



Refer to
~~Legislative~~ Secretary

CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

DEC 23 1998

The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuáttro na Liheslaturan Guåhan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

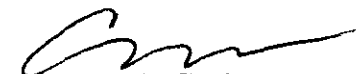
Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 635 (COR), "AN ACT TO ADD §22425(k)(4) TO ARTICLE 4, CHAPTER 22, DIVISION 2, PART 1 OF TITLE 5, TO AMEND §17109 OF CHAPTER 17, DIVISION 3 OF TITLE 17, BOTH OF THE GUAM CODE ANNOTATED, AND TO AMEND §21 OF P.L. NO. 24-275, RELATIVE TO AUTHORIZING GPA TO REFUND CERTAIN PRIOR BONDS TO ACHIEVE DEBT SERVICE SAVINGS AND TO PERMIT THE PROPOSED REVENUE BONDS TO HAVE A FIRST LIEN OF THE REVENUES OF THE UNIVERSITY OF GUAM", which I have signed into law today as **Public Law No. 24-312.**

This legislation allows the Guam Power Authority to refinance their current bonds in order to take advantage of lower interest rates now available and to thus realize a savings. It also allows the University of Guam to issue bonds for its building program. This was not possible under the prior legislation passed on the UOG bonds.

Please note that the Guam Economic Development Authority has determined that some technical amendments are necessary, and will be submitting these technical amendments to i Liheslatura immediately. Please respond to these needs as soon as possible.

Very truly yours,


Carl T. C. Gutierrez
I Maga'láhen Guåhan
Governor of Guam

01134

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By: <u>[Signature]</u>
Time: <u>3:05pm</u>
Date: <u>12.24.98</u>

Attachment: copy attached for signed bill
original attached for vetoed bill

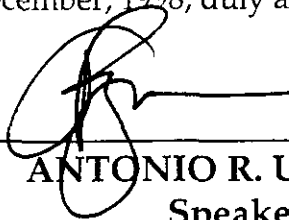
cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 12-24-98
Time: 1:05
Received by: [Signature]
Print Name: Antoni R.


MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN


This is to certify that Substitute Bill No. 635 (COR), "AN ACT TO ADD §22425(k)(4) TO ARTICLE 4, CHAPTER 22, DIVISION 2, PART 1 OF TITLE 5, TO AMEND §17109 OF CHAPTER 17, DIVISION 3 OF TITLE 17, BOTH OF THE GUAM CODE ANNOTATED, AND TO AMEND §21 OF P.L. NO. 24-275, RELATIVE TO AUTHORIZING GPA TO REFUND CERTAIN PRIOR BONDS TO ACHIEVE DEBT SERVICE SAVINGS AND TO PERMIT THE PROPOSED REVENUE BONDS TO HAVE A FIRST LIEN ON THE REVENUES OF THE UNIVERSITY OF GUAM," was on the 11th day of December, 1998, duly and regularly passed.


ANTONIO R. UNPINGCO
Speaker

Attested:


JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahen Guahan* this 15th day of December, 1998,
at 9:20 o'clock 9.M.


Assistant Staff Officer
Maga'lahi's Office

APPROVED:


CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: 12.23.98

Public Law No. 24.312

COMMITTEE ON FINANCE & TAXATION

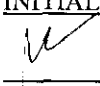
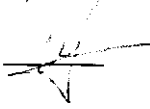

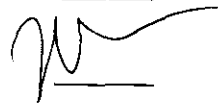

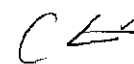

TWENTY-FOURTH GUAM LEGISLATURE

155 Hesler Street, Agana, Guam 96910

**Chairman: Vice Speaker Anthony C. Blaz Vice Chairman: Senator Mark Forbes
Ex-Officio Member: Speaker Antonio R. Unpingco**

VOTING SHEET ON:

**Bill No. Bill No. 635(COR), as substituted by the Committee, "AN ACT
TO AUTHORIZE THE GUAM POWER AUTHORITY TO REFUND
CERTAIN PRIOR BONDS TO ACHIEVE DEBT SERVICE SAVINGS."**

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Sen. Anthony C. Blaz <i>Chairman</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Mark Forbes <i>Vice-Chairman</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spkr. Antonio R. Unpingco <i>Ex-Officio Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Thomas C. Ada <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joanne M.S. Brown <i>Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Mark Charfauros <i>Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Edwardo J. Cruz <i>Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. William B.S.M. Flores <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Lawrence F. Kasperbauer <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Alberto A.C. Lamorena, V <i>Member</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Carlotta A. Leon Guerrero <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. John C. Salas <i>Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Francis E. Santos <i>Member</i>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session**

Bill No. 635 (COR)

As substituted by the Committee on
Finance and Taxation and amended
on the Floor.

Introduced by:

A. C. Blaz
T. C. Ada
F. B. Aguon, Jr.
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
W. B.S.M. Flores
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
L. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. T. Won Pat

**AN ACT TO ADD §22425(k)(4) TO ARTICLE 4,
CHAPTER 22, DIVISION 2, PART 1 OF TITLE 5, TO
AMEND §17109 OF CHAPTER 17, DIVISION 3 OF
TITLE 17, BOTH OF THE GUAM CODE
ANNOTATED, AND TO AMEND §21 OF P.L. NO. 24-
275, RELATIVE TO AUTHORIZING GPA TO
REFUND CERTAIN PRIOR BONDS TO ACHIEVE
DEBT SERVICE SAVINGS AND TO PERMIT THE**

**PROPOSED REVENUE BONDS TO HAVE A FIRST
LIEN ON THE REVENUES OF THE UNIVERSITY
OF GUAM.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings.** (a) Section 8203 of Article 2,
3 Chapter 8 of Title 12 of the Guam Code Annotated provides that the
4 Board of Directors (“Board”) of the Guam Power Authority (“GPA”) is
5 authorized to incur indebtedness by the issuance of revenue bonds to
6 raise funds for the purpose of establishing the electric power system of
7 GPA, or of acquiring lands for said system, or of acquiring, constructing,
8 improving, equipping, maintaining, repairing, renewing, replacing,
9 reconstructing or insuring said system, or any part thereof, or for the
10 purpose of refunding any such bonds.

11 (b) In Public Law Number 22-136 *I Liheslaturan Guahan* was
12 presented with, and approved, a certain indenture of GPA dated as of
13 December 1, 1992, and a supplemental indenture pursuant to which
14 GPA issued certain revenue bonds for the purpose as set forth in §8203
15 of Article 2, Chapter 8 of Title 12 of the Guam Code Annotated.

16 (c) In accordance with the authority of Public Law Number 22-
17 136, GPA issued certain revenue bonds, known as 1992 and 1994 Series
18 A Bonds.

19 (d) On or about April, 1998, the Board of Directors of GPA
20 adopted Resolution Number 98-003, relative to approving the refunding
21 and refinancing of certain portions of the 1992 and 1994 Series A Bonds.
22 The Board, with the approval of *I Maga’lahen Guahan*, is authorized to

1 provide for the issuance, sale or exchange of refunding bonds for the
2 purpose of redeeming or retiring any bonds previously issued pursuant
3 to §8228 of Article 2, Chapter 8 of Title 12 of the Guam Code Annotated.

4 (e) *I Liheslaturan Guahan* finds that Public Law Number 24-275
5 requires three (3) technical amendments to insure that the issuance and
6 delivery of the proposed Twenty-five Million Dollar (\$25,000,000)
7 revenue bonds for the University of Guam proceed without any delay or
8 legal complication.

9 The Bond Counsel informed the Guam Economic Development
10 Authority, "Although the broad substantive intent of Bill Number 601 is
11 readily apparent, we believe that at least two (2) technical amendments
12 will be necessary to issue bonds based on its authorization. First, it will
13 be necessary to add an amendment to §22425(k), Article 4, Chapter 22,
14 Division 2 of Title 5 of the Guam Code Annotated, in order to permit the
15 revenue bonds to have a *first* lien on the revenues of the University."

16 "Second, the last three (3) lines of Section 21 (a) of the bill should
17 be modified to refer to the fact that the bonds should be issued and sold
18 pursuant to an indenture, including, if appropriate, a loan agreement,
19 complying with the provisions of Chapter 17 of Title 17, Guam Code
20 Annotated."

21 The Bond Counsel further advised that §17109 of Chapter 17,
22 Division 3 of Title 17 of the Guam Code Annotated should be amended
23 to provide that designation of Trustee shall be as provided under the
24 Indenture.

1 **Section 2. Authorization and Approval of Bonds for the Purpose of**
2 **Refunding Prior Bonds to Achieve Debt Service Savings.** (a) *I*

3 *Liheslaturan Guahan*, pursuant to §50103(k) of Chapter 50, Division 2 of
4 Title 12 of the Guam Code Annotated, hereby authorizes the refunding
5 of bonds by GPA, but only in accordance with the definitions, terms and
6 conditions set forth herein.

7 (b) Section 50103(k) of Chapter 50, Division 2 of Title 12 of the
8 Guam Code Annotated provides that agencies and instrumentalities of
9 the government of Guam, including GPA, shall issue bonds and other
10 obligations only by means of, and through the agency of the Guam
11 Economic Development Authority (“GEDA”), and that GEDA shall *not*
12 sell any bond without approval by *I Liheslaturan Guahan* of the terms
13 and conditions of the issuance of the bonds.

14 (c) **Definitions.** The following terms shall have the
15 following meanings when used in this Act:

16 (1) “*Prior bond*” means a bond which has been issued by
17 GPA, and which is to be redeemed or otherwise retired with the
18 proceeds of refunding bonds and investment earnings thereon.

19 (2) “*Refunding bond*” means a bond approved pursuant to
20 this Section for the purpose of providing moneys to redeem or
21 otherwise retire prior bonds, funding any necessary bond reserves
22 or paying expenses incurred in connection with the issuance of
23 such refunding bonds.

24 (3) “*Yield*” shall have the same meaning as when used in
25 §148 of the Internal Revenue Code of 1986, as amended. That is,

1 “yield” means the annual discount rate which, when used to
2 discount all payments of debt service on an issue of bonds to the
3 date of issuance of the bonds, using a semiannual compounding
4 interval, results in the aggregate present value of such payments
5 being equal to the reoffering price to the public of such bonds.

6 (4) “Debt service” means the scheduled principal of and
7 interest on bonds, plus fees to be paid for credit enhancement of
8 such bonds.

9 (5) “Debt service savings” means the percentage by which
10 the present value of debt service on the refunding bonds is less
11 than the present value of debt service on the prior bonds. Present
12 value shall be calculated for this purpose using the yield on the
13 refunding bonds as the discount rate.

14 **Section 3. Approval of Issuance, Terms and Conditions of Bonds of**
15 **GPA for the Purpose of Achieving Debt Service Savings. (a) I**

16 *Liheslaturan Guahan* hereby approves the issuance, terms and conditions
17 of refunding bonds to be issued by GPA, subject to the following
18 requirements, limitations, terms and conditions, which shall apply
19 separately to each issue of refunding bonds:

20 (1) The issuance of the refunding bonds shall *not* cause a
21 violation of the debt limitation provisions of 48 USC §1423a (§11 of
22 the Organic Act of Guam).

23 (2) An obligation of GPA to pay debt service on, and the
24 redemption price of, the prior bonds shall be discharged
25 concurrently with the issuance of the refunding bonds. Thereafter,

1 the prior bonds shall be payable solely from and secured solely by
2 an escrow established for each purpose.

3 (3) The debt service savings resulting from the issuance of
4 the refunding bonds shall *not* be less than three percent (3%) after
5 deduction of all costs related to such issuance, including, but not
6 limited to, bond counsel, underwriters, fees, discounts and others.

7 (4) The aggregate amount of debt service on the refunding
8 bonds in each year, up to and including the final maturity of the
9 refunding bonds, shall be less than or equal to the amount of debt
10 service for such year on the prior bonds.

11 (5) The terms and conditions of the refunding bonds shall
12 be consistent with this Section, and shall include substantially the
13 same additional bonds tests and rate covenants as were applicable
14 with respect to the prior bonds.

15 (6) No issue of bonds approved by this Section shall be
16 sold until the Board of Directors of GEDA has adopted a
17 resolution approving the sale of such issue.

18 (7) No issue of bonds approved by this Section shall be
19 sold until the Public Utilities Commission ("PUC") has adopted a
20 resolution approving the sale of such issue.

21 **(b) Permitted Use of Debt Service Savings.** All debt
22 service savings resulting from the refunding and refinancing of any
23 prior GPA revenue bonds shall be used solely for the payments to
24 independent power producers contracted pursuant to Public Law
25 Number 23-103, for the express purpose of reducing or maintaining the

1 rates, or offsetting any potential increase in the rates and charges for
2 utility services paid by the residential and business customers of GPA.

3 **Section 4. Permitted Investments.** The proceeds of bonds issued
4 by GPA and any revenues relating to such bonds may be invested in, but only
5 in, the types of investments permitted by the certificate or indenture pursuant
6 to which such bonds are issued.

7 **Section 5.** Section 22425(k)(4) is hereby *added* to Article 4, Chapter
8 22, Division 2, Part 1 of Title 5 of the Guam Code Annotated to read as
9 follows:

10 “(4) Notwithstanding Paragraphs (1) through (3) of this
11 Subsection (k), *if* the Board of Regent of the University of Guam
12 (‘University’) elects to issue revenue bonds of the University pursuant to
13 Chapter 17 of Title 17 of the Guam Code Annotated, tuition revenues
14 received by or on behalf of the University may be pledged as a first
15 priority to secure the payment of the obligations of the University with
16 respect to the revenue bonds, and may be used to pay such obligations
17 to create or replenish required reserves relating such revenue bonds,
18 and to pay expenses directly related to the issuance and payment of
19 such revenue bonds. In such event tuition revenues shall be deposited,
20 used and applied as provided in the bond indenture, trust agreement or
21 loan agreement relating to such revenue bonds.”

22 **Section 6.** Section 17109 of Chapter 17, Division 3 of Title 17 of the
23 Guam Code Annotated is hereby *amended* to read as follows:

24 **“Section 17109. Designation of Trustee Under the Indenture.**

1 The indenture pursuant to which the bonds are issued may designate a
2 bank, trust company or other financial institution with trust powers to
3 act as trustee for the Board and the holders of bonds issued hereunder,
4 and the Board may authorize the trustee to act on behalf of the holders
5 of the bonds, or any stated percentage thereof, and to exercise and
6 prosecute on behalf of the holders of the bonds such rights and remedies
7 as may be available to the holders. The indenture may provide for the
8 deposit with such trustee of all revenues securing the bonds, to be held
9 in a separate fund or account in the University Revenue Fund created
10 pursuant to this Chapter.

11 The money in such fund shall be disbursed only as provided in the
12 indenture. The services of a bank, trust company or other financial
13 institution with trust powers, licensed to do business on Guam, shall
14 conform with the Guam Procurement Laws.”

15 **Section 7.** Section 21 of Public Law Number 24-275 is hereby
16 *amended* to read as follows:

17 **“Section 21. Approval of University of Guam Bonds.**

18 (a) **Approval.** *I Liheslaturan Guahan*, pursuant to
19 §50103(k) of Chapter 50, Division 2 of Title 12 of the Guam Code
20 Annotated, hereby approves the issuance and sale by the Board of
21 Regents of the University of revenue bonds in a principal amount
22 not to exceed Twenty-five Million Dollars (\$25,000,000) for the
23 purpose of financing the buildings at the University of Guam,
24 consisting of the College of Business and Public Administration
25 Building, Executive and Administration Building, renovation and

1 addition to the Student Center Building, and any other capital
2 improvement projects approved by the Board of Regents; *provided*,
3 that such bonds have a final maturity not later than December 1,
4 2028, bear interest at such rate or rates and are sold for such price
5 or prices as shall result in a yield to the bondholders not exceeding
6 eight percent (8%) per annum, and are issued and sold pursuant to
7 an indenture complying with the provisions of Chapter 17 of Title
8 17 of the Guam Code Annotated, including approval by *I*
9 *Maga'lahaen Guahan* as provided therein."

24-312 ✓



TWENTY-FOURTH GUAM LEGISLATURE

Office of the Vice-Speaker

ANTHONY C. BLAZ

The Honorable Antonio R. Unpingco
Speaker, 24th Guam Legislature
Agana, Guam

September 14, 1998

LEGISLATIVE
COMMITTEE
MEMBERSHIP

Chairman
Finance & Taxation

Vice-Chairman
Rules,
Government Reform
& Federal Affairs

Education

Natural Resources

Health &
Human Services

Tourism, Economic
Development & Cultural
Affairs

Judiciary,
Public Safety &
Consumer Protection

Transportation,
Telecommunications, &
Micronesia Affairs

MEMBERSHIP

Guam Finance
Commission

Commission on Self
Determination

Via: Committee on Rules

Dear Mr. Speaker:

The Committee on Finance & Taxation, to which was referred Bill No. 635: "AN ACT TO AUTHORIZE THE GUAM POWER AUTHORITY TO REFUND CERTAIN PRIOR BONDS TO ACHIEVE DEBT SERVICE SAVINGS." herein reports back with the recommendation TO DO PASS Bill No. 635, as substituted by the Committee.

Votes of the committee members are as follows:

<u> 7 </u>	To Pass
<u> </u>	Not to Pass
<u> </u>	To the Inactive File
<u> </u>	Abstained

Sincerely,


ANTHONY C. BLAZ
Attachment



GUAM POWER AUTHORITY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED SEPTEMBER 30, 1997 AND 1996



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Guam Power Authority:

We have audited the accompanying balance sheets of Guam Power Authority, a component unit of the Government of Guam, as of September 30, 1997 and 1996, and the related statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of GPA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Guam Power Authority as of September 30, 1997 and 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 1998, on our consideration of the Guam Power Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Deloitte & Touche LLP

February 2, 1998

PUBLIC LAW NO. 22-26

Bill No. 548 (LS)

Date Became Law: September 26, 1993

Governor's Action: Approved

Introduced by:

D. Parkinson

T. C. Ada

T. S. Nelson

M. Z. Bordallo

E. P. Arriola

C.T.C. Gutierrez

V. C. Pangelinan

J. T. San Agustin

J. G. Bamba

D. F. Brooks

M. D. A. Manibusan

A. R. Unpingco

J. P. Aguon

H. D. Dierking

P. C. Lujan

E. D. Reyes

D. L. G. Shimizu

A. C. Blaz

F. P. Camacho

T. V. C. Tanaka

AN ACT TO AMEND ITEM 4. OF §8113.3, TITLE 12, GUAM CODE ANNOTATED (PUBLIC LAW 21-117), ON THE AUTHORITY OF THE PUBLIC UTILITY COMMISSION TO DETERMINE THE MEGAWATTS FOR BASE LOAD GENERATORS.

Section 1 ... Amends Item 4 of §8113.3 12 GCA.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Removal of restriction in order to provide for additional base load generation for Guam Power Authority. (a) Legislative findings and intent. The Legislature finds that item 4. of §8113.3 of Title 12, Guam Code Annotated, added in Public Law 21-117, is restrictive in that it limits the purchase of new base load generation to 35 Megawatts. It is the intent of the Legislature that the determination of required megawatts in the purchase of new base load generation shall be determined by the Public Utilities Commission.

(b) Amendment of item 4. of §8113.3 of Title 12, Guam Code Annotated, to remove restriction on obtaining base load generation. Item 4. of §8113.3 of Title 12, Guam Code Annotated, added in Public Law 21-117, is amended to read:

P.L. 22-26

"4. Next baseload unit having between 34.5 and 40 megawatts of capacity unless some greater capacity is recommended by the GPA board of directors, and approved by the PUC."

CHAPTER 8

GUAM POWER AUTHORITY

NOTE: All references in this Chapter to "Department/Director of Finance" changed to "Department/Director of Administration" pursuant to P.L. 9-239.

- Article 1. General Provisions.**
2. Guam Power Authority Revenue Bonds.
3. Alternate Energy Plan.

Article 1. General Provisions

- §8101. Short Title.
§8102. Definitions.
§8103. Establishment.
§8104. Powers.
§8105. Power, Duty to Connect.
§8105.1. Streetlight Disconnection Notice.
§8106. [Repealed].
§8107. Board of Directors.
§8108. General Manager.
§8109. Assistant General Manager: Engineering and Technical Services.
§8110. Same: Administration and Fiscal Services.
§8111. Same: Operations and Distribution.
§8112. Other Officers.
§8113. Acquisition of Existing Systems.
§8113.1. Expedited procurement of generators.
§8113.2. Interim debt.
§8113.3. Long-term indebtedness.
§8113.4. PUC authorization; tax-free.
§8113.5. Transfer of Property.
§8113.7. Conditional uses approved.
§8113.8. Waiver of procurement requirements.

12 GCA - AUTONOMOUS AGENCIES

- §8113.9. Liquidated damages.
- §8113.10. Dates when generators go on line.
- §8113.11. Power to Southern Guam.
- §8113.12. Awards to specific bidders.
- §8113.13. Repayment of FFB debt.
- §8114. Indebtedness.
- §8115. Exemption from Taxation, and In-Lieu Payments.
- §8116. Contracts and Purchases. [Repealed]
- §8117. Accounting and Expenditures.
- §8118. Employment.
- §8119. No generators near schools.
- §8120. Authority liable for damage.

§8101. Short Title. This Article may be cited as the *Guam Power Authority Act of 1968*.

SOURCE: §21500 GC.

§8102. Definitions. As used herein, unless otherwise indicated:

- (a) *Authority* means the Guam Power Authority;
- (b) *Board* means the Board of Directors of the Authority;
- (c) *Director* means a member of the Board.

SOURCE: §21501 GC.

§8103. Establishment. There is within, and a public corporation and autonomous instrumentality of, the government of Guam, a Guam Power Authority.

SOURCE: §21502 GC.

COURT DECISIONS: D.C.GUAM:APP.DIV. 1981 Under the laws of Guam, the Guam Power Authority is a part of the government of Guam and, therefore, an employee injured in the course of his work has an exclusive remedy against his employer, thus precluding a separate course of action against the Government. *Guerrero v. Government of Guam*, D.C. Civil #80-043A.

§8104. Powers. The Authority shall have and exercise each and all of the following powers:

12 GCA - AUTONOMOUS AGENCIES

(1) Generate, transmit, distribute, sell and exchange electric power on Guam;

(2) Acquire, in accordance with Title VII-A of the Government Code and subject to the laws of Guam, by grant, purchase, gift, devise or lease, or by the exercise of the right of eminent domain in accordance with the provisions and subject to the limitations of 21 GCA Chapter 15, and hold and use any real or personal property necessary or convenient or useful for the carrying on of any of the powers pursuant to the provisions of this Chapter; provided further that the Authority shall not enter any agreement for the purchase of oil or any other petroleum product which extends longer than five (5) years;

(3) Establish its internal organization and management and adopt regulations for the administration of its operations;

(4) Establish and modify from time to time, with approval of the Public Utility Commission, reasonable rates and charges for electric service at least adequate to cover the full cost of such service, including the cost of debt service, and collect money from customers using such service, all subject to any contractual obligation of the Board to the holders of any bonds; and refund charges collected in error.

(5) Enter into contracts and execute all instruments necessary or convenient in the exercise of its powers, adopt a seal and sue or be sued in its own corporate name;

(6) Construct works along or across any street or public highway or watercourse or over any of the lands which are the property of the Territory; and with respect to federal lands, the Authority shall have the same powers with respect to the construction of such works as possessed by the government of Guam. The Authority shall restore any such street or highway to its former state as near as may be and shall not use it in a manner to impair unnecessarily its usefulness;

(7) At any time or from time to time, incur indebtedness pursuant to Article 2 of this Chapter;

(8) Enter into contracts with the Government of the Territory or with the United States for loans or grants;

(9) Employ, retain or contract for the services of qualified managers, specialists or experts, as individuals or as organizations, to advise and assist its Board of Directors and employees;

(10) Adopt such rules and regulations as may be necessary for the exercise of the powers and performance of the duties conferred or imposed upon the Authority or the Board by this Article;

(11) Control, operate, improve, equip, maintain, repair, renew, replace, reconstruct, alter and insure the electric system subject to compliance with any applicable zoning, building and health regulations of the territory of Guam;

(12) Do any and all other things necessary to the full and convenient exercise of the above powers.

Nothing contained in this Section or elsewhere in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act of Guam or statutes of the Territory or any other provisions of this Code.

SOURCE: §21503 GC; Subsection (2) amended by P.L. 16-124 and by P.L. 18-08:16; Subsection (4) amended by P.L. 16-73, R/R by P.L. 16-119, amended by P.L. 17-48, R/R by P.L. 17-74.

§8105. Power, Duty to Connect. Notwithstanding any other provision of the Government Code of Guam [the Guam Code Annotated] or any duly promulgated rule or regulation except those service rules and regulations of the Authority, the Authority shall not refuse to connect electrical power to any single family residence because said residence fails to meet specified public health or waste water standards.

SOURCE: §21503.1 GC, as added by P.L. 12-146.

§8105.1. Streetlights: Disconnection Notice. Notwithstanding any provision of law to the contrary the Guam Power

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Authority shall at all times provide power necessary for operation of at least as many public streetlights as were working on July 1, 1983. If the Authority does not receive prompt payment for such power consumption, it shall notify the Legislature and it shall not disconnect any street lights until thirty (30) days after so notifying the Legislature.

SOURCE: Added by P.L. 17-26.

§8106. [Repealed].

SOURCE: §21503.2 GC, added by P.L. 16-73; R/R by P.L. 1-119; R/R by P.L. 17-10; Subsection (a) added by P.L. 17-10, a new Subsection (a) added by P.L. 17-25; Subsection (a) as added by P.L. 17-10 and 17-25 repealed by P.L. 17-48; Subsection (a) R/R by P.L. 17-48; Subsection (b) added by P.L. 17-48. P.L. 17-74:3 repealed §21503.2 (12 GCA §8106(a) and (b)).

§8107. Board of Directors. (a) All powers vested in the Authority except as provided herein shall be exercised by the Board. The Board shall consist of five (5) directors, nominated and appointed by the Governor of Guam, by and with the advice and consent of the Guam Legislature. The five (5) directors first appointed shall classify themselves by lot so that their terms shall expire respectively as follows: June 30, 1969; June 30, 1970; June 30, 1971; June 30, 1972; and June 30, 1973. Their successors shall be appointed each for a term of five (5) years from the date of the expiration of the term for which his predecessor was appointed and until his successor is appointed and has qualified. All vacancies occurring in the office of directors shall be filled by the Governor, with the advice and consent of the Legislature, for the unexpired term, except that if the Legislature is not in regular session when the vacancy occurs, the Governor may appoint for a term expiring at the end of the next regular session.

(b) Three (3) directors shall constitute a quorum of the Board for the transaction of all business. The Board may adopt rules and regulations governing the conduct of its affairs. It shall elect a Chairman and a Vice-Chairman from among the Directors.

(c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each attendance at the meetings of the Board, but such compensation shall not apply to more than two (2) meetings in any one (1) calendar month. No director shall receive any other compensation, but shall be reimbursed for actual travel, subsistence and out-of-pocket expenses incurred in the discharge of his responsibilities.

SOURCE: §21504 GC.

§8108. General Manager. (a) The Board shall appoint a General Manager, who shall be its chief executive officer, and who shall serve at its pleasure and shall fix his compensation. The General Manager shall have full charge and control of the construction of the works of the Authority and of their maintenance and operation, and also of the administration of the business affairs of the Authority.

(b) The powers of the General Manager include the following:

(i) To see that all rules and regulations of the Authority are enforced.

(ii) To attend all meetings of the Board and submit a general report of the affairs of the Authority.

(iii) To keep the Board advised as to the needs of the Authority and to approve demands for the payment of obligations of the Authority within the purposes and amounts authorized by the Board.

(iv) To prepare or cause to be prepared all plans and specifications for the construction of the works of the Authority.

(v) To devote his entire time to the business of the Authority; to select and appoint the employees of the Authority, except as otherwise provided by this Act, and to plan, organize, coordinate and control the services of such employees in the exercise of the powers of the Authority under the general direction of the Board.

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(vi) To cause to be published within one hundred twenty (120) days from the end of each fiscal year a financial report showing the result of operations for the preceding fiscal year and the financial status of the Authority on the last day thereof. The publication shall be made in the manner provided by the Board.

(vii) To perform such other and additional duties as the Board may require.

(c) The Board may contract with a corporation to perform any or all of the duties and to exercise any or all of the powers of the General Manager as provided in this Section and the General Manager, subject to the approval of the Board, may contract with a corporation to perform some of the duties or to render expert and technical assistance in the operation of the Authority.

SOURCE: §21505 GC.

§8109. Assistant General Manager: Engineering and Technical Services. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Engineering and Technical Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Engineering and Technical Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all engineering and technical services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.1 GC, as added by P.L. 11-57.

§8110. Same: Administration and Fiscal Services. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Administration and Fiscal Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Administration and Fiscal Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all administration, accounting and fiscal services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.2 GC, as added by P.L. 11-57.

§8111. Same: Operations and Distribution. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Operations and Distribution, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Operations and Distribution shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board of all operation and distribution of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.3 GC, as added by P.L. 11-57.

§8112. Other Officers. (a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an Attorney, who shall serve at the pleasure of the Board and whose duties and compensation shall be fixed by the Board. The Board may appoint one or more assistants to any such office. Any of such offices may be consolidated in one person.

(b) The Secretary shall have charge of all records and minutes of the Board.

(c) The Treasurer shall have custody of all moneys of the Authority and shall pay out such money only in accordance with the direction of the Board or as provided in connection with any indebtedness incurred pursuant to Article 2 of this Chapter. The Board shall however appoint the Director of Administration of Guam or any agent designated by him as its trustee for the payment of bonds issued by it and for any related purposes as the Board may provide.

(d) The Attorney, who must have been admitted to practice before the District Court of Guam, shall advise the Board and the General Manager on all legal matters to which the Authority is a party or in which the Authority is legally interested and may represent the Authority in connection with legal matters before the Legislature, boards and other agencies of the Territory. The Attorney General shall represent the Authority in litigation concerning the affairs of the Authority, provided that he may delegate this duty to the Attorney of the Authority, with respect to any such litigation.

SOURCE: §21506 GC, amended pursuant to P.L. 9-239.

§8113. Acquisition of Existing Systems. (a) On the first day of the month following one hundred twenty (120) days after the effective date of this Act or on such later date as the Board shall establish, the public Utility Agency of Guam shall transfer to the Authority:

(i) all items of property which that Agency owns or controls, including construction work in progress, which are used exclusively for electric utility operations and all

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= materials and supplies used and useful exclusively in connection with such properties or in the electric utility operations of that Agency;

(ii) all items of property and materials and supplies used by the Agency for electric utility operations in common with other operations and which the Agency and the Authority agree to transfer; and

(iii) all working capital, cash, accounts payable and receivable, deposits, advances payable and receivable, all books, records and maps and all other rights, obligations, assets, liabilities, agreements and privileges pertaining to the electric utility properties or electric utility operations of the Agency. Each employee of the Public Utility Agency of Guam primarily engaged in electric utility operations at the date of the transfer shall be offered employment by the Authority.

(b) As soon as practical and subject to agreement with the United States Navy, the Authority shall acquire by purchase or lease, all electric utility properties of such Navy which are jointly used to supply electric power and energy to civilian consumers, federal agencies and military installations on Guam and are not required for exclusive use of the Navy and other agencies of the Department of Defense and pay therefor, out of the proceeds of an indebtedness incurred by the Authority, such price as may be agreed upon. The Authority may also acquire from the Navy such items of general plant and materials and supplies, related to power operations, as may be agreed upon. Any locally hired civilian employee of the Navy who at the date of transfer is engaged primarily in the operation of the electric utility properties being acquired from the Navy shall be offered employment by the Authority.

(c) Any person accepting employment under this Section shall receive not less than the straight-time rate of compensation he was receiving immediately before the transfer date. The other employment benefits and rights, including retirement and leave,

of such transferred employees shall be governed by the provisions of §8118 of this Article. Any persons so transferred who are found to be in excess of the personnel required for the efficient administration of the Authority shall be retained by the Authority until transferred to other positions in the government of Guam, with the consent of the agency to which transfer is made.

SOURCE: §21507 GC.

§8113.1. Expedited procurement of generators. In order to provide immediate relief from the critical power shortage existing in 1992, the Guam Power Authority (herein called "GPA"), with all deliberate speed, and with the consent of the Public Utilities Commission (herein called "PUC"), shall procure and install generators adding at least 76 megawatts more or less of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS.

SOURCE: Added by P.L. 21-117:1.

8113.2. Interim debt. Procurement by GPA of the generators and ancillary equipment, land and buildings will require long-term financing in the form of revenue bonds or capital leases, or a combination of both.

Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$45.6 million. In order to reduce the amount of interim debt, the Governor is authorized to transfer

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to GPA from any funds of the government of Guam or appropriated by statute, excluding appropriations to the Judicial or Legislative Branches, such sums as he may identify as available, without interest, to be repaid not later than September 1, 1993 from fund proceeds herein authorized. If the Governor identifies other sources which require Legislative approval he shall promptly introduce a bill requesting approval to use these funds. All sums advanced by the government of Guam to expedite the interim financing loan shall be repaid promptly from the bond proceeds.

GPA presently has outstanding long-term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long-term debt. Further, GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized. The \$20 Million loan to GPA in Public Law 20-112 is hereby converted to a grant with the condition that the \$800,000 interest free annual payment be used for debt service and a source of funding for the long-term debt.

SOURCE: Added by P.L. 21-117:2.

§8113.3 Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$258,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. Notwithstanding §8210, Title 12, Guam Code Annotated, without further approval by legislation, but subject to the approval of PUC, the indenture pursuant to which the indebtedness is issued may include any and all covenants and agreements described by said §8210. The debt service coverage

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ratio used in the rate covenant for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, and shall be the debt service coverage ratio hereafter used by PUC, together with other appropriate factors, in setting rates. The indenture may also include a pledge by the government of Guam not to repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the PUC thereunder in relation to GPA and its rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short-term indebtedness herein authorized, and the \$26 million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit having between 34.5 and 40 megawatts of capacity unless some greater capacity is recommended by the GPA board of directors, and approved by the PUC.
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS;
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear; and
8. Procurement and installation of stand-by generators for water wells and booster stations in the islandwide water, sewer, and power systems.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interest of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations

authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations.

SOURCE: Added by P.L. 21-117:3; amended by P.L. 21-133:1. Item 4 amended by P.L. 21-26 (9/26/93).

§8113.4 PUC authorization; tax-free. Such funds as GPA may borrow to implement the requirements of this Act, shall be borrowed upon such terms and conditions as shall be authorized by PUC pursuant to its regulatory authority ensuring that any rates resulting to consumers are reasonable as provided by §12004 of this Title 12.

The amount and terms for both interim and long-term debt authorized by the Act shall be as set by PUC, not to exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for new generation shall be capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the respective generators are complete and the generators concerned are on line and providing power, revenue and benefits to GPA and the people of Guam. On behalf of the government of Guam, the Governor may guarantee the repayment of the interim debt. The term of the interim debt allowed by this Act shall be repaid not later than September 1, 1993, during which period long-term financing to pay off this debt shall be obtained by GPA. The interim debt terms shall allow for an early payoff with no prepayment penalty after two (2) months, and the interest rate thereon shall not exceed a reasonable rate to GPA (taking into account non-taxability to the lender of the interest), not to exceed an annual actual percentage rate of 10%. The appropriateness, terms, conditions, fees, and interest rates of the debt (*interim and long-term*) shall be approved by the PUC. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on long-term and interim financing, if any, shall be free of income and gross receipts taxation from the government of Guam.

SOURCE: Added by P.L. 21-117:4.

§8113.5 Transfer of Property. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property, all hereby determined to be necessary and related to GPA's immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

Macheche Substation:

Two (2) parcels of government of Guam land more particularly described as Lots 5246-2 and 5246-3, each situated in the Municipality of Dededo, each containing an area of 3,716± square meters or 40,000± square feet, each as shown on the map recorded in the Department of Land Management on June 6, 1988, under Document Number 399099.

Anigua Substation:

A parcel of government of Guam land more particularly described as Lot No. 1361-1-C NEW, situated in Anigua, Municipality of Agana, containing an area of 1,522± square meters or 16,382± square feet, as shown on the map recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A parcel of government of Guam land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115± square meters or 345,551± square feet, as shown on the map recorded in the Department of Land Management on May 26, 1988 under Document Number 398768.

SOURCE: Added by P.L. 21-117:5.

§8113.6. Generators at the Hospital. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to GMHA sufficient electrical supply from the generating capacity there installed to meet the needs of GMHA; provided, however, that the terms and conditions of any such agreement between GMHA and GPA shall be subject to prior review and approval of PUC.

SOURCE: Added by P.L. 21-117:6.

§8113.7. Conditional uses approved. To permit use by GPA of the parcels of land described in §§8113.5 and 8113.6 of this Title for public utility uses, GPA is hereby granted such conditional uses.

SOURCE: Added by P.L. 21-117:7.

§8113.8. Waiver of procurement requirements. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Part B, Article 3, Chapter 5, Title 5, Guam Code Annotated, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of PUC for the generators and ancillary equipment described in §§8113.10 and 8113.12 of this Title and as shown on GPA Exhibit I attached to the Act of which this section is a part.

SOURCE: Added by P.L. 21-117:8.

§8113.9. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit shall include in the contract a provision which will impose liquidated damages of not less than \$2,000 per day for each day beyond an agreed date that the contractor promises to activate

a specific generating unit. The provisions in this section shall not apply in the case of force majeure to the extent of delays caused by such force majeure. The provisions of this section can not be waived.

SOURCE: Added by P.L. 21-117:10.

§8113.10. **Dates when generators go on line.** GPA did, on July 10, 1992, provide the Legislature, while sitting as a Committee of the Whole, with a list of the specific dates that each of the following generating units purchased by the authorization contained in this Act will come on line and be producing electricity for the IWPS. Such dates were:

Generation Unit	In-Service date*	Ten. Location
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	May 31, 1993	Talofofu
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	June 30, 1993	GMH
1-LM2500, 21.6 MW (Gas Turbine)	April 30, 1993	Macheche
4-3616 Caterpillar, 19.2 MW (4.8 MW each)	Aug. 31, 1993	New Site
Weber CT1 (8 MW)	Jan. 31, 1993	Existing
Weber CT2 (8 MW)	Feb. 28, 1993	Existing

* In-Service Date means the date the unit is up and providing power to the IWPS.

The Authority shall also provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why a specific dateline cannot or has not been met within ten (10) days of the date missed.

SOURCE: Added by P.L. 21-117:11.

§8113.11. **Power to Southern Guam.** Any generating units purchased with the funds authorized by this Act and which are sited to the south of a line extending from the northernmost point in Agat to the northernmost point in Yona and are activated to supplement the IWPS shall be used to provide electric power to the villages of Yona, Talofofu, Inarajan,

Merizo, Umatac, Agat and Santa Rita first, and only secondarily for the rest of the IWPS, provided, that all parts of the island share equally in any loadshedding. Excess electricity from these generating units may then be used to provide electric power to the Manengon Hills project only if there is adequate power for the rest of the island.

SOURCE: Added by P.L. 21-117:12.

§8113.12. Awards to specific bidders. Of the generating equipment to provide the 76 megawatts more or less of electricity authorized by this Act 60 megawatts shall be purchased from the bidders listed in this section, and 16 megawatts will be achieved as a result of the refurbishment of the Navy's Weber Barge. The new units shall be purchased from the bidders Pacific Machinery and Stewart & Stevenson. These are the successful bidders to supply new generators to GPA as shown in GPA Exhibit I, attached to this Act and made a part thereof by reference. If such units as are described in this Act are not purchased pursuant to said bids, this Act shall be a nullity. The units purchased must be new units and may not be replaced or substituted with rebuilt units. PUC may waive bid defects or minor technical changes as recommended or approved by GPA.

SOURCE: Added by P.L. 21-117:13.

§8113.13. Repayment of FFB debt. Part of the funds authorized to be borrowed by this Act shall be used to purchase the entire debt held by FFB and GPA must use the FFB Reserve fund to offset the balance to be paid.

§8114. Indebtedness. The Authority may incur indebtedness by any means permitted by Article 2 of this Chapter.

SOURCE: §21508 GC.

§8115. Exemption from Taxation, and In-Lieu Payments.
(a) As an instrumentality of the Territory, the Authority and all property acquired by or for the Board and all revenues and income therefrom are exempt from taxation by the Territory or by any political subdivision or public corporation thereof and

from all taxes imposed under the authority of the Legislature of the Territory, or with respect to which the Legislature is authorized to grant exemption. Sales of liquid fuels for electric power generation to the Authority are exempt from the tax on such sales to the same extent as sales to the United States are exempt and sales of all fuel to the Authority for electric power generation are exempt from the gross receipts tax.

SOURCE: §21509 GC, Subsection (b) repealed by P.L. 16-25.

§8116. Contracts and Purchases. [Repealed by P.L. 16-124.]

COURT DECISIONS: SUPER.CT. 1981 There was sufficient evidence to show that GPA, in denying the bid to the plaintiffs, exercised reason, rather than improper or illegal motives, in selection of another bidder. Therefore, a temporary injunction is denied and the temporary restraining order vacated. *Miles Security Agency, Inc. v. Guam Power Authority*, Civil Case #843-82.

§8117. Accounting and Expenditures. (a) The Board shall adopt and maintain a system of accounting which is substantially in accordance with the Uniform System of Accounts prescribed for Public Utilities and Licensees (Class A and B) issued by the Federal Power Commission of the United States, as amended from time to time.

(b) The Board may authorize, by annual budget resolution and amendments thereto, the payment of demands against the Authority resulting from its exercise of the powers prescribed in this Act, for a period of one (1) year if:

(i) the purposes and amounts of such demands are projected in a budget expressed in terms of major account groups of the Uniform System of Accounts, which has been adopted by the Board after receiving recommendations of the General Manager; and

(ii) if the specific demands which are made are approved by the Board or the General Manager prior to payment.

(c) The Board shall employ a firm of independent certified public accountants who shall examine and report to the Board,

at least annually, upon the status of the financial records and accounts maintained by the Authority. Copies of any such report shall be furnished to the Governor and to the Legislature.

(d) The Board shall report to the Governor concerning its administration of the affairs of the Authority. It shall present an annual report within one hundred twenty (120) days after the end of each fiscal year and, if requested by the Governor, shall present special reports within thirty (30) days after the end of each intervening quarter. The financial information presented in such reports shall be in accordance with the Uniform System of Accounts adopted by the Board. Copies of any such reports, including the annual and special reports, shall be furnished to the Legislature.

SOURCE: §21511 GC.

§8118. Employment. (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall establish rules and regulations regarding selection, promotion, performance evaluation, demotion, suspension and other disciplinary action for the employees of the Authority; provided, however, that all contracts for the hiring of off-island employees shall conform to the provisions of 4 GCA §6216.

(b) Employees of the Authority, excluding the directors, shall be members of the Government of Guam Retirement Fund, subject to the provisions 4 GCA §8105, except that for the purposes of Subsection (a) of said section, the employees of the Authority shall not be considered employees of a "public corporation" whereby their membership in the Fund is optional and membership therein must be specifically requested. The Authority shall contribute to the Government of Guam Retirement Fund on the basis of annual billings as determined by the Board of Trustees, Government of Guam Retirement Fund, for the government share of the cost of the retirement benefits applicable to the Authority's employees and their beneficiaries. The Authority shall also contribute to the Workmen's Compensation Fund, on the basis of annual billings as determined by

the Workmen's Compensation Commissioner, for the benefit payments made from such Fund on account of the Authority's employees.

(c) Notwithstanding any other provisions of law, neither the Manager, Secretary, Treasurer, Comptroller nor Attorney of the Authority shall be within the classified service of the government of Guam but shall be hire, compensated and employed under terms and conditions fixed by, and at the pleasure of the Board.

SOURCE: §21512 GC; Subsec. (a) amended by P.L. 13-81 and P.L. 16-23.

§8119. No generators near schools. No power generation facility, with a capacity in excess of one (1) megawatt and utilizing fossil fuels, may be constructed within one thousand five hundred feet (1,500') of a school.

SOURCE: Added by P.L. 22-23:5 (6/22/93).

§8120. Authority liable for damage. The Authority shall be liable for damage caused to electrical appliances and devices when such damage is proximately caused by power surges, voltages fluctuations or frequency fluctuations in the power supplied by the Authority to a consumer and when such damage is not a result of any negligence on the part of the consumer and is not a result of an otherwise defective appliance or electrical device. Except for computer equipment or equipment for which the manufacturer recommends that a voltage protection device, surge protector, or power conditioning device be installed by the consumer, the Authority may not require the use of voltage protection devices, surge protectors or power conditioners and may not raise the failure to use such devices as a defense to claims for damages arising out of voltage or frequency fluctuations or power surges. In establishing liability for damages pursuant to this section, the consumer need only prove that the appliance or electrical device was damaged by a variation of voltage or a variation of frequency or a surge in power supplied by the Authority. The Authority may raise as an affirmative defense proof that the appliance or electrical

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device in question was defective or that the fluctuation of voltage or frequency or power surge was not caused by the Authority but was in fact caused by the consumer's electrical wiring system or devices or equipment belonging to the consumer. It shall be an affirmative defense for the Authority to establish that the quality of power delivered to the consumer's meter was satisfactory.

Any consumer claiming damages from the Authority who relies upon the provisions of this section must file such a claim with the Authority within ninety (90) days of the date of the alleged damage. Otherwise, except for the shortened period in which to make a claim, the procedures contained in the Government of Guam Claims Act shall apply to claims brought pursuant to this section to the extent not otherwise inconsistent herewith. This section shall be effective only as to damages occurring after the date that this section becomes law.

SOURCE: Added by P.L. 22-21 (6/22/93)

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Article 2. Guam Power Authority Revenue Bonds

- §8201. Short Title.
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- §8203. Powers of Board; Incurring Indebtedness.
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- §8205. Validity of Authorization and Issuance of Bonds.
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- §8207. Board to Declare Purpose and Maximum Amount of Bonds To be Issued.
- §8208. Indenture Providing Terms and Conditions of Bonds.
- §8209. Issues of Bonds.
- §8210. Covenants and Agreements That May be Contained In Indenture.
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- §8212. Duties and Powers of Trustee.
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- §8223. Bonds May be Secured by Revenues of System.
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- §8226. Tax Exemptions.
- §8227. Bonds as Legal Investments and as Security for Performance of Any Act.
- §8228. Refunding Bonds.
- §8229. Principal Amount in Which Refunding Bonds May be Issued.
- §8230. Bonds Negotiable Except When Registered.
- §8231. Title in Authority Subject to Trust in Favor of Bondholders.
- §8232. Use of Other Funds for System.
- §8233. Insurance.
- §8234. Limitations as to Competitive Projects.
- §8235. Right of Bondholders to Bring Action.
- §8236. Guam Power Authority Construction Fund.
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- §8238. Investment of Money in Funds.
- §8239. Use of Balances of Funds and of Surplus Money in Funds.
- §8240. Appropriation of Money in Funds.
- §8241. Short Term Borrowing.
- §8242. Construction of Article.

§8201. Short Title.

This Article may be cited as the "Guam Power Authority Revenue Bond Act of 1968."

SOURCE: §21550 GC.

§8202. Definitions.

The following terms wherever used or referred to in this Article or in any indenture entered into pursuant hereto, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) "Authority" means the Guam Power Authority provided for in the Guam Power Authority Act of 1968.

(b) "Board" means the Board of Directors of the Authority provided for in the Guam Power Authority Act of 1968. "Board" also means the Governor, the Director of Administration or any other officer or agency of the Territory whenever any action which this Article or any indenture requires or permits the Board to take can, under the Organic Act or any provision of this Code or any other statute of the Territory, be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Director of Administration or such other officer or agency.

(c) "Bonds" or "revenue bonds" means the written evidence or any obligation issued by the Board with the approval of the Governor pursuant to §8203, payment of which is secured by a pledge of revenues or any part of revenues, as provided in this Chapter, in order to raise funds for any of the purposes authorized §8203, irrespective of the form of such obligations.

(d) "Bondholder" or "holder of bonds" or any similar term means any person who shall be:

(i) the bearer of any outstanding bond or bond registered to bearer or not registered; or

(ii) the registered owner of any such outstanding bond or bond which shall at the time be registered other than to bearer.

(e) "Director of Administration" means the Director of Administration, head of the Department of Administra-

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tion, within the Executive Branch of the government of Guam or any agent designated by him as trustee pursuant to any provision of this Article or of any indenture.

(f) "General Manager" means the General Manager of the Authority provided for in the Guam Power Authority Act of 1968.

(g) "Governor" means the Governor of Guam.

(h) "Guam Power Authority Act of 1968" means Article 1 of this Chapter.

(i) "Indenture" means an agreement entered into and approved or adopted by a majority of all the members of the Board, with the approval of the Governor, pursuant to which bonds are issued, regardless of whether such agreement is expressed in the form of a resolution of the Board or by other instrument.

(j) "Organic Act" means the Organic Act of Guam as amended and in effect on the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)

(k) "Person" includes any individual, firm, corporation, association, copartnership, trust, business trust or receiver or trustee or conservator for any thereof, and also includes the United States, the Territory or any public corporation, political subdivision, city, county or district or any agency or instrumentality of the United States or of the Territory.

(l) "Revenue" means and includes:

(i) any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the system;

(ii) any such revenues or any proceeds of sale of bonds or any other moneys of the Authority that may have been or may be impounded or deposited in any fund or account created or authorized by this Article and held by the Board or the Treasurer or the Director of Administration for the security of any bonds issued hereunder or for the purpose of providing for the payment thereof or the interest thereon;

(iii) any moneys received or receivable by the Authority pursuant to any contract between the Authority and any person, which moneys are designated as revenues (as herein defined) in such contract; and

(iv) all earnings on any investment of any revenues.

(m) "System" means the electric power system of the Authority.

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- (n) "System operation and maintenance costs" means:
- (i) the reasonable costs of operating and maintaining the system, including refunds authorized by §8204, and all reasonable repairs, renewals, replacements, system insurance costs and costs of ~~insurance or other provision for retirement of officers and employees of the Authority, but (notwithstanding any system of accounts maintained by the Board) without any allowance for depreciation; and~~
 - (ii) all revenues required by any indenture to be deposited in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system.
- (o) "Territory" means the territory of Guam.
- (p) "Treasurer" means the Treasurer of the Authority provided for in Article 1.
- (q) "United States" means the United States of America.

SOURCE: §21551 GC.

§8203. Powers of Board; Incurring Indebtedness.

The Board has power and is hereby authorized, in addition to and in amplification of all other powers conferred upon the Board by the Guam Power Authority Act of 1968 or any other provision of this Code or by any statute of the Territory or of the United States, to exercise any or all of the powers granted to the Board by this Article. The Board may at any time or from time to time incur indebtedness:

- (a) pursuant to §8241;
- (b) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Construction Fund created by §8236 and incurred only for a purpose for which moneys in said Fund may be expended;
- (c) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Revenue Fund created by §8237 and incurred only to pay system operation and maintenance costs, subject and subordinate to any contractual obligation of the Board to the holders of any bonds;
- (d) by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the system, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds,

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or for any combination of such purposes which bonds shall be issued and secured as provided in this Article; or

(e) for any other lawful purpose for a period not exceeding fifty (50) years pursuant to a contract of indebtedness, repayment of which is subject and subordinate to any contractual obligation of the Board to the holders of any bonds.

The maximum rate and times of payment of interest on any indebtedness incurred pursuant to this Section are subject to the limitations of §8214 (relating to interest on bonds). It is hereby declared that the system is and shall be a public improvement or undertaking as that term is used in Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.) All indebtedness incurred by the Board pursuant to this §8203 shall be repayable only from funds of the Authority available therefor or solely from revenues of the system and, therefore, will not be and shall not be deemed to be public indebtedness of the Territory as that term is used in Section 11 of the Organic Act.

SOURCE: §21552 GC.

§8204. Amounts of Rates and Charges; Refunds.

Except to the extent otherwise permitted or required by an indenture or any contract relating to indebtedness incurred by the Board, all rates and charges shall at all times be fixed to yield annual revenues equal to the annual principal payments and interest charges and reserve fund requirements on all bonds at any time issued and outstanding hereunder, the annual system operation and maintenance costs and the annual principal payments and interest charges on all other outstanding indebtedness incurred by the Board, provided, however, that the rate for services supplied to any nonprofit educational facility, church or publicly-owned hospital shall not exceed one half (1/2) of the minimum rate charged to any other customer. An indenture or contract of indebtedness may provide for payment from revenues of refunds of rates and charges that are collected in error and that are refundable by the Board in accordance with regulations prescribed by it.

SOURCE: §21553 GC, as amended by P.L. 12-42.

COURT DECISION: Declared invalid by Guam Power Authority v. Bishop of Guam. 383 F. Supp. 476 (1974), as a violation of "establishment of religion" of 1st Amendment.

§8205. Validity of Authorization and Issuance of Bonds.

The validity of the authorization and issuance of any bonds by the Board, with the approval of the Governor, is not dependent on nor affected in any way by:

(a) Proceedings taken by the Board for the acquisition, construction or completion of the system or any part thereof;

(b) Any contracts made by the Board in connection with the acquisition, construction or completion of the system or any part thereof; or

(c) The failure to complete the system or any part thereof for which bonds are authorized to be issued.

SOURCE: §21554 GC.

§8206. Board to Determine Issuance of Bonds and Incurring of Other Indebtedness; Territory Not Liable for Indebtedness; Board Only Liable as Provided by Indenture or Contract.

(a) The Board, with the approval of the Governor, shall determine the time, form and manner of issuance of bonds and shall issue bonds in the name of the Authority and as its obligations and shall also, subject to the limitations of this Article, determine the time, form and manner of incurring other indebtedness.

(b) No bond issued or sold pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor or against the Authority or the Board or against any property or funds of the Authority or the Board or the Territory or the Governor, except to the extent of the pledge or revenues or part of revenues, as may be provided by the indenture pursuant to which such bonds are issued and every such bond shall contain a recital on its face stating that neither the payment of the principal or any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Territory.

(c) No other indebtedness incurred pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor and each such indebtedness shall be payable only from the fund or source from which it is authorized to be paid as provided in this Article.

SOURCE: §21555 GC.

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§8207. Board to Declare Purpose and Maximum Amount of Bonds to be Issued.

(a) Before issuing any bond or bonds, the Board shall by indenture, approved by the Governor, declare the purpose for which the proceeds of the bonds proposed to be issued shall be expended and shall specify the maximum amount of bonds to be issued or sold for such purpose. Bonds shall not be issued or sold for such purpose in an amount exceeding such specified maximum except either:

(i) pursuant to a provision in an indenture pursuant to §8210(l); or

(ii) with the consent of bondholders, pursuant to amendment or modification of an indenture, as provided in §8210(p).

(b) Nothing contained in this Section shall be construed to prevent the Board, with the approval of the Governor, from amending any such indenture prior to the issuance of bonds authorized thereby to increase or decrease the maximum amount of bonds to be issued or sold. The issuance of bonds for one or more purposes may be included in a single indenture.

SOURCE: §21556 GC.

§8208. Indenture Providing Terms and Conditions of Bonds.

The Board, with the approval of the Governor, may enter into indentures providing for the aggregate principal amount, date or dates, maturities, interest rates, denominations, form, registration, transfer and interchange of any bonds and coupons issued pursuant to this Article and the terms and conditions on which the same shall be executed, issued, secured, sold, paid, redeemed, funded and refunded. Reference on the face of the bonds to such indenture by its date of adoption, or the apparent date on the face thereof, is sufficient to incorporate all the provisions thereof and of this Article into the body of the bonds and their appurtenant coupons. Each taker and subsequent holder of the bonds or

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coupons, whether the coupons are attached to or detached from the bonds, has recourse to all the provisions of the indenture and of this Article and is bound thereby.

SOURCE: §21557 GC.

§8209. Issues of Bonds.

An indenture may provide for one or several issues of bonds and that bonds may be issued in series or that any issue may be divided into one or more divisions with different maturities or dates of issue, different rates of interest, or different terms and conditions for the bonds of the several series or divisions. It is not necessary that all bonds of the same authorized issue be of the same kind or character, have the same security, or be of the same interest rate, but the terms thereof shall in each case be provided for by the Board, with approval of the Governor, at or prior to the issue thereof.

SOURCE: §21558 GC.

§8210. Covenants and Agreements That May Be Contained in Indenture.

An indenture pursuant to which bonds are issued and which is approved by legislation may include any and all such covenants and agreements on the part of the Authority, the Board, the Territory, the Governor, the Director of Administration, the Treasurer, the General Manager or any other officer or agency of the Territory, the Authority or the Board as are authorized by this Article or as the Board deems necessary or advisable for the better security of the bonds issued thereunder, including without limiting the generality of the foregoing, any one or more of the following:

(a) A provision that payments of principal and interest of bonds shall be secured by all or by part of revenues and provisions creating one or more funds or accounts to be held by the Director of

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Administration into which all or any part of revenues shall be deposited:

(i) for payment of the principal of and interest on bonds at or prior to maturity; or

(ii) for reserve or sinking funds for the further security of bonds. All moneys in any such fund or account shall be paid out by the Director of Administration or his agent to pay the principal of and interest on the bonds when due or when redeemed or purchased prior to maturity, as provided in any indenture.

(b) A provision requiring the Director of Administration or his agent, as trustee as hereinafter provided, to pay or cause to be paid punctually the principal of all such bonds and the interest thereon on the date or dates, or at the place or places and in the manner mentioned in such bonds and in the coupons appertaining thereto in accordance with such indenture.

(c) A provision requiring the Board to operate the system continuously, to the extent practicable under conditions as they may from time to time exist, in any efficient and economical manner.

(d) A provision requiring the Board to maintain the system and to make all necessary repairs, renewals and replacements to the system and to keep the system at all times in good working order and condition.

(e) A provision requiring the Board to preserve and protect the security of the bonds and the rights of the holders thereof and to warrant and defend such rights.

(f) A provision requiring the Board to pay and discharge or cause to be paid and discharged all lawful claims for labor, materials and supplies or other charges which, if unpaid, might become a lien or charge upon revenues or any part thereof, or which might impair the security of the bonds.

(g) A provision which limits, restricts or prohibits any right, power or privilege of the Board to mortgage or otherwise encumber, sell, lease or dispose of the system or any part thereof, or to enter into any lease or agreement which impairs or

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impedes the operation of the system or any part thereof necessary to secure adequate revenues or which otherwise impairs or impedes the right of the holders of bonds with respect to such revenues.

(h) A provision requiring the Board to fix, prescribe and collect annually rates or other charges in connection with the electric service furnished from the system which, together with other available revenues, will be:

(i) sufficient to pay the principal of and interest on the bonds as they become due and payable, together with such additional sums as may be required for any bond reserve fund or account or other fund or account created by the indenture for the security of such bonds;

(ii) sufficient to pay the annual system operation and maintenance costs; and

(iii) in such additional amount as shall be provided in the indenture for the further security or protection of such bonds.

(i) A provision that no electric service shall be furnished free of charge to any person, except to the extent permitted by the indenture.

(j) A provision requiring the Board and the Treasurer and the Director of Administration to hold or cause to be held in trust the revenues or any part of revenues pledged to the payment of such bonds and the interest thereon, or to any fund or account created by any indenture relating to such bonds for the further security or protection of such bonds and to apply such revenues or any part of revenues or cause them to be applied only as provided in the indenture and to invest all or any part of such revenues pending such application in such securities and subject to such limitations as are specified in the indenture.

(k) A provision defining the power of the Board and the Treasurer in applying the proceeds of the sale of any issue of bonds for the acquiring, constructing or completing of the system or any part thereof.

(l) A provision permitting the board to issue additional bonds or one or more additional series of

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bonds, equally secured with bonds theretofore issued under the indenture, for the purpose of acquiring, constructing or completing, improving or extending the system or any part thereof; and a provision limiting the power of the Board to issue any additional bonds so secured or any other additional bonds for such purpose.

(m) A provision requiring, specifying or limiting the kind, amount and character of insurance (or any reserve fund or funds in lieu of insurance) to be maintained by the Board on the system or any part thereof and the use and disposition of the proceeds of any such insurance thereafter collected or of the moneys in any such reserve fund.

(n) A provision specifying the events of default and the terms and conditions upon which any or all of the bonds of the Board then or thereafter issued may become or be declared due and payable prior to maturity, and the terms and conditions upon which such declaration and its consequences may be waived.

(o) A provision designating the rights, limitations, powers and duties arising upon breach by the Board of any of the covenants, conditions or obligations contained in the indenture.

(p) A provision prescribing a procedure by which the terms and conditions of the indenture may be subsequently amended or modified with the consent of the Board, subject to the approval of the Governor, and the vote or written consent of the holders of a specified principal amount or specified proportion of the bonds issued and outstanding, including provisions for meetings of bondholders and for the manner in which the consent of the bondholders may be given and specifically stating the effect of such amendment or modification upon the rights of the holders of all of the bonds and interest coupons appertaining thereto, whether attached thereto or detached therefrom.

With respect to any provision relating to the modification or amendment of an indenture, the Board, with the approval of the Governor, may agree that bonds held by the Authority, the Territory, the United States or any instrumentality of either thereof

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(including every public corporation, political subdivision, city, county, district, board, agency or instrumentality of any kind of class) shall not be counted as outstanding bonds, or be entitled to vote or assent, but shall, nevertheless, be subject to any such modification or amendment.

(q) A provision for the refunding of all or any bonds authorized by such indenture, subject to the provisions and limitations of Sections 8228 and 8229.

(r) A provision permitting the Authority, the Board or the Director of Administration to purchase outstanding bonds of the Authority from any moneys or funds or accounts referred to in the indenture or otherwise legally available for such purpose.

(s) A provision that the Governor, the Treasurer and the Director of Administration and all other officers and agencies of the Territory shall:

(i) be bound by all of the covenants and agreements on the part of the Board set forth in such indenture; and

(ii) perform all such covenants and agreements which, under the Organic Act or any provision of this Code or any other statute of the Territory, can be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Treasurer and the Director of Administration or such other officer or agency.

(t) A provision for any working capital fund or account or contingency fund or account relating to the system.

(u) A provision for the replacement of lost, destroyed or mutilated bonds or coupons.

(v) A provision or provisions relating to such other acts and matters as may be necessary or convenient or desirable in order better to secure the bonds or to make the bonds more marketable.

(w) As to existing bond issues and indentures and covenants thereto, no changes as indicated above nor any changes relating to repayment schedules or sinking fund requirements may be approved or agreed to except upon action of the Board of Directors of the Guam Power Authority after approval by legislation. Neither the Guam Power Authority nor the Governor

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shall have the authority to amend any Guam Power Authority bond covenants, indentures or agreements as to bond issues if such bond issues can be paid from, obligate, or are secured by Section 30 money, money or revenues owed to the Government of Guam, or money or other funds belonging to or payable to the Government of Guam. Any offer to make any such changes or amendments as indicated above shall be deemed withdrawn upon the effective date of this Act, and shall thereafter be subject to approval by legislation as herein indicated.

SOURCE: §21559 GC, as R/R by P.L. 17-29.

§8211. Director of Administration as Trustee for Board and Holders of Bonds.

(a) The Director of Administration or any agent designated by him shall act as trustee for the Board and the holders of bonds issued hereunder and the Board may authorize the trustee to act on behalf of the holders of the bonds or any stated percentage thereof and to exercise and prosecute on behalf of the holders of the bonds such rights and remedies as may be available to the holders.

(b) The Board may provide in an indenture:

(i) for the deposit of all revenues with the Treasurer and for the holding thereof by the Treasurer in one or more separate funds or accounts in the Guam Power Authority Revenue Fund created by §8237; and

(ii) for the transfer to such trustee of such portions of revenues as are provided as security for the bonds and for the holding thereof by such trustee in one or more separate funds or accounts in said Revenue Fund. All money in each such fund or account shall be disbursed only as provided herein and in the indenture.

SOURCE: §21560 GC.

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§8212. Duties and Powers of Trustee.

The Board shall prescribe in any indenture the duties and powers of the trustee with respect to the issuance, authentication, sale and delivery of the bonds provided for in such indenture and with respect to the payment of principal of and interest on such bonds, the redemption thereof, the registration and discharge from registration thereof and the management of any and all funds provided as security therefor.

SOURCE:§21561 GC.

§8213. Issuance and Interchange of Coupon and Registered Bonds.

An indenture may provide that bonds may be issued as coupon bonds or as registered bonds and for the interchange of coupon bonds for registered bonds and registered bonds for coupon bonds, and may provide that bonds shall be registered as to principal only or as to both principal and interest or otherwise as the Board may determine.

SOURCE:§21562 GC.

§8214. Interest on Bonds.

(a) Bonds shall bear interest at a rate of not to exceed nine percent (9%) per annum, payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on any bond may be payable any number of months less than twelve (12) after the date of such bond.

(b) The interest rate on the refinancing of the Thirty-Six Million Dollars (\$36,000,000) loan from the Federal Financing Bank (as provided in P.L. No. 96-205) shall be at the rate established in accordance with P.L. No. 96-205. Interest may be payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on

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any bond may be payable any number of months less than twelve (12) after the date of such bond.

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SOURCE: §21563 GC, as amended by P.L. 13-13 and 15-143.

§8215. Redemption of Bonds Prior to Maturity.

An indenture may provide that bonds may be redeemed prior to maturity upon such terms, conditions and upon such notice as are stated in the indenture and upon the payment of such premium as may be fixed by the indenture. No bond is subject to call or redemption prior to its fixed maturity date unless the right to exercise such call is expressly stated on the face of the bond.

