



CONSOLIDATED COMMISSION ON UTILITIES

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

GUAM WATERWORKS AUTHORITY

Regular Board Meeting

GPA Board Conference Room

5:00 p.m., November 12, 2008

MINUTES

I. **CALL TO ORDER**

The Chairman called the meeting to order at 5:30 p.m. He said four (4) Commissioners are present and excused Comm. Hara who was ill. He welcomed Comm-elect Joey Duenas to the meeting as well as the new GM for GWA, Dr. Len Olive and GWA's new engineer Brett. He thanked Comm. Margaret Blas for her dedication and service to the CCU and congratulated Comm. Nelson for retaining her seat on the Commission.

The Chairman announced that the GMCUS would take back his dual role as General Manager for Consolidated Utility Services effective immediately.

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman – GPA
Eloy Hara	Vice-Chairman - GWA (Excused)
Gloria Nelson	CCU Secretary
J. Margaret Blas	Member

Executive Management:

John Benavente	GM, Consolidated Utility Services (GMCUS)
Len Olive	GM, Guam Waterworks Authority (GMGWA)
Greg Cruz	Chief Financial Officer, GWA (CFOGWA)
Randy Wiegand	Chief Financial Officer, GPA (CFOGPA)
Don Antrobus	Chief Engineer (CE)

Legal Counsel:

Sam Taylor	GWA Staff Attorney (SAGWA)
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Management & Staff:

Joey Claveria	Asst. CFO / GWA
Jesse Lujan	Collection / Distribution, GWA
Gilda Mafnas	Controller, GWA
Mark Miller	Asst. GM, Production & Treatment (AGMPT)
Paul Kemp	Asst. GM. Compliance/Safety
Becky Balajadia	RPU Supervisor
Doris Young	Utility Services Administrator (A)
Julie Shane	Engineering
Heidi Ballendorf	PIO, GWA
Elaine Cruz	Personnel Services Administrator
Victor Torres	IT Supervisor, GWA
Brett	Engineering

Guest

Phil Roberto	Representative, Sen. Jim Espaldon
Joey Duenas	CCU-Elect
John Davis	KUAM

II. APPROVAL OF MINUTES

The Minutes of July 8, 2008 and August 13, 2008 were presented for approval.

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

The Chairman asked the GMCUS to please eliminate purchase of bottled water effective immediately not only for the Conference Room but throughout GPA. He said it is important that GPA/GWA lead by example adding how can we expect others to drink GWA's tap water if we don't drink it ourselves. He said it is important that GPA supports GWA In this regard. The GMCUS said he would address this matter with GPA management immediately.

III. GM (CUS) REPORT

GMCUS John Benavente said the new GWAGM has hit the ground running and would drive the meeting at the next business meeting.

IV. COMMUNICATIONS

1. Public Comments (2 min. per person)

Maria Hill and Vicky Mesa, residents of Yigo wanted to know the rule relative to someone connecting to a new distribution water. Mrs. Hill paid a lot of money to have a 6-inch waterline to her house and her issue is relative to reimbursement for capital outlay for the new distribution line. The Chairman confirmed that anyone that hooks up to a new distribution line within the first 5 years must pay a prorated share of the cost for the new line. Mrs. Hill reported that their neighbor who is building a house adjacent to their property tapped into their new waterline and has yet to pay his share.

Chief Engineer Don Antrobus confirmed that Mrs. Hill is owed a significant reimbursement. The reason it is taking awhile to process because there is no precedence in place for making such reimbursements. GWA has identified an amount and are currently resolving the mechanics of how to facilitate the reimbursement. GWA has issued a letter to the neighbor's contractor asking them for their prorata share. GWAGM Len Olive mentioned that the next step is to demand the payment and if they fail to do so water to their home will be disconnected and will not be reconnected until they pay.

V. NEW BUSINESS

1. Resolution 06-FY2009: New Signatories for GWA

Due to recent change in management at GWA, a resolution to update the signatories at GWA's various banks was presented to the Commission for their approval. The Resolution also adds Dr. Len Olive to the authorized signatory list. Transaction amounts of \$10k or less will require a single signatory. All other transactions will require two signatories.

Comm. Blas motioned to approve Resolution 06-FY2009 as written; Comm. Nelson seconded. There was no further discussion or objection and the motion passed.

2. Resolution 07-FY2009: Approval of \$300k Cap on Bid Pkg. to Upgrade Sewer System in Central Guam

Resolution 07-FY2009 is a request by management to authorize a payment in excess of the \$250k obligatory cap to have Veolia assist GWA in the preparation of a comprehensive bid package to ease the moratorium. Attached to the resolution is a draft detailing the 5 phases of Veolia's plan for the bid process - the scope of work, development, documentation, market engagement and award / delivery. It was mentioned that this is a big project and GWA needs to do ensure that the process is done right. There was discussion of Veolia's expertise in procurement and bids. Comm. Palomo asked GM Olive his thoughts on the matter. Dr. Olive said that the cost is in line with mainland prices and said he would like to discuss some details with Engineering but overall he supports the resolution. Comm. Palomo recommended that Veolia's qualifications be included as a "whereas".

Comm. Nelson motioned to approve the resolution subject to the amendments discussed; Comm. Blas seconded. There was no further discussion or objection and the motion carried.

