

**GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
August 26, 2021
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA**



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:40 p.m. on August 26, 2021, pursuant to due and lawful notice. Commissioners Johnson, Montinola, McDonald, Flores-Brooks, and Guerrero were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

1. Approval of Minutes

The Chairperson announced that the first item of business on the agenda was approval of the minutes of July 29, 2021. Upon motion duly made, seconded, and unanimously carried, the Commission approved the minutes subject to corrections.

2. Guam Power Authority

The Chairperson announced that the next item of business on the agenda was Guam Power Authority [GPA Docket] 21-16, Petition to Approve the Contract with Tristar Terminals Guam, Inc. for the Lease of an Additional Storage Tank for Diesel Fuel, PUC Counsel Report, and Proposed Order. ALJ Horecky stated that this item was not ready to be discussed at this evenings meeting.

The Chairperson announced that the next item of business on the agenda was GPA Docket 21-17, Petition to Approve the Amendment to the Contract for Residual Fuel Oil No. 6 for the Baseload Power Generating Plants, ALJ Report, and Proposed Order. ALJ Horecky stated that GPA has a contract with Hyundai Corporation to provide 1.19% low Sulphur fuel oil and 2% high-sulfur residual fuel oil for the baseload power generating plants, mostly Cabras 1 and 2, that the contract began in September 2020, it ends in 2023, and that it has two 1-year extensions. ALJ Horecky stated that as a result of the new consent decree with the USEPA, GPA must now use 1.19% fuel oil when its two storage fuel oil storage tanks are cleaned out which will be at the end of 2022. ALJ Horecky stated that GPA must switch to 0.2% sulfur fuel oil for two reasons, first, GPA and USEPA have agreed to modify the consent decree by requiring GPA to use 0.2% fuel oil, and that this amendment will be made before December, 2022, and second, GPA's State Implementation Plan that requires GPA to switch to the lower sulfur fuel

oil by April, 2023. ALJ Horecky stated that GPA is requesting that the PUC approve an amendment to its contract with Hyundai for Hyundai to provide GPA with the 0.2% by February instead of December, 2022. ALJ Horecky stated that the GPA is also making this request so that it will not incur additional costs to modify its storage tanks after they are cleaned to handle the 0.2% fuel oil, and that this type of fuel oil is 23% more expensive than the fuel oil GPA is currently using and that the price for the new oil will likely rise to \$160 million, and that GPA's proposed amendment complies with procurement requirements. ALJ Horecky recommended that the PUC approve GPA's petition because GPA has demonstrated that the ultra-low sulfur fuel oil is essential to the operation of Cabras 1 and 2. A discussion ensued between Commissioners Montinola, Flores-Brooks, Commissioner Guerrero, ALJ Horecky, GPA GM Benavente, and GPA Legal Counsel Botha, concerning when the new solar farm and the new Ukudu power plants would be coming on line, whether the lower sulfur fuel is better for the environment, the higher cost of the lower sulfur fuel, whether the LEAC rates would be sufficient to pay for the contract amendments, whether GPA would still be using the higher sulfur fuel, whether GPA should explore using its diesel plants more to mitigate the costs of using the higher priced ultra-low sulfur fuel, the timeline for GPA to phase out its use of Cabras 1 and 2, GPA's transition from using its existing types of residual fuel oil to the new ultra-low sulfur oil, and GPA's plan to stop leasing storage tanks from Tristar. Commissioner Guerrero made a motion to approve the draft order granting the petition, which motion was seconded by Commissioner McDonald, and the motion passed unanimously. GPA was also instructed to prepare a presentation explaining its plan to transition from its use of the existing fuels to the new ultra-low sulfur fuel, and the costs associated with doing so, and GPA provided an update on the solar farm project clean-up.

3. Administrative Matters.

The Chairperson announced that the next item of business was the Bookkeeping Services for PUC. PUC's Palomo stated that she was still getting proposals from perspective bookkeepers. A discussion ensued between the Commissioners regarding the reconciliation of the PUC's accounts payable amounts, the PUC's payroll accounting services, the method the PUC would use to review its accounts, and when the account reconciliation would be completed.

The Chairperson announced that the next item of business was the FY2020 PUC Citizen Centric Report. ALJ Horecky stated that the report was revised at the request of Commissioner Brooks and that the report is ready for publication. A discussion ensued between the Commissioners wherein they accepted the report and authorized its publication.

The Chairperson announced that the next item of business was the Budget Review. Commissioner Brooks and the PUC's Palomo stated that they were still doing the quarterly budget review.

4. Other Business.

The Chairperson announced that the next item of business was Other Business. A discussion ensued between the Commissioners and ALJ Horecky concerning the cost of the PUC's consultant for the Guam Solid Waste Authority, the rate case services provided by the consultant, the status of the Guam Solid Waste Authority rate case the consultant was working on, the amount the Guam Solid Waste Authority owes the PUC, the amount of payments received by the PUC for the Guam Solid Waste Authority, and the number of contracts the Guam Solid Waste Authority has submitted for review under their contract review protocol, and the status to the transition to a new GM for Guam Solid Waste. ALJ Horecky stated that he would contact the PUC's consultant to get an update on the study they were preparing.

A discussion ensued between the Commissioners and ALJ Horecky concerning the PUC's Travel Policy, whether the updated 2019 travel policy was posted on the PUC's website, whether the travel policy requires the Commissioners to submit a travel report, who was authorized to approve PUC travel, the number of off-island training the Commissioners were supposed to receive, potential rate schools for the Commissioners to attend, and other potential courses for the Commissioners to attend.

There was a brief discussion between the Commissioners concerning whether the LEAC should be on the agenda for the next PUC meeting.

There being no further business, the Commissioners moved to adjourn the meeting.



Peter Montinola
Acting Chairperson

ATTACHMENT A
THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF PUBLIC MEETING

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on August 26, 2021, Third Floor, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

- 1. Approval of Minutes of July 29, 2021**
- 2. Guam Power Authority**
 - **GPA Docket 21-16, Petition to Approve the Contract with Tristar Terminals Guam, Inc. for the Lease of an Additional Storage Tank for Diesel Fuel, PUC Counsel Report, and Proposed Order**
 - **GPA Docket 21-17, Petition to Approve the Amendment to the Contract for Residual Fuel Oil No. 6 for the Baseload Power Generating Plants, ALJ Report, and Proposed Order**
- 3. Administrative Matters**
 - **Bookkeeping Services for PUC**
 - **FY2020 PUC Citizen Centric Report**
 - **Budget Review**
- 4. Other Business**

Due to the current public health emergency, all persons attending the meeting will be required to wear masks. Social distancing protocols will be observed. Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. The meeting will be broadcast live on the PUC website at guampuc.com. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

This Notice is paid for by the Guam Public Utilities Commission