SOURCE: §21564 GC.

§8216. Places of Payment.

An indenture may provide for the payment of the principal and interest of bonds at any one or more places in the Territory or in the United States and in any specified coin or currency of the United States.

SOURCE: §21565 GC.

§8217. Execution and Authentication of Bonds.

An indenture may provide for the execution and authentication of bonds by the manual, lithographed or printed facsimile signature of any one or more officers of the Board and by additional authentication by endorsement by the manual signature or a signature stamp of the Director of Administration or of any agent designated by him as trustee. If any officer or agent whose signature, countersignature or endorsement appears upon the bonds or coupons ceases to be an officer or agent before the delivery of the bonds or coupons, his signature, countersignature or endorsement is nevertheless valid and of the same force and effect as if he had remained such officer or agent until the delivery of the bonds and coupons.

SOURCE: §21566 GC.

§8218. Dates and Maturities of Bonds.

Bonds shall bear dates prescribed by the Board in the indenture providing for their issuance. Bonds may be serial bonds, term bonds or sinking fund bonds with such maturities as the indenture shall specify. No bond by its terms shall mature in more than fifty (50) years from its own date and, in the event any authorized issue is divided into two (2) or more

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series or divisions, the maximum maturity date herein authorized shall be calculated from the date on the face of each bond separately, irrespective of the fact that different dates may be prescribed for the bonds of each separate series or division of any authorized issue.

SOURCE: §21567 GC.

§8219. Preparation of Bonds and Documents by Treasurer.

Whenever an indenture, adopted by the Board and approved by the Governor, directs the preparation of any bonds authorized under this Article, the Treasurer shall prepare or procure the requisite number of suitable bonds and appurtenant coupons of the denominations and in accordance with the specifications contained in such indenture. When authorized by resolution of the Board, the Treasurer shall prepare or procure the printing, engrossing or publication of any indentures, notices, contracts, agreements or other documents required or convenient for or pertaining to the issuance or sale of bonds.

SOURCE: §21568 GC.

§8220. Sale of Bonds; Maximum Discount.

Bonds authorized to be issued under this Article shall be sold by the Board for cash, in accordance with the provisions of a resolution providing for such sale adopted by the Board and approved by the Governor. Such resolution may provide that the bonds shall be sold at either public or private sale upon such notice as shall be specified in such resolution, may fix terms and conditions for the sale or other disposition of the bonds and may provide that the bonds shall be sold at less than their par or face value, except that the discount on any bonds so sold shall not exceed five percent (5%) of the par value thereof. Before any bonds are delivered to the purchaser thereof, all coupons, if any, which have matured on or before the date of such delivery shall be detached therefrom and cancelled.

SOURCE: §21569 GC.

§8221. Payment of Bonds From Sources Other Than Revenues.

The Board may use and expend all or any part of any funds other than revenues or proceeds of any property owned by it other than the system, whether received by gift,

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appropriation or otherwise (if not restricted as to the use of such funds or proceeds of property by the terms of gift or trust or provision of law) for the payment of bonds issued pursuant to the provisions of this Article and of interest due thereon.

SOURCE: §21570 GC.

§8222. Payments Which May be Made Out of Proceeds of Sale of Bonds.

The proceeds of sale of any bonds may be expended for any one or more of the following purposes, all as provided in the indenture relating to such bonds:

(a) For payment of any costs or expenses of the acquisition, construction or completion of the system or any part thereof or any costs or expenses incidental thereto, including payment to the United States or any other public body for the portion to be borne by the Board of the cost of any work done by the United States or such public body for or jointly or in conjunction with the Board;

(b) For payment of any engineering, inspection, legal, consultants' or paying agents' fees relating or incidental to:

(i) the acquisition, construction or completion of the system or any part thereof; or

(ii) the authorization, issue or sale of bonds;

(c) For payment of any costs or expenses relating to the authorization, issuance or sale of bonds;

(d) For deposit in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system pursuant to any provision of any indenture referred to in §8210(m) or (t);

(e) For payment of interest on bonds during the period of actual acquisition, construction or completion of the system or any part thereof for the acquisition, construction or completion of which such bonds have been issued and for a period of not to exceed ten (10) years thereafter;

(f) For deposit in any reserve or sinking fund pursuant to any provision of any indenture referred to in §8210(a); or

(g) For payment of the principal of and interest on any indebtedness incurred pursuant to §8241 that is by its terms repayable from the proceeds of sale of bonds.

SOURCE: §21571 GC.

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§8223. Bonds May be Secured by Revenues of System.

An indenture may provide that the bonds and the interest thereon shall be secured by all or by part of revenues and that the bonds shall constitute such lien upon revenues as may be provided for in such indenture.

SOURCE: §21572 GC.

§8224. Temporary Bonds.

An indenture may provide that pending the actual issuance or delivery of definitive bonds, the Board may issue temporary or interim bonds, certificates or receipts or any denomination whatsoever and with or without coupons, to be exchanged for definitive bonds when ready for delivery.

SOURCE: §21573 GC.

§8225. Replacement of Bonds or Coupons.

The Board, with the approval of the Governor, may provide for the replacement of lost, destroyed or mutilated bonds or coupons.

SOURCE: §21574 GC.

§8226. Tax Exemptions.

Bonds issued pursuant to the provisions of this Article and the interest or income therefrom are exempt from taxation in accordance with the provisions of the last sentence of Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.)

SOURCE: §21575 GC.

§8227. Bonds as Legal Investments and as Security For Performance of Any Act.

Notwithstanding any other provision of law, all bonds sold and delivered pursuant to the provisions of this Article are legal investments for all trust funds and for the funds of all banks, both commercial and savings and may be deposited as security for the performance of any act whenever any evidence of indebtedness of the Territory may be so deposited and may also be used as security for the deposit of public moneys in banks in the Territory.

SOURCE: §21576 GC.

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§8228. Refunding Bonds.

The Board, with the approval of the Governor, may provide for the issuance, sale or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued under the provisions of this Article. All provisions of this Article applicable to the issuance of bonds are applicable to the funding or refunding bonds and to the issuance, sale or exchange thereof.

SOURCE: §21577 GC.

§8229. Principal Amount in Which Refunding Bonds May be Issued.

Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded thereby and in addition for the payment of all expenses incident to the calling, retiring or paying of such outstanding bonds and the issuance of such refunding bonds. These expenses include:

- (i) the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold;
- (ii) any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call thereof or agreement with the holders thereof; and
- (iii) the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing thereon to the date of the call or retirement.

SOURCE: §21578 GC.

§8230. Bonds Negotiable Except When Registered.

All bonds issued under the provisions of this Article are negotiable instruments, except when registered in the name of a registered owner.

SOURCE: §21579 GC.

§8231. Title in Authority Subject to Trust in Favor of Bondholders.

Title to the system and to all property acquired by or for the Authority and the revenues and income therefrom is in the Authority. The title to any moneys, revenues, bond reserve

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funds and other funds and accounts created by this Article or any indenture and the income thereof pledged to the payment of the principal or interest of any bonds is subject to any trust declared in favor of the bondholders.

SOURCE: §21580 GC.

§8232. Use of Other Funds for System.

In addition to the proceeds of any bonds issued and sold pursuant to this Article, the Board may use for the payment of the costs of acquisition, construction or completion of the system or any part thereof any available money or funds of the Authority and any money or funds made available to the Authority by any person or provided from any source which may be expended for the accomplishing of the purposes set forth in this Article or in the Guam Power Authority Act of 1968.

SOURCE: §21581 GC.

§8233. Insurance.

The Board may insure against loss of revenues from any cause whatsoever and the proceeds of any such insurance shall be used solely for the payment of bonds and the interest thereon. The Board may insure against public liability or property damage from any cause. An indenture may provide for the carrying of such insurance or any other insurance in such amount and of such character as shall be specified in such indenture, for the payment of the premiums thereon and for the disposition of all proceeds received from any such insurance. At the option of the Board, or as provided in any indenture, any insurance may be provided by funded reserves or any other means.

SOURCE: §21582 GC.

§8234. Limitations as to Competitive Projects.

An indenture may include such limitations as to acquisition, ownership or operation by the Authority or the Board of projects which may compete with the system as may be deemed necessary or desirable for the security of bonds issued pursuant to this Article.

SOURCE: §21583 GC.

§8235. Right of Bondholders to Bring Action.

The holder of any bond issued pursuant to this Article may by mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon or assumed by the Authority, the Board, the Treasurer, the General Manager, the Governor, the Director of Administration or any other officer or agency of the Authority or the Board or the Territory or any employee thereof, in connection with the acquisition, construction, improvement, operation, equipment, maintenance, repair, renewal, replacement, reconstruction or insurance of the system or any part thereof, or the collection, deposit, investment, application and disbursement of all revenues or in connection with the deposit, investment and disbursement of the proceeds received from the sale of bonds issued pursuant to this Article. The enumeration of such rights and remedies does not, however, exclude the exercise or prosecution of any other rights or remedies available to the holders of bonds issued pursuant to this Article.

SOURCE: §21584 GC.

§8236. Guam Power Authority Construction Fund.

The proceeds from the sale of all bonds authorized by this Article shall be deposited forthwith by the Treasurer to the credit of a fund to be designated as the Guam Power Authority Construction Fund, which fund is hereby created. The money in said Construction Fund shall be expended in the manner provided by law for any of the purposes authorized by this Article, including any or all of the purposes specified by §8222, and for such other purposes, subject to the restrictions provided by law or by such indenture, as may be authorized by such indenture.

SOURCE: §21585 GC.

§8237. Guam Power Authority Revenue Fund.

All revenues received from the operation of the system shall be deposited by the Treasurer to the credit of the Guam Power Authority Revenue Fund, which fund is hereby created. Moneys in the Guam Power Authority Revenue Fund shall be used for the following purposes in the following order of priority:

- (a) to be transferred to the Director of Administration pursuant to any provision of any indenture referred to in §8210(a);
- (b) to pay the annual system operation and maintenance costs; and

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(c) for any other purposes of the Authority; all as provided in any indenture or indentures and subject to any restrictions provided by law or any indenture.

SOURCE: §21586 GC.

§8238. Investment of Money in Funds.

Moneys in the Guam Power Authority Construction Fund may be invested by the Treasurer and any revenues in any other fund or account held by the Treasurer or by the Director of Administration or his agent may be invested by the Treasurer or Director of Administration or his agent, as the case may be, subject to such limitations as may be provided in any indenture providing for the issuance of bonds. All securities in which any such moneys are invested and all other investments made under the provisions of this Article shall be held by the Treasurer or the Director of Administration or his agent, as the case may be, as custodian thereof. All interest or other earnings received pursuant to such investments shall be collected by the Treasurer or the Director of Administration or his agent, as the case may be, and shall be deposited to the credit of the fund or account from which such interest or other earnings are derived, unless otherwise provided in an indenture.

SOURCE: §21587 GC.

§8239. Use of Balances of Funds and of Surplus Money in Funds.

Any balance remaining in any of the funds or accounts created by this Article or any indenture after payment of all costs, expenses and charges required or authorized to be expended therefrom, may be allocated and used for such other purposes relating to the acquisition, construction, operation and maintenance of the system or to the Authority, as the Board may determine, subject to the limitations and restrictions in any indenture. After all bonds shall have been fully paid and discharged or provision for their payment and discharge irrevocably made, any surplus moneys in any fund or account created by this Article or any indenture shall, subject to the limitations and restrictions in any indenture, be transferred to the Treasurer and shall be and remain available for the acquisition, construction, improvement, maintenance or operation of the system or for any other purposes of the Authority herein or hereafter authorized by law.

SOURCE: §21588 GC.

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§8240. Appropriation of Money in Funds.

All money in the funds and accounts created by this Article or any indenture is hereby appropriated for expenditure in carrying out the purposes herein and therein provided.

SOURCE: §21589 GC.

§8241. Short Term Borrowing.

The Board may at any time or from time to time, by resolution adopted by a majority of all the members of the Board and approved by the Governor, incur indebtedness for any lawful purpose for any period not exceeding five (5) years evidenced by contract with any person or by one or more promissory notes executed as provided in §8217 (relating to bonds) and delivered to any person. Any such indebtedness shall be incurred subject and subordinate to any contractual obligation of the Board to the holders of any bonds and the principal thereof and interest thereon may be repaid:

- (a) from revenues; or
- (b) if incurred for a purpose for which bonds may be issued, from revenues or from the proceeds of sale of bonds.

SOURCE: §21590 GC.

§8242. Construction of Article.

This Article shall be liberally construed to carry out the objects and purposes and the declared policy of the Territory as in this Article set forth. Nothing contained in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act or statutes of the Territory or any other provisions of this Code.

SOURCE: §21591 GC.

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Article 3. Alternate Energy Plan.

- §8301. Title.
 - §8302. Findings.
 - §8303. Adoption of U.S. Department of Energy's Territorial Energy Assessment Final Report.
 - §8304. Governor's Powers.
 - §8305. Coordination, Guam Energy Office.
 - §8306. Legislature's Policy.
 - §8307. Provision of Land/Easements.
 - §8308. Leased Government Land.
 - §8309. Purchase of Alternate Energy.
 - §8310. Expenditure of Exxon Funds.
-

§8301. Title.

This Article shall be known as the Alternate Energy Plan for Guam Act.

SOURCE: Added by P.L. 17-77.

§8302. Findings.

The findings of the Seventeenth Guam Legislature are that:

(a) P.L. 16-119 requires the Guam Power Authority to prepare a Ten Year Alternate Energy Plan for Guam, and that the Governor shall forward said plan to the Legislature to be considered for codification into law; and

(b) The Governor appointed an Alternate Energy Task Force to research and prepare a Ten Year Alternate Energy Plan; and the Alternate Energy Task Force has identified essentially the same indigenous renewable energy resources as outlined in the Comprehensive Development Plan for Guam and the Territorial Energy Assessment/Final Report and has suggested a schedule for implementation; and

(c) The Comprehensive Development Plan for Guam was presented to the Legislature by Governor Bordallo in 1978. That Comprehensive Development

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Plan has been the working document for energy development since then, notwithstanding its not having been officially adopted by resolution of the Legislature as of the date of this Act. The Comprehensive Development Plan for Guam incorporated a section describing the energy situation on Guam in 1978, and outlines alternate energy options planned for the territory at that time; and

(d) The United States Department of Energy has adopted the Territorial Energy Assessment/Final Report as its official guideline for development of alternate energy resources for the Insular Territories; and

(e) The Congress of the United States is currently considering means of funding the studies outlined in the Territorial Energy Assessment/Final Report; and

(f) Studies have been conducted by several professional engineering companies which indicate that alternate energy forms may be found among Guam's indigenous resources and elsewhere; and

(g) All studies indicate that no source of alternate energy is competitive cost-wise with the present cost of generating power using current conventional sources of power presently available on Guam; and

(h) Guam has sufficient capacity for power generation for the foreseeable future, using conventional power sources; and

(i) The development of the Ten Year Alternate Energy Plan has been accomplished without the expenditure of any significant local funds through existing governmental agencies; and

(j) The government of Guam and Guam Power Authority are relatively small and have no excess funds to experiment with new forms of energy with local or Guam Power Authority Funds.

SOURCE: Added by P.L. 17-77.

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§8303. Adoption of U.S. Department of Energy's Territorial Energy Assessment Final Report.

The U.S. Department of Energy's Territorial Energy Assessment/Final Report is hereby adopted as an integral part of the Comprehensive Development Plan for Guam, the latter is hereby adopted as the official guideline for alternate energy development for the Territory by the Seventeenth Guam Legislature, subject however to the conditions contained in this Act.

SOURCE: Added by P.L. 17-77.

§8304. Governor's Powers.

The Governor is hereby authorized to proceed with development of a long term energy plan for Guam and to develop alternate energy sources without legislative approval by itself or in conjunction with Guam Power Authority or private companies, to the extent that those alternative resources can be developed using private funds or funds provided by the U. S. Congress through the U.S. Department of Energy, with local coordination through the Guam Energy Office, in cooperation with Guam Power Authority and other affected agencies. The Energy Office is also authorized to develop alternate energy sources using local funds appropriated for that purpose.

SOURCE: Added by P.L. 17-77.

§8305. Coordination, Guam Energy Office.

The Guam Energy Office, in coordination with other appropriate government agencies, shall coordinate the development of conventional energy resources and alternate energy resources outlined in the Ten Year Alternate Energy Plan for Guam, which plan is hereby included as an element of the Comprehensive Development Plan for Guam.

SOURCE: Added by P.L. 17-77.

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§8306. Legislature's Policy.

The Legislature supports, in principle, the development of alternate energy, but is concerned that the alternate energy program not be a burden upon the taxpayers, power consumers, and residents of Guam. Therefore, the Governor, the government of Guam and the Guam Power Authority may enter into alternate energy agreements to develop alternate energy or to purchase alternate energy only if all of the following conditions are met:

(1) Local funds of the government of Guam or the Guam Power Authority Funds may be used to develop alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) as may be later, appropriated by the Legislature or approved by law for that specific purpose.

(2) Any power produced or sold from alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion (OTEC) cannot be purchased by Guam Power Authority or the government of Guam at a cost greater than the average cost of producing power found in the islandwide power system (not inclusive of backup diesel generators), specifically the two Cabras Units, the two Tanguisson Units, and the Piti Power Plant.

(3) No contract may be signed by the government of Guam or the Guam Power Authority to develop or purchase power from alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion), if such contract will result in increased expenses and costs for the Guam Power Authority. No such alternate energy contract may be signed until the board of directors of the Guam Power Authority has so certified that the agreement is consistent with all bond covenants and that the price paid for electricity pursuant to the agreement does not exceed actual current avoided cost.

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(4) For so long as the Navy Power Pool Agreement is in effect, neither the Guam Power Authority nor the government of Guam may contract to purchase any power generated from alternate energy source (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) without giving the United States Navy prior written notification.

(5) Any contract to purchase alternate energy (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) must provide that any loss or damage to the islandwide power system, Guam Power Authority and the U.S. Navy or to consumers as a result of or proximately caused by the negligence of alternate energy supplier or by the quality of alternate energy supplied will be borne solely by the alternate energy supplier who will hold Guam Power Authority and the government of Guam harmless.

(6) All interface facilities to provide usable alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) shall be installed and maintained at the expense of the supplier of alternate energy. Any such interconnections shall be at existing lines owned and operated by the Islandwide Power System, and such interfaces shall be subject to the engineering standards and approval set by the Guam Power Authority.

(7) Any contract to purchase alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Technology) must provide that neither the government of Guam nor the Guam Power Authority shall be obligated to purchase electrical power not needed by the Guam Power Authority.

SOURCE: Added by P.L. 17-77.

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§8307. Provision of Land/Easement.

The Power of Eminent Domain (condemnation) shall not be used by the government of Guam or the Guam Power Authority to provide land for alternate energy sources or to provide land to lease to alternate energy suppliers. It shall be the exclusive responsibility of the alternate energy supplier to cope with land/easement problems, and neither the government of Guam nor the Guam Power Authority shall be under any obligation to provide land to alternate energy suppliers.

SOURCE: Added by P.L. 17-77.

§8308. Leased Government Land.

If the government of Guam or the Guam Power Authority leases any land belonging to the government of Guam or the Guam Power Authority for alternate energy to private alternate energy suppliers for alternate energy related purposes, such lease shall be for the full fair market rental value of the land (based upon the value at the highest and best use) and contain provisions canceling the lease and reverting the land to the government of Guam or the Guam Power Authority if not developed for alternate energy purposes within three (3) years, and canceling the lease and reverting the land to the government of Guam or the Guam Power Authority whenever the land is no longer being primarily utilized for alternate energy purposes.

SOURCE: Added by P.L. 17-77.

§8309. Purchase of Alternate Energy.

In the event that the Guam Power Authority or the Governor of Guam determines that purchase of alternate energy from private developers or development of any alternate energy source which does not comply with the guidelines of the Act is feasible and in the best interests of the territory of Guam and the Guam Power Authority, then the

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Governor shall present to the Legislature a full detailed development plan and a complete cost analysis, cash flow and capital improvement plan for development of that alternate energy source. The submission shall fully justify departure from the above plans and demonstrate why such plan is in the best interests of the people of Guam. The Governor shall accompany such plan with proposed legislation to amend this Act. In such event, the Legislature may consider such plan in deciding whether or not to pass legislation amending this Alternate Energy Plan for Guam Act.

SOURCE: Added by P.L. 17-77.

§8310. Expenditure of Exxon Funds.

The Guam Energy Office and the Governor of Guam shall submit a program plan to the Legislature for approval prior to spending any funds received from or pursuant to U.S. Public Law 97-377 Section 155, the Court Case of U.S. vs. Exxon (TECA Nos. 91-100 (Consolidated) and the case of "In re Department of Energy Stripper Well Exemption Litigation (MDL No. 378)." No money shall be spent by the Guam Energy Office, the Governor, or the territory of Guam from any of the above without prior concurrence by law.

SOURCE: Added by P.L. 18-30:21.

PUBLIC LAW NO. 21-117

Bill No. 898	Introduced by:	T.V.C. Tanaka
Date Became Law: July 15, 1992	A.C. Blaz	J.T. San Agustin
Governor's Action: Approved	D. Parkinson	J.G. Bamba
	D.F. Brooks	J.P. Aguon
	E.P. Arriola	M.Z. Bordallo
	H.D. Dierking	E.R. Duenas
	E.M. Espaldon	C.T.C. Gutierrez
	P.C. Lujan	G. Mailloux
	M.D.A. Manibusan	M.J. Reidy
	M.C. Ruth	F.R. Santos
	D.L.G. Shimizu	A.R. Unpingco

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY ADDING §§8113.1 THROUGH 8113.13 AND §12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT THE GUAM POWER AUTHORITY AND THE PUBLIC UTILITIES COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM, APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT, AND FOR SKIP.

- Section 1... §8113.1 added to 12 GCA.
- Section 2... §8113.2 added to 12 GCA.
- Section 3... §8113.3 added to 12 GCA.
- Section 4... §8113.4 added to 12 GCA.
- Section 5... §8113.5 added to 12 GCA.
- Section 6... §8113.6 added to 12 GCA.
- Section 7... §8113.7 added to 12 GCA.
- Section 8... §8113.8 added to 12 GCA.
- Section 9... §12016.1 added to 12 GCA.
- Section 10... §8113.9 added to 12 GCA.
- Section 11... §8113.10 added to 12 GCA.
- Section 12... §8113.11 added to 12 GCA.
- Section 13... §8113.12 added to 12 GCA.
- Section 14... §8113.13 added to 12 GCA.
- Section 15... Appropriation for SKIP's current mainland tour.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8813.1 is added to Title 12, Guam Code Annotated, to read:

"§8113.1. Expedited procurement of generators. In order to provide immediate relief from the critical power shortage

existing in 1992, the Guam Power Authority (herein called "GPA"), with all deliberate speed, and with the consent of the Public Utilities Commission (herein called "PUC"), shall procure and install generators adding at least 76 megawatts more or less of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS."

Section 2. §8113.2 is added to Title 12, Guam Code Annotated, to read:

"§8113.2. Interim debt. Procurement by GPA of the generators and ancillary equipment, land and buildings will require long-term financing in the form of revenue bonds or capital leases, or a combination of both.

Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$45.6 million. In order to reduce the amount of interim debt, the Governor is authorized to transfer to GPA from any funds of the government of Guam or appropriated by statute, excluding appropriations to the Judicial or Legislative Branches, such sums as he may identify as available, without interest, to be repaid not later than September 1, 1993 from fund proceeds herein authorized. If the Governor identifies other sources which require Legislative approval he shall promptly introduce a bill requesting approval to use these funds. All sums advanced by the government of Guam to expedite the interim financing loan shall be repaid promptly from the bond proceeds.

GPA presently has outstanding long-term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long-term debt. Further, GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized. The \$20 Million loan to GPA in Public Law 20-112 is hereby converted to a grant with the condition that the \$800,000 interest free annual payment be used for debt service and a source of funding for the long-term debt."



**Office of the Attorney General
Territory of Guam**

Donald L. Paillette
Attorney General, Acting

Phone: (671) 475-3324
Telefax: (671) 472-2493

CERTIFICATION

Attached herewith are true copies of Public Law No. 21-117, Public Law No. 21-133, Public Law No. 22-26, Public Law No. 22-136 and Chapter 8 of Title 12 of the Guam Code Annotated, as duly published by the Compiler of Laws. These copies accurately show the above-cited statutes as enacted and as in force and effect on this date.

Dated this 27th day of October, 1994.

DONALD L. PAILLETTE
Attorney General, Acting
Territory of Guam

Attachments

das15a.lzl

(REPRODUCED AT GOVERNMENT OF GUAM EXPENSE)

Section 3. §8113.3 is added to Title 12, Guam Code Annotated, to read:

"§8113.3. Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$240,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. The debt service ratio coverage for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, which shall be the debt service coverage used by PUC in setting rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short term indebtedness herein authorized, and the \$26 Million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS; and
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interests of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section 4. Section 8113.4 is added to Title 12, Guam Code Annotated, to read:

§8113.4 PUC authorization; tax-free. Such funds as GPA may borrow to implement the requirements of this Act, shall be borrowed upon such terms and conditions as shall be authorized by PUC pursuant to its regulatory authority ensuring that any rates resulting to consumers are reasonable as provided by §12004 of this Title 12.

The amount and terms for both interim and long-term debt authorized by the Act shall be as set by PUC, not to exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for new generation shall be

capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the respective generators are complete and the generators concerned are on line and providing power, revenue and benefits to GPA and the people of Guam. On behalf of the government of Guam, the Governor may guarantee the repayment of the interim debt. The term of the interim debt allowed by this Act shall be repaid not later than September 1, 1993, during which period long-term financing to pay off this debt shall be obtained by GPA. The interim debt terms shall allow for an early payoff with no prepayment penalty after two (2) months, and the interest rate thereon shall not exceed a reasonable rate to GPA (taking into account non-taxability to the lender of the interest), not to exceed an annual actual percentage rate of 10%. The appropriateness, terms, conditions, fees, and interest rates of the debt (interim and long-term) shall be approved by the PUC. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on long-term and interim financing, if any, shall be free of income and gross receipts taxation from the government of Guam."

Section 5. §8113.5 is added to Title 12, Guam Code Annotated, to read:

§8113.5 Transfer of Property. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property, all hereby determined to be necessary and related to GPA's immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

Macheche Substation:

Two (2) parcels of government of Guam land more particularly described as Lots 5246-2 and 5246-3, each situated in the Municipality of Dededo, each containing an area of 3,716± square meters or 40,000± square feet, each as shown on the map recorded in the Department of Land Management on June 6, 1988, under Document Number 399099.

Anigua Substation:

A parcel of government of Guam land more particularly described as Lot No. 1361-1-C NEW, situated in Anigua, Municipality of Agana, containing an area of 1,522± square meters or 16,382± square feet, as shown on the map recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A parcel of government of Guam land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115± square meters or 345,551± square feet, as shown on the map recorded in the

Department of Land Management on May 26, 1988 under Document Number 398768."

Section 6. §8113.6 is added to Title 12, Guam Code Annotated, to read:

"§8113.6. Generators at the Hospital. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to GMHA sufficient electrical supply from the generating capacity there installed to meet the needs of GMHA; provided, however, that the terms and conditions of any such agreement between GMHA and GPA shall be subject to prior review and approval of PUC."

Section 7. §8113.7 is added to Title 12, Guam Code Annotated, to read:

"§8113.7. Conditional uses approved. To permit use by GPA of the parcels of land described in §§8113.5 and 8113.6 of this Title for public utility uses, GPA is hereby granted such conditional uses."

Section 8. §8113.8 is added to Title 12, Guam Code Annotated, to read:

"§8113.8. Waiver of procurement requirements. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Part B, Article 3, Chapter 5, Title 5, Guam Code Annotated, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of PUC for the generators and ancillary equipment described in §§8113.10 and 8113.12 of this Title and as shown on GPA Exhibit I attached to the Act of which this section is a part."

Section 9. §12016.1 is added to Title 12, Guam Code Annotated, to read:

"§12016.1. Exemption from certain provisions. In the conducting of any hearing pertaining to the implementation of the provisions of the act authorizing the emergency procurement of generating equipment (Bill No. 898, 21st Guam Legislature) the Commission shall be exempt from the provisions of §12016 of this Chapter. The Commission is requested to act upon any request of the Guam Power Authority ("GPA") having to do with the implementation of such act expeditiously in order to enable GPA to timely accept such bids as it has received as may be approved by the Commission; provided, however, that the Commission's authority under §12004 of this Chapter to determine the need,

prudence and timing of contracts and obligations contemplated by such act is recognized and confirmed."

Section 10. §8113.9 is added to Title 12, Guam Code Annotated, to read:

"§8113.9. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit shall include in the contract a provision which will impose liquidated damages of not less than \$2,000 per day for each day beyond an agreed date that the contractor promises to activate a specific generating unit. The provisions in this section shall not apply in the case of force majeure to the extent of delays caused by such force majeure. The provisions of this section can not be waived."

Section 11. §8113.10 is added to Title 12, Guam Code Annotated, to read:

"§8113.10. Dates when generators go on line. GPA did, on July 10, 1992, provide the Legislature, while sitting as a Committee of the Whole, with a list of the specific dates that each of the following generating units purchased by the authorization contained in this Act will come on line and be producing electricity for the IWPS. Such dates were:

Generation Unit	In-Service date*	Ten. Location
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	May 31, 1993	Talofofo
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	June 30, 1993	GMH
1-LM2500, 21.6 MW (Gas Turbine)	April 30, 1993	Macheche
4-3616 Caterpillar, 19.2 MW (4.8 MW each)	Aug. 31, 1993	New Site
Weber CT1 (8 MW)	Jan. 31, 1993	Existing
Weber CT2 (8 MW)	Feb. 28, 1993	Existing

* In-Service Date means the date the unit is up and providing power to the IWPS.

The Authority shall also provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why a specific dateline cannot or has not been met within ten (10) days of the date missed."

Section 12. §8113.11 is added to Title 12, Guam Code Annotated, to read:

"§8113.11. Power to southern Guam. Any generating units purchased with the funds authorized by this Act and which are sited to the south of a line extending from the northernmost point in Agat to the northernmost point in Yona and are activated to supplement the IWPS shall be used to provide electric power to the villages of Yona, Talofofo, Inarajan, Merizo, Umatac, Agat and Santa Rita first, and only secondarily for the rest of the IWPS; provided, that all parts of the island

share equally in any loadshedding. Excess electricity from these generating units may then be used to provide electric power to the Manengon Hills project only if there is adequate power for the rest of the island.

Section 13. §8113.12 is added to Title 12, Guam Code Annotated, to read:

"§8113.12. Awards to specific bidders. Of the generating equipment to provide the 76 megawatts more or less of electricity authorized by this Act 60 megawatts shall be purchased from the bidders listed in this section, and 16 megawatts will be achieved as a result of the refurbishment of the Navy's Weber Barge. The new units shall be purchased from the bidders Pacific Machinery and Stewart & Stevenson. These are the successful bidders to supply new generators to GPA as shown in GPA Exhibit I, attached to this Act and made a part thereof by reference. If such units as are described in this Act are not purchased pursuant to said bids, this Act shall be a nullity. The units purchased must be new units and may not be replaced or substituted with rebuilt units. PUC may waive bid defects or minor technical changes as recommended or approved by GPA."

Section 14. §8113.13 is added to Title 12, Guam Code Annotated, to read:

"§8113.13. Repayment of FFB debt. Part of the funds authorized to be borrowed by this Act shall be used to purchase the entire debt held by FFB and GPA must use the FFB Reserve fund to offset the balance to be paid."

Section 15. Appropriation for SKIP. Sixteen Thousand Nine Hundred Seventy-Four Dollars (\$16,974) are appropriated from the General Fund to SKIP Entertainment Company ("SKIP") to supplement travel funds needed to complete SKIP's current mainland tour.



PUBLIC LAW NO. 21-133

Bill No. 955 (LS)
Date Became Law: Sep. 3, 1992
Governor's Action: Approved

Introduced by:	C.T.C. Gutierrez
J.T. San Agustin	J.P. Aguon
E.P. Arriola	M.Z. Bordallo
H.D. Dierking	P.C. Lujan
G. Mailloux	D. Parkinson
F.R. Santos	D.L.G. Shimizu
J.G. Bamba	A.C. Blaz
D.F. Brooks	E.R. Duñas
E.M. Espaldon	M.D.A. Manibusan
M.J. Reidy	M.C. Ruth
T.V.C. Tanaka	A.R. Unpingco

AN ACT TO AMEND §8113.3 OF TITLE 12, GUAM CODE ANNOTATED, ON THE ISSUANCE OF LONG-TERM INDEBTEDNESS OF THE GUAM POWER AUTHORITY, AND TO ADD §§55.50 AND 55.51 TO TITLE 9, GUAM CODE ANNOTATED, ON THE THEFT OF GOVERNMENT EMERGENCY EQUIPMENT.

