I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that **Substitute Bill No. 207-32 (COR), "AN ACT TO *ADD* NEW §§ 8243, 8244 AND 8245 TO ARTICLE 2 OF CHAPTER 8, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENTS TO THE ISLAND-WIDE POWER SYSTEM,"** was on the 15th day of April, 2014, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 16 day of April, 2014, at 1:10 o'clock P .M.

Rosali P. Damian
Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: _____

Public Law No. _____

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

FILE

Bill No. 207-32 (COR)
As substituted by the Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land; and further substituted and amended in the Committee of the Whole.

Introduced by: T. C. Ada
R. J. Respicio
V. Anthony Ada
FRANK B. AGUON, JR.
B. J.F. Cruz
Chris M. Dueñas
Michael T. Limtiaco
Brant T. McCreadie
Tommy Morrison
T. R. Muña Barnes
Vicente (ben) C. Pangelinan
Dennis G. Rodriguez, Jr.
Judith T. Won Pat, Ed.D.
Aline A. Yamashita, Ph.D.
Michael F. Q. San Nicolas

AN ACT TO *ADD* NEW §§ 8243, 8244 AND 8245 TO ARTICLE 2 OF CHAPTER 8, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENTS TO THE ISLAND-WIDE POWER SYSTEM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. A new § 8243 is *added* to Article 2 of Chapter 8, Title 12, Guam Code Annotated, to read:

"§ 8243. **Approval of the Terms and Conditions of Guam Power Authority Revenue Bonds.**

I Liheslaturan Guåhan, pursuant to §50103(k) of Title 12 of the Guam Code Annotated, hereby approves the terms and conditions of the issuance and sale of revenue bonds (the bonds) by the Guam Power Authority (GPA), in one or more series or issues of tax-exempt and/or taxable bonds, as senior revenue bonds in accordance with its existing senior revenue bond indenture (or in the case of projects financed with taxable bonds and/or projects that do not constitute capital improvements to GPA's system, as subordinate revenue bonds in accordance with its existing subordinate revenue bond indenture), for the purpose of continuing GPA's investment in the island-wide power system involving generation, transmission, and distribution assets to improve reliability, efficiency and power service, and to comply with environmental regulations; *provided*, that the bonds *shall* have a principal amount *not to exceed* Ninety four Million Dollars (**$94,000,000**), *shall* have a final maturity date *not later than* thirty-one (31) years from the date of the issuance of the bonds, *shall* accrue interest at rates that *shall not exceed* (1) seven percent (7%) with respect to tax-exempt bonds, and (2) with respect to taxable bonds, the limitation set forth in §8214(a) of Title 12 of the Guam Code Annotated, and *shall* be sold for such price or prices as *shall* result in a net yield to the bondholders *not exceeding* the rate specified by said §8214(a).

The issuance of any and all such bonds *shall* be further subject to the following requirements, limitations, terms and conditions:

(a) Such bonds *shall* be issued and sold pursuant to GPA's existing senior bond indenture (including any amendments in accordance with its terms to provide for the issuance of the bonds

described herein) and in compliance with the provisions of Article 2 of Chapter 8 of Title 12 of the Guam Code Annotated, including approval by the Consolidated Commission on Utilities (CCU) and by *I Maga'lahen Guåhan*, as provided therein; *provided, however*, that such bonds may be issued and sold pursuant to GPA's subordinate bond indenture (including any amendments in accordance with its terms to provide for the issuance of the bonds described herein) for purposes of financing projects with taxable bond proceeds and/or projects that *do not* constitute capital improvements to GPA's system;

(b) The sale of the bonds *shall* be approved by the Board of Directors of the Guam Economic Development Authority (GEDA), as provided by §50103(k) of Chapter 50 of Title 12 of the Guam Code Annotated, and the terms and conditions of the issuance of the bonds *shall* be approved by the Guam Public Utilities Commission (GPUC) as provided by Chapter 12 of Title 12 of the Guam Code Annotated; and

(c) The proceeds of the bonds *shall* be applied to pay the costs of issuance of the bonds, to pay the cost of any credit enhancement of the bonds, to provide for required reserves, and, subject to approval by the GPUC in accordance with §12004 Article 2 Chapter 12 of Title 12 of the Guam Code Annotated, to pay the costs of the projects and items listed in Subsection (d) of this Section.

(d) The remaining proceeds of the Bonds *shall* be used *solely* for the following purposes:

(1) Up to Fifty Six Million Four Hundred Seventy Seven Thousand Dollars (**$56,477,000**) for the following Generation Improvements projects:

(A) reimbursement of GPA for costs associated with the Environmental Compliance Program (Diesel RICE MACT);

(B) Cabras 1 Major Boiler Overhaul;

(C) Cabras 2 Turbine & Boiler Overhaul;

(D) Cabras 3 & 4 Major Overhaul and Maintenance;

(E) Cabras Compound Employee and Visitor Parking Lot;

(F) Generator Protection Upgrade with Fault Recorders;

(G) Dededo CT Return to Service Phases I and II;

(H) Diesel Plan Major Overhaul and Maintenance and Diesel Fuel Oil Tank Repairs;

(I) Energy Storage Equipment (Renewable Energy Impact Mitigation); and

(J) Liquefied Natural Gas Initial Startup.

(2) Up to Five Million Five Hundred Eighty Six Thousand Dollars (**$5,586,000**) for the following Transmission System Improvements projects:

(A) Piti 115 kV GIS Major Maintenance;

(B) System Protection Improvement & Cap Bank Controllers Phases I and II;

(C) Substation Major Refurbishment (San Vitores T-122, Harmon T500 and T501, Macheche T90);

(D) 13.8 kV Breaker Upgrades Phases I and II;

(E) 34.5 kV Breaker Upgrades Phase I;

(F) Agat Shoreline Pole Restoration Project;

(G) Dededo Substation Capacitor Bank;

(H) Substation Battery Banks/Chargers Upgrade; and

(I) Harmon X82 to Yigo X160 Overhead Line Upgrade Phase I.

(3) Up to One Million Five Hundred Eighty Seven Thousand Dollars (**$1,587,000**) for the following Distribution Improvements projects:

(A) Distribution Improvements;

(B) Smart Grid Sub-Projects (not covered by grant); and

(C) Mobile Workforce Management.

(4) Up to Two Million Nine Hundred Thousand Dollars (**$2,900,000**) for the following Supervisory Control and Data Acquisition System Upgrades projects:

(A) Power System Control Center Reliability Improvements; and

(B) Network Communication – Fiber to Fadian Complex.

(5) Up to Two Million Four Hundred Fifty Thousand Dollars (**$2,450,000**) for the following Cyber Security and Information Technology Upgrades projects:

(A) Upgrade of Facilities Physical Security; and

(B) Information Technology Upgrades.

(6) *Not less than* Five Million Dollars (**$5,000,000**) to be held in reserve by GPA in a fund separate and apart from any other fund for the *sole* purpose of establishing a revolving loan fund to support legislatively authorized demand-side management and/or renewable energy programs for residential and/or commercial purposes.

(7) Such amounts as may be needed to capitalize and pay from bond proceeds interest on the bonds due, accruing or required to be set aside for a period ending *not later than* twenty-four (24) months after issuance.

Notwithstanding anything herein to the contrary, to the extent that there are excess proceeds of bonds authorized herein that exist for one of the categories of purposes listed in Subsections (d)(1) through (d)(7) above, such excess may be transferred to another such category."

Section 2. A new § 8244 is *added* to Article 2 of Chapter 8, Title 12, Guam Code Annotated, to read:

"**§ 8244. Self-Insurance Fund Surcharge Reduction.** The GPA *shall* file a petition with the Guam Public Utilities Commission to reduce the GPA's Self-Insurance Fund surcharge charged to ratepayers by *not less than* seventy percent (70%) of the Self-Insurance Fund surcharge in effect as of the enactment of this Act. GPA *shall* request the GPUC for such reduction *not later than* sixty (60) calendar days after the enactment of this Act, and such filing may be considered by the GPUC through an expedited schedule of review and approval by the GPUC."

Section 3. A new § 8245 is *added* to Article 2 of Chapter 8, Title 12, Guam Code Annotated, to read:

"§ 8245. **Approval of Financial Agreements or Arrangements.** Any financial agreement or arrangement between GPA and any bank, private banking firm, brokerage firm, bond brokerage firm, or similar financial institutions, which uses, pledges, or arbitrages any GPA revenue, trust funds, debt service payment deposits with trustees, bond proceeds, or interests on any of these, *not* specifically authorized by existing statute authorizing the issuance or refinancing of bonds, *shall* require legislative approval, and any income generated from such financial agreement and arrangement may be directed toward decreasing residential ratepayer rates; *provided, however,* that the pledge of GPA revenue to secure the payment of GPA's revenue bonds and the direct investment by the bond trustees of GPA moneys in obligations permitted by the GPA's bond indenture are hereby specifically approved and are *not* subject to further legislative approval."

Section 4. Effective Date. This Act *shall* become effective upon enactment.

Section 5. Severability. *If* any provision of this law or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity *shall not* affect other provisions or applications of this law which can be given effect without the invalid provisions or application, and to this end the provisions of this law are severable.

LEGISLATIVE SESSION

I MINA'TRENTAI DOS NA LIHESLATURAN

2014 (SECOND) Regular Session

Voting Sheet

Bill No. 207-32 (COR)

Speaker Antonio R. Unipingco Legislative Session Hall
April 15, 2014

NAME	Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent
Senator Thomas "Tom" C. ADA	✓				
Senator V. Anthony "Tony" ADA	✓				
Senator Frank Blas AGUON Jr.	✓				
Vice-Speaker Benjamin J.F. CRUZ		✓			
Senator Christopher M. DUENAS	✓				
Senator Michael LIMTIACO	✓	1			
Senator Brant McCREADIE	✓				
Senator Thomas "Tommy" MORRISON	✓	1			
Senator Tina Rose MUÑA BARNES	✓				
Senator Vicente (ben) Cabrera PANGELINAN	✓				
Senator Rory J. RESPICIO	✓				
Senator Dennis G. RODRIGUEZ, Jr.	✓				
Senator Michael F. Q.SAN NICOLAS	✓	1			
Speaker Judith T. WON PAT, Ed.D.	✓	1			
Senator Aline A. YAMASHITA, Ph.D.	✓				
TOTAL	14	1			
	Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

1 = Pass