



CONSOLIDATED COMMISSION ON UTILITIES

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

GUAM POWER AUTHORITY REGULAR BOARD MEETING & VILLAGE OPEN FORUM *Yigo Senior Community Center* 4:00 p.m., October 21, 2008

MINUTES

I. CALL TO ORDER

The Chairman called the regular meeting of the Consolidated Commission on Utilities to order at 4:30 p.m. He announced that all 5 Commissioners were present. The meeting was held at the Yigo Senior Community Center. Those present included:

Commissioners:

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

Executive Mgmt:

John Benavente	GMCUS
Kin Flores	GPAGM
Danny Santos	AGMCA
Randy Wiegand	GPA-CFO
Graham Botha	Staff Atty., GPA
Andy Balajadia	AGMO. GPA

Management & Staff:

Julie Quinata	Personnel Services Administrator / Human Resources
Jennifer Sablan	Engineer, SPORD
Heidi Ballendorf	Director of Communications / GWA
Jesse Lujan	Asst. GM, Collection & Distribution / GWA
Mark Pangelinan	Facilities
Simon Camacho	Asst. Mgr., T&D / Transmission & Distribution
Pam Aguigui	Chief Budget Officer / Finance
Lenora Sanz	Controller / Finance
Richard Bersamin	Asst. Customer Service Mgr. / Customer Service
Cora Montellano	Asst. Chief Financial Officer / Finance
Melinda Camacho	Manager of Engineering / GPA
Sylvia Ipanag	Engineering Sup. / Planning and Regulatory
John Unpingco	GWA

Guests:

Bill Martin	PDN
Mayor Lizama	Yigo Mayor

II. APPROVAL OF MINUTES

The Minutes of July 29, 2008 was presented for approval.

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

III. GM (CUS) REPORT - None

IV. **GM (GPA) REPORT – The following reports were tabled.**

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

V. **COMMUNICATIONS**

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

The Chairman announced that Speaker Judy Won Pat invited the CCU to discuss power issues such as LEAC and other related information as well as a discussion on alternative energy. It is on Friday, 10/24th at 10:30.

In addition, Secretary Penn will be on island next week and there is a tentative schedule to meet with GPA to discuss utility issues related to the military build up. All will be confirmed tomorrow.

A response to Sen. Ishizaki's letter will be released to the public tomorrow. A response to Sen. Respicio's letter from the General Manager also relative to LEAC will be copied to the CCU. The Chairman said the presentation to the Legislature this Friday will speak about the comparison between monthly true-up data and LEAC. The LEAC is a tool that works in favor of the ratepayer. It delays increases but also delays decreases. It does however smooth out the spikes caused by the volatility of fuel prices.

New GWA GM, Lenard Olive will report to work on Monday, 10/27th.

The meeting moved to New Business in the Agenda.

VI. **LEGAL COUNSEL - None**

VII. **NEW BUSINESS**

1. **Resolution 05-FY2009: Adoption of GWA Logo**

Management presented Resolution 05-FY2009 for approval. It cited that the current GWA logo is outdated and promotes a less than professional image of GWA employees and the organization. It reinforces the notion that GWA employees are not trained professional and that GWA is bloated. The current logo was created by a professional branding agency. It promotes images of water and motion implying that GWA employees move quickly to insure good water always. The concept / logo was voted by a majority of the employees by straw vote and works to reinforce a more professional and contemporary image of GWA. This image is in keeping with the New GWA.

Comm. Hara motioned to approve Resolution 05-FY2009; Comm. Nelson seconded. There was no further objection or discussion and the motion carried.

2. **Auditor Selection**

The CFO explained that normally the Auditor is selected by Board. However in Guam Law the responsibility has been given to the Public Auditor. In July, GPA issues an RFP for audit services. There was only one respondent – Deloitte and Touche (D&T), GPA's incumbent auditor. The OPA has reviewed the submittal documents and has selected D&T to be the auditor for GPA for FY2008, 2009 and 2010. The CFO also noted that the audit for FY08 was initiated by D&T. The target date for a draft report is January 31st, 2009.

Comm. Palomo wanted confirmation from the CFO that D&T was a good choice. He said he would like Asst. CFO Montellano to speak in this regard noting that D&T has been GPA's Auditor since 1996 except for a 3-year period. She can attest that the quality of GPA's audit has been better with Deloitte than it was during those 3 years. He substantiated this with an example where on more than one occasion, a visiting APPA instructor doing FERC training this past February commended D&T for catching a FERC accounting entry as well as other entries. The CFO said that D&T is regarded the auditors for utilities for the region. Comm. Palomo asked the GM his opinion on the selection process. He responded that he would honor the policy decision as mandated by law – the OPA statute. For the record, the Review Committee for the Auditor included more members from GPA than OPA. Also for the record, the CFO's wife works for D&T.