Section 1... Amended 12 GCA §8113.3.
Section 2... Added Title 9 GCA §§55.50 and 55.51.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8113.3 of Title 12, Guam Code Annotated, is amended to read:

"§8113.3 Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$258,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. Notwithstanding §8210, Title 12, Guam Code Annotated, without further approval by legislation, but subject to the approval of PUC, the indenture pursuant to which the indebtedness is issued may include any and all covenants and agreements described by said §8210. The debt service coverage ratio used in the rate covenant for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, and shall be the debt service coverage ratio hereafter used by PUC, together with other appropriate factors, in setting rates. The indenture may also include a pledge by the government of Guam not to repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the PUC thereunder in relation to GPA and its rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short-term indebtedness herein

authorized, and the \$26 million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS;
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear; and
8. Procurement and installation of stand-by generators for water wells and booster stations in the islandwide water, sewer, and power systems.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interest of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section 2. New §§55.50 and 55.51 are hereby added to Title 9, Guam Code Annotated, to read:

"§55.50. Damaging, stealing or receiving stolen government generators, telephones, or emergency or utility equipment. A person commits a felony in the second degree if he intentionally damages or steals any generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities.

§55.51. Receiving stolen government generators, telephones or emergency utility equipment. A person commits a felony in the second degree if he receives any stolen generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities, knowing such item is stolen."

PUBLIC LAW NO. 22-26

Bill No. 548 (LS)

Date Became Law: September 21, 1993

Governor's Action: Approved

Introduced by:

D. Parkinson

T. C. Ada

T. S. Nelson

M. Z. Bordallo

E. P. Arriola

C.T.C. Gutierrez

V. C. Pangelinan

J. T. San Agustin

J. G. Bamba

D. F. Brooks

M. D. A. Manibusan

A. R. Unpingco

J. P. Aguon

H. D. Dierking

P. C. Lujan

E. D. Reyes

D. L. G. Shimizu

A. C. Blaz

F. P. Camacho

T. V. C. Tanaka

AN ACT TO AMEND ITEM 4. OF §8113.3, TITLE 12, GUAM CODE ANNOTATED (PUBLIC LAW 21-117), ON THE AUTHORITY OF THE PUBLIC UTILITY COMMISSION TO DETERMINE THE MEGAWATTS FOR BASE LOAD GENERATORS.

Section 1 ... Amends Item 4 of §8113.3 12 GCA.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Removal of restriction in order to provide for additional base load generation for Guam Power Authority. (a) Legislative findings and intent. The Legislature finds that item 4. of §8113.3 of Title 12, Guam Code Annotated, added in Public Law 21-117, is restrictive in that it limits the purchase of new base load generation to 35 Megawatts. It is the intent of the Legislature that the determination of required megawatts in the purchase of new base load generation shall be determined by the Public Utilities Commission.

(b) Amendment of item 4. of §8113.3 of Title 12, Guam Code Annotated, to remove restriction on obtaining base load generation. Item 4. of §8113.3 of Title 12, Guam Code Annotated, added in Public Law 21-117, is amended to read:

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"4. Next baseload unit having between 34.5 and 40 megawatts of capacity unless some greater capacity is recommended by the GPA board of directors, and approved by the PUC."

PUBLIC LAW NO. 22-136

Bill No. 1068 (COR)
Date Became Law: July 14, 1994
Governor's Action: Approved

Introduced by: Committee on Rules
At the request of the Governor

**AN ACT TO APPROVE THE TERMS AND
CONDITIONS OF THE ISSUANCE OF GUAM
POWER AUTHORITY REVENUE BONDS, AND TO
UTILIZE CERTAIN UNEXPENDED FUNDS TO
CARRY FORWARD GUAM'S WORLD WAR II
MONUMENT.**

- Section 1... Legislative findings.
- Section 2... Approval of terms and conditions of GPA bonds.
- Section 3... Local sale of bonds.
- Section 4... Terms of borrowing.
- Section 5... Liquidated damages.
- Section 6... Dates generators and substations are to go on line.
- Section 7... No circumvention of PUC responsibilities.
- Section 8... Cost of projects.
- Section 9... Expenditure of unused funds.
- Section 10... Reappropriation for World War II monument.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Legislative findings. (a) §8203 of Title 12, Guam Code Annotated, provides that the Board of Directors ("the Board") of the Guam Power Authority ("GPA") is authorized to incur indebtedness by the issuance of revenue bonds to raise funds for the purpose of establishing the electric power system of GPA, or of acquiring lands for said system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing

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or insuring said system, or any part thereof, or for the purpose of refunding any such bonds.

(b) Subsection (k) of §2103, Title 12, Guam Code Annotated, provides that agencies and instrumentalities of the government of Guam shall issue obligations only by means of and through the agency of the Guam Economic Development Authority ("GEDA").

(c) Said subsection (k) further provides that GEDA shall not sell any obligations without the approval by the Legislature of the terms and conditions of the issuance of the obligations.

(d) The Legislature has been presented with a copy of the indenture of GPA dated as of December 1, 1992 (the "Indenture"), previously approved by the Board of Directors of GEDA, and a proposed form of supplemental indenture pursuant to which GPA proposes to issue revenue bonds for purposes set forth in paragraph (a) of this section.

(e) Said proposed form of supplemental indenture has been presented to the Board of Directors of GEDA which has adopted a resolution approving the sale of GPA revenue bonds pursuant to the provisions of the Indenture and one (1) or more supplemental indentures in the form presented to GEDA.

Section 2. Approval of terms and conditions of GPA bonds. The Legislature, pursuant to subsection (k) of §2103, Title 12, Guam Code Annotated, hereby approves the terms and conditions of the issuance by GPA of revenue bonds as approved by the Public Utilities Commission ("PUC") in its order dated May 31, 1994 in PUC Docket 93-004, in one (1) or more series in an aggregate principal amount not to exceed One Hundred Two Million Nine Hundred Thousand Dollars (\$102,900,000), with a final maturity not exceeding thirty (30) years and bearing interest at a fixed or variable rate not exceeding nine percent (9%) per annum, and payable solely from the revenues of GPA. The bonds shall be issued pursuant to the Indenture and one (1) or more supplemental indentures in the form of the supplemental indenture presented to this Legislature, which Indenture and form of supplemental indenture, as attached to the Committee Report for this Act, are hereby approved by the Legislature as provided in §8210 of Title 12, Guam Code Annotated. The proceeds of such bonds may be applied to pay for the costs of issuance thereof, for accrued and capitalized interest thereon, for credit enhancement therefor, to provide for reserves and to pay the costs of the following capital projects:

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A. Generator. Procurement and installation of one (1) approximately 39.5 megawatt slow speed diesel baseload generating unit to be installed at the Cabras Power Plant location along with necessary ancillary equipment buildings, and costs incidental thereto;

B. Substations. Construction and installation of the following substations, along with necessary ancillary equipment, buildings and costs incidental thereto:

(i) **GAA substation.** A 34.5 / 13.8 KV substation for the expanded A. B. Won Pat International Air Terminal;

(ii) **Pagat substation.** A 34.5 / 13.8 KV substation at Pagat near Routes 26 and 15, to accommodate existing deficiencies and normal growth in the area;

(iii) **Tamuning substation.** A 115 / 34.5 KV substation in Tamuning to improve low voltage conditions in the central area in Tamuning;

(iv) **Umatac substation.** A 34.5 / 13.8 KV substation in Umatac to alleviate overloading of the Talofofu and Apra substations;

Provided, however, that approval by the Legislature of the four (4) projects described in this subparagraph B is **conditional** upon such projects being approved by PUC.

Section 3. Local sale of bonds. GPA and GEDA shall undertake their best efforts to cause a portion of any bonds approved pursuant to this Act to be offered for sale in Guam, as well as in other jurisdictions, if and to the extent that such offer and any sales resulting from such offer do not increase the cost to GPA and GEDA of issuing and repaying such bonds.

Section 4. Terms of borrowing. Such funds as GPA may borrow to implement the provisions of this Act shall be borrowed upon such terms and conditions as shall be authorized by the Board of GPA, the Board of Directors of GEDA, and PUC pursuant to the latter's regulatory authority, ensuring that any rates resulting to consumers are reasonable as provided by §12004 of Title 12, Guam Code Annotated.

The amount of debt authorized by this Act shall be as set by PUC, not to exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for the new generation and each of the new substations shall be capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the generator and the

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new substations are complete and the generator and the new substations are on line and providing power, revenue and benefits to GPA and the people of Guam. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on the bonds authorized by this Act shall be free of income taxation by the government of Guam.

Section 5. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit or a substation shall include in the contract a provision which will impose liquidated damages of not less than Two Thousand Dollars (\$2,000) per day for each day beyond an agreed date that the contractor promises to activate the generating unit or construct the substation. The provisions of this section shall not apply in the case of force majeure to the extent of delays caused by such force majeure. The provisions of this section may not be waived.

Section 6. Dates generator and substations are to go on line. The General Manager of GPA has stated that the generator to be purchased and installed under this Act will become operational and actually provide power to the Island Wide Power System ("IWPS") twenty-one (21) calendar months after the contract to provide the generator is signed or twenty-one (21) months after the effective date of this Act, whichever is later, and that the new substations will be in service by the following dates: GAA substation by May of 1995; Pagat substation by August of 1996; Tamuning substation by January of 1996; and Umatac substation by March of 1996. The General Manager of GPA will provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why any of the dates specified above are not met, within ten (10) days of a date being missed.

Section 7. No circumvention of PUC responsibilities. Notwithstanding any other provision of law, nothing in this Act may be used to circumvent the duties, responsibilities or powers of PUC in regard to the request for funding for the generator and the substations described in this Act. All contracts and purchases made by GPA in carrying out the provisions of this Act shall be undertaken in accordance with the Procurement Laws of Guam. The generator, substations, and ancillary devices purchased under this Act will be new.

Section 8. Cost of projects. The proceeds of the bonds authorized by this Act shall be apportioned among the authorized projects as follows:

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Projects:	Construction Costs:
Slow Speed Diesel Baseload Generator (39.5 megawatts),	\$62,532,000,
GAA 34.5 /13.8 KV Substation and Transmission Lines,	2,828,000,
Pagat 34.5 /13.8 KV Substation,	3,623,000,
Tamuning 115 / 34.5 KV Substation,	3,616,000,
Umatac 34.5 /13.8 KV Substation,	<u>3,228,000,</u>

Total equipment and construction costs: \$75,827,000.

In addition, the costs and expenses of issue discount, debt service reserves, accrued and capitalized interest, costs of issuance, credit enhancement, and underwriter's discounts in the aggregate total of \$27,073,000, are approved, making the total authorized issue \$102,900,000, as approved in Section 2 of this Act.

In the event any of the five (5) projects does not cost as much as is apportioned for it, the unexpended balance for such project may be used only to supplement the cost of one (1) or more of the other projects set out in this Act and may not be transferred to any other project or spent for any other purpose, except to accelerate payment of the principal on the bonded indebtedness by prepaying the same, without the specific approval of the Legislature by statute.

Section 9. Expenditure of unused funds. Any unused funds left over after the purchase and installation of the generator, substations, and ancillary equipment directly necessary for the installation of the generator and substations authorized by this Act may not be expended without subsequent, specific statutory authority, except to accelerate payment of the principal on the bonded indebtedness by prepaying the same, as may be authorized by PUC and by the terms of the bonds.

Section 10. Reappropriation for World War II monument. The unexpended balance in the sum of Six Thousand Four Hundred Sixty-Two and Ninety Cents (\$6,462.90) of the appropriation set out in paragraph (a) of Section 7 of Public Law

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21-142 to the Committee on Rules to defray transition costs for Congressman Robert A. Underwood is hereby reappropriated to the Office of Congressman Robert A. Underwood to verify, print, and publish in the Pacific Daily News or other newspapers the list of names to be placed on the monument honoring the contributions and sacrifices of the people of Guam during World War II.

CHAPTER 8
GUAM POWER AUTHORITY

NOTE: All references in this Chapter to "Department/Director of Finance" changed to "Department/Director of Administration" pursuant to P.L. 9-239.

- Article 1. General Provisions.**
2. Guam Power Authority Revenue Bonds.
3. Alternate Energy Plan.

Article 1. General Provisions

- §8101. Short Title.
§8102. Definitions.
§8103. Establishment.
§8104. Powers.
§8105. Power, Duty to Connect.
§8105.1. Streetlight Disconnection Notice.
§8106. [Repealed].
§8107. Board of Directors.
§8108. General Manager.
§8109. Assistant General Manager: Engineering and Technical Services.
§8110. Same: Administration and Fiscal Services.
§8111. Same: Operations and Distribution.
§8112. Other Officers.
§8113. Acquisition of Existing Systems.
§8113.1. Expedited procurement of generators.
§8113.2. Interim debt.
§8113.3. Long-term indebtedness.
§8113.4. PUC authorization; tax-free.
§8113.5. Transfer of Property.
§8113.7. Conditional uses approved.
§8113.8. Waiver of procurement requirements.

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- §8113.9. Liquidated damages.
- §8113.10. Dates when generators go on line.
- §8113.11. Power to Southern Guam.
- §8113.12. Awards to specific bidders.
- §8113.13. Repayment of FFB debt.
- §8114. Indebtedness.
- §8115. Exemption from Taxation, and In-Lieu Payments.
- §8116. Contracts and Purchases. [Repealed]
- §8117. Accounting and Expenditures.
- §8118. Employment.
- §8119. No generators near schools.
- §8120. Authority liable for damage.

§8101. Short Title. This Article may be cited as the *Guam Power Authority Act of 1968*.

SOURCE: §21500 GC.

§8102. Definitions. As used herein, unless otherwise indicated:

- (a) *Authority* means the Guam Power Authority;
- (b) *Board* means the Board of Directors of the Authority;
- (c) *Director* means a member of the Board.

SOURCE: §21501 GC.

§8103. Establishment. There is within, and a public corporation and autonomous instrumentality of, the government of Guam, a Guam Power Authority.

SOURCE: §21502 GC.

COURT DECISIONS: D.C.GUAM:APP.DIV. 1981 Under the laws of Guam, the Guam Power Authority is a part of the government of Guam and, therefore, an employee injured in the course of his work has an exclusive remedy against his employer, thus precluding a separate course of action against the Government. *Guerrero v. Government of Guam*, D.C. Civil #80-043A.

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§8104. Powers. The Authority shall have and exercise each and all of the following powers:

(1) Generate, transmit, distribute, sell and exchange electric power on Guam;

(2) Acquire, in accordance with Title VII-A of the Government Code and subject to the laws of Guam, by grant, purchase, gift, devise or lease, or by the exercise of the right of eminent domain in accordance with the provisions and subject to the limitations of 21 GCA Chapter 15, and hold and use any real or personal property necessary or convenient or useful for the carrying on of any of the powers pursuant to the provisions of this Chapter; provided further that the Authority shall not enter any agreement for the purchase of oil or any other petroleum product which extends longer than five (5) years;

(3) Establish its internal organization and management and adopt regulations for the administration of its operations;

(4) Establish and modify from time to time, with approval of the Public Utility Commission, reasonable rates and charges for electric service at least adequate to cover the full cost of such service, including the cost of debt service, and collect money from customers using such service, all subject to any contractual obligation of the Board to the holders of any bonds; and refund charges collected in error.

(5) Enter into contracts and execute all instruments necessary or convenient in the exercise of its powers, adopt a seal and sue or be sued in its own corporate name;

(6) Construct works along or across any street or public highway or watercourse or over any of the lands which are the property of the Territory; and with respect to federal

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lands, the Authority shall have the same powers with respect to the construction of such works as possessed by the government of Guam. The Authority shall restore any such street or highway to its former state as near as may be and shall not use it in a manner to impair unnecessarily its usefulness;

(7) At any time or from time to time, incur indebtedness pursuant to Article 2 of this Chapter;

(8) Enter into contracts with the Government of the Territory or with the United States for loans or grants;

(9) Employ, retain or contract for the services of qualified managers, specialists or experts, as individuals or as organizations, to advise and assist its Board of Directors and employees;

(10) Adopt such rules and regulations as may be necessary for the exercise of the powers and performance of the duties conferred or imposed upon the Authority or the Board by this Article;

(11) Control, operate, improve, equip, maintain, repair, renew, replace, reconstruct, alter and insure the electric system subject to compliance with any applicable zoning, building and health regulations of the territory of Guam;

(12) Do any and all other things necessary to the full and convenient exercise of the above powers.

Nothing contained in this Section or elsewhere in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act of Guam or statutes of the Territory or any other provisions of this Code.

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SOURCE: §21503 GC; Subsection (2) amended by P.L. 16-124 and by P.L. 18-08:16; Subsection (4) amended by P.L. 16-73, R/R by P.L. 16-119, amended by P.L. 17-48, R/R by P.L. 17-74.

§8105. Power, Duty to Connect. Notwithstanding any other provision of the Government Code of Guam [the Guam Code Annotated] or any duly promulgated rule or regulation except those service rules and regulations of the Authority, the Authority shall not refuse to connect electrical power to any single family residence because said residence fails to meet specified public health or waste water standards.

SOURCE: §21503.1 GC, as added by P.L. 12-146.

§8105.1. Streetlights: Disconnection Notice. Notwithstanding any provision of law to the contrary the Guam Power Authority shall at all times provide power necessary for operation of at least as many public streetlights as were working on July 1, 1983. If the Authority does not receive prompt payment for such power consumption, it shall notify the Legislature and it shall not disconnect any street lights until thirty (30) days after so notifying the Legislature.

SOURCE: Added by P.L. 17-26.

§8106. [Repealed].

SOURCE: §21503.2 GC, added by P.L. 16-73; R/R by P.L. 1-119; R/R by P.L. 17-10; Subsection (a) added by P.L. 17-10, a new Subsection (a) added by P.L. 17-25; Subsection (a) as added by P.L. 17-10 and 17-25 repealed by P.L. 17-48; Subsection (a) R/R by P.L. 17-48; Subsection (b) added by P.L. 17-48. P.L. 17-74:3 repealed §21503.2 (12 GCA §8106(a) and (b)).

§8107. Board of Directors. (a) All powers vested in the Authority except as provided herein shall be exercised by the Board. The Board shall consist of five (5) directors, nominated and appointed by the Governor of Guam, by and with the advice and consent of the Guam Legislature.

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The five (5) directors first appointed shall classify themselves by lot so that their terms shall expire respectively as follows: June 30, 1969; June 30, 1970; June 30, 1971; June 30, 1972; and June 30, 1973. Their successors shall be appointed each for a term of five (5) years from the date of the expiration of the term for which his predecessor was appointed and until his successor is appointed and has qualified. All vacancies occurring in the office of directors shall be filled by the Governor, with the advice and consent of the Legislature, for the unexpired term, except that if the Legislature is not in regular session when the vacancy occurs, the Governor may appoint for a term expiring at the end of the next regular session.

(b) Three (3) directors shall constitute a quorum of the Board for the transaction of all business. The Board may adopt rules and regulations governing the conduct of its affairs. It shall elect a Chairman and a Vice-Chairman from among the Directors.

(c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each attendance at the meetings of the Board, but such compensation shall not apply to more than two (2) meetings in any one (1) calendar month. No director shall receive any other compensation, but shall be reimbursed for actual travel, subsistence and out-of-pocket expenses incurred in the discharge of his responsibilities.

SOURCE: §21504 GC.

§8108. General Manager. (a) The Board shall appoint a General Manager, who shall be its chief executive officer, and who shall serve at its pleasure and shall fix his compensation. The General Manager shall have full charge and control of the construction of the works of the Authority and of their maintenance and operation, and also of the administration of the business affairs of the Authority.

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(b) The powers of the General Manager include the following:

(i) To see that all rules and regulations of the Authority are enforced.

(ii) To attend all meetings of the Board and submit a general report of the affairs of the Authority.

(iii) To keep the Board advised as to the needs of the Authority and to approve demands for the payment of obligations of the Authority within the purposes and amounts authorized by the Board.

(iv) To prepare or cause to be prepared all plans and specifications for the construction of the works of the Authority.

(v) To devote his entire time to the business of the Authority; to select and appoint the employees of the Authority, except as otherwise provided by this Act, and to plan, organize, coordinate and control the services of such employees in the exercise of the powers of the Authority under the general direction of the Board.

(vi) To cause to be published within one hundred twenty (120) days from the end of each fiscal year a financial report showing the result of operations for the preceding fiscal year and the financial status of the Authority on the last day thereof. The publication shall be made in the manner provided by the Board.

(vii) To perform such other and additional duties as the Board may require.

(c) The Board may contract with a corporation to perform any or all of the duties and to exercise any or all of the powers of the General Manager as provided in this Section and the General Manager, subject to the approval

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of the Board, may contract with a corporation to perform some of the duties or to render expert and technical assistance in the operation of the Authority.

SOURCE: §21505 GC.

§8109. Assistant General Manager: Engineering and Technical Services. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Engineering and Technical Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Engineering and Technical Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all engineering and technical services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.1 GC, as added by P.L. 11-57.

§8110. Same: Administration and Fiscal Services. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Administration and Fiscal Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Administration and Fiscal Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

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(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all administration, accounting and fiscal services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.2 GC, as added by P.L. 11-57.

§8111. Same: Operations and Distribution. (a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Operations and Distribution, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Operations and Distribution shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board of all operation and distribution of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.3 GC, as added by P.L. 11-57.

§8112. Other Officers. (a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an Attorney, who shall serve at the pleasure of the Board and whose duties and compensation shall be fixed by the Board. The Board may appoint one or more assistants to any such

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office. Any of such offices may be consolidated in one person.

(b) The Secretary shall have charge of all records and minutes of the Board.

(c) The Treasurer shall have custody of all moneys of the Authority and shall pay out such money only in accordance with the direction of the Board or as provided in connection with any indebtedness incurred pursuant to Article 2 of this Chapter. The Board shall however appoint the Director of Administration of Guam or any agent designated by him as its trustee for the payment of bonds issued by it and for any related purposes as the Board may provide.

(d) The Attorney, who must have been admitted to practice before the District Court of Guam, shall advise the Board and the General Manager on all legal matters to which the Authority is a party or in which the Authority is legally interested and may represent the Authority in connection with legal matters before the Legislature, boards and other agencies of the Territory. The Attorney General shall represent the Authority in litigation concerning the affairs of the Authority, provided that he may delegate this duty to the Attorney of the Authority, with respect to any such litigation.

SOURCE: §21506 GC, amended pursuant to P.L. 9-239.

§8113. Acquisition of Existing Systems. (a) On the first day of the month following one hundred twenty (120) days after the effective date of this Act or on such later date as the Board shall establish, the public Utility Agency of Guam shall transfer to the Authority:

(i) all items of property which that Agency owns or controls, including construction work in progress, which are used exclusively for electric utility opera-

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tions and all materials and supplies used and useful exclusively in connection with such properties or in the electric utility operations of that Agency;

(ii) all items of property and materials and supplies used by the Agency for electric utility operations in common with other operations and which the Agency and the Authority agree to transfer; and

(iii) all working capital, cash, accounts payable and receivable, deposits, advances payable and receivable, all books, records and maps and all other rights, obligations, assets, liabilities, agreements and privileges pertaining to the electric utility properties or electric utility operations of the Agency. Each employee of the Public Utility Agency of Guam primarily engaged in electric utility operations at the date of the transfer shall be offered employment by the Authority.

(b) As soon as practical and subject to agreement with the United States Navy, the Authority shall acquire by purchase or lease, all electric utility properties of such Navy which are jointly used to supply electric power and energy to civilian consumers, federal agencies and military installations on Guam and are not required for exclusive use of the Navy and other agencies of the Department of Defense and pay therefor, out of the proceeds of an indebtedness incurred by the Authority, such price as may be agreed upon. The Authority may also acquire from the Navy such items of general plant and materials and supplies, related to power operations, as may be agreed upon. Any locally hired civilian employee of the Navy who at the date of transfer is engaged primarily in the operation of the electric utility properties being acquired from the Navy shall be offered employment by the Authority.

(c) Any person accepting employment under this Section shall receive not less than the straight-time rate of compensation he was receiving immediately before the transfer date. The other employment benefits and rights, including retirement and leave, of such transferred employees shall be governed by the provisions of §8118 of this Article. Any persons so transferred who are found to be in excess of the personnel required for the efficient administration of the Authority shall be retained by the Authority until transferred to other positions in the government of Guam, with the consent of the agency to which transfer is made.

SOURCE: §21507 GC.

§8113.1. Expedited procurement of generators. In order to provide immediate relief from the critical power shortage existing in 1992, the Guam Power Authority (herein called "GPA"), with all deliberate speed, and with the consent of the Public Utilities Commission (herein called "PUC"), shall procure and install generators adding at least 76 megawatts more or less of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS.

SOURCE: Added by P.L. 21-117:1.

8113.2. Interim debt. Procurement by GPA of the generators and ancillary equipment, land and buildings will require long-term financing in the form of revenue bonds or capital leases, or a combination of both.

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Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$45.6 million. In order to reduce the amount of interim debt, the Governor is authorized to transfer to GPA from any funds of the government of Guam or appropriated by statute, excluding appropriations to the Judicial or Legislative Branches, such sums as he may identify as available, without interest, to be repaid not later than September 1, 1993 from fund proceeds herein authorized. If the Governor identifies other sources which require Legislative approval he shall promptly introduce a bill requesting approval to use these funds. All sums advanced by the government of Guam to expedite the interim financing loan shall be repaid promptly from the bond proceeds.

GPA presently has outstanding long-term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long-term debt. Further, GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized. The \$20 Million loan to GPA in Public Law 20-112 is hereby converted to a grant with the condition that the \$800,000 interest free annual payment be used for debt service and a source of funding for the long-term debt.

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SOURCE: Added by P.L. 21-117:2.

§8113.3 Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$258,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. Notwithstanding §8210, Title 12, Guam Code Annotated, without further approval by legislation, but subject to the approval of PUC, the indenture pursuant to which the indebtedness is issued may include any and all covenants and agreements described by said §8210. The debt service coverage ratio used in the rate covenant for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, and shall be the debt service coverage ratio hereafter used by PUC, together with other appropriate factors, in setting rates. The indenture may also include a pledge by the government of Guam not to repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the PUC thereunder in relation to GPA and its rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short-term indebtedness herein authorized, and the \$26 million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit having between 34.5 and 40 megawatts of capacity unless some greater capacity is

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recommended by the GPA board of directors, and approved by the PUC.

5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS;
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear; and
8. Procurement and installation of stand-by generators for water wells and booster stations in the islandwide water, sewer, and power systems.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interest of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations.

SOURCE: Added by P.L. 21-117:3; amended by P.L. 21-133:1. Item 4 amended by P.L. 22-26 (9/26/93).

§8113.4 PUC authorization; tax-free. Such funds as GPA may borrow to implement the requirements of this Act, shall be borrowed upon such terms and conditions as shall be authorized by PUC pursuant to its regulatory authority ensuring that any rates resulting to consumers are reasonable as provided by §12004 of this Title 12.

The amount and terms for both interim and long-term debt authorized by the Act shall be as set by PUC, not to

exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for new generation shall be capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the respective generators are complete and the generators concerned are on line and providing power, revenue and benefits to GPA and the people of Guam. On behalf of the government of Guam, the Governor may guarantee the repayment of the interim debt. The term of the interim debt allowed by this Act shall be repaid not later than September 1, 1993, during which period long-term financing to pay off this debt shall be obtained by GPA. The interim debt terms shall allow for an early payoff with no prepayment penalty after two (2) months, and the interest rate thereon shall not exceed a reasonable rate to GPA (taking into account non-taxability to the lender of the interest), not to exceed an annual actual percentage rate of 10%. The appropriateness, terms, conditions, fees, and interest rates of the debt (interim and long-term) shall be approved by the PUC. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on long-term and interim financing, if any, shall be free of income and gross receipts taxation from the government of Guam.

SOURCE: Added by P.L. 21-117:4.

§8113.5 Transfer of Property. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property, all hereby determined to be necessary and related to GPA's immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

Macheche Substation:

Two (2) parcels of government of Guam land more particularly described as Lots 5246-2 and 5246-3, each situated in the Municipality of Dededo, each containing an area of 3,716± square meters or 40,000± square feet, each as shown on the map recorded in the Department of Land Management on June 6, 1988, under Document Number 399099.

Anigua Substation:

A parcel of government of Guam land more particularly described as Lot No. 1361-1-C NEW, situated in Anigua, Municipality of Agana, containing an area of 1,522± square meters or 16,382± square feet, as shown on the map recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A parcel of government of Guam land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115± square meters or 345,551± square feet, as shown on the map recorded in the Department of Land Management on May 26, 1988 under Document Number 398768.

SOURCE: Added by P.L. 21-117:5.

§8113.6. Generators at the Hospital. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply

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otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to GMHA sufficient electrical supply from the generating capacity there installed to meet the needs of GMHA; provided, however, that the terms and conditions of any such agreement between GMHA and GPA shall be subject to prior review and approval of PUC.

SOURCE: Added by P.L. 21-117:6.

§8113.7. Conditional uses approved. To permit use by GPA of the parcels of land described in §§8113.5 and 8113.6 of this Title for public utility uses, GPA is hereby granted such conditional uses.

SOURCE: Added by P.L. 21-117:7.

§8113.8. Waiver of procurement requirements. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Part B, Article 3, Chapter 5, Title 5, Guam Code Annotated, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of PUC for the generators and ancillary equipment described in §§8113.10 and 8113.12 of this Title and as shown on GPA Exhibit I attached to the Act of which this section is a part.

SOURCE: Added by P.L. 21-117:8.

§8113.9. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit shall include in the contract a provision which will impose liquidated damages of not less than \$2,000 per day for each day beyond an agreed date that the contractor promises to activate a specific generating unit. The provisions in this section shall not apply in the case of

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force majeure to the extent of delays caused by such force majeure. The provisions of this section can not be waived.

SOURCE: Added by P.L. 21-117:10.

§8113.10. Dates when generators go on line. GPA did, on July 10, 1992, provide the Legislature, while sitting as a Committee of the Whole, with a list of the specific dates that each of the following generating units purchased by the authorization contained in this Act will come on line and be producing electricity for the IWPS. Such dates were:

Generation Unit	In-Service date*	
Ten. Location		
2-3616 Caterpillar, 9.6 MW Talofofo (4.8 MW each)	May 31, 1993	
2-3616 Caterpillar, 9.6 MW GMH (4.8 MW each)	June 30, 1993	
1-LM2500, 21.6 MW (Gas Turbine)	April 30, 1993	Macheche
4-3616 Caterpillar, 19.2 MW Site (4.8 MW each)	Aug. 31, 1993	New
Weber CT1 (8 MW)	Jan. 31, 1993	Existing
Weber CT2 (8 MW)	Feb. 28, 1993	Existing

* In-Service Date means the date the unit is up and providing power to the IWPS.

The Authority shall also provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why a specific dateline cannot or has not been met within ten (10) days of the date missed.

SOURCE: Added by P.L. 21-117:11.

§8113.11. Power to Southern Guam. Any generating units purchased with the funds authorized by this Act and which are sited to the south of a line extending from the northernmost point in Agat to the northernmost point in Yona and are activated to supplement the IWPS shall be used to provide electric power to the villages of Yona, Talofofo, Inarajan, Merizo, Umatac, Agat and Santa Rita first, and only secondarily for the rest of the IWPS, provided, that all parts of the island share equally in any load-shedding. Excess electricity from these generating units may then be used to provide electric power to the Manengon Hills project only if there is adequate power for the rest of the island.

SOURCE: Added by P.L. 21-117:12.

§8113.12. Awards to specific bidders. Of the generating equipment to provide the 76 megawatts more or less of electricity authorized by this Act 60 megawatts shall be purchased from the bidders listed in this section, and 16 megawatts will be achieved as a result of the refurbishment of the Navy's Weber Barge. The new units shall be purchased from the bidders Pacific Machinery and Stewart & Stevenson. These are the successful bidders to supply new generators to GPA as shown in GPA Exhibit I, attached to this Act and made a part thereof by reference. If such units as are described in this Act are not purchased pursuant to said bids, this Act shall be a nullity. The units purchased must be new units and may not be replaced or substituted with rebuilt units. PUC may waive bid defects or minor technical changes as recommended or approved by GPA.

SOURCE: Added by P.L. 21-117:13.

§8113.13. Repayment of FFB debt. Part of the funds authorized to be borrowed by this Act shall be used to

authorized, and the \$26 million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS;
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear; and
8. Procurement and installation of stand-by generators for water wells and booster stations in the islandwide water, sewer, and power systems.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interest of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section 2. New §§55.50 and 55.51 are hereby added to Title 9, Guam Code Annotated, to read:

"§55.50. Damaging, stealing or receiving stolen government generators, telephones, or emergency or utility equipment. A person commits a felony in the second degree if he intentionally damages or steals any generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities.

§55.51. Receiving stolen government generators, telephones or emergency utility equipment. A person commits a felony in the second degree if he receives any stolen generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities, knowing such item is stolen."

PUBLIC LAW NO. 21-133

Bill No. 955 (LS)	Introduced by:	C.T.C. Gutierrez
Date Became Law: Sep. 3, 1992	J.T. San Agustin	J.P. Aguon
Governor's Action: Approved	E.P. Arriola	M.Z. Bordallo
	H.D. Dierking	P.C. Lujan
	G. Mailloux	D. Parkinson
	F.R. Santos	D.L.G. Shimizu
	J.G. Bamba	A.C. Blaz
	D.F. Brooks	E.R. Duenas
	E.M. Espaldon	M.D.A. Manibusan
	M.J. Reidy	M.C. Ruth
	T.V.C. Tanaka	A.R. Unpingco

AN ACT TO AMEND §8113.3 OF TITLE 12, GUAM CODE ANNOTATED, ON THE ISSUANCE OF LONG-TERM INDEBTEDNESS OF THE GUAM POWER AUTHORITY, AND TO ADD §§55.50 AND 55.51 TO TITLE 9, GUAM CODE ANNOTATED, ON THE THEFT OF GOVERNMENT EMERGENCY EQUIPMENT.

Section 1... Amended 12 GCA §8113.3.
Section 2... Added Title 9 GCA §§55.50 and 55.51.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8113.3 of Title 12, Guam Code Annotated, is amended to read:

"§8113.3 Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$258,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. Notwithstanding §8210, Title 12, Guam Code Annotated, without further approval by legislation, but subject to the approval of PUC, the indenture pursuant to which the indebtedness is issued may include any and all covenants and agreements described by said §8210. The debt service coverage ratio used in the rate covenant for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, and shall be the debt service coverage ratio hereafter used by PUC, together with other appropriate factors, in setting rates. The indenture may also include a pledge by the government of Guam not to repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the PUC thereunder in relation to GPA and its rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short-term indebtedness herein

share equally in any loadshedding. Excess electricity from these generating units may then be used to provide electric power to the Manengon Hills project only if there is adequate power for the rest of the island.

Section 13. §8113.12 is added to Title 12, Guam Code Annotated, to read:

"§8113.12. --Awards to specific bidders. Of the generating equipment to provide the 76 megawatts more or less of electricity authorized by this Act 60 megawatts shall be purchased from the bidders listed in this section, and 16 megawatts will be achieved as a result of the refurbishment of the Navy's Weber Barge. The new units shall be purchased from the bidders Pacific Machinery and Stewart & Stevenson. These are the successful bidders to supply new generators to GPA as shown in GPA Exhibit I, attached to this Act and made a part thereof by reference. If such units as are described in this Act are not purchased pursuant to said bids, this Act shall be a nullity. The units purchased must be new units and may not be replaced or substituted with rebuilt units. PUC may waive bid defects or minor technical changes as recommended or approved by GPA."

Section 14. §8113.13 is added to Title 12, Guam Code Annotated, to read:

"§8113.13. Repayment of FFB debt. Part of the funds authorized to be borrowed by this Act shall be used to purchase the entire debt held by FFB and GPA must use the FFB Reserve fund to offset the balance to be paid."

Section 15. Appropriation for SKIP. Sixteen Thousand Nine Hundred Seventy-Four Dollars (\$16,974) are appropriated from the General Fund to SKIP Entertainment Company ("SKIP") to supplement travel funds needed to complete SKIP's current mainland tour.

prudence and timing of contracts and obligations contemplated by such act is recognized and confirmed."

Section 10. §8113.9 is added to Title 12, Guam Code Annotated, to read:

"§8113.9. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit shall include in the contract a provision which will impose liquidated damages of not less than \$2,000 per day for each day beyond an agreed date that the contractor promises to activate a specific generating unit. The provisions in this section shall not apply in the case of force majeure to the extent of delays caused by such force majeure. The provisions of this section can not be waived."

Section 11. §8113.10 is added to Title 12, Guam Code Annotated, to read:

"§8113.10. Dates when generators go on line. GPA did, on July 10, 1992, provide the Legislature, while sitting as a Committee of the Whole, with a list of the specific dates that each of the following generating units purchased by the authorization contained in this Act will come on line and be producing electricity for the IWPS. Such dates were:

Generation Unit	In-Service date*	Ten. Location
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	May 31, 1993	Talofof
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	June 30, 1993	GMH
1-LM2500, 21.6 MW (Gas Turbine)	April 30, 1993	Macheche
4-3616 Caterpillar, 19.2 MW (4.8 MW each)	Aug. 31, 1993	New Site
Weber CT1 (8 MW)	Jan. 31, 1993	Existing
Weber CT2 (8 MW)	Feb. 28, 1993	Existing

* In-Service Date means the date the unit is up and providing power to the IWPS.

The Authority shall also provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why a specific dateline cannot or has not been met within ten (10) days of the date missed."

Section 12. §8113.11 is added to Title 12, Guam Code Annotated, to read:

"§8113.11. Power to southern Guam. Any generating units purchased with the funds authorized by this Act and which are sited to the south of a line extending from the northernmost point in Agat to the northernmost point in Yona and are activated to supplement the IWPS shall be used to provide electric power to the villages of Yona, Talofof, Inarajan, Merizo, Umatac, Agat and Santa Rita first, and only secondarily for the rest of the IWPS; provided, that all parts of the island

Department of Land Management on May 26, 1988 under Document Number 398768."

Section 6. §8113.6 is added to Title 12, Guam Code Annotated, to read:

"§8113.6. Generators at the Hospital. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to GMHA sufficient electrical supply from the generating capacity there installed to meet the needs of GMHA; provided, however, that the terms and conditions of any such agreement between GMHA and GPA shall be subject to prior review and approval of PUC."

Section 7. §8113.7 is added to Title 12, Guam Code Annotated, to read:

"§8113.7. Conditional uses approved. To permit use by GPA of the parcels of land described in §§8113.5 and 8113.6 of this Title for public utility uses, GPA is hereby granted such conditional uses."

Section 8. §8113.8 is added to Title 12, Guam Code Annotated, to read:

"§8113.8. Waiver of procurement requirements. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Part B, Article 3, Chapter 5, Title 5, Guam Code Annotated, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of PUC for the generators and ancillary equipment described in §§8113.10 and 8113.12 of this Title and as shown on GPA Exhibit I attached to the Act of which this section is a part."

Section 9. §12016.1 is added to Title 12, Guam Code Annotated, to read:

"§12016.1. Exemption from certain provisions. In the conducting of any hearing pertaining to the implementation of the provisions of the act authorizing the emergency procurement of generating equipment (Bill No. 898, 21st Guam Legislature) the Commission shall be exempt from the provisions of §12016 of this Chapter. The Commission is requested to act upon any request of the Guam Power Authority ("GPA") having to do with the implementation of such act expeditiously in order to enable GPA to timely accept such bids as it has received as may be approved by the Commission; provided, however, that the Commission's authority under §12004 of this Chapter to determine the need,

capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the respective generators are complete and the generators concerned are on line and providing power, revenue and benefits to GPA and the people of Guam. On behalf of the government of Guam, the Governor may guarantee the repayment of the interim debt. The term of the interim debt allowed by this Act shall be repaid not later than September 1, 1993, during which period long-term financing to pay off this debt shall be obtained by GPA. The interim debt terms shall allow for an early payoff with no prepayment penalty after two (2) months, and the interest rate thereon shall not exceed a reasonable rate to GPA (taking into account non-taxability to the lender of the interest), not to exceed an annual actual percentage rate of 10%. The appropriateness, terms, conditions, fees, and interest rates of the debt (interim and long-term) shall be approved by the PUC. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on long-term and interim financing, if any, shall be free of income and gross receipts taxation from the government of Guam."

Section 5. §8113.5 is added to Title 12, Guam Code Annotated, to read:

§8113.5 Transfer of Property. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property, all hereby determined to be necessary and related to GPA's immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

Macheche Substation:

Two (2) parcels of government of Guam land more particularly described as Lots 5246-2 and 5246-3, each situated in the Municipality of Dededo, each containing an area of 3,716± square meters or 40,000± square feet, each as shown on the map recorded in the Department of Land Management on June 6, 1988, under Document Number 399099.

Anigua Substation:

A parcel of government of Guam land more particularly described as Lot No. 1361-1-C NEW, situated in Anigua, Municipality of Agana, containing an area of 1,522± square meters or 16,382± square feet, as shown on the map recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A parcel of government of Guam land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115± square meters or 345,551± square feet, as shown on the map recorded in the

Section 3. §8113.3 is added to Title 12, Guam Code Annotated, to read:

"§8113.3. Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$240,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. The debt service ratio coverage for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, which shall be the debt service coverage used by PUC in setting rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short term indebtedness herein authorized, and the \$26 Million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS; and
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interests of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section 4. Section 8113.4 is added to Title 12, Guam Code Annotated, to read:

§8113.4 PUC authorization; tax-free. Such funds as GPA may borrow to implement the requirements of this Act, shall be borrowed upon such terms and conditions as shall be authorized by PUC pursuant to its regulatory authority ensuring that any rates resulting to consumers are reasonable as provided by §12004 of this Title 12.

The amount and terms for both interim and long-term debt authorized by the Act shall be as set by PUC, not to exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for new generation shall be

existing in 1992, the Guam Power Authority (herein called "GPA"), with all deliberate speed, and with the consent of the Public Utilities Commission (herein called "PUC"), shall procure and install generators adding at least 76 megawatts more or less of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS."

Section 2. §8113.2 is added to Title 12, Guam Code Annotated, to read:

"§8113.2. Interim debt. Procurement by GPA of the generators and ancillary equipment, land and buildings will require long-term financing in the form of revenue bonds or capital leases, or a combination of both.

Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$45.6 million. In order to reduce the amount of interim debt, the Governor is authorized to transfer to GPA from any funds of the government of Guam or appropriated by statute, excluding appropriations to the Judicial or Legislative Branches, such sums as he may identify as available, without interest, to be repaid not later than September 1, 1993 from fund proceeds herein authorized. If the Governor identifies other sources which require Legislative approval he shall promptly introduce a bill requesting approval to use these funds. All sums advanced by the government of Guam to expedite the interim financing loan shall be repaid promptly from the bond proceeds.

GPA presently has outstanding long-term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long-term debt. Further, GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized. The \$20 Million loan to GPA in Public Law 20-112 is hereby converted to a grant with the condition that the \$800,000 interest free annual payment be used for debt service and a source of funding for the long-term debt."

PUBLIC LAW NO. 21-117

Bill No. 898	Introduced by:	T.V.C. Tanaka
Date Became Law: July 15, 1992	A.C. Blaz	J.T. San Agustin
Governor's Action: Approved	D. Parkinson	J.G. Bamba
	D.F. Brooks	J.P. Aguon
	E.P. Arriola	M.Z. Bordallo
	H.D. Dieking	E.R. Duenas
	E.M. Espaldon	C.T.C. Gutierrez
	P.C. Lujan	G. Mailloux
	M.D.A. Manibusan	M.J. Reidy
	M.C. Ruth	F.R. Santos
	D.L.G. Shimizu	A.R. Unpingco

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY ADDING §§8113.1 THROUGH 8113.13 AND §12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT THE GUAM POWER AUTHORITY AND THE PUBLIC UTILITIES COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM, APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT, AND FOR SKIP.

Section 1... §8113.1 added to 12 GCA.
Section 2... §8113.2 added to 12 GCA.
Section 3... §8113.3 added to 12 GCA.
Section 4... §8113.4 added to 12 GCA.
Section 5... §8113.5 added to 12 GCA.
Section 6... §8113.6 added to 12 GCA.
Section 7... §8113.7 added to 12 GCA.
Section 8... §8113.8 added to 12 GCA.
Section 9... §12016.1 added to 12 GCA.
Section 10... §8113.9 added to 12 GCA.
Section 11... §8113.10 added to 12 GCA.
Section 12... §8113.11 added to 12 GCA.
Section 13... §8113.12 added to 12 GCA.
Section 14... §8113.13 added to 12 GCA.
Section 15... Appropriation for SKIP's current mainland tour.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8813.1 is added to Title 12, Guam Code Annotated, to read:

"§8113.1. Expedited procurement of generators. In order to provide immediate relief from the critical power shortage



**Office of the Attorney General
Territory of Guam**

Elizabeth Barrett-Anderson
Attorney General


Phone: (671) 475-3324
Telefax: (671) 472-2493

Donald L. Paillette
Chief Deputy Attorney General

CERTIFICATION

Attached herewith are true copies of Public Law No. 21-117, Public Law No. 21-133, Public Law No. 22-26 and Chapter 8 of Title 12 of the Guam Code Annotated, as duly published by the Compiler of Laws. These copies accurately show the above-cited statutes as enacted and as in force and effect on this date.

Dated this 9th day of November, 1993.


ELIZABETH BARRETT-ANDERSON
Attorney General
Territory of Guam

Attachments

COMMONWEALTH NOW!

Suite 2-200 E, Judicial Center Building 120 West O'Brien Drive Agana, Guam 96910

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Governor shall present to the Legislature a full detailed development plan and a complete cost analysis, cash flow and capital improvement plan for development of that alternate energy source. The submission shall fully justify departure from the above plans and demonstrate why such plan is in the best interests of the people of Guam. The Governor shall accompany such plan with proposed legislation to amend this Act. In such event, the Legislature may consider such plan in deciding whether or not to pass legislation amending this Alternate Energy Plan for Guam Act.

SOURCE: Added by P.L. 17-77.

§8310. Expenditure of Exxon Funds.

The Guam Energy Office and the Governor of Guam shall submit a program plan to the Legislature for approval prior to spending any funds received from or pursuant to U.S. Public Law 97-377 Section 155, the Court Case of U.S. vs. Exxon (TECA Nos. 91-100 (Consolidated) and the case of "In re Department of Energy Stripper Well Exemption Litigation (MDL No. 378)." No money shall be spent by the Guam Energy Office, the Governor, or the territory of Guam from any of the above without prior concurrence by law.

SOURCE: Added by P.L. 18-30:21.

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§8307. Provision of Land/Easement.

The Power of Eminent Domain (condemnation) shall not be used by the government of Guam or the Guam Power Authority to provide land for alternate energy sources or to provide land to lease to alternate energy suppliers. It shall be the exclusive responsibility of the alternate energy supplier to cope with land/easement problems, and neither the government of Guam nor the Guam Power Authority shall be under any obligation to provide land to alternate energy suppliers.

SOURCE: Added by P.L. 17-77.

§8308. Leased Government Land.

If the government of Guam or the Guam Power Authority leases any land belonging to the government of Guam or the Guam Power Authority for alternate energy to private alternate energy suppliers for alternate energy related purposes, such lease shall be for the full fair market rental value of the land (based upon the value at the highest and best use) and contain provisions canceling the lease and reverting the land to the government of Guam or the Guam Power Authority if not developed for alternate energy purposes within three (3) years, and canceling the lease and reverting the land to the government of Guam or the Guam Power Authority whenever the land is no longer being primarily utilized for alternate energy purposes.

SOURCE: Added by P.L. 17-77.

§8309. Purchase of Alternate Energy.

In the event that the Guam Power Authority or the Governor of Guam determines that purchase of alternate energy from private developers or development of any alternate energy source which does not comply with the guidelines of the Act is feasible and in the best interests of the territory of Guam and the Guam Power Authority, then the

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(4) For so long as the Navy Power Pool Agreement is in effect, neither the Guam Power Authority nor the government of Guam may contract to purchase any power generated from alternate energy source (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) without giving the United States Navy prior written notification.

(5) Any contract to purchase alternate energy (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) must provide that any loss or damage to the islandwide power system, Guam Power Authority and the U.S. Navy or to consumers as a result of or proximately caused by the negligence of alternate energy supplier or by the quality of alternate energy supplied will be borne solely by the alternate energy supplier who will hold Guam Power Authority and the government of Guam harmless.

(6) All interface facilities to provide usable alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) shall be installed and maintained at the expense of the supplier of alternate energy. Any such interconnections shall be at existing lines owned and operated by the Islandwide Power System, and such interfaces shall be subject to the engineering standards and approval set by the Guam Power Authority.

(7) Any contract to purchase alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Technology) must provide that neither the government of Guam nor the Guam Power Authority shall be obligated to purchase electrical power not needed by the Guam Power Authority.

SOURCE: Added by P.L. 17-77.

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§8306. Legislature's Policy.

The Legislature supports, in principle, the development of alternate energy, but is concerned that the alternate energy program not be a burden upon the taxpayers, power consumers, and residents of Guam. Therefore, the Governor, the government of Guam and the Guam Power Authority may enter into alternate energy agreements to develop alternate energy or to purchase alternate energy only if all of the following conditions are met:

(1) Local funds of the government of Guam or the Guam Power Authority Funds may be used to develop alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) as may be later, appropriated by the Legislature or approved by law for that specific purpose.

(2) Any power produced or sold from alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion (OTEC) cannot be purchased by Guam Power Authority or the government of Guam at a cost greater than the average cost of producing power found in the islandwide power system (not inclusive of backup diesel generators), specifically the two Cabras Units, the two Tanguisson Units, and the Piti Power Plant.

(3) No contract may be signed by the government of Guam or the Guam Power Authority to develop or purchase power from alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion), if such contract will result in increased expenses and costs for the Guam Power Authority. No such alternate energy contract may be signed until the board of directors of the Guam Power Authority has so certified that the agreement is consistent with all bond covenants and that the price paid for electricity pursuant to the agreement does not exceed actual current avoided cost.

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§8303. Adoption of U.S. Department of Energy's Territorial Energy Assessment Final Report.

The U.S. Department of Energy's Territorial Energy Assessment/Final Report is hereby adopted as an integral part of the Comprehensive Development Plan for Guam, the latter is hereby adopted as the official guideline for alternate energy development for the Territory by the Seventeenth Guam Legislature, subject however to the conditions contained in this Act.

SOURCE: Added by P.L. 17-77.

§8304. Governor's Powers.

The Governor is hereby authorized to proceed with development of a long term energy plan for Guam and to develop alternate energy sources without legislative approval by itself or in conjunction with Guam Power Authority or private companies, to the extent that those alternative resources can be developed using private funds or funds provided by the U. S. Congress through the U.S. Department of Energy, with local coordination through the Guam Energy Office, in cooperation with Guam Power Authority and other affected agencies. The Energy Office is also authorized to develop alternate energy sources using local funds appropriated for that purpose.

SOURCE: Added by P.L. 17-77.

§8305. Coordination, Guam Energy Office.

The Guam Energy Office, in coordination with other appropriate government agencies, shall coordinate the development of conventional energy resources and alternate energy resources outlined in the Ten Year Alternate Energy Plan for Guam, which plan is hereby included as an element of the Comprehensive Development Plan for Guam.

SOURCE: Added by P.L. 17-77.

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Plan has been the working document for energy development since then, notwithstanding its not having been officially adopted by resolution of the Legislature as of the date of this Act. The Comprehensive Development Plan for Guam incorporated a section describing the energy situation on Guam in 1978, and outlines alternate energy options planned for the territory at that time; and

(d) The United States Department of Energy has adopted the Territorial Energy Assessment/Final Report as its official guideline for development of alternate energy resources for the Insular Territories; and

(e) The Congress of the United States is currently considering means of funding the studies outlined in the Territorial Energy Assessment/Final Report; and

(f) Studies have been conducted by several professional engineering companies which indicate that alternate energy forms may be found among Guam's indigenous resources and elsewhere; and

(g) All studies indicate that no source of alternate energy is competitive cost-wise with the present cost of generating power using current conventional sources of power presently available on Guam; and

(h) Guam has sufficient capacity for power generation for the foreseeable future, using conventional power sources; and

(i) The development of the Ten Year Alternate Energy Plan has been accomplished without the expenditure of any significant local funds through existing governmental agencies; and

(j) The government of Guam and Guam Power Authority are relatively small and have no excess funds to experiment with new forms of energy with local or Guam Power Authority Funds.

SOURCE: Added by P.L. 17-77.

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Article 3. Alternate Energy Plan.

- §8301. Title.
 - §8302. Findings.
 - §8303. Adoption of U.S. Department of Energy's Territorial Energy Assessment Final Report.
 - §8304. Governor's Powers.
 - §8305. Coordination, Guam Energy Office.
 - §8306. Legislature's Policy.
 - §8307. Provision of Land/Easements.
 - §8308. Leased Government Land.
 - §8309. Purchase of Alternate Energy.
 - §8310. Expenditure of Exxon Funds.
-

§8301. Title.

This Article shall be known as the Alternate Energy Plan for Guam Act.

SOURCE: Added by P.L. 17-77.

§8302. Findings.

The findings of the Seventeenth Guam Legislature are that:

(a) P.L. 16-119 requires the Guam Power Authority to prepare a Ten Year Alternate Energy Plan for Guam, and that the Governor shall forward said plan to the Legislature to be considered for codification into law; and

(b) The Governor appointed an Alternate Energy Task Force to research and prepare a Ten Year Alternate Energy Plan; and the Alternate Energy Task Force has identified essentially the same indigenous renewable energy resources as outlined in the Comprehensive Development Plan for Guam and the Territorial Energy Assessment/Final Report and has suggested a schedule for implementation; and

(c) The Comprehensive Development Plan for Guam was presented to the Legislature by Governor Bordallo in 1978. That Comprehensive Development

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§8240. Appropriation of Money in Funds.

All money in the funds and accounts created by this Article or any indenture is hereby appropriated for expenditure in carrying out the purposes herein and therein provided.

SOURCE:§21589 GC.

§8241. Short Term Borrowing.

The Board may at any time or from time to time, by resolution adopted by a majority of all the members of the Board and approved by the Governor, incur indebtedness for any lawful purpose for any period not exceeding five (5) years evidenced by contract with any person or by one or more promissory notes executed as provided in §8217 (relating to bonds) and delivered to any person. Any such indebtedness shall be incurred subject and subordinate to any contractual obligation of the Board to the holders of any bonds and the principal thereof and interest thereon may be repaid:

- (a) form revenues; or
- (b) if incurred for a purpose for which bonds may be issued, from revenues or from the proceeds of sale of bonds.

SOURCE:§21590 GC.

§8242. Construction of Article.

This Article shall be liberally construed to carry out the objects and purposes and the declared policy of the Territory as in this Article set forth. Nothing contained in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act or statutes of the Territory or any other provisions of this Code.

SOURCE:§21591 GC.

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(c) for any other purposes of the Authority; all as provided in any indenture or indentures and subject to any restrictions provided by law or any indenture.

SOURCE: §21586 GC.

§8238. Investment of Money in Funds.

Moneys in the Guam Power Authority Construction Fund may be invested by the Treasurer and any revenues in any other fund or account held by the Treasurer or by the Director of Administration or his agent may be invested by the Treasurer or Director of Administration or his agent, as the case may be, subject to such limitations as may be provided in any indenture providing for the issuance of bonds. All securities in which any such moneys are invested and all other investments made under the provisions of this Article shall be held by the Treasurer or the Director of Administration or his agent, as the case may be, as custodian thereof. All interest or other earnings received pursuant to such investments shall be collected by the Treasurer or the Director of Administration or his agent, as the case may be, and shall be deposited to the credit of the fund or account from which such interest or other earnings are derived, unless otherwise provided in an indenture.

SOURCE: §21587 GC.

§8239. Use of Balances of Funds and of Surplus Money in Funds.

Any balance remaining in any of the funds or accounts created by this Article or any indenture after payment of all costs, expenses and charges required or authorized to be expended therefrom, may be allocated and used for such other purposes relating to the acquisition, construction, operation and maintenance of the system or to the Authority, as the Board may determine, subject to the limitations and restrictions in any indenture. After all bonds shall have been fully paid and discharged or provision for their payment and discharge irrevocably made, any surplus moneys in any fund or account created by this Article or any indenture shall, subject to the limitations and restrictions in any indenture, be transferred to the Treasurer and shall be and remain available for the acquisition, construction, improvement, maintenance or operation of the system or for any other purposes of the Authority herein or hereafter authorized by law.

SOURCE: §21588 GC.

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§8235. Right of Bondholders to Bring Action.

The holder of any bond issued pursuant to this Article may by mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon or assumed by the Authority, the Board, the Treasurer, the General Manager, the Governor, the Director of Administration or any other officer or agency of the Authority or the Board or the Territory or any employee thereof, in connection with the acquisition, construction, improvement, operation, equipment, maintenance, repair, renewal, replacement, reconstruction or insurance of the system or any part thereof, or the collection, deposit, investment, application and disbursement of all revenues or in connection with the deposit, investment and disbursement of the proceeds received from the sale of bonds issued pursuant to this Article. The enumeration of such rights and remedies does not, however, exclude the exercise or prosecution of any other rights or remedies available to the holders of bonds issued pursuant to this Article.

SOURCE: §21584 GC.

§8236. Guam Power Authority Construction Fund.

The proceeds from the sale of all bonds authorized by this Article shall be deposited forthwith by the Treasurer to the credit of a fund to be designated as the Guam Power Authority Construction Fund, which fund is hereby created. The money in said Construction Fund shall be expended in the manner provided by law for any of the purposes authorized by this Article, including any or all of the purposes specified by §8222, and for such other purposes, subject to the restrictions provided by law or by such indenture, as may be authorized by such indenture.

SOURCE: §21585 GC.

§8237. Guam Power Authority Revenue Fund.

All revenues received from the operation of the system shall be deposited by the Treasurer to the credit of the Guam Power Authority Revenue Fund, which fund is hereby created. Moneys in the Guam Power Authority Revenue Fund shall be used for the following purposes in the following order of priority:

- (a) to be transferred to the Director of Administration pursuant to any provision of any indenture referred to in §8210(a);
- (b) to pay the annual system operation and maintenance costs; and

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funds and other funds and accounts created by this Article or any indenture and the income thereof pledged to the payment of the principal or interest of any bonds is subject to any trust declared in favor of the bondholders.

SOURCE: §21580 GC.

§8232. Use of Other Funds for System.

In addition to the proceeds of any bonds issued and sold pursuant to this Article, the Board may use for the payment of the costs of acquisition, construction or completion of the system or any part thereof any available money or funds of the Authority and any money or funds made available to the Authority by any person or provided from any source which may be expended for the accomplishing of the purposes set forth in this Article or in the Guam Power Authority Act of 1968.

SOURCE: §21581 GC.

§8233. Insurance.

The Board may insure against loss of revenues from any cause whatsoever and the proceeds of any such insurance shall be used solely for the payment of bonds and the interest thereon. The Board may insure against public liability or property damage from any cause. An indenture may provide for the carrying of such insurance or any other insurance in such amount and of such character as shall be specified in such indenture, for the payment of the premiums thereon and for the disposition of all proceeds received from any such insurance. At the option of the Board, or as provided in any indenture, any insurance may be provided by funded reserves or any other means.

SOURCE: §21582 GC.

§8234. Limitations as to Competitive Projects.

An indenture may include such limitations as to acquisition, ownership or operation by the Authority or the Board of projects which may compete with the system as may be deemed necessary or desirable for the security of bonds issued pursuant to this Article.

SOURCE: §21583 GC.

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§8228. Refunding Bonds.

The Board, with the approval of the Governor, may provide for the issuance, sale or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued under the provisions of this Article. All provisions of this Article applicable to the issuance of bonds are applicable to the funding or refunding bonds and to the issuance, sale or exchange thereof.

SOURCE: §21577 GC.

§8229. Principal Amount in Which Refunding Bonds May be Issued.

Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded thereby and in addition for the payment of all expenses incident to the calling, retiring or paying of such outstanding bonds and the issuance of such refunding bonds. These expenses include:

(i) the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold;

(ii) any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call thereof or agreement with the holders thereof; and

(iii) the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing thereon to the date of the call or retirement.

SOURCE: §21578 GC.

§8230. Bonds Negotiable Except When Registered.

All bonds issued under the provisions of this Article are negotiable instruments, except when registered in the name of a registered owner.

SOURCE: §21579 GC.

§8231. Title in Authority Subject to Trust in Favor of Bondholders.

Title to the system and to all property acquired by or for the Authority and the revenues and income therefrom is in the Authority. The title to any moneys, revenues, bond reserve

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§8223. Bonds May be Secured by Revenues of System.

An indenture may provide that the bonds and the interest thereon shall be secured by all or by part of revenues and that the bonds shall constitute such lien upon revenues as may be provided for in such indenture.

SOURCE: §21572 GC.

§8224. Temporary Bonds.

An indenture may provide that pending the actual issuance or delivery of definitive bonds, the Board may issue temporary or interim bonds, certificates or receipts or any denomination whatsoever and with or without coupons, to be exchanged for definitive bonds when ready for delivery.

SOURCE: §21573 GC.

§8225. Replacement of Bonds or Coupons.

The Board, with the approval of the Governor, may provide for the replacement of lost, destroyed or mutilated bonds or coupons.

SOURCE: §21574 GC.

§8226. Tax Exemptions.

Bonds issued pursuant to the provisions of this Article and the interest or income therefrom are exempt from taxation in accordance with the provisions of the last sentence of Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.)

SOURCE: §21575 GC.

§8227. Bonds as Legal Investments and as Security For Performance of Any Act.

Notwithstanding any other provision of law, all bonds sold and delivered pursuant to the provisions of this Article are legal investments for all trust funds and for the funds of all banks, both commercial and savings and may be deposited as security for the performance of any act whenever any evidence of indebtedness of the Territory may be so deposited and may also be used as security for the deposit of public moneys in banks in the Territory.

SOURCE: §21576 GC.

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appropriation or otherwise (if not restricted as to the use of such funds or proceeds of property by the terms of gift or trust or provision of law) for the payment of bonds issued pursuant to the provisions of this Article and of interest due thereon.

SOURCE: §21570 GC.

§8222. Payments Which May be Made Out of Proceeds of Sale of Bonds.

The proceeds of sale of any bonds may be expended for any one or more of the following purposes, all as provided in the indenture relating to such bonds:

(a) For payment of any costs or expenses of the acquisition, construction or completion of the system or any part thereof or any costs or expenses incidental thereto, including payment to the United States or any other public body for the portion to be borne by the Board of the cost of any work done by the United States or such public body for or jointly or in conjunction with the Board;

(b) For payment of any engineering, inspection, legal, consultants' or paying agents' fees relating or incidental to:

(i) the acquisition, construction or completion of the system or any part thereof; or

(ii) the authorization, issue or sale of bonds;

(c) For payment of any costs or expenses relating to the authorization, issuance or sale of bonds;

(d) For deposit in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system pursuant to any provision of any indenture referred to in §8210(m) or (t);

(e) For payment of interest on bonds during the period of actual acquisition, construction or completion of the system or any part thereof for the acquisition, construction or completion of which such bonds have been issued and for a period of not to exceed ten (10) years thereafter;

(f) For deposit in any reserve or sinking fund pursuant to any provision of any indenture referred to in §8210(a); or

(g) For payment of the principal of and interest on any indebtedness incurred pursuant to §8241 that is by its terms repayable from the proceeds of sale of bonds.

SOURCE: §21571 GC.

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series or divisions, the maximum maturity date herein authorized shall be calculated from the date on the face of each bond separately, irrespective of the fact that different dates may be prescribed for the bonds of each separate series or division of any authorized issue.

SOURCE: §21567 GC.

§8219. Preparation of Bonds and Documents by Treasurer.

Whenever an indenture, adopted by the Board and approved by the Governor, directs the preparation of any bonds authorized under this Article, the Treasurer shall prepare or procure the requisite number of suitable bonds and appurtenant coupons of the denominations and in accordance with the specifications contained in such indenture. When authorized by resolution of the Board, the Treasurer shall prepare or procure the printing, engrossing or publication of any indentures, notices, contracts, agreements or other documents required or convenient for or pertaining to the issuance or sale of bonds.

SOURCE: §21568 GC.

§8220. Sale of Bonds; Maximum Discount.

Bonds authorized to be issued under this Article shall be sold by the Board for cash, in accordance with the provisions of a resolution providing for such sale adopted by the Board and approved by the Governor. Such resolution may provide that the bonds shall be sold at either public or private sale upon such notice as shall be specified in such resolution, may fix terms and conditions for the sale or other disposition of the bonds and may provide that the bonds shall be sold at less than their par or face value, except that the discount on any bonds so sold shall not exceed five percent (5%) of the par value thereof. Before any bonds are delivered to the purchaser thereof, all coupons, if any, which have matured on or before the date of such delivery shall be detached therefrom and cancelled.

SOURCE: §21569 GC.

§8221. Payment of Bonds From Sources Other Than Revenues.

The Board may use and expend all or any part of any funds other than revenues or proceeds of any property owned by it other than the system, whether received by gift,

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SOURCE: §21563 GC, as amended by P.L. 13-13 and 15-143.

§8215. Redemption of Bonds Prior to Maturity.

An indenture may provide that bonds may be redeemed prior to maturity upon such terms, conditions and upon such notice as are stated in the indenture and upon the payment of such premium as may be fixed by the indenture. No bond is subject to call or redemption prior to its fixed maturity date unless the right to exercise such call is expressly stated on the face of the bond.

SOURCE: §21564 GC.

§8216. Places of Payment.

An indenture may provide for the payment of the principal and interest of bonds at any one or more places in the Territory or in the United States and in any specified coin or currency of the United States.

SOURCE: §21565 GC.

§8217. Execution and Authentication of Bonds.

An indenture may provide for the execution and authentication of bonds by the manual, lithographed or printed facsimile signature of any one or more officers of the Board and by additional authentication by endorsement by the manual signature or a signature stamp of the Director of Administration or of any agent designated by him as trustee. If any officer or agent whose signature, countersignature or endorsement appears upon the bonds or coupons ceases to be an officer or agent before the delivery of the bonds or coupons, his signature, countersignature or endorsement is nevertheless valid and of the same force and effect as if he had remained such officer or agent until the delivery of the bonds and coupons.

SOURCE: §21566 GC.

§8218. Dates and Maturities of Bonds.

Bonds shall bear dates prescribed by the Board in the indenture providing for their issuance. Bonds may be serial bonds, term bonds or sinking fund bonds with such maturities as the indenture shall specify. No bond by its terms shall mature in more than fifty (50) years from its own date and, in the event any authorized issue is divided into two (2) or more

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any bond may be payable any number of months less than twelve (12) after the date of such bond.

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§8212. Duties and Powers of Trustee.

The Board shall prescribe in any indenture the duties and powers of the trustee with respect to the issuance, authentication, sale and delivery of the bonds provided for in such indenture and with respect to the payment of principal of and interest on such bonds, the redemption thereof, the registration and discharge from registration thereof and the management of any and all funds provided as security therefor.

SOURCE:§21561 GC.

§8213. Issuance and Interchange of Coupon and Registered Bonds.

An indenture may provide that bonds may be issued as coupon bonds or as registered bonds and for the interchange of coupon bonds for registered bonds and registered bonds for coupon bonds, and may provide that bonds shall be registered as to principal only or as to both principal and interest or otherwise as the Board may determine.

SOURCE:§21562 GC.

§8214. Interest on Bonds.

(a) Bonds shall bear interest at a rate of not to exceed nine percent (9%) per annum, payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on any bond may be payable any number of months less than twelve (12) after the date of such bond.

(b) The interest rate on the refinancing of the Thirty-Six Million Dollars (\$36,000,000) loan from the Federal Financing Bank (as provided in P.L. No. 96-205) shall be at the rate established in accordance with P.L. No. 96-205. Interest may be payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on

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shall have the authority to amend any Guam Power Authority bond covenants, indentures or agreements as to bond issues if such bond issues can be paid from, obligate, or are secured by Section 30 money, money or revenues owed to the Government of Guam, or money or other funds belonging to or payable to the Government of Guam. Any offer to make any such changes or amendments as indicated above shall be deemed withdrawn upon the effective date of this Act, and shall thereafter be subject to approval by legislation as herein indicated.

SOURCE: §21559 GC, as R/R by P.L. 17-29.

§8211. Director of Administration as Trustee for Board and Holders of Bonds.

(a) The Director of Administration or any agent designated by him shall act as trustee for the Board and the holders of bonds issued hereunder and the Board may authorize the trustee to act on behalf of the holders of the bonds or any stated percentage thereof and to exercise and prosecute on behalf of the holders of the bonds such rights and remedies as may be available to the holders.

(b) The Board may provide in an indenture:

(i) for the deposit of all revenues with the Treasurer and for the holding thereof by the Treasurer in one or more separate funds or accounts in the Guam Power Authority Revenue Fund created by §8237; and

(ii) for the transfer to such trustee of such portions of revenues as are provided as security for the bonds and for the holding thereof by such trustee in one or more separate funds or accounts in said Revenue Fund. All money in each such fund or account shall be disbursed only as provided herein and in the indenture.

SOURCE: §21560 GC.

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(including every public corporation, political subdivision, city, county, district, board, agency or instrumentality of any kind of class) shall not be counted as outstanding bonds, or be entitled to vote or assent, but shall, nevertheless, be subject to any such modification or amendment.

(q) A provision for the refunding of all or any bonds authorized by such indenture, subject to the provisions and limitations of Sections 8228 and 8229.

(r) A provision permitting the Authority, the Board or the Director of Administration to purchase outstanding bonds of the Authority from any moneys or funds or accounts referred to in the indenture or otherwise legally available for such purpose.

(s) A provision that the Governor, the Treasurer and the Director of Administration and all other officers and agencies of the Territory shall:

(i) be bound by all of the covenants and agreements on the part of the Board set forth in such indenture; and

(ii) perform all such covenants and agreements which, under the Organic Act or any provision of this Code or any other statute of the Territory, can be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Treasurer and the Director of Administration or such other officer or agency.

(t) A provision for any working capital fund or account or contingency fund or account relating to the system.

(u) A provision for the replacement of lost, destroyed or mutilated bonds or coupons.

(v) A provision or provisions relating to such other acts and matters as may be necessary or convenient or desirable in order better to secure the bonds or to make the bonds more marketable.

(w) As to existing bond issues and indentures and covenants thereto, no changes as indicated above nor any changes relating to repayment schedules or sinking fund requirements may be approved or agreed to except upon action of the Board of Directors of the Guam Power Authority after approval by legislation. Neither the Guam Power Authority nor the Governor

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bonds, equally secured with bonds theretofore issued under the indenture, for the purpose of acquiring, constructing or completing, improving or extending the system or any part thereof; and a provision limiting the power of the Board to issue any additional bonds so secured or any other additional bonds for such purpose.

(m) A provision requiring, specifying or limiting the kind, amount and character of insurance (or any reserve fund or funds in lieu of insurance) to be maintained by the Board on the system or any part thereof and the use and disposition of the proceeds of any such insurance thereafter collected or of the moneys in any such reserve fund.

(n) A provision specifying the events of default and the terms and conditions upon which any or all of the bonds of the Board then or thereafter issued may become or be declared due and payable prior to maturity, and the terms and conditions upon which such declaration and its consequences may be waived.

(o) A provision designating the rights, limitations, powers and duties arising upon breach by the Board of any of the covenants, conditions or obligations contained in the indenture.

(p) A provision prescribing a procedure by which the terms and conditions of the indenture may be subsequently amended or modified with the consent of the Board, subject to the approval of the Governor, and the vote or written consent of the holders of a specified principal amount or specified proportion of the bonds issued and outstanding, including provisions for meetings of bondholders and for the manner in which the consent of the bondholders may be given and specifically stating the effect of such amendment or modification upon the rights of the holders of all of the bonds and interest coupons appertaining thereto, whether attached thereto or detached therefrom.

With respect to any provision relating to the modification or amendment of an indenture, the Board, with the approval of the Governor, may agree that bonds held by the Authority, the Territory, the United States or any instrumentality of either thereof

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impedes the operation of the system or any part thereof necessary to secure adequate revenues or which otherwise impairs or impedes the right of the holders of bonds with respect to such revenues.

(h) A provision requiring the Board to fix, prescribe and collect annually rates or other charges in connection with the electric service furnished from the system which, together with other available revenues, will be:

(i) sufficient to pay the principal of and interest on the bonds as they become due and payable, together with such additional sums as may be required for any bond reserve fund or account or other fund or account created by the indenture for the security of such bonds;

(ii) sufficient to pay the annual system operation and maintenance costs; and

(iii) in such additional amount as shall be provided in the indenture for the further security or protection of such bonds.

(i) A provision that no electric service shall be furnished free of charge to any person, except to the extent permitted by the indenture.

(j) A provision requiring the Board and the Treasurer and the Director of Administration to hold or cause to be held in trust the revenues or any part of revenues pledged to the payment of such bonds and the interest thereon, or to any fund or account created by any indenture relating to such bonds for the further security or protection of such bonds and to apply such revenues or any part of revenues or cause them to be applied only as provided in the indenture and to invest all or any part of such revenues pending such application in such securities and subject to such limitations as are specified in the indenture.

(k) A provision defining the power of the Board and the Treasurer in applying the proceeds of the sale of any issue of bonds for the acquiring, constructing or completing of the system or any part thereof.

(l) A provision permitting the board to issue additional bonds or one or more additional series of

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Administration into which all or any part of revenues shall be deposited:

(i) for payment of the principal of and interest on bonds at or prior to maturity; or

(ii) for reserve or sinking funds for the further security of bonds. All moneys in any such fund or account shall be paid out by the Director of Administration or his agent to pay the principal of and interest on the bonds when due or when redeemed or purchased prior to maturity, as provided in any indenture.

(b) A provision requiring the Director of Administration or his agent, as trustee as hereinafter provided, to pay or cause to be paid punctually the principal of all such bonds and the interest thereon on the date or dates, or at the place or places and in the manner mentioned in such bonds and in the coupons appertaining thereto in accordance with such indenture.

(c) A provision requiring the Board to operate the system continuously, to the extent practicable under conditions as they may from time to time exist, in any efficient and economical manner.

(d) A provision requiring the Board to maintain the system and to make all necessary repairs, renewals and replacements to the system and to keep the system at all times in good working order and condition.

(e) A provision requiring the Board to preserve and protect the security of the bonds and the rights of the holders thereof and to warrant and defend such rights.

(f) A provision requiring the Board to pay and discharge or cause to be paid and discharged all lawful claims for labor, materials and supplies or other charges which, if unpaid, might become a lien or charge upon revenues or any part thereof, or which might impair the security of the bonds.

(g) A provision which limits, restricts or prohibits any right, power or privilege of the Board to mortgage or otherwise encumber, sell, lease or dispose of the system or any part thereof, or to enter into any lease or agreement which impairs or

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coupons, whether the coupons are attached to or detached from the bonds, has recourse to all the provisions of the indenture and of this Article and is bound thereby.

SOURCE:§21557 GC.

§8209. Issues of Bonds.

An indenture may provide for one or several issues of bonds and that bonds may be issued in series or that any issue may be divided into one or more divisions with different maturities or dates of issue, different rates of interest, or different terms and conditions for the bonds of the several series or divisions. It is not necessary that all bonds of the same authorized issue be of the same kind or character, have the same security, or be of the same interest rate, but the terms thereof shall in each case be provided for by the Board, with approval of the Governor, at or prior to the issue thereof.

SOURCE:§21558 GC.

§8210. Covenants and Agreements That May Be Contained in Indenture.

An indenture pursuant to which bonds are issued and which is approved by legislation may include any and all such covenants and agreements on the part of the Authority, the Board, the Territory, the Governor, the Director of Administration, the Treasurer, the General Manager or any other officer or agency of the Territory, the Authority or the Board as are authorized by this Article or as the Board deems necessary or advisable for the better security of the bonds issued thereunder, including without limiting the generality of the foregoing, any one or more of the following:

(a) A provision that payments of principal and interest of bonds shall be secured by all or by part of revenues and provisions creating one or more funds or accounts to be held by the Director of

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§8207. Board to Declare Purpose and Maximum Amount of Bonds to be Issued.

(a) Before issuing any bond or bonds, the Board shall by indenture, approved by the Governor, declare the purpose for which the proceeds of the bonds proposed to be issued shall be expended and shall specify the maximum amount of bonds to be issued or sold for such purpose. Bonds shall not be issued or sold for such purpose in an amount exceeding such specified maximum except either:

(i) pursuant to a provision in an indenture pursuant to §8210(l); or

(ii) with the consent of bondholders, pursuant to amendment or modification of an indenture, as provided in §8210(p).

(b) Nothing contained in this Section shall be construed to prevent the Board, with the approval of the Governor, from amending any such indenture prior to the issuance of bonds authorized thereby to increase or decrease the maximum amount of bonds to be issued or sold. The issuance of bonds for one or more purposes may be included in a single indenture.

SOURCE: §21556 GC.

§8208. Indenture Providing Terms and Conditions of Bonds.

The Board, with the approval of the Governor, may enter into indentures providing for the aggregate principal amount, date or dates, maturities, interest rates, denominations, form, registration, transfer and interchange of any bonds and coupons issued pursuant to this Article and the terms and conditions on which the same shall be executed, issued, secured, sold, paid, redeemed, funded and refunded. Reference on the face of the bonds to such indenture by its date of adoption, or the apparent date on the face thereof, is sufficient to incorporate all the provisions thereof and of this Article into the body of the bonds and their appurtenant coupons. Each taker and subsequent holder of the bonds or

§8205. Validity of Authorization and Issuance of Bonds.

The validity of the authorization and issuance of any bonds by the Board, with the approval of the Governor, is not dependent on nor affected in any way by:

(a) Proceedings taken by the Board for the acquisition, construction or completion of the system or any part thereof;

(b) Any contracts made by the Board in connection with the acquisition, construction or completion of the system or any part thereof; or

(c) The failure to complete the system or any part thereof for which bonds are authorized to be issued.

SOURCE: §21554 GC.

§8206. Board to Determine Issuance of Bonds and Incurring of Other Indebtedness; Territory Not Liable for Indebtedness; Board Only Liable as Provided by Indenture or Contract.

(a) The Board, with the approval of the Governor, shall determine the time, form and manner of issuance of bonds and shall issue bonds in the name of the Authority and as its obligations and shall also, subject to the limitations of this Article, determine the time, form and manner of incurring other indebtedness.

(b) No bond issued or sold pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor or against the Authority or the Board or against any property or funds of the Authority or the Board or the Territory or the Governor, except to the extent of the pledge or revenues or part of revenues, as may be provided by the indenture pursuant to which such bonds are issued and every such bond shall contain a recital on its face stating that neither the payment of the principal or any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Territory.

(c) No other indebtedness incurred pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor and each such indebtedness shall be payable only from the fund or source from which it is authorized to be paid as provided in this Article.

SOURCE: §21555 GC.

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or for any combination of such purposes which bonds shall be issued and secured as provided in this Article; or

(e) for any other lawful purpose for a period not exceeding fifty (50) years pursuant to a contract of indebtedness, repayment of which is subject and subordinate to any contractual obligation of the Board to the holders of any bonds.

The maximum rate and times of payment of interest on any indebtedness incurred pursuant to this Section are subject to the limitations of §8214 (relating to interest on bonds). It is hereby declared that the system is and shall be a public improvement or undertaking as that term is used in Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.) All indebtedness incurred by the Board pursuant to this §8203 shall be repayable only from funds of the Authority available therefor or solely from revenues of the system and, therefore, will not be and shall not be deemed to be public indebtedness of the Territory as that term is used in Section 11 of the Organic Act.

SOURCE: §21552 GC.

§8204. Amounts of Rates and Charges; Refunds.

Except to the extent otherwise permitted or required by an indenture or any contract relating to indebtedness incurred by the Board, all rates and charges shall at all times be fixed to yield annual revenues equal to the annual principal payments and interest charges and reserve fund requirements on all bonds at any time issued and outstanding hereunder, the annual system operation and maintenance costs and the annual principal payments and interest charges on all other outstanding indebtedness incurred by the Board, provided, however, that the rate for services supplied to any nonprofit educational facility, church or publicly-owned hospital shall not exceed one half (1/2) of the minimum rate charged to any other customer. An indenture or contract of indebtedness may provide for payment from revenues of refunds of rates and charges that are collected in error and that are refundable by the Board in accordance with regulations prescribed by it.

SOURCE: §21553 GC, as amended by P.L. 12-42.

COURT DECISION: Declared invalid by Guam Power Authority v. Bishop of Guam. 383 F. Supp. 476 (1974), as a violation of "establishment of religion" of 1st Amendment.

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- (n) "System operation and maintenance costs" means:
- (i) the reasonable costs of operating and maintaining the system, including refunds authorized by §8204, and all reasonable repairs, renewals, replacements, system insurance costs and costs of insurance or other provision for retirement of officers and employees of the Authority, but (notwithstanding any system of accounts maintained by the Board) without any allowance for depreciation; and
 - (ii) all revenues required by any indenture to be deposited in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system.
- (o) "Territory" means the territory of Guam.
- (p) "Treasurer" means the Treasurer of the Authority provided for in Article 1.
- (q) "United States" means the United States of America.

SOURCE: §21551 GC.

§8203. Powers of Board; Incurring Indebtedness.

The Board has power and is hereby authorized, in addition to and in amplification of all other powers conferred upon the Board by the Guam Power Authority Act of 1968 or any other provision of this Code or by any statute of the Territory or of the United States, to exercise any or all of the powers granted to the Board by this Article. The Board may at any time or from time to time incur indebtedness:

- (a) pursuant to §8241;
- (b) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Construction Fund created by §8236 and incurred only for a purpose for which moneys in said Fund may be expended;
- (c) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Revenue Fund created by §8237 and incurred only to pay system operation and maintenance costs, subject and subordinate to any contractual obligation of the Board to the holders of any bonds;
- (d) by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the system, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds,

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tion, within the Executive Branch of the government of Guam or any agent designated by him as trustee pursuant to any provision of this Article or of any indenture.

(f) "General Manager" means the General Manager of the Authority provided for in the Guam Power Authority Act of 1968.

(g) "Governor" means the Governor of Guam.

(h) "Guam Power Authority Act of 1968" means Article 1 of this Chapter.

(i) "Indenture" means an agreement entered into and approved or adopted by a majority of all the members of the Board, with the approval of the Governor, pursuant to which bonds are issued, regardless of whether such agreement is expressed in the form of a resolution of the Board or by other instrument.

(j) "Organic Act" means the Organic Act of Guam as amended and in effect on the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)

(k) "Person" includes any individual, firm, corporation, association, copartnership, trust, business trust or receiver or trustee or conservator for any thereof, and also includes the United States, the Territory or any public corporation, political subdivision, city, county or district or any agency or instrumentality of the United States or of the Territory.

(l) "Revenue" means and includes:

(i) any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the system;

(ii) any such revenues or any proceeds of sale of bonds or any other moneys of the Authority that may have been or may be impounded or deposited in any fund or account created or authorized by this Article and held by the Board or the Treasurer or the Director of Administration for the security of any bonds issued hereunder or for the purpose of providing for the payment thereof or the interest thereon;

(iii) any moneys received or receivable by the Authority pursuant to any contract between the Authority and any person, which moneys are designated as revenues (as herein defined) in such contract; and

(iv) all earnings on any investment of any revenues.

(m) "System" means the electric power system of the Authority.

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- §8238. Investment of Money in Funds.
- §8239. Use of Balances of Funds and of Surplus Money in Funds.
- §8240. Appropriation of Money in Funds.
- §8241. Short Term Borrowing.
- §8242. Construction of Article.

§8201. Short Title.

This Article may be cited as the "Guam Power Authority Revenue Bond Act of 1968."

SOURCE: §21550 GC.

§8202. Definitions.

The following terms wherever used or referred to in this Article or in any indenture entered into pursuant hereto, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) "Authority" means the Guam Power Authority provided for in the Guam Power Authority Act of 1968.

(b) "Board" means the Board of Directors of the Authority provided for in the Guam Power Authority Act of 1968. "Board" also means the Governor, the Director of Administration or any other officer or agency of the Territory whenever any action which this Article or any indenture requires or permits the Board to take can, under the Organic Act or any provision of this Code or any other statute of the Territory, be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Director of Administration or such other officer or agency.

(c) "Bonds" or "revenue bonds" means the written evidence or any obligation issued by the Board with the approval of the Governor pursuant to §8203, payment of which is secured by a pledge of revenues or any part of revenues, as provided in this Chapter, in order to raise funds for any of the purposes authorized §8203, irrespective of the form of such obligations.

(d) "Bondholder" or "holder of bonds" or any similar term means any person who shall be:

(i) the bearer of any outstanding bond or bond registered to bearer or not registered; or

(ii) the registered owner of any such outstanding bond or bond which shall at the time be registered other than to bearer.

(e) "Director of Administration" means the Director of Administration, head of the Department of Administra-

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Article 2. Guam Power Authority Revenue Bonds

- §8201. Short Title.
- §8202. Definitions.
- §8203. Powers of Board; Incurring Indebtedness.
- §8204. Amounts of Rates and Charges; Refunds.
- §8205. Validity of Authorization and Issuance of Bonds.
- §8206. Board to Determine Issuance of Bonds and Incurring of Other Indebtedness; Territory Not Liable for Indebtedness; Board Only Liable as Provided by Indenture or Contract.
- §8207. Board to Declare Purpose and Maximum Amount of Bonds To be Issued.
- §8208. Indenture Providing Terms and Conditions of Bonds.
- §8209. Issues of Bonds.
- §8210. Covenants and Agreements That May be Contained In Indenture.
- §8211. Director of Administration as Trustee for Board and Holders of Bonds.
- §8212. Duties and Powers of Trustee.
- §8213. Issuance and Interchange of Coupon and Registered Bonds.
- §8214. Interest on Bonds.
- §8215. Redemption of Bonds Prior to Maturity.
- §8216. Places of Payment.
- §8217. Execution and Authentication of Bonds.
- §8218. Dates and Maturities of Bonds.
- §8219. Preparation of Bonds and Documents by Treasurer.
- §8220. Sale of Bonds; Maximum Discount.
- §8221. Payment of Bonds From Sources Other Than Revenues.
- §8222. Payments Which May Be Made Out of Proceeds of Sale of Bonds.
- §8223. Bonds May be Secured by Revenues of System.
- §8224. Temporary Bonds.
- §8225. Replacement of Bonds or Coupons.
- §8226. Tax Exemptions.
- §8227. Bonds as Legal Investments and as Security for Performance of Any Act.
- §8228. Refunding Bonds.
- §8229. Principal Amount in Which Refunding Bonds May be Issued.
- §8230. Bonds Negotiable Except When Registered.
- §8231. Title in Authority Subject to Trust in Favor of Bondholders.
- §8232. Use of Other Funds for System.
- §8233. Insurance.
- §8234. Limitations as to Competitive Projects.
- §8235. Right of Bondholders to Bring Action.
- §8236. Guam Power Authority Construction Fund.
- §8237. Guam Power Authority Revenue Fund.

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Authority shall not be considered employees of a "public corporation" whereby their membership in the Fund is optional and membership therein must be specifically requested. The Authority shall contribute to the Government of Guam Retirement Fund on the basis of annual billings as determined by the Board of Trustees, Government of Guam Retirement Fund, for the government share of the cost of the retirement benefits applicable to the Authority's employees and their beneficiaries. The Authority shall also contribute to the Workmen's Compensation Fund, on the basis of annual billings as determined by the Workmen's Compensation Commissioner, for the benefit payments made from such Fund on account of the Authority's employees.

(c) Notwithstanding any other provisions of law, neither the Manager, Secretary, Treasurer, Comptroller nor Attorney of the Authority shall be within the classified service of the government of Guam but shall be hire, compensated and employed under terms and conditions fixed by, and at the pleasure of the Board.

SOURCE: §21512 GC; Subsection (a) amended by P.L. 13-81 and P.L. 16-23.

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(Class A and B) issued by the Federal Power Commission of the United States, as amended from time to time.

(b) The Board may authorize, by annual budget resolution and amendments thereto, the payment of demands against the Authority resulting from its exercise of the powers prescribed in this Act, for a period of one (1) year if:

(i) the purposes and amounts of such demands are projected in a budget expressed in terms of major account groups of the Uniform System of Accounts, which has been adopted by the Board after receiving recommendations of the General Manager; and

(ii) if the specific demands which are made are approved by the Board or the General Manager prior to payment.

(c) The Board shall employ a firm of independent certified public accountants who shall examine and report to the Board, at least annually, upon the status of the financial records and accounts maintained by the Authority. Copies of any such report shall be furnished to the Governor and to the Legislature.

(d) The Board shall report to the Governor concerning its administration of the affairs of the Authority. It shall present an annual report within one hundred twenty (120) days after the end of each fiscal year and, if requested by the Governor, shall present special reports within thirty (30) days after the end of each intervening quarter. The financial information presented in such reports shall be in accordance with the Uniform System of Accounts adopted by the Board. Copies of any such reports, including the annual and special reports, shall be furnished to the Legislature.

SOURCE: §21511 GC.

§8118. Employment.

(a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall establish rules and regulations regarding selection, promotion, performance evaluation, demotion, suspension and other disciplinary action for the employees of the Authority; provided, however, that all contracts for the hiring of off-island employees shall conform to the provisions of 4 GCA §6216.

(b) Employees of the Authority, excluding the directors, shall be members of the Government of Guam Retirement Fund, subject to the provisions 4 GCA §8105, except that for the purposes of Subsection (a) of said section, the employees of the

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transferred who are found to be in excess of the personnel required for the efficient administration of the Authority shall be retained by the Authority until transferred to other positions in the government of Guam, with the consent of the agency to which transfer is made.

SOURCE: §21507 GC.

§8114. Indebtedness.

The Authority may incur indebtedness by any means permitted by Article 2 of this Chapter.

SOURCE: §21508 GC.

§8115. Exemption from Taxation, and In-Lieu Payments.

(a) As an instrumentality of the Territory, the Authority and all property acquired by or for the Board and all revenues and income therefrom are exempt from taxation by the Territory or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Legislature of the Territory, or with respect to which the Legislature is authorized to grant exemption. Sales of liquid fuels for electric power generation to the Authority are exempt from the tax on such sales to the same extent as sales to the United States are exempt and sales of all fuel to the Authority for electric power generation are exempt from the gross receipts tax.

SOURCE: §21509 GC, Subsection (b) repealed by P.L. 16-25.

§8116. Contracts and Purchases.

[Repealed by P.L. 16-124.]

COURT DECISIONS: SUPER.CT. 1981 There was sufficient evidence to show that GPA, in denying the bid to the plaintiffs, exercised reason, rather than improper or illegal motives, in selection of another bidder. Therefore, a temporary injunction is denied and the temporary restraining order vacated. Miles Security Agency, Inc. v. Guam Power Authority, Civil Case #843-82.

§8117. Accounting and Expenditures.

(a) The Board shall adopt and maintain a system of accounting which is substantially in accordance with the Uniform System of Accounts prescribed for Public Utilities and Licensees

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SOURCE: §21506 GC, amended pursuant to P.L. 9-239.

§8113. Acquisition of Existing Systems.

(a) On the first day of the month following one hundred twenty (120) days after the effective date of this Act or on such later date as the Board shall establish, the public Utility Agency of Guam shall transfer to the Authority:

(i) all items of property which that Agency owns or controls, including construction work in progress, which are used exclusively for electric utility operations and all materials and supplies used and useful exclusively in connection with such properties or in the electric utility operations of that Agency;

(ii) all items of property and materials and supplies used by the Agency for electric utility operations in common with other operations and which the Agency and the Authority agree to transfer; and

(iii) all working capital, cash, accounts payable and receivable, deposits, advances payable and receivable, all books, records and maps and all other rights, obligations, assets, liabilities, agreements and privileges pertaining to the electric utility properties or electric utility operations of the Agency. Each employee of the Public Utility Agency of Guam primarily engaged in electric utility operations at the date of the transfer shall be offered employment by the Authority.

(b) As soon as practical and subject to agreement with the United States Navy, the Authority shall acquire by purchase or lease, all electric utility properties of such Navy which are jointly used to supply electric power and energy to civilian consumers, federal agencies and military installations on Guam and are not required for exclusive use of the Navy and other agencies of the Department of Defense and pay therefor, out of the proceeds of an indebtedness incurred by the Authority, such price as may be agreed upon. The Authority may also acquire from the Navy such items of general plant and materials and supplies, related to power operations, as may be agreed upon. Any locally hired civilian employee of the Navy who at the date of transfer is engaged primarily in the operation of the electric utility properties being acquired from the Navy shall be offered employment by the Authority.

(c) Any person accepting employment under this Section shall receive not less than the straight-time rate of compensation he was receiving immediately before the transfer date. The other employment benefits and rights, including retirement and leave, of such transferred employees shall be governed by the provisions of §8118 of this Article. Any persons so

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Distribution, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Operations and Distribution shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board of all operation and distribution of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.3 GC, as added by P.L. 11-57.

§8112. Other Officers.

(a) The Board may also appoint a Secretary, a Treasurer, a Comptroller and an Attorney, who shall serve at the pleasure of the Board and whose duties and compensation shall be fixed by the Board. The Board may appoint one or more assistants to any such office. Any of such offices may be consolidated in one person.

(b) The Secretary shall have charge of all records and minutes of the Board.

(c) The Treasurer shall have custody of all moneys of the Authority and shall pay out such money only in accordance with the direction of the Board or as provided in connection with any indebtedness incurred pursuant to Article 2 of this Chapter. The Board shall however appoint the Director of Administration of Guam or any agent designated by him as its trustee for the payment of bonds issued by it and for any related purposes as the Board may provide.

(d) The Attorney, who must have been admitted to practice before the District Court of Guam, shall advise the Board and the General Manager on all legal matters to which the Authority is a party or in which the Authority is legally interested and may represent the Authority in connection with legal matters before the Legislature, boards and other agencies of the Territory. The Attorney General shall represent the Authority in litigation concerning the affairs of the Authority, provided that he may delegate this duty to the Attorney of the Authority, with respect to any such litigation.

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§8109. Assistant General Manager: Engineering and Technical Services.

(a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Engineering and Technical Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Engineering and Technical Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all engineering and technical services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.1 GC, as added by P.L. 11-57.

§8110. Same: Administration and Fiscal Services.

(a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Administration and Fiscal Services, who shall serve at the pleasure of the General Manager and the Board.

(b) The Assistant General Manager for Administration and Fiscal Services shall be entitled to receive compensation to be determined by the General Manager with the approval of the Board.

(c) Such Assistant General Manager shall devote his entire time to the business of the Authority and shall have full charge and control, subject to the control of the General Manager and the Board, of all administration, accounting and fiscal services of the Authority.

(d) Such Assistant General Manager shall have such other duties as may be designated by the General Manager.

SOURCE: §21505.2 GC, as added by P.L. 11-57.

§8111. Same: Operations and Distribution.

(a) The General Manager, with the consent of the Board, shall appoint an Assistant General Manager for Operations and

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§8108. General Manager.

(a) The Board shall appoint a General Manager, who shall be its chief executive officer, and who shall serve at its pleasure and shall fix his compensation. The General Manager shall have full charge and control of the construction of the works of the Authority and of their maintenance and operation, and also of the administration of the business affairs of the Authority.

(b) The powers of the General Manager include the following:

(i) To see that all rules and regulations of the Authority are enforced.

(ii) To attend all meetings of the Board and submit a general report of the affairs of the Authority.

(iii) To keep the Board advised as to the needs of the Authority and to approve demands for the payment of obligations of the Authority within the purposes and amounts authorized by the Board.

(iv) To prepare or cause to be prepared all plans and specifications for the construction of the works of the Authority.

(v) To devote his entire time to the business of the Authority; to select and appoint the employees of the Authority, except as otherwise provided by this Act, and to plan, organize, coordinate and control the services of such employees in the exercise of the powers of the Authority under the general direction of the Board.

(vi) To cause to be published within one hundred twenty (120) days from the end of each fiscal year a financial report showing the result of operations for the preceding fiscal year and the financial status of the Authority on the last day thereof. The publication shall be made in the manner provided by the Board.

(vii) To perform such other and additional duties as the Board may require.

(c) The Board may contract with a corporation to perform any or all of the duties and to exercise any or all of the powers of the General Manager as provided in this Section and the General Manager, subject to the approval of the Board, may contract with a corporation to perform some of the duties or to render expert and technical assistance in the operation of the Authority.

SOURCE: §21505 GC.

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directors shall be filled by the Governor, with the advice and consent of the Legislature, for the unexpired term, except that if the Legislature is not in regular session when the vacancy occurs, the Governor may appoint for a term expiring at the end of the next regular session.

(b) Three (3) directors shall constitute a quorum of the Board for the transaction of all business. The Board may adopt rules and regulations governing the conduct of its affairs. It shall elect a Chairman and a Vice-Chairman from among the Directors.

(c) Each director shall receive the sum of Fifty Dollars (\$50.00) for each attendance at the meetings of the Board, but such compensation shall not apply to more than two (2) meetings in any one (1) calendar month. No director shall receive any other compensation, but shall be reimbursed for actual travel, subsistence and out-of-pocket expenses incurred in the discharge of his responsibilities.

SOURCE:§21504 GC.

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§8105.1. Streetlights: Disconnection Notice.

Notwithstanding any provision of law to the contrary the Guam Power Authority shall at all times provide power necessary for operation of at least as many public streetlights as were working on July 1, 1983. If the Authority does not receive prompt payment for such power consumption, it shall notify the Legislature and it shall not disconnect any street lights until thirty (30) days after so notifying the Legislature.

SOURCE: Added by P.L. 17-26.

§8106. [Repealed].

SOURCE: §21503.2 GC, added by P.L. 16-73; R/R by P.L. 1-119; R/R by P.L. 17-10; Subsection (a) added by P.L. 17-10, a new Subsection (a) added by P.L. 17-25; Subsection (a) as added by P.L. 17-10 and 17-25 repealed by P.L. 17-48; Subsection (a) R/R by P.L. 17-48; Subsection (b) added by P.L. 17-48. P.L. 17-74:3 repealed §21503.2 (12 GCA §8106(a) and (b)).

§8107. Board of Directors.

(a) All powers vested in the Authority except as provided herein shall be exercised by the Board. The Board shall consist of five (5) directors, nominated and appointed by the Governor of Guam, by and with the advice and consent of the Guam Legislature. The five (5) directors first appointed shall classify themselves by lot so that their terms shall expire respectively as follows: June 30, 1969; June 30, 1970; June 30, 1971; June 30, 1972; and June 30, 1973. Their successors shall be appointed each for a term of five (5) years from the date of the expiration of the term for which his predecessor was appointed and until his successor is appointed and has qualified. All vacancies occurring in the office of

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(9) Employ, retain or contract for the services of qualified managers, specialists or experts, as individuals or as organizations, to advise and assist its Board of Directors and employees;

(10) Adopt such rules and regulations as may be necessary for the exercise of the powers and performance of the duties conferred or imposed upon the Authority or the Board by this Article;

(11) Control, operate, improve, equip, maintain, repair, renew, replace, reconstruct, alter and insure the electric system subject to compliance with any applicable zoning, building and health regulations of the territory of Guam;

(12) Do any and all other things necessary to the full and convenient exercise of the above powers.

Nothing contained in this Section or elsewhere in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act of Guam or statutes of the Territory or any other provisions of this Code.

SOURCE:§21503 GC; Subsection (2) amended by P.L. 16-124 and by P.L. 18-08:16; Subsection (4) amended by P.L. 16-73, R/R by P.L. 16-119, amended by P.L. 17-48, R/R by P.L. 17-74.

§8105. Power, Duty to Connect.

Notwithstanding any other provision of the Government Code of Guam or any duly promulgated rule or regulation except those service rules and regulations of the Authority, the Authority shall not refuse to connect electrical power to any single family residence because said residence fails to meet specified public health or waste water standards.

SOURCE:§21503.1 GC, as added by P.L. 12-146.

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in accordance with the provisions and subject to the limitations of Title V of Part III of the Code of Civil Procedure of Guam, and hold and use any real or personal property necessary or convenient or useful for the carrying on of any of the powers pursuant to the provisions of this Chapter; provided further that the Authority shall not enter any agreement for the purchase of oil or any other petroleum product which extends longer than five (5) years;

(3) Establish its internal organization and management and adopt regulations for the administration of its operations;

(4) Establish and modify from time to time, with approval of the Public Utility Commission, reasonable rates and charges for electric service at least adequate to cover the full cost of such service, including the cost of debt service, and collect money from customers using such service, all subject to any contractual obligation of the Board to the holders of any bonds; and refund charges collected in error.

(5) Enter into contracts and execute all instruments necessary or convenient in the exercise of its powers, adopt a seal and sue or be sued in its own corporate name;

(6) Construct works along or across any street or public highway or watercourse or over any of the lands which are the property of the Territory; and with respect to federal lands, the Authority shall have the same powers with respect to the construction of such works as possessed by the government of Guam. The Authority shall restore any such street or highway to its former state as near as may be and shall not use it in a manner to impair unnecessarily its usefulness;

(7) At any time or from time to time, incur indebtedness pursuant to Article 2 of this Chapter;

(8) Enter into contracts with the Government of the Territory or with the United States for loans or grants;

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§8101. Short Title.

This Article may be cited as the Guam Power Authority Act of 1968.

SOURCE:§21500 GC.

§8102. Definitions.

As used herein, unless otherwise indicated:

- (a) Authority means the Guam Power Authority;
- (b) Board means the Board of Directors of the Authority;
- (c) Director means a member of the Board.

SOURCE:§21501 GC.

§8103. Establishment.

There is within, and a public corporation and autonomous instrumentality of, the government of Guam, a Guam Power Authority.

SOURCE:§21502 GC.

COURT DECISIONS: D.C.GUAM:APP.DIV. 1981
Under the laws of Guam, the Guam Power Authority is a part of the government of Guam and, therefore, an employee injured in the course of his work has an exclusive remedy against his employer, thus precluding a separate course of action against the Government. *Guerrero v. Government of Guam*, D.C. Civil #80-043A.

§8104. Powers.

The Authority shall have and exercise each and all of the following powers:

- (1) Generate, transmit, distribute, sell and exchange electric power on Guam;
- (2) Acquire, in accordance with Title VII-A of the Government Code and subject to the laws of Guam, by grant, purchase, gift, devise or lease, or by the exercise of the right of eminent domain

CHAPTER 8

GUAM POWER AUTHORITY

NOTE: All references in this Chapter to "Department/Director of Finance" changed to "Department/Director of Administration" pursuant to P.L. 9-239.

- Article 1. General Provisions.
2. Guam Power Authority Revenue Bonds.
3. Alternate Energy Plan.

Article 1. General Provisions

- §8101. Short Title.
 - §8102. Definitions.
 - §8103. Establishment.
 - §8104. Powers.
 - §8105. Power, Duty to Connect.
 - §8105.1. Streetlight Disconnection Notice.
 - §8106. [Repealed].
 - §8107. Board of Directors.
 - §8108. General Manager.
 - §8109. Assistant General Manager: Engineering and Technical Services.
 - §8110. Same: Administration and Fiscal Services.
 - §8111. Same: Operations and Distribution.
 - §8112. Other Officers.
 - §8113. Acquisition of Existing Systems.
 - §8114. Indebtedness.
 - §8115. Exemption from Taxation, and In-Lieu Payments.
 - §8116. Contracts and Purchases. [Repealed]
 - §8117. Accounting and Expenditures.
 - §8118. Employment.
-

authorized, and the \$26 million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS;
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear; and
8. Procurement and installation of stand-by generators for water wells and booster stations in the islandwide water, sewer, and power systems.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interest of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section. 2. New §§55.50 and 55.51 are hereby added to Title 9, Guam Code Annotated, to read:

"§55.50. Damaging, stealing or receiving stolen government generators, telephones, or emergency or utility equipment. A person commits a felony in the second degree if he intentionally damages or steals any generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities.

§55.51. Receiving stolen government generators, telephones or emergency utility equipment. A person commits a felony in the second degree if he receives any stolen generator, power pole, power line, telephone, telephone line, telephone facility, water meter, or other emergency or utility equipment owned or installed by the government of Guam, its agencies or instrumentalities, knowing such item is stolen."

PUBLIC LAW NO. 21-133

Bill No. 955 (LS)	Introduced by:	C.T.C. Gutierrez
Date Became Law: Sep. 3, 1992	J.T. San Agustin	J.P. Aguon
Governor's Action: Approved	E.P. Arriola	M.Z. Bordallo
	H.D. Dierking	P.C. Lujan
	G. Mailloux	D. Parkinson
	F.R. Santos	D.L.G. Shimizu
	J.G. Bamba	A.C. Blaz
	D.F. Brooks	E.R. Duenas
	E.M. Espaldon	M.D.A. Manibusan
	M.J. Reidy	M.C. Ruth
	T.V.C. Tanaka	A.R. Unpingco

AN ACT TO AMEND §8113.3 OF TITLE 12, GUAM CODE ANNOTATED, ON THE ISSUANCE OF LONG-TERM INDEBTEDNESS OF THE GUAM POWER AUTHORITY, AND TO ADD §§55.50 AND 55.51 TO TITLE 9, GUAM CODE ANNOTATED, ON THE THEFT OF GOVERNMENT EMERGENCY EQUIPMENT.

Section 1... Amended 12 GCA §8113.3.
Section 2... Added Title 9 GCA §§55.50 and 55.51.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8113.3 of Title 12, Guam Code Annotated, is amended to read:

"§8113.3 Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$258,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. Notwithstanding §8210, Title 12, Guam Code Annotated, without further approval by legislation, but subject to the approval of PUC, the indenture pursuant to which the indebtedness is issued may include any and all covenants and agreements described by said §8210. The debt service coverage ratio used in the rate covenant for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, and shall be the debt service coverage ratio hereafter used by PUC, together with other appropriate factors, in setting rates. The indenture may also include a pledge by the government of Guam not to repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the PUC thereunder in relation to GPA and its rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short-term indebtedness herein

share equally in any loadshedding. Excess electricity from these generating units may then be used to provide electric power to the Manengon Hills project only if there is adequate power for the rest of the island.

Section 13. §8113.12 is added to Title 12, Guam Code Annotated, to read:

"§8113.12. Awards to specific bidders. Of the generating equipment to provide the 76 megawatts more or less of electricity authorized by this Act 60 megawatts shall be purchased from the bidders listed in this section, and 16 megawatts will be achieved as a result of the refurbishment of the Navy's Weber Barge. The new units shall be purchased from the bidders Pacific Machinery and Stewart & Stevenson. These are the successful bidders to supply new generators to GPA as shown in GPA Exhibit I, attached to this Act and made a part thereof by reference. If such units as are described in this Act are not purchased pursuant to said bids, this Act shall be a nullity. The units purchased must be new units and may not be replaced or substituted with rebuilt units. PUC may waive bid defects or minor technical changes as recommended or approved by GPA."

Section 14. §8113.13 is added to Title 12, Guam Code Annotated, to read:

"§8113.13. Repayment of FFB debt. Part of the funds authorized to be borrowed by this Act shall be used to purchase the entire debt held by FFB and GPA must use the FFB Reserve fund to offset the balance to be paid."

Section 15. Appropriation for SKIP. Sixteen Thousand Nine Hundred Seventy-Four Dollars (\$16,974) are appropriated from the General Fund to SKIP Entertainment Company ("SKIP") to supplement travel funds needed to complete SKIP's current mainland tour.

prudence and timing of contracts and obligations contemplated by such act is recognized and confirmed."

Section 10. §8113.9 is added to Title 12, Guam Code Annotated, to read:

"§8113.9. Liquidated damages. GPA shall provide that any contract awarded to a bidder to provide GPA with a generating unit shall include in the contract a provision which will impose liquidated damages of not less than \$2,000 per day for each day beyond an agreed date that the contractor promises to activate a specific generating unit. The provisions in this section shall not apply in the case of force majeure to the extent of delays caused by such force majeure. The provisions of this section can not be waived."

Section 11. §8113.10 is added to Title 12, Guam Code Annotated, to read:

"§8113.10. Dates when generators go on line. GPA did, on July 10, 1992, provide the Legislature, while sitting as a Committee of the Whole, with a list of the specific dates that each of the following generating units purchased by the authorization contained in this Act will come on line and be producing electricity for the IWPS. Such dates were:

Generation Unit	In-Service date*	Ten. Location
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	May 31, 1993	Talofofu
2-3616 Caterpillar, 9.6 MW (4.8 MW each)	June 30, 1993	GMH
1-LM2500, 21.6 MW (Gas Turbine)	April 30, 1993	Macheche
4-3616 Caterpillar, 19.2 MW (4.8 MW each)	Aug. 31, 1993	New Site
Weber CT1 (8 MW)	Jan. 31, 1993	Existing
Weber CT2 (8 MW)	Feb. 28, 1993	Existing

* In-Service Date means the date the unit is up and providing power to the IWPS.

The Authority shall also provide the Speaker of the Legislature and the Governor of Guam a detailed explanation as to why a specific dateline cannot or has not been met within ten (10) days of the date missed."

Section 12. §8113.11 is added to Title 12, Guam Code Annotated, to read:

"§8113.11. Power to southern Guam. Any generating units purchased with the funds authorized by this Act and which are sited to the south of a line extending from the northernmost point in Agat to the northernmost point in Yona and are activated to supplement the IWPS shall be used to provide electric power to the villages of Yona, Talofofu, Inarajan, Merizo, Umatac, Agat and Santa Rita first, and only secondarily for the rest of the IWPS; provided, that all parts of the island

Department of Land Management on May 26, 1988 under Document Number 398768."

Section 6. §8113.6 is added to Title 12, Guam Code Annotated, to read:

"§8113.6. Generators at the Hospital. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to GMHA sufficient electrical supply from the generating capacity there installed to meet the needs of GMHA; provided, however, that the terms and conditions of any such agreement between GMHA and GPA shall be subject to prior review and approval of PUC."

Section 7. §8113.7 is added to Title 12, Guam Code Annotated, to read:

"§8113.7. Conditional uses approved. To permit use by GPA of the parcels of land described in §§8113.5 and 8113.6 of this Title for public utility uses, GPA is hereby granted such conditional uses."

Section 8. §8113.8 is added to Title 12, Guam Code Annotated, to read:

"§8113.8. Waiver of procurement requirements. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Part B, Article 3, Chapter 5, Title 5, Guam Code Annotated, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of PUC for the generators and ancillary equipment described in §§8113.10 and 8113.12 of this Title and as shown on GPA Exhibit I attached to the Act of which this section is a part."

Section 9. §12016.1 is added to Title 12, Guam Code Annotated, to read:

"§12016.1. Exemption from certain provisions. In the conducting of any hearing pertaining to the implementation of the provisions of the act authorizing the emergency procurement of generating equipment (Bill No. 898, 21st Guam Legislature) the Commission shall be exempt from the provisions of §12016 of this Chapter. The Commission is requested to act upon any request of the Guam Power Authority ("GPA") having to do with the implementation of such act expeditiously in order to enable GPA to timely accept such bids as it has received as may be approved by the Commission; provided, however, that the Commission's authority under §12004 of this Chapter to determine the need,

capitalized so there are no associated demands on GPA cash and no impact on rates until construction and installation of the respective generators are complete and the generators concerned are on line and providing power, revenue and benefits to GPA and the people of Guam. On behalf of the government of Guam, the Governor may guarantee the repayment of the interim debt. The term of the interim debt allowed by this Act shall be repaid not later than September 1, 1993, during which period long-term financing to pay off this debt shall be obtained by GPA. The interim debt terms shall allow for an early payoff with no prepayment penalty after two (2) months, and the interest rate thereon shall not exceed a reasonable rate to GPA (taking into account non-taxability to the lender of the interest), not to exceed an annual actual percentage rate of 10%. The appropriateness, terms, conditions, fees, and interest rates of the debt (interim and long-term) shall be approved by the PUC. All expenses and costs involved in the origination of the debt shall be the responsibility of GPA, to be paid from the proceeds of said debt.

Interest paid by GPA on long-term and interim financing, if any, shall be free of income and gross receipts taxation from the government of Guam."

Section 5. §8113.5 is added to Title 12, Guam Code Annotated, to read:

§8113.5 Transfer of Property. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property, all hereby determined to be necessary and related to GPA's immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

Macheche Substation:

Two (2) parcels of government of Guam land more particularly described as Lots 5246-2 and 5246-3, each situated in the Municipality of Dededo, each containing an area of 3,716± square meters or 40,000± square feet, each as shown on the map recorded in the Department of Land Management on June 6, 1988, under Document Number 399099.

Anigua Substation:

A parcel of government of Guam land more particularly described as Lot No. 1361-1-C NEW, situated in Anigua, Municipality of Agana, containing an area of 1,522± square meters or 16,382± square feet, as shown on the map recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A parcel of government of Guam land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115± square meters or 345,551± square feet, as shown on the map recorded in the

Section 3. §8113.3 is added to Title 12, Guam Code Annotated, to read:

"§8113.3. Long-term indebtedness. In order to enable GPA to obtain the best possible price to the territory, and in the best interest of GPA's rate payers, GPA is authorized to incur long-term indebtedness not to exceed \$240,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA. The debt service ratio coverage for the debt authorized by this Act shall not exceed an amount approved in writing by the Governor, which shall be the debt service coverage used by PUC in setting rates. The proceeds of said debt shall be used to refund GPA's existing indebtedness, including revenue bonds, FFB loans, the short term indebtedness herein authorized, and the \$26 Million interim debt and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment described in §8113.1;
2. Refurbishment of the Weber barge;
3. Land acquisition for generator siting;
4. Next baseload unit (35 MW);
5. Anigua substation construction and equipment;
6. Upgrading of computers for central control of IWPS; and
7. Replacement of deteriorated steel structures at Cabras supporting 115 KV buses and switch gear.

To the extent GPA, with the approval of PUC, determines that as to procurement and installation of the generators and ancillary equipment, it is in the best interests of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the government of Guam to reimburse such costs for purposes of §1.148-18 of the Treasury Regulations."

Section 4. Section 8113.4 is added to Title 12, Guam Code Annotated, to read:

§8113.4 PUC authorization; tax-free. Such funds as GPA may borrow to implement the requirements of this Act, shall be borrowed upon such terms and conditions as shall be authorized by PUC pursuant to its regulatory authority ensuring that any rates resulting to consumers are reasonable as provided by §12004 of this Title 12.

The amount and terms for both interim and long-term debt authorized by the Act shall be as set by PUC, not to exceed the limits set by this Act. All interest on the debt and all costs of financing and all associated costs for new generation shall be

existing in 1992, the Guam Power Authority (herein called "GPA"), with all deliberate speed, and with the consent of the Public Utilities Commission (herein called "PUC"), shall procure and install generators adding at least 76 megawatts more or less of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS."

Section 2. §8113.2 is added to Title 12, Guam Code Annotated, to read:

"§8113.2. Interim debt. Procurement by GPA of the generators and ancillary equipment, land and buildings will require long-term financing in the form of revenue bonds or capital leases, or a combination of both.

Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$45.6 million. In order to reduce the amount of interim debt, the Governor is authorized to transfer to GPA from any funds of the government of Guam or appropriated by statute, excluding appropriations to the Judicial or Legislative Branches, such sums as he may identify as available, without interest, to be repaid not later than September 1, 1993 from fund proceeds herein authorized. If the Governor identifies other sources which require Legislative approval he shall promptly introduce a bill requesting approval to use these funds. All sums advanced by the government of Guam to expedite the interim financing loan shall be repaid promptly from the bond proceeds.

GPA presently has outstanding long-term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long-term debt. Further, GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized. The \$20 Million loan to GPA in Public Law 20-112 is hereby converted to a grant with the condition that the \$800,000 interest free annual payment be used for debt service and a source of funding for the long-term debt."

PUBLIC LAW NO. 21-117

Bill No. 898
Date Became Law: July 15, 1992
Governor's Action: Approved

Introduced by: T.V.C. Tanaka
A.C. Blaz J.T. San Agustin
D. Parkinson J.G. Bamba
D.F. Brooks J.P. Aguon
E.P. Arriola M.Z. Bordallo
H.D. Dierking E.R. Duenas
E.M. Espaldon C.T.C. Gutierrez
P.C. Lujan G. Mailloux
M.D.A. Manibusan M.J. Reidy
M.C. Ruth F.R. Santos
D.L.G. Shimizu A.R. Unpingco

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY ADDING §§8113.1 THROUGH 8113.13 AND §12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT THE GUAM POWER AUTHORITY AND THE PUBLIC UTILITIES COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM, APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT, AND FOR SKIP.

Section 1... §8113.1 added to 12 GCA.
Section 2... §8113.2 added to 12 GCA.
Section 3... §8113.3 added to 12 GCA.
Section 4... §8113.4 added to 12 GCA.
Section 5... §8113.5 added to 12 GCA.
Section 6... §8113.6 added to 12 GCA.
Section 7... §8113.7 added to 12 GCA.
Section 8... §8113.8 added to 12 GCA.
Section 9... §12016.1 added to 12 GCA.
Section 10... §8113.9 added to 12 GCA.
Section 11... §8113.10 added to 12 GCA.
Section 12... §8113.11 added to 12 GCA.
Section 13... §8113.12 added to 12 GCA.
Section 14... §8113.13 added to 12 GCA.
Section 15... Appropriation for SKIP's current mainland tour.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. §8813.1 is added to Title 12, Guam Code Annotated, to read:

"§8113.1. Expedited procurement of generators. In order to provide immediate relief from the critical power shortage



Office of the Attorney General
Territory of Guam

Elizabeth Barrett-Anderson
Attorney General

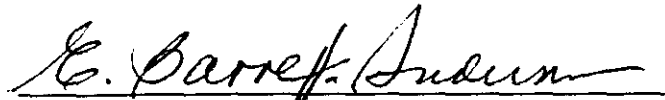
Phone: (671) 475-3324
Telefax: (671) 472-2493

Donald L. Paillette
Chief Deputy Attorney General

CERTIFICATION

Attached herewith are true copies of Public Law No. 21-117, Public Law No. 21-133 and Chapter 8 of Title 12 of the Guam Code Annotated, as duly published by the Compiler of Laws. These copies accurately show the above-cited statutes as enacted and as in force and effect on this date.

Dated this 5th day of January, 1993.


ELIZABETH BARRETT-ANDERSON
Attorney General
Territory of Guam

COMMONWEALTH NOW!



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

September 2, 1998

Senator Anthony C. Blaz
Chairman, Committee on Finance and Taxation
Twenty-Fourth Guam Legislature
155 Hesler Street
Agana, Guam 96910
FAX: 472-3562

Dear Senator Blaz:

In response to your request, enclosed are the following documents you requested;

1. Copies of Public Laws allowing the issuance of our bonds.
2. FY 97 Audit Report
3. Goldman Sachs Market Report
4. List of GPA's Outstanding Bonds
5. List of Bonds Refinanced

Should you have any question, please feel free to contact me.

Sincerely,

RANDALL V. WIEGAND
Comptroller

Enclosures

GPA
Revenue Refunding Bonds

<u>Bond</u>	<u>Maturity</u> <u>Date</u>	<u>Par</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
Revenue Bonds - 1992 Series A:			
TERM1	10/01/2008	\$ 17,140,000.00	6.375%
TERM3	10/01/2022	85,155,000.00	6.300%
Revenue Bonds - 1994 Series A:			
TERM1	10/01/2014	17,555,000.00	6.625%
TERM2	10/01/2024	57,880,000.00	6.750%
Total		\$ 177,730,000.00	

Filename: osbonds.xls

**GPA
Outstanding Bonds
As of August 31, 1998**

<u>Bonds:</u>	<u>Amount</u>
1992 Series, principal payments payable in varying annual installments from Oct. 1994 thru Oct. 2022	\$ 143,660,000.00
1993 Series, principal payments payable in varying annual installments from Oct. 1996 thru Oct. 2023	94,620,000.00
1994 Series, principal payments payable in varying annual installments from Oct. 1997 thru Oct. 2024	<u>99,820,000.00</u>
Total Outstanding Bonds	<u>\$ 338,100,000.00</u>

Filename: osbonds.xls



OFFICE OF THE GOVERNOR
GUAM

MAY 06 1998

MEMORANDUM

TO: Mr. Ricardo S. Uppingco
General Manager
Guam Power Authority

FROM: The Governor 

SUBJECT: Public Law 24-117

As you know, the Government of Guam has incurred a tremendous amount of expenditures for its overall typhoon recovery efforts and must use all of its funding sources to replenish its depleted accounts. Therefore, I have no other choice but to implement Public Law 24-117, the "Super Typhoon Paka Emergency Recovery Act."

The Act authorizes me to identify and expend autonomous agency funds for the purpose of providing and restoring damaged government services and infrastructure to the people of Guam. These funds are also to be used to perform necessary mitigation to ensure the public health, safety, sanitation and welfare for our people.

Therefore, I am requesting that the Guam Power Authority (GPA) transfer to the General Fund, the sum of Two Million dollars (\$2,000,000). This sum represents a portion of the overall expenditures incurred by the Government of Guam for typhoon recovery efforts. I appreciate your support.

cc: Michael J. Reidy, Director of Administration



CARL T.C. GUTIERREZ
Magistrate
Governor

MADELENE Z. BORDALLO
Titular Gobernadora
Lt. Governor

Ufianan Hinirát Abegg
Guahan

Office of the Attorney General
Guam

GUS F. DIAZ
Hinirát Abegg, Añao
Attorney General, Acting

ROBERT H. KONG
Siguato, División Asesoría Jurídica
Deputy, Solicitor's Division

March 5, 1998

Memorandum (Informational)

Ref: BBNR 98-0265

To: Director, Bureau of Budget and Management Research

From: Attorney General, Acting *[Signature]*

Subject: Sources of Expenditures for Super Typhoon Faka

Hafa Adai!

We received your memorandum of March 4, 1998 in which you asked for information on the following:

REQUEST: Does P.L. 24-117:3 allow the Governor to transfer funds from the autonomous agencies to the General Fund to pay for the costs of recovering from Super Typhoon Faka?

ANSWER: Yes.

STATEMENT OF FACTS:

Section 3 of P.L. 24-117 provides, in part:

Section 3. Expenditure Authority. Notwithstanding any other provision of law, and in the wake of Super Typhoon Faka, for one hundred eighty (180) days from the effective date of this Act, funds may be expended by the Governor from Federal and autonomous agency sources, as well as from any other sources, for the purpose of providing and restoring damaged government services and infrastructure to the people of Guam and performing necessary mitigations which serve to benefit and promote public health, safety, sanitation and welfare ...



Commonwealth of Guam

MEMO (Informational) to Director, SBMR
March 5, 1998
Page 2

The Bureau of Budget and Management Research would like to know whether the Governor may transfer funds from the autonomous agencies in the General Fund to pay for the government's efforts in recovering from Super Typhoon Paka.

DISCUSSION:

The plain language and clear message of P.L. 24-117:3 is that the Governor may spend autonomous agency funds so long as those funds are used in the government's recovery efforts as outlined in Section 3. Therefore, at the Governor's directive, autonomous agency money may be transferred into the General Fund for expenditures in accordance with P.L. 24-117:3.

This memorandum is informational only and is not issued as an opinion of the Attorney General. For further information, please provide us with our file number referenced above.

Dangkolo Na Agradesimiento!

OFFICE OF THE ATTORNEY GENERAL

By:



DEBORAH RIVERA
Assistant Attorney General

38025511.SBMR
DR/tsc



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

June 12, 1998

Mr. Stanley Dirks, Esq.
Old Federal Reserve Building
400 Sansome St.
San Francisco, California 94111

VIA FACSIMILE

Dear Mr. Dirks,

As you are aware, the Guam Power Authority (GPA) is considering transferring funds from its accounts to the General Fund of the Government of Guam. The transfer is related to reimbursement of costs associated with the general recovery effort after Super typhoon Paka.

Attached is a proposed board resolution authorizing the transfer. The Board of Directors of GPA as well as myself received a copy of your letter to the Guam Economic Development Authority (GEDA) advising that the transfer is in accordance with GPA's bond covenants so long as the funds are used for repairs directly related to the power system. As you can see the resolution contains the caveat that the funds from GPA must be used to fund activities related to restoration of the power system or GPA will request that the funds be returned.

I am writing to you because the Board and myself request that you issue an opinion on whether the resolution as drafted insures that the transfer is in compliance with GPA's bond covenants. I also ask that you respond as soon as possible, preferably before the end of this week. The timing and urgency of this request is due to the quickly approaching expiration date of the local law that calls for the fund transfer.

I appreciate your attention to this matter. If you have any questions, please call me directly at my office at (671) 649 6875 or on my cell phone at (671) 482 1503.

Sincerely,

Ricardo S. Unpingco
General Manager



GUAM POWER AUTHORITY

Board of Directors



RESOLUTION NO. 98-006

RESOLUTION AUTHORIZING TRANSFER OF FUNDS TO THE GOVERNMENT OF GUAM PURSUANT TO THE LEGISLATIVE AUTHORIZATION CONTAINED IN PUBLIC LAW NO. 24-117, THE "SUPER TYPHOON PAKA EMERGENCY RECOVERY ACT"

WHEREAS, the island of Guam was devastated by Super Typhoon Paka on December 16, 1997; and

WHEREAS, on December 18, 1997, the Guam Legislature approved "AN ACT TO APPROPRIATE SUCH FUNDS AS ARE NECESSARY TO MEET THE EMERGENCY RECOVERY NEEDS OF GUAM RESULTING FROM SUPER TYPHOON PAKA"; and

WHEREAS, the "Super Typhoon Paka Emergency Recovery Act" was enacted as Public Law 24-117 on December 18, 1997; and

WHEREAS, the Guam Legislature specifically authorized the Governor of Guam in Section 3 of said Act to expend funds from autonomous agency sources for the purpose of providing and restoring damaged government services and infrastructure to the people of Guam, and performing necessary mitigations, including restoration of power; and

WHEREAS, the Guam Legislature authorized the Governor to expend autonomous agency sources for a period of one hundred eighty (180) days from the effective date of the Super Typhoon Paka Emergency Recovery Act; and

WHEREAS, the Guam Legislature has expressly authorized the Governor of Guam to expend autonomous agency funds, including Guam Power Authority funds, for the purpose of providing and restoring damaged government services and infrastructure to the people of Guam caused in the wake of Super Typhoon Paka; and

WHEREAS, on May 6, 1998, pursuant to the express authority given to him by the Guam Legislature, the Governor of Guam, the Honorable Carl T.C. Gutierrez, requested that the Guam Power Authority transfer to the General Fund the sum of Two Million Dollars (\$2,000,000); and

- 1 -

WHEREAS, the request of the Governor is specifically made pursuant to the legislative authorization contained in Public Law 24-117 and is fully in accordance therewith; and

WHEREAS, the funds requested by the Governor of Guam are in strict accordance with the legislative authorization that the Governor perform necessary mitigation to ensure the public health, safety, sanitation and welfare of the people of Guam; and

WHEREAS, the funds of the Guam Power Authority are needed to pay for a portion of the overall expenditures incurred by the Government of Guam for typhoon recovery efforts; and

WHEREAS, in an opinion rendered on May 5, 1998, the Office of the Attorney General held that the plain legislative language and legislative message of Public Law 24-1173 is that the Governor may spend autonomous agency funds so long as those funds are used in the government's recovery efforts as outlined in Section 3; and

WHEREAS, the Office of the Attorney General further held that at the Governor's directive, autonomous agency funds should be transferred into the General Fund for expenditures in accordance with the legislative intent as set forth in Public Law 24-1173; and

WHEREAS, the Guam Power Authority cannot refuse to comply with the mandate of the Legislature that such funds be transferred to the General Fund for Typhoon Paka recovery purposes; and

WHEREAS, that the Guam Power Authority's General Counsel and Bond Counsel have determined that the Governor is authorized to expend funds of the Guam Power Authority pursuant to the legislative authorization contained in the Act, and that the request by the Governor for transfer of such funds is authorized and fully in accordance with the legislative authorization, so long as such funds are used or transferred specifically to pay for repairs or costs that are directly related to the power system; and

WHEREAS, the Guam Power Authority is authorized under its bond covenants to pay government assessments or other charges that may be lawfully imposed upon revenues; and

WHEREAS, it is only fair and just that the Guam Power Authority contribute such funds as are available to help the island and its people recover from the disastrous effects of Super Typhoon Paka; and

WHEREAS, the island incurred estimated damages in excess of Two Hundred Million Dollars (\$200,000,000.00) of which only ninety percent (90%) at most will be reimbursed by FEMA, leaving approximately ten percent (10%) or a Twenty Million Dollar (\$20,000,000.00) shortfall; and

WHEREAS, the Guam Power Authority has previously been the beneficiary of transfers from the General Fund as the Twenty-First Guam Legislature in Public Law 21-117 granted Twenty Million Dollars (\$20,000,000.00) to the Guam Power Authority for financing and construction of the Dededo Combustion Turbine No. 1; and

WHEREAS, the Guam Power Authority desires to assist the line agencies of the Government of Guam by reimbursing expenses that were directly related to the power system, in an amount which constitutes approximately one percent (1%) of GPA's revenues; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Authority as follows:

1. Since the Guam Legislature has authorized the GOVERNOR of Guam to expend funds of the Guam Power Authority for the purposes set forth in the Super Typhoon Palm Emergency Recovery Act, Public Law 24-117, the Board of Directors hereby approves the request of the Governor of Guam, the Honorable Carl T.C. Gutierrez, to transfer funds of the Guam Power Authority to the General Fund in the sum of \$2,000,000 for expenditures incurred by the Government of Guam for typhoon recovery efforts.
2. This Resolution shall constitute the authorization of the Guam Power Authority for transfer and expenditure of \$2,000,000 for the purposes authorized by the Guam Legislature in Public Law No. 24-117.
3. Any and all funds transferred by the Guam Power Authority hereunder are only to be used for repairs and expenses directly related to the power system; if any such funds are not used for repairs and/or costs directly related to the power system, the Guam Power Authority will demand reimbursement by the Government of Guam.
4. The Acting Director of the Bureau of Budget and Management has indicated that he will provide a full expenditure report and accounting of all Guam Power Authority funds expended hereunder; if such accounting is not provided, the Guam Power Authority will expect a full refund and reimbursement of the transferred funds. A full accounting shall be provided by BBMR by November 30, 1998.

5. The transfer of such funds is authorized in accordance with the conditions stated herein, forthwith, subject to availability of funds.

RESOLVED, that the Chairman certifies and the Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED ON THIS 15 DAY OF JUNE, 1998.