3. Resolution 08-FY2009: Approval of GWA's 5-year Financial Plan

The GMCUS requested the CCU to approve GWA's 5-year Financial Plan as discussed in the work session. This matter will be forwarded to the PUC for their review and approval. He said it is important to file the 5-year financial plan because the Stipulated Order mandates that GWA develop a Master Plan and Financial Plan. Included with the financial plan is GWA's cost of service and the lifeline rates; the latter will assist those who are really in need of the assistance. The 2 issues mentioned – cost of service and the lifeline rates, does not affect GWA's revenue requirements or capital programs. It does address the allocation of cost between customer classes. He said he will bring this matter to the CCU in more detail and ask the CCU for their policy decision at a later time.

In discussion, the CCU recommended some amendments – change the title “approving the first financial plan as mandated by GWA’s Master Plan”; page 3, line 1 correct \$33 to \$33million. The Chairman said that the resolution is missing why the CCU is approving the financial plan. The last whereas is a good beginning but is missing so much more – he said to embellish this section with rationale & where funds will be spent. The chairman said to mention the subsequent planned rate increases (2-8-2-8) and the year GWA plans to implement them. The chairman also asked to include the list of capital improvements. Some projects that will be included in the amendment - \$88Million projects, \$30Million to resolve the sewage distribution in Central Guam; 5Million for Veolia short-term loan; the balance would go to the cost of issuance of the bond.

The Chairman said for the record, any bond issuance must be approved by the legislature and show them the project list. Comm. Nelson would like to see the amended resolution for accuracy. The Commission also asked that all attachments be properly identified.

The last PUC order asked that GWA address cost of service and lifeline rates. The study has been done but GWA wants to request with the PUC to delay the cost of service plan to FY2010 to develop / present a more comprehensive plan. Relative to lifeline, the study is done but management does not have a recommendation at this time.

Comm. Palomo moved to approve Resolution 08-FY2009 as amended; Comm. Nelson seconded. There was no other discussion or objection and the motion carried.

VI. OLD BUSINESS

1. Ratification of GPA Resolution 2008-29: Emergency LEAC Adjustment

The CCU met in emergency session relative to LEAC and at that meeting gave management instructions to pursue the filing of LEAC reduction which was approved this past Monday. The Chairman said that the PUC already acted on it and the Commission only needs to ratify their action. He called for a motion to ratify Resolution 2009-29 to lower the LEAC factor from \$.18775 / kWh to \$.17105 / kWh, a 6.62% decrease effective December 1, 2008.

Comm. Nelson motioned to approve the resolution as stated; Comm. Blas seconded. There was no further discussion or objection and the motion passed.

2. Update on Veolia \$5M Loan

The GMCUS said they hope to complete discussions with Veolia this week and then send the matter to PUC for their review and approval.

VI. STAFF REPORTS

1. Legal - None

2. Financial

CFO said the YE shows GWA losing \$2.5Million. Water and energy were the largest increase relative to expense - \$6Millioin more than projected. In addition, the revenues projected were \$56Million – actual was \$53. All classes of customers dropped except for hotels and golf courses – an evidence that people are conserving.

3. Production & Treatment

Mark Miller said the focus for P&D is relative to well energy consumption / reduction and the collection of related data.

4. Collection / Distribution

Jess Lujan reported improvement relative to GWA’s backlog issue. The maintenance superintendent position has been filled.

5. Asst. GM Consolidated Administration

Doris Young reported for the AGMACA. Government Receivables continue to be addressed. The GMCUS said Ms.Young is acting Utility Services Administrator.

6. Chief Engineer

The CE reported on the status of the moratorium projects. The schedule is on track. The consultant will be on island next week. A formal report on the recommended options is forthcoming. The RFP must be approved by the Legislature before the end of the month. The CE also gave update on some of the Engineering projects

7. Compliance / Safety

Mr. Mike Lee of the USEPA accepted the closure of Paragraph 42, a major component of the Stipulated Order. No other violations are expected. There was discussion relative to safety i.e. shoring equipment. The GMCUS said he would make this a priority.

8. Human Resources

Elaine Cruz, Personnel Services Administrator reported on the recent drug testing performed on employees. Of the thirty who were tested, only 1 tested positive.

9. Communications / PIO

Heidi Ballendorf, Director of Communications. distributed some marketing materials and hilited some ongoing ad campaigns / projects. A documentary related to infrastructure will air with Public Television; a Celebrity ad campaign endorsing Guam's Tap Water Delivers will air in December.

VIII. ANNOUNCEMENTS

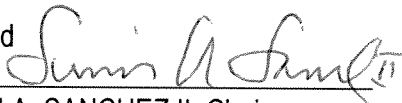
1. Next CCU Meeting: GPA – 11/25/08; GWA - _____

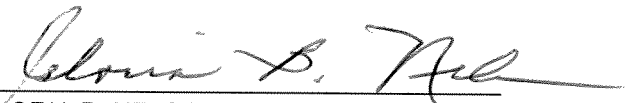
The GPA meeting was moved from Tuesday 11/25/08 to Monday 11/24/08.

IX. ADJOURNMENT

With no further business to bring before the Commission, the meeting adjourned at 8:10 p.m.

Attested


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary

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