3. **Resolution 2008-27: Authorizing Property Insurance Contract**

Management presented Resolution 2008-27 for approval. GPA's issued a multi-step bid for GPA's insurance. A few packets were picked up but only 2 attended the pre-bid conference. Site visits were made available to anyone who was interested; there was a request for a site visit by one company but they submitted their request after the deadline so the request was not entertained. The original deadline was August 29th but Phase I deadline was extended for almost a month to give every opportunity for multi-step bidders to get involved. Two vendors

from Phase I qualified but at Phase II there was 1 bidder at GPA with timely submittal – the other showed up late and GPA procurement deemed that they were late and their bid could not be accepted. As a result there is only a 1 bidder for GPA's property insurance - it is the incumbent provider for GPA's property insurance.

The CFO then gave more detail about the actual insurance coverage. Excess Liability is now included in the total insurance package. This was done to keep all GPA's insurance coverage together. The only policy over the GM's obligatory cap of \$250k is the property insurance valued at \$5.2Million. All other coverage is under the GM's obligatory cap and will not be forwarded to the CCU. There was a tie for Excess Liability and procurement rule says that this must be divided up evenly so this also will not be forwarded to the CCU since it will be under the obligatory cap.

Comm. Hara motioned to approve the resolution as written, Comm. Nelson seconded. There was no further discussion or objection and the motion passed unanimously.

4. Resolution 2008-28: Approval of Security Guard Services

Management requested the Commission for approval of its security guard services with G4S Security for the Main Harmon Office, Piti Plant and the warehouse. The total procurement value is \$292k and above the GM's obligatory cap of \$250k. In discussion it was noted that there were other bidders and G4S is deemed the most responsive bidder.

Comm. Palomo motioned to approve Resolution 2008-28 as written, Comm. Blas seconded. With no other discussion or objection the motion carried.

5. August 2008 Financials

The CFO reported that GPA is still struggling – revenues are not short of projections and as a result there are a lot of negative numbers on the financials. However, because of the reversal of the streetlight payment, the overall number is positive. The growth in kWh sales is even but far less than projections. It was noted that consumption has not dropped at all between this year and last year, despite the cost of fuel. It is evident that the community is tolerating these high energy prices. The GM added that there are 100 new large business customers and about 1000 new residential customers. Reducing consumption is a ratepayer's best option to reduce their overall bill. GPA has worked very hard to become more efficient; this has resulted in a savings to ratepayers of \$162Million or 16% savings to ratepayers thru 99% baseload efficiencies, hedges, 30% reduction in line losses and collecting GovGuam receivables just to name a few. He added that Sen. Ishizaki was critical of GPA for shutting off GovGuam Agencies for not paying their power bills. GPA's response is GovGuam is just like every other customer and if they are in arrears, they get disconnected. It was also mentioned that in Chuuk it cost 53-cents per kWh; on Guam it is 25-cents per kWh – the same as Oahu. The Chair pointed out that the fuel surcharge in the Virgin Islands is 42-cents per kWh, on Guam it's 19-cents per kWh. The Chairman cited a whole array of examples that detailed the success in the savings and service to ratepayers and the community.

There was discussion regarding the Friday presentation to the Legislature the CCU said it is important that all this information be shared with the Legislature.

There was also discussion about the Certified Technical Professional (CTP) Pay Scale and the fact that a certain few were left out of the CTP pay scale. The GM said that both he and the GMCUS must go back to explain the process to this group so that they understand.

VIII. OLD BUSINESS

1. Management & Organizational Assessment Update

The GM said that Virchow Krause is the firm performing the Comprehensive Management Audit. The estimated cost is \$500k for both power and water. In their regulatory session, PUC reminded GPA of their obligation to include in the audit within the context of the compensation study productivity and efficiency considerations so this notice is to inform the CCU that because of this PUC requirement, there may be an increased cost.

The CFO added that there are 3 Phases ongoing right now (I, II and IV) the 4th Phase (Phase III) cannot be done until I, II and IV must be completed first. He said this is another factor that may impact a change order. There was discussion relative to best practices (being used by GPA's counterparts in the mainland) as having a bearing on the assessments because GPA may have some unique differences compared to their U.S. counterparts.

The Chairman said the CCU agrees with the PUC for the management audit for both power and water. There is a scheduled meeting with CCU and Virchow Krause next week. The CCU also requested more detailed information on Virchow Krause.

2. Stand-by Letter of Credit Update

The CFO advised that management went to the PUC with a petition relative to this matter who were reluctant to entertain the matter without a CCU resolution but at the end of the discussion the PUC approved for management to proceed with finding an interested bank. Once this is done, management will come back to the CCU with an official resolution.

IX. ANNOUNCEMENTS

1. Next CCU Meeting

The Chairman announced the next CCU meeting for GWA on Wednesday 11/12/08 and GPA on Tuesday 11/24/08.

The Chairman called for a recess at 6 p.m. The Village open forum followed at 6:20 p.m.


X. ADJOURNMENT

With no further business to bring before the Commission, the meeting adjourned at 7:10 p.m.

llsl
bls

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary