actuals to see how it plays out relative to LEAC. It was mentioned that LEAC is hovering at 96% for baseload production – a good level to maintain. There was discussion regarding transmission outages – the report graphed all types of outages, scheduled, unscheduled and those related to generation failure. These would be revised to separate out those planned vs. unplanned. In response to Comm. Palomo's question about GPA's outage performance vs. the national average, the AGMO said this is still not defined; he is still doing studies to determine these numbers to ensure that the target number it is achievable and reasonable.

Regarding Transportation, the AGMO was very happy to finally have a Transportation Manager on board; the Commission was presented with the first Transportation Division Report. It showed an aggressive 80% availability target. The light vehicle trend is up due to the recent purchase of 55 new vehicles. There is still a problem with cranes – currently three (3) are being refurbished with a target of June completion. The AGMO said three new mechanics have been interviewed and the Transportation Manager is currently working on standards, procedures and policies, developing a parts counter, controls and procedures for tools, and the expansion of the garage and surrounding facilities. Comm. Ada asked if the current budget can handle the anticipated expense related to the repairs needed to achieve the 80% availability goal – the AGMO responded that there may be an increase of the O&M but also said that the purchase of new vehicles (with 3-5 year warranties) would help alleviate this. In response to

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another question by Comm. Ada regarding operator accountability, the AGMO said that the Transportation Manager has drafted a policy pending management review.

The GM commented that there is on-going negotiations to purchase six (6) used bucket trucks from Raytheon, in addition to the recent bucket truck procurement, currently under protest. The GM said the recovery after a storm is only as fast as the # of bucket trucks available. He estimated that eventually there would be about 50-60 bucket trucks on island; this would certainly speed up the recovery process after a storm. The GM mentioned that four (4) of eight (8) existing bucket trucks have already been refurbished

In response to the Chairman's question regarding the status of the on-going bucket truck procurement protest, the GM said that management is working out some issues and will bring it back to the Commission when resolved.

### **E. System Losses**

System Losses was covered under Operations Dept. Report above.

### **F. Project Highlights**

The GM presented the Commission with project highlights submitted from Facilities and Engineering; he said he wanted to give the CCU an idea of the on-going projects of the last 30-days. Some highlights mentioned: Tanguisson pipeline repairs due to lack of maintenance; Inarajan Boat Ramp – 35% complete; Tiyan 8" pipeline underground conversion – between Guam Main Facility and Pangelinan Pole Factory – projected expected to open on April 20<sup>th</sup>. The GM said this type of report would be updated and presented on a monthly basis to give the Commission an idea of how funds are being spent.

Discussion followed on management's plans to eventually place surface oil pipelines underground and the importance of doing so as soon as funds can be identified. The GM said perhaps grants could be sought to support this project to avert the possibility of another Toto Oil Spill.

In response to Comm. Palomo's question regarding management's plans to place the 115kV towers underground, the GM said that this would be one of the last projects because it is costly - perhaps another 15-20 years. The GM said that if there are specific areas that are adversely affected by the towers, it is possible that certain portions could be placed underground.

The GM pointed out that GPA facilities are being painted and upgraded. The task of getting baseload units refurbished and maintained is almost complete, management would now focus on beautification of facilities and grounds.

Comm. Ada asked about the Fadian Admin and Operations Center, the GM said the project is in the conceptual design phase. The GM advised that the Engineering Manager is currently looking at past designs and re-evaluating them. The GM also attended a meeting with GCC administration last week; title to the property cannot happen until GCC agrees to allow GPA public access to an adjacent strip of land. He anticipates positive resolution to this issue by next month. It was mentioned that the property size is about 15 acres and is large enough to house a utility campus for training, administration, operations and possibly house GWA offices.

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There was a discussion about the Inarajan Boat Ramp and how it came about. The GM said this project was a result of a deed transfer of the Tapungan Channel to GovGuam (when Cabras Units #1 and #2 was being built); the Army Corp of Engineers agreed to transfer the Tapungan Channel in exchange for a boat ramp with parking spaces.

Discussion followed about putting some of this type of information on the GPA website. The CFO confirmed that an RFP was issued for the website and a local company with off-island connections responded.

Comm. Nelson commented that there are so many good things happening with GPA and there should be more publicity via talk shows, KUAM TV and the PDN. The GM said that he discussed the possibility of outsourcing GPA editorials and write-ups with the PIO and confirmed that the PIO would focus on getting some assistance in this regard.

### IV. COMMUNICATIONS

#### A. Public Comment - None

#### B. Other - None

There was discussion on proposed legislation introduced by Senator Jesse Lujan regarding GPA liability for accidents related to power poles. It was mentioned that if this were the case, there would be no end to government liability for accidents related to guard rails and other public structures; and would politicians be held responsible for damages and injuries related to political signs? This bill would impact insurance and rates. Management plans to offer testimony at the upcoming hearing on the proposed bill.

### V. LEGAL COUNSEL – None

### VIII. OLD BUSINESS

#### A. LEAC Update

The GM provided CCU with the PUC report – Georgetown Consulting's letter dated 4/1/05 and PUC's Stipulation (Docket 02-04). He said GPA management attended the PUC public hearing last Friday and expects PUC approval for the forecasted LEAC requirement for the next 6-month period by next Friday. In the LEAC forecast, management proposed an 8-10.5% increase across the total bill for the different rate classes (a copy provided in Master File). He said the increase is based on \$240 per metric ton and that a hedge may be locked-in pending further study and determination to stabilize the rates. The increase translates to a 22% increase in fuel and an 8-10.5% increase for the total bill, across the different rate class.

The GM referred to power point to illustrate the historic fuel price variations – a difference of about 25%. It was reiterated that base load generation in 1999 was 80-20 baseload to combustion turbine; in 2004 this changed to 93-7; for the next LEAC period management projected a 95-5% change; recent study indicates that base loads are now averaging 97%. If this were maintained, GPA's quota would be met. The GM said if 1999 levels were kept today, it would translate to \$21 million in additional fuel cost. The latter is an annual savings to ratepayers, which he attributed to increased efficiency in baseload operations. He also analyzed that the LEAC rate would have been increased by 25% instead of 8-10% if base load performance had not improved. LEAC rates have remained the same the past 18 months.

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Management has done its best to keep prices down but due to the rising cost of fuel, LEAC rates had to be adjusted.

It was mentioned that it would be interesting to determine what it cost to bring-up the availability of the base loads in comparison to the \$21 million in savings (mentioned above). The GM estimated this cost to be \$5 million.

The Chairman commented that in their letter noted above, Georgetown praised the CCU and GPA management for getting the baseload units operating at its current high levels. The AGMO mentioned that in this scenario (with current fuel prices), 1% reduction of baseload production equates to about \$2.4 million of savings on an annualized basis.

Comm. Palomo said that in the press release related to the increase, ratepayers should be taught how to conserve energy.

Management anticipates PUC to approve the increase in the LEAC rates this coming Friday April 22<sup>nd</sup> and rate increase would take effect as soon as it is approved; consumers would see the increase in their bills in about 2 weeks.

### **B. Streetlight Payment Update**

The GM reported that the management met with DPW, the Governor's Office and BBMR to discuss the streetlights issue. Collections have not really been enforced because the streetlight issue because the actual # of streetlights was unclear. A pole inventory was conducted within the past 18 months and now this number has been clearly identified. The data has been computerized and would be maintained from now on. There are 13,940 streetlights on the island; GPA was billing DPW for 15,926 streetlights. He said credit adjustments were made to reflect the correct number of streetlights; credit was also given for streetlights that were broken since Typhoon Pongsona. A Proposed Settlement was presented to the group (copy in Master File); total adjustments was \$3.7 million, which reflected an adjusted balance of \$13.9 million; an initial payment of \$1.5 million was credited and the new balance due is \$12.4 million. The latter would be the proposed figure for a new Promissory Note to be extended for 8 years at 4.35% interest totaling \$153.6k monthly for 96 months. The Proposed Settlement also captured the estimated streetlight bill per month based on the accurate number of 13,940 streetlights – a total of \$361.3k per month. It showed the total monthly cash requirement for streetlights at \$514.9k. The GM said about \$14 million of these figures were calculated for prior years billing and included in the \$30 million bond. Management wanted to show the Auditors (because of the delay of the Bond Issue) and the rating agencies that this is a real debt and that it is recoverable.

The GM reiterated that new P-notes (for realistic / affordable payments) were negotiated with DOE and GMH and payments are current. The GM is confident that this negotiation with DPW would also be affordable to them and that they too would keep their payments current. Another meeting is scheduled for Thursday, April 21<sup>st</sup>, wherein DPW would present a counter proposal to GPA's proposed settlement offer because there's limited funds available in the Abandoned Vehicle Fund and other federal highway funds. The GM said it is imperative that DPW's payment commitment be realistically achievable so that they stick to the plan.

The Chairman was concerned about GPA's Auditors' reaction to the amortization of 96 months and asked the CFO if they have been advised of the proposed settlement. The CFO confirmed

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that the Auditors have not been advised, at this point, and asked the Commission to continue to advocate this issue for management. The Auditors are still looking at the Bond Issue as the primary source of repayment for the \$40 million owed by GovGuam but the enthusiasm of key Government players regarding the bond issuance is waning. This is critical for GPA.

The Chairman appreciated the work involved in the development of the Proposed Settlement but felt that anything past 8 years may be detrimental to GPA's credit rating. It was decided to wait for DPW's counter proposal. The GM added that the main concern from the rating agency was whether GMH and DOE were making regular payments on their P-notes. He reiterated that his major concern is to negotiate payment at a level that is achievable for DPW so that they are consistent with payments. He said he would meet with DPW again on Thursday and report back to the Commission.

Discussion followed on how to book the \$3.8 million change in revenue. The CFO confirmed that the Auditors would book it in the FY04 Audit, which directly impacts GPA's debt service. The Chairman explained that Standard & Poors criticized the PUC, CCU and GPA (because they believe) that management is hesitant to increase GPA's base rate. He said the problem is that when GPA adjusts/writes -off an amount like \$3.8 million (that used to be a sale) it affects debt service coverage ratio. Will the rating agency then require GPA to raise base rates to begin to recapture debt service coverage to levels that they require. The Chair cautioned the GM and said he wants to work with the Government but his loyalty is to the ratepayers, who owns GPA – their welfare comes first. The CCU is trying not to raise their rates any more than necessary for fuel. The CCU does not want to raise the rates because of the nature of the way GovGuam still continues to fail to pay the 40,000 owners of this power company; when the Government fails to pay its bills, it is the ratepayers who ultimately bears this burden. The Chairman says that GPA management (including the CCU) needs to be aggressive in its efforts to support/push the enthusiasm of the bond issue. If GovGuam does not step forward soon to get this \$30 million payment accelerated, it may force a base rate increase.

Comm. Palomo commented that it is important to document (put in writing) the Commissions position in this regard. He cannot see GovGuam paying this outstanding debt; retirement contributions and GMH finances are lacking and these are more life threatening issues. The Chairman agreed and added that the \$3.8 million adjustment is not his main concern, but rather, the remaining \$14 million.

Comm. Palomo asked if all 13,940 streetlights are deemed necessary or could it be minimized to reduce the government's liability. The GM responded that he is trying to get comments back from stakeholders i.e. Administration, Legislature, Mayors, DPW, etc. related to the Proposed Streetlight Policy. Once obtained, it would be consolidated, approved and then GPA can move forward to reset the streetlights according to Policy guidelines; the data is in the GIS system and would be relatively easy to re-plan and facilitate work orders and make the necessary changes. In response to Comm. Palomo's question whether DPW is making payments on their current streetlight billing – the GM said they committed to stay current beginning with their April billing plus the new P-note monthly amount. If they fail to keep their promise, then GPA would disconnect the power to the administrative offices responsible for the payment process for streetlights namely DPW, DOA and BBMR.

Comm. Ada asked how management arrived at the 4.35% interest rate applied in the proposed P-note, the CFO said that GEDCA took it from the Bloomberg Bond Index.

**IX. NEW BUSINESS**

**A. Underground Conversion GMH – Ratification (Resolution 2005-08)**

Resolution 2005-08 to enter into a contract for the P401 underground conversion to GMH was presented for formal ratification. The information was distributed to the Commissioners for poll vote consideration on \_\_\_\_\_ and was unanimously approved by all members.

\_\_\_\_\_

**B. Underground Conversion Piti to Cabras – Ratification (Resolution 2005-09)**

Resolution 2005-09 gives management the authority to enter into a contract for the P003 Piti to Cabras underground conversion. The Resolution was distributed to the Commissioners for poll vote consideration on \_\_\_\_\_ and was unanimously approved by all members; it was presented for official ratification.

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**C. Central Office Lease – Resolution 2005-010**

The AGMO explained that the main facility receives about 20,000 walk-ins per month and the parking is inadequate especially on training days. With the assistance of the Utility Services Administrator and the Facilities Manager, there was discussion / study regarding the possibility / feasibility of another satellite office. It was noted by management that it would be possible to divert traffic from the Agana, Barrigada, Mangilao and Chalan Pago areas (central villages) with an office located in the central part of the island. It happened that there was an opportunity to rent space at the Agana Shopping Center which is an ideal site because of the parking, its pleasing environment and more importantly, its central location. A formal solicitation was released for office space rental for the purpose of housing GPA's Satellite Office for a Central Customer Service Center and there was only one respondent. Management negotiated for a 5-year option with a 5-year base contract, which ended up being a very reasonable deal. Although still within the GM's obligating authority, management thought the Commission should be notified and perhaps have the PIO office launch a related publicity / marketing campaign. He added that it would definitely benefit the public and support customer services. The GM commented that internet banking / e-bill payments is scheduled to take effect in July, which would include GWA payments. This action would support management's plans to focus on improved customer service. It was mentioned that the satellite office would be a full service customer service center that would handle the entire spectrum of customer related needs: new applications, disconnections, reconnections, payments, inquiries etc. The AGMO noted that the contract amount includes the consumption for power, water, trash and a 24-hour security guard.

The GM also mentioned that customer service has implemented the "good customer" list (those who have never been late for a 12-month period). Customers on this list would be called prior to disconnection of their service. He said this is just one of many consumer oriented campaigns being implemented to improve and focus on giving better customer service.

[REDACTED]

Comm. Ada questioned of GWA was asked to share in this office space. The GM said a letter was forwarded to Mr. Craddick but he has not met with him yet. He said he would set one up this week and discuss the issue. It was noted that the timeline to move into the new Central Satellite Office is the first week of June. Comm. Ada asked that the discussions with GWA take place as soon as possible.

[REDACTED]

The GM said the CCU would take this issue up at the next CCU/GWA meeting.

**D. February 2005 Financials**

The CFO asked the Comptroller to present the February financial statement. The Comptroller reported that there was a \$2 million loss for the first 6-month period vs. the projected income of \$.2 million. This is a result of a reduction of \$.5 million on the non-fuel revenue and the \$1 million increase in operation expenses and \$.6 million reduction of other income. He reported \$1 million loss during the period, which is accountable to other production costs attributed to PMC and T&D losses due to payroll, materials and supplies.

The Chairman referred to the last page of the report "FY2005 Budget v. Actual Analysis" wherein total O&M budget was noted at \$20.6 million and actuals at \$20.1 million - \$.5 million under budget. These figures do not agree with the report being given by the Comptroller (\$1 million over budget) and wanted to know why. The CFO pointed out that fuel cost is not included in the analysis and is significantly over budget because of the under recoveries. It was noted that the non-fuel portion of the business is actually under budget and what is causing the loss is the fuel related costs – the under recovery on the LEAC.

The Chairman told the CFO that he did an excellent exercise at GWA (as requested by Comm. Ada) whereby February actuals were expounded forwarded to arrive at projected figures at fiscal year-end based on current trends. The Chairman said that for FY05-06, GPA projected about \$1-2 million in profit and is currently trending a loss of about \$2 million. He wanted to know what the figures would be at the end of the year based on current trends. The CFO said it would be a loss of \$2 million based on the fact that LEAC rates would be adjusted (which would stop further loss). The Chairman asked the CFO to do the same exercise (like GWA) to arrive at a year-end snapshot.

The GM commented that Cabras Unit #1's turbine failure was a major factor in the under recoveries of the past 6 months – this will not occur again in the next 6 months. In addition, the reallocation of costs is another area that should be revisited. There was a lot of work done on Cabras Units #1 and #2 (capitalized maintenance). These costs were expensed in O&M and really should have come out of CIP. He asked the AGMO to look into this and reallocate these figures. The AGMO agreed and said that related work orders would be identified, reversed out of O&M and charged to CIP.

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The Chairman said the concern is there is a lot of enthusiasm for all the current growth and improvements but the agency has to tighten up for the next 6 months in order to show some level of profit and the end of the fiscal year. The GM agreed. The Chairman again asked the CFO to run the projections based on current trends, factor in the reallocation of costs, to determine GPA's picture at year-end.

**X. OTHER BUSINESS - None**

**XI. ANNOUNCEMENTS**

**A. Future Meeting Dates**

The Chairman asked the GM when he would like the next meeting. The GM said that he thinks GPA meetings once per month is sufficient and would insert urgent GPA matters into a GWA Agenda, if needed. It was decided to meet again regarding GPA matters in 3-4 weeks, (mid-May) pending the availability of a quorum. The Chairman asked the Commissioners to submit their travel dates so that a date can be confirmed.

**B. Other**

The GM said he would set up interviews for an Internal Auditor, perhaps one that would work both GPA and GWA. He said that Arlene Sahagon has been appointed in an acting capacity until the vacancy is filled.

The CFO also noted that there is a vacancy in the Internal Audit Committee that needs to be filled.

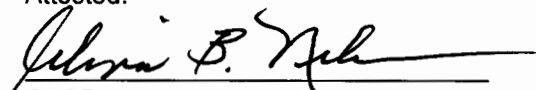
The GM said that perhaps these could be reset at the next meeting so that IA could move forward.

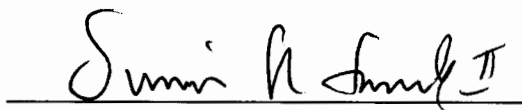
**XII. EXECUTIVE SESSION - None**

**XIII. ADJOURNMENT**

With no further discussions to bring before the Commission, the meeting was adjourned at 7:25 p.m.

Attested:

  
GLORIA B. NELSON, Secretary

  
SIMON SANCHEZ II, Chairman

//bls