Certified by:

Attested by:

Frank S. Jimile
FRANK S. JIMILE
Chairperson, Board of Directors

Marilyn F. McGoffa
MARILYN F. MCGOFFA
Secretary, Board of Directors

SECRETARY'S CERTIFICATE

I, MARILYN P. MEGOFNA, Secretary of the Board of Director's of the Guam Power Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the members of the Board of Directors of said Authority, duly and legally held at the regular meeting place thereof on 6-3, 1998, at which meeting all of said members had due notice and at which at least a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: 6/5/98

Marilyn P. Megofna

MARILYN P. MEGOFNA
Secretary of the Board of Directors

) SEAL (

FOLESMAN

GPA, Board of Directors
Official Registration No. 199803



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

June 15, 1998

VIA: HAND DELIVERY

Honorable Carl T. C. Gutierrez
Governor of Guam
OFFICE OF THE GOVERNOR
Ricardo J. Bordallo Complex, Adelup
P.O. Box 2950
Agana, Guam 96932

Re: Request for Transfer of Funds in Accordance with Public Law 24-117

Dear Governor Gutierrez:

I am in receipt of your request dated May 6, 1998 that the Guam Power Authority transfer to the General Fund the sum of Two Million Dollars (\$2,000,000). Through the enactment of Public Law 24-117, the Guam Legislature specifically authorized you in Section 3 of the Act to expend funds from autonomous agency sources, such as the Guam Power Authority, for the purpose of providing and restoring damaged governmental services and infrastructures to the people of Guam and performing necessary mitigations, including restoration of power. Pursuant to the express authority given to you by the Legislature, you have now requested that the Guam Power Authority transfer the sum of \$2,000,000 to the General Fund.

Since the Guam Legislature has mandated that available autonomous agency funds may be expended by you for Super Typhoon Paka recovery and mitigation, the Guam Power Authority is hereby transferring \$2,000,000 to the General Fund. However, because of the limitations and covenants in our bond indenture, this transfer is conditional, and contingent upon said funds being used solely for purposes directly related to the power system. Based upon even preliminary expenditure reports of the Government of Guam concerning the Paka recovery, it is clear that the line agencies of the government spent over \$10,000,000 in personnel and other costs related to the

typhoon recovery. Extensive services were provided to the Guam Power Authority by the Guam Police Department, the Department of Public Works, and the Guam National Guard, services which were vital and necessary to enable the Guam Power Authority to restore power. Without the services provided by the line agencies of the government to the Guam Power Authority, the Guam Power Authority could not have restored the island-wide power system so quickly.

Guam Police Department officers provided safety services at main intersections throughout the island in lieu of functioning traffic lights in the weeks immediately following the storm. Personnel from the Department of Public Works and the Guam National Guard assisted in clearing away debris off the island's roadways enabling GPA crews to get out to repair downed power lines and poles faster than would have otherwise been possible. The Guam Waterworks Authority and the Department of Parks and Recreation loaned bucket trucks and heavy equipment to the Authority to assist in the restoration.

Therefore, the \$2,000,000 transfer herein is conditional, contingent upon such funds only being expended for services that were directly provided by the line agencies of the Government of Guam to the Guam Power Authority for restoration of the power system. The Acting Director of the Bureau of Budget and Management has indicated to me that the total cost of services provided to the Authority by the line agencies is at least \$2 million. He will provide a full expenditure report as soon as the same is available. We will need this information by November 30, 1998. If we do not receive such a full accounting, the Guam Power Authority expects reimbursement of the funds transferred herewith. On behalf of the Guam Power Authority, I wish to express my gratitude for the services rendered to it by the line agencies of the Government of Guam.

Please let me know if you have any questions in this regards.

Sincerely,



RICARDO S. UNPINGCO
General Manager
GUAM POWER AUTHORITY

GUAM POWER AUTHORITY

DISBURSEM ACCOUNT
P.O. BOX 2977
AGANA, GUAM 96910



Agana Branch
Bank of Guam
The People's Bank
P.O. Box 87
Agana, Guam 96910

23320

101-511/1214

June 15, 19 98

AMOUNT

\$2,000,000.00

PAY EXACTLY *****2,000,000 DOLLARS 00 CENTS

TO
THE
ORDER
OF

GOVERNMENT OF GUAM
GENERAL FUND

G.P.A. DISBURSEMENT ACCOUNT

Cecilia Martellano

[Signature]

NOT VALID OVER SIX (6) MONTHS

⑈023320⑈ ⑆121405115⑆ 0601018500⑈

23320

6/15/98

PAYMENT FOR TRANSFER OF FUNDS IN ACCORDANCE WITH PUBLIC LAW 24-117

\$2,000,000.00

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

MEMORANDUM

TO: Ricardo S. Unpingco, General Manager
Guam Power Authority

FROM: Stanley J. Dirks, Esq.
Orrick, Herrington & Sutcliff LLP

DATE: June 12, 1998

RE: Reimbursement of General Fund Expenditures for the
Benefit of Guam Power Authority

I have reviewed your draft letter dated June 11, 1998 concerning the transfer of funds from the Authority to the General Fund of the Government pursuant to Public Law 24- 117 and the related draft resolution of the Board of Directors of the Authority. Your letter and the resolution look appropriate in form and substance. I might suggest that in the second sentence of the second paragraph of the letter, after the word "However," the words "because of the limitations and covenants in our bond indenture," be added in order to indicate the source of the conditions and contingencies to which you refer.

We would not be in position to issue a formal opinion on the appropriateness of the transfer because of our lack of direct knowledge concerning the General Fund expenditures being reimbursed, the manner in which they were for the benefit of the Authority and the accounting treatment of these matters. However, I am of the view that documented expenditures of the types described in your draft letter, together with a finding by the Board of Directors of the Authority that such expenditures were for the direct benefit of the power system and should be treated as expenses of the power system, can serve as a reasonable basis for the transfer to the General Fund, consistent with the bond indenture.

Please let me know if you have any further questions in this regard.

**ORRICK HERRINGTON
& SUTCLIFFE LLP****MEMORANDUM**

VIA FACSIMILE AT 671-647-2000
(AND AT 671-472-2825 C/O PAUL LEON GUERRERO)

TO: Ed Urtalan
Administrator, Guam Economic Development Authority

FROM: Stanley J. Dirks
Orrick, Herrington & Sutcliffe

Date: December 22, 1997

RE: Expenditure of Bond-Related Funds for Typhoon Repairs

You have asked which bond-related funds may be spent, in some cases subject to reimbursement by FEMA or other similar sources, to pay the cost of repairs and replacements needed as a result of damage caused by Typhoon Paka. Because time is of the essence, this memo will be somewhat cryptic. Also, since I am working from memory and do not have the various documents in front of me, the names of funds and other matters may be imprecise.

The following bond-related funds are expressly permitted to be spent for disaster repair purposes without further legislative acts:

1. Guam Power Authority

Surplus Fund (any power system purpose)

Working Capital Fund (any power system O&M costs or capital costs of disaster repair and replacement)

Revenue Fund (only power system O&M costs)

2. Guam Airport Authority

Capital Improvement Funds (any airport purposes?)

O&M Fund (any airport O&M costs)

O&M Reserve Fund (any airport O&M costs)

I would recommend that other power system and airport funds not be spent or advanced for disaster repairs or replacement.

**ORRICK HERRINGTON
& SUTCLIFFE LLP**

Ed Untalan
Administrator, Guam Economic
Development Authority
December 22, 1997
Page Two

Similarly, I would recommend that funds not be used from bond issues for which the projects originally financed were related to the tax revenues to be used to pay the bonds. For example, the highway bond construction fund is related to gas tax revenues, and the infrastructure bond construction fund (for the bonds we just closed) is related to hotel tax revenues. However, in both cases, the surplus money (liquid fuel taxes and the TAF, respectively) are available free of bond-related restrictions. [I understand there is a substantial surplus currently in TAF-\$26,000,000?]

Perhaps the best source would be the monies in the 1993 General Obligation Bond construction fund (\$38,000,000?), which are permitted to be (and have been, by last week's legislative action) reappropriated for this purpose without violation of any bond-related covenants.

Finally, one theory that should not be used is that the monies are being borrowed. In each case, a loan to the government of Guam would not be a permitted investment of the bond-related restricted monies. Rather, the theory applied should be that the monies are being spent for an appropriate purpose given the restrictions on the various funds. Subsequent reimbursement (for FEMA or other similar sources) after such expenditure would not be prohibited and would be appropriate.

I also think that it would be inappropriate at this point to rely on any exception to the prohibition of impairment of the bond contracts.

MEMORANDUM

TO: Various parties who have inquired
FROM: Stanley J. Dirks
Orrick, Herrington & Sutcliffe
Date: June 4, 1998
RE: Expenditure or Advance of Bond-Related Funds for Typhoon Repairs

The following memorandum is a brief summary of the mostly oral advice that I have given, over the period since Typhoon Paka, to a variety of governmental officials and administrators concerning the expenditure or advance of bond-related funds to pay or reimburse the costs of the cleanup, repairs and replacements needed as a result of damage from the typhoon. This memo will be somewhat cryptic since a full explanation of some of the legal issues involved would be a substantial task.

Generally, funds established under the various bond indentures are limited to being used and applied (spent) for specified purposes. Several of the autonomous agency bond-related funds are expressly permitted by the related bond indenture (the contract with the bondholders) to be spent for disaster repair purposes without further legislative act (without even the existence of P.L. 24-117), so long as the expenditure otherwise fits the permitted category:

1. **Guam Power Authority bond indenture funds**

Surplus Fund—intended primarily for capital improvements [e.g., system hardening costs], but may be spent for any power system purpose and, therefore, may be spent for any power system typhoon repair costs

Working Capital Fund—may be spent for any power system O&M costs [including power system typhoon repair costs that are O&M costs] or for capital costs of power system disaster repair and replacement

Revenue Fund—may be spent for power system O&M costs [including power system typhoon repair costs that are O&M costs]

2. **Guam Airport Authority bond indenture funds**

Capital Improvement Fund—intended primarily for capital improvements [including finishing the terminal project], but may be spent for any "lawful airport purpose" [including airport typhoon repair costs]

O&M Fund—may be spent only for airport O&M costs [including airport typhoon repair costs that are O&M costs]

O&M Reserve Fund—may be spent only for airport O&M costs [including airport typhoon repair costs that are O&M costs]

Renewal and Replacement Fund—may be spent for the costs of "unanticipated, unbudgeted or emergency repairs of and emergency replacements to the airport"

Note that in every case, these funds are limited by the applicable bond indenture to being spent for purposes directly related to the power system or airport, respectively, not for general governmental purposes.

All of the above advice was given in the week after the typhoon.

On the basis of subsequent detailed conversations, I also concluded that P.L. 24-117 can be treated as legislative authority for the expenditure of certain moneys in the GPA Construction Fund (not needed for the original projects) on power system typhoon repair and replacement costs that are capital costs of the power system (not O&M costs).

I concluded that other power system and airport funds should not be spent or advanced for disaster repairs or replacement and that no power system or airport funds should be used or transferred to pay for repairs that are not related to the power system or the airport, respectively.

Similarly, I recommended that construction funds (bond proceeds) not be used from bond issues for which the projects originally financed were related to the source of tax revenues to be used to pay the bonds. For example, the highway bond construction fund is related to gas tax revenues, and the infrastructure bond construction fund (for the bonds we delivered in December the day after the typhoon) is related to hotel tax revenues. However, in both cases, any surplus revenues (liquid fuel taxes and the TAF, respectively) are available free of bond-related restrictions.

One possible source that I did identify was the construction fund (bond proceeds) from the 1993 General Obligation Bonds. These moneys are permitted to be (and have been, by P.L. 24-117) reappropriated for the purpose of typhoon repairs without violation of any bond-related covenants.

Finally, there are several legal theories that I recommended not be used to justify expenditures or transfers that are inconsistent with the bond covenants:

1. Monies in the bond indenture funds should not be treated as being borrowed by the General Fund, even though P.L. 24-117 requires reimbursement from FEMA and insurance proceeds. Under each of the bond indentures (except for the General Obligation Bonds), a loan to the General Fund of the government of Guam would not be a permitted investment of the bond-related restricted monies. Rather, the analysis applied should be whether the monies can be spent for an appropriate typhoon repair purpose given the indenture restrictions on the various funds.
2. It would be inappropriate (a very risky last resort) to rely on any exception to the Organic Act's prohibition of impairment of the bond contracts.

I have not given any advice (nor do I here give any advice) on the application of any other laws (including, but not limited to, P.L. 18-15) to the concept of transfers from the funds of autonomous agencies to the General Fund.



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

OFFICE OF THE LEGISLATIVE SECRETAR
ACKNOWLEDGMENT RECEIPT

Received By [Signature]

Time 3:50pm

Date 12.19.97

DEC 17 1997

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

Refer to
Legislative Secretary

Speaker Unpingco:

Enclosed please find a copy of Bill No. 467 (COR), "AN ACT TO APPROPRIATE SUCH FUNDS AS ARE NECESSARY TO MEET THE EMERGENCY RECOVERY NEEDS OF GUAM RESULTING FROM SUPER TYPHOON PAKA", which I have signed into law today as Public Law No. 24-117.

This legislation gives the Executive Branch the authority to respond to the emergency needs of the people of Guam in the wake of the devastation of Supertyphoon Paka. We will be able to respond to the damaged government services and infrastructure and perform necessary mitigation to benefit and promote public health, safety, welfare, and other essential and vital needs of the people at this time. The needs are islandwide and considerable, and will take some time to address, as Supertyphoon Paka produced no "ordinary" emergency. This legislation results from the cooperative efforts of the members of the Legislature and the Executive Branch.

Very truly yours,

[Signature]
Carl T. C. Gutierrez

Attachment

00582

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO

Date: 12/19/97

Time: 10:45am


Rec'd by: [Signature]

Print Name: Janice Mesa

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 467 (COR), "AN ACT TO APPROPRIATE SUCH FUNDS AS ARE NECESSARY TO MEET THE EMERGENCY RECOVERY NEEDS OF GUAM RESULTING FROM SUPER TYPHOON PAKA," was on the 18th day of December, 1997, duly and regularly passed.



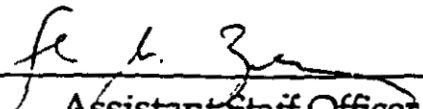
ANTONIO R. UNPINGCO
Speaker

Attested:



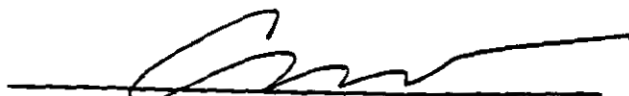
JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 18th day of December, 1997, at 2:22 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T.C. GUTIERREZ
Governor of Guam

Date: 12-18-97
Public Law No. 24-117



MINA' BENTE KUATTRO NA LIBESLATURAN GUAHAN
TWENTY-FOURTH GUAM LEGISLATURE
155 Hester Street, Agaña, Guam 96910

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

I, Antonio R. Unpingco, Speaker of the Twenty-Fourth Guam Legislature, hereby certify, in conformance with Title 2 Guam Code Annotated §2103, *Public Hearings Mandatory*, that an emergency condition exists involving danger to the public health and safety and therefore waive the statutory requirements for a public hearing on Bill Number 467 (COR), "AN ACT TO APPROPRIATE SUCH FUNDS AS ARE NECESSARY TO MEET THE EMERGENCY RECOVERY NEEDS OF GUAM RESULTING FROM SUPER TYPHOON PAKA," which was introduced on December 18, 1997.

Dated: December 18, 1997



ANTONIO R. UNPINGCO
Speaker



Committee on Finance & Taxation
Vice Speaker Anthony C. Blaz, Chairman

Committee Report on
Bill No. 635
(As substituted by the Committee)

**" AN ACT TO AUTHORIZE THE GUAM POWER
AUTHORITY TO REFUND CERTAIN PRIOR BONDS TO
ACHIEVE DEBT SERVICE SAVINGS."**

SIGN IN SHEET



Committee on Finance & Taxation
Vice Speaker Anthony C. Blaz, Chairman

Committee Report on
Bill No. 635
(As substituted by the Committee)

**" AN ACT TO AUTHORIZE THE GUAM POWER
AUTHORITY TO REFUND CERTAIN PRIOR BONDS TO
ACHIEVE DEBT SERVICE SAVINGS."**

NOTICE OF PUBLIC HEARING



AGENDA

Friday, June 5, 1998

9:00 AM- OVERSIGHT HEARING: DPW

**Progress review on Guam 2010 Highway Master Plan:
Planning Conditions, Funding Options and Status of Projects**

Topics:

- Projects completed and on-going
- Existing Conditions
- Future Conditions and 2004 and 2010
- Recommend Short Range Projects
- Fund Options

*Sen Cruz's
Committee?
to Add
COFAT*

1:30 PM- PUBLIC HEARING:

BILL 598 AN ACT RELATIVE TO GOVERNMENT OF GUAM EMPLOYEES HEALTH BENEFIT PLAN IN §§4301 AND 4302, ARTICLE 3, CHAPTER 4 OF 4GCA AND ESTABLISHING A HEALTH CARE PROVIDER COMMISSIONER IN §12201, ARTICLE 2, CHAPTER 12 OF TITLE 22 GCA, AND ESTABLISHING A GUAM HEALTH BENEFIT PLAN WITH THE MEDICALLY INDIGENT PROGRAM BY REPEALING AND REENACTING §2901 THROUGH §2913.68 OF ARTICLE 9, CHAPTER 2 OF TITLE 10 GCA AND TO CITE AND MAKE KNOWN THIS ACT AS THE "GUAM HEALTH BENEFIT ACT OF 1998."

BILL 632: AN ACT TO AMEND SECTION 22958 OF ARTICLE 10 OF CHAPTER 22 OF TITLE 5 OF THE GUAM CODE ANNOTATED, AND "EXHIBIT B" ADDED IN PUBLIC LAW NO. 24-111, RELATIVE TO PROVIDING FOR IMMEDIATE IMPLEMENTATION OF AUTHORIZED PROJECTS TO SUPPORT GUAM'S MAIN ECONOMIC BASE, OUR VISITOR INDUSTRY.

Bill 635: AN ACT TO AUTHORIZE THE GUAM POWER AUTHORITY TO REFUND CERTAIN PRIOR BONDS TO ACHIEVE DEBT SAVINGS.

*Publicly heard but hasn't
yet been referred*

*Now an initiative
for this Education*

*For Doug Nuyon: Bill 635
What provision in Standing
Rules states that a sponsor
of a bill - in this case - we know it
we have oversight because it relates to
words - cannot conduct a public hearing
until referred by rules*



Committee on Finance & Taxation
Vice Speaker Anthony C. Blaz, Chairman

Committee Report on
Bill No. 635
(As substituted by the Committee)

" AN ACT TO AUTHORIZE THE GUAM POWER
AUTHORITY TO REFUND CERTAIN PRIOR BONDS TO
ACHIEVE DEBT SERVICE SAVINGS."

FISCAL NOTES

purchase the entire debt held by FFB and GPA must use the FFB Reserve fund to offset the balance to be paid.

§8114. Indebtedness. The Authority may incur indebtedness by any means permitted by Article 2 of this Chapter.

SOURCE: §21508 GC.

§8115. Exemption from Taxation, and In-Lieu Payments. (a) As an instrumentality of the Territory, the Authority and all property acquired by or for the Board and all revenues and income therefrom are exempt from taxation by the Territory or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Legislature of the Territory, or with respect to which the Legislature is authorized to grant exemption. Sales of liquid fuels for electric power generation to the Authority are exempt from the tax on such sales to the same extent as sales to the United States are exempt and sales of all fuel to the Authority for electric power generation are exempt from the gross receipts tax.

SOURCE: §21509 GC, Subsection (b) repealed by P.L. 16-25.

§8116. Contracts and Purchases. [Repealed by P.L. 16-124.]

COURT DECISIONS: SUPER.CT. 1981 There was sufficient evidence to show that GPA, in denying the bid to the plaintiffs, exercised reason, rather than improper or illegal motives, in selection of another bidder. Therefore, a temporary injunction is denied and the temporary restraining order vacated. *Miles Security Agency, Inc. v. Guam Power Authority*, Civil Case #843-82.

§8117. Accounting and Expenditures. (a) The Board shall adopt and maintain a system of accounting which is substantially in accordance with the Uniform System of Accounts prescribed for Public Utilities and Licensees

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(Class A and B) issued by the Federal Power Commission of the United States, as amended from time to time.

(b) The Board may authorize, by annual budget resolution and amendments thereto, the payment of demands against the Authority resulting from its exercise of the powers prescribed in this Act, for a period of one (1) year if:

(i) the purposes and amounts of such demands are projected in a budget expressed in terms of major account groups of the Uniform System of Accounts, which has been adopted by the Board after receiving recommendations of the General Manager; and

(ii) if the specific demands which are made are approved by the Board or the General Manager prior to payment.

(c) The Board shall employ a firm of independent certified public accountants who shall examine and report to the Board, at least annually, upon the status of the financial records and accounts maintained by the Authority. Copies of any such report shall be furnished to the Governor and to the Legislature.

(d) The Board shall report to the Governor concerning its administration of the affairs of the Authority. It shall present an annual report within one hundred twenty (120) days after the end of each fiscal year and, if requested by the Governor, shall present special reports within thirty (30) days after the end of each intervening quarter. The financial information presented in such reports shall be in accordance with the Uniform System of Accounts adopted by the Board. Copies of any such reports, including the annual and special reports, shall be furnished to the Legislature.

SOURCE: §21511 GC.

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§8118. Employment. (a) Pursuant to the provisions of 4 GCA §§4105 and 4106, the Board shall establish rules and regulations regarding selection, promotion, performance evaluation, demotion, suspension and other disciplinary action for the employees of the Authority; provided, however, that all contracts for the hiring of off-island employees shall conform to the provisions of 4 GCA §6216.

(b) Employees of the Authority, excluding the directors, shall be members of the Government of Guam Retirement Fund, subject to the provisions 4 GCA §8105, except that for the purposes of Subsection (a) of said section, the employees of the Authority shall not be considered employees of a "public corporation" whereby their membership in the Fund is optional and membership therein must be specifically requested. The Authority shall contribute to the Government of Guam Retirement Fund on the basis of annual billings as determined by the Board of Trustees, Government of Guam Retirement Fund, for the government share of the cost of the retirement benefits applicable to the Authority's employees and their beneficiaries. The Authority shall also contribute to the Workmen's Compensation Fund, on the basis of annual billings as determined by the Workmen's Compensation Commissioner, for the benefit payments made from such Fund on account of the Authority's employees.

(c) Notwithstanding any other provisions of law, neither the Manager, Secretary, Treasurer, Comptroller nor Attorney of the Authority shall be within the classified service of the government of Guam but shall be hire, compensated and employed under terms and conditions fixed by, and at the pleasure of the Board.

SOURCE: §21512 GC; Subsec. (a) amended by P.L. 13-81 and P.L. 16-23.

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§8119. No generators near schools. No power generation facility, with a capacity in excess of one (1) megawatt and utilizing fossil fuels, may be constructed within one thousand five hundred feet (1,500') of a school.

SOURCE: Added by P.L. 22-23:5 (6/22/93).

§8120. Authority liable for damage. The Authority shall be liable for damage caused to electrical appliances and devices when such damage is proximately caused by power surges, voltages fluctuations or frequency fluctuations in the power supplied by the Authority to a consumer and when such damage is not a result of any negligence on the part of the consumer and is not a result of an otherwise defective appliance or electrical device. Except for computer equipment or equipment for which the manufacturer recommends that a voltage protection device, surge protector, or power conditioning device be installed by the consumer, the Authority may not require the use of voltage protection devices, surge protectors or power conditioners and may not raise the failure to use such devices as a defense to claims for damages arising out of voltage or frequency fluctuations or power surges. In establishing liability for damages pursuant to this section, the consumer need only prove that the appliance or electrical device was damaged by a variation of voltage or a variation of frequency or a surge in power supplied by the Authority. The Authority may raise as an affirmative defense proof that the appliance or electrical device in question was defective or that the fluctuation of voltage or frequency or power surge was not caused by the Authority but was in fact caused by the consumer's electrical wiring system or devices or equipment belonging to the consumer. It shall be an affirmative defense for the Authority to establish that the quality of power delivered to the consumer's meter was satisfactory.

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Any consumer claiming damages from the Authority who relies upon the provisions of this section must file such a claim with the Authority within ninety (90) days of the date of the alleged damage. Otherwise, except for the shortened period in which to make a claim, the procedures contained in the Government of Guam Claims Act shall apply to claims brought pursuant to this section to the extent not otherwise inconsistent herewith. This section shall be effective only as to damages occurring after the date that this section becomes law.

SOURCE: Added by P.L. 22-21 (6/22/93)

Article 2

Guam Power Authority Revenue Bonds

- §8201. Short Title.
- §8202. Definitions.
- §8203. Powers of Board; Incurring Indebtedness.
- §8204. Amounts of Rates and Charges; Refunds.
- §8205. Validity of Authorization and Issuance of Bonds.
- §8206. Board to Determine Issuance of Bonds and Incurring of Other Indebtedness; Territory Not Liable for Indebtedness; Board Only Liable as Provided by Indenture or Contract.
- §8207. Board to Declare Purpose and Maximum Amount of Bonds To be Issued.
- §8208. Indenture Providing Terms and Conditions of Bonds.
- §8209. Issues of Bonds.
- §8210. Covenants and Agreements That May be Contained In Indenture.
- §8211. Director of Administration as Trustee for Board and Holders of Bonds.
- §8212. Duties and Powers of Trustee.
- §8213. Issuance and Interchange of Coupon and Registered Bonds.
- §8214. Interest on Bonds.
- §8215. Redemption of Bonds Prior to Maturity.
- §8216. Places of Payment.
- §8217. Execution and Authentication of Bonds.
- §8218. Dates and Maturities of Bonds.
- §8219. Preparation of Bonds and Documents by Treasurer.
- §8220. Sale of Bonds; Maximum Discount.
- §8221. Payment of Bonds From Sources Other Than Revenues.
- §8222. Payments Which May Be Made Out of Proceeds of Sale of Bonds.

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- §8223. Bonds May be Secured by Revenues of System.
- §8224. Temporary Bonds.
- §8225. Replacement of Bonds or Coupons.
- §8226. Tax Exemptions.
- §8227. Bonds as Legal Investments and as Security for Performance of Any Act.
- §8228. Refunding Bonds.
- §8229. Principal Amount in Which Refunding Bonds May be Issued.
- §8230. Bonds Negotiable Except When Registered.
- §8231. Title in Authority Subject to Trust in Favor of Bondholders.
- §8232. Use of Other Funds for System.
- §8233. Insurance.
- §8234. Limitations as to Competitive Projects.
- §8235. Right of Bondholders to Bring Action.
- §8236. Guam Power Authority Construction Fund.
- §8237. Guam Power Authority Revenue Fund.
- §8238. Investment of Money in Funds.
- §8239. Use of Balances of Funds and of Surplus Money in Funds.
- §8240. Appropriation of Money in Funds.
- §8241. Short Term Borrowing.
- §8242. Construction of Article.

§8201. Short Title. This Article may be cited as the *Guam Power Authority Revenue Bond Act of 1968*.

SOURCE: §21550 GC.

§8202. Definitions. The following terms wherever used or referred to in this Article or in any indenture entered into pursuant hereto, shall have the following meanings,

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respectively, unless a different meaning appears from the context:

(a) *Authority* means the Guam Power Authority provided for in the Guam Power Authority Act of 1968.

(b) *Board* means the Board of Directors of the Authority provided for in the Guam Power Authority Act of 1968. "Board" also means the Governor, the Director of Administration or any other officer or agency of the Territory whenever any action which this Article or any indenture requires or permits the Board to take can, under the Organic Act or any provision of this Code or any other statute of the Territory, be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Director of Administration or such other officer or agency.

(c) *Bonds or revenue bonds* means the written evidence or any obligation issued by the Board with the approval of the Governor pursuant to §8203, payment of which is secured by a pledge of revenues or any part of revenues, as provided in this Chapter, in order to raise funds for any of the purposes authorized §8203, irrespective of the form of such obligations.

(d) *Bondholder or holder of bonds* or any similar term means any person who shall be:

(i) the bearer of any outstanding bond or bond registered to bearer or not registered; or

(ii) the registered owner of any such outstanding bond or bond which shall at the time be registered other than to bearer.

(e) *Director of Administration* means the Director of Administration, head of the Department of Administration, within the Executive Branch of the government of Guam or

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any agent designated by him as trustee pursuant to any provision of this Article or of any indenture.

(f) *General Manager* means the General Manager of the Authority provided for in the Guam Power Authority Act of 1968.

(g) *Governor* means the Governor of Guam.

(h) *Guam Power Authority Act of 1968* means Article 1 of this Chapter.

(i) *Indenture* means an agreement entered into and approved or adopted by a majority of all the members of the Board, with the approval of the Governor, pursuant to which bonds are issued, regardless of whether such agreement is expressed in the form of a resolution of the Board or by other instrument.

(j) *Organic Act* means the Organic Act of Guam as amended and in effect on the effective date of this Article. (64 Stat. 384, Title 48, §1421 et seq. U.S. Code.)

(k) *Person* includes any individual, firm, corporation, association, copartnership, trust, business trust or receiver or trustee or conservator for any thereof, and also includes the United States, the Territory or any public corporation, political subdivision, city, county or district or any agency or instrumentality of the United States or of the Territory.

(l) *Revenue* means and includes:

(i) any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the system;

(ii) any such revenues or any proceeds of sale of bonds or any other moneys of the Authority that may

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have been or may be impounded or deposited in any fund or account created or authorized by this Article and held by the Board or the Treasurer or the Director of Administration for the security of any bonds issued hereunder or for the purpose of providing for the payment thereof or the interest thereon;

(iii) any moneys received or receivable by the Authority pursuant to any contract between the Authority and any person, which moneys are designated as revenues (as herein defined) in such contract; and

(iv) all earnings on any investment of any revenues.

(m) *System* means the electric power system of the Authority.

(n) *System operation and maintenance costs* means:

(i) the reasonable costs of operating and maintaining the system, including refunds authorized by §8204, and all reasonable repairs, renewals, replacements, system insurance costs and costs of insurance or other provision for retirement of officers and employees of the Authority, but (notwithstanding any system of accounts maintained by the Board) without any allowance for depreciation; and

(ii) all revenues required by any indenture to be deposited in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system.

(o) *Territory* means the territory of Guam.

(p) *Treasurer* means the Treasurer of the Authority provided for in Article 1.

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(q) *United States* means the United States of America.

SOURCE: §21551 GC.

§8203. Powers of Board; Incurring Indebtedness. The Board has power and is hereby authorized, in addition to and in amplification of all other powers conferred upon the Board by the Guam Power Authority Act of 1968 or any other provision of this Code or by any statute of the Territory or of the United States, to exercise any or all of the powers granted to the Board by this Article. The Board may at any time or from time to time incur indebtedness:

(a) pursuant to §8241;

(b) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Construction Fund created by §8236 and incurred only for a purpose for which moneys in said Fund may be expended;

(c) for a period not exceeding ten (10) years, payable only from the Guam Power Authority Revenue Fund created by §8237 and incurred only to pay system operation and maintenance costs, subject and subordinate to any contractual obligation of the Board to the holders of any bonds;

(d) by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the system, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes which bonds shall be issued and secured as provided in this Article; or

(e) for any other lawful purpose for a period not exceeding fifty (50) years pursuant to a contract of indebtedness, repayment of which is subject and subor-

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dinate to any contractual obligation of the Board to the holders of any bonds.

The maximum rate and times of payment of interest on any indebtedness incurred pursuant to this Section are subject to the limitations of §8214 (relating to interest on bonds). It is hereby declared that the system is and shall be a public improvement or undertaking as that term is used in Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.) All indebtedness incurred by the Board pursuant to this §8203 shall be repayable only from funds of the Authority available therefor or solely from revenues of the system and, therefore, will not be and shall not be deemed to be public indebtedness of the Territory as that term is used in Section 11 of the Organic Act.

SOURCE: §21552 GC.

§8204. Amounts of Rates and Charges; Refunds. Except to the extent otherwise permitted or required by an indenture or any contract relating to indebtedness incurred by the Board, all rates and charges shall at all times be fixed to yield annual revenues equal to the annual principal payments and interest charges and reserve fund requirements on all bonds at any time issued and outstanding hereunder, the annual system operation and maintenance costs and the annual principal payments and interest charges on all other outstanding indebtedness incurred by the Board, provided, however, that the rate for services supplied to any nonprofit educational facility, church or publicly-owned hospital shall not exceed one half (1/2) of the minimum rate charged to any other customer. An indenture or contract of indebtedness may provide for payment from revenues of refunds of rates and charges that are collected in error and that are refundable by the Board in accordance with regulations prescribed by it.

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SOURCE: §21553 GC, as amended by P.L. 12-42.

COURT DECISION: Declared invalid by *Guam Power Authority v. Bishop of Guam*. 383 F. Supp. 476 (1974), as a violation of "establishment of religion" of 1st Amendment.

§8205. Validity of Authorization and Issuance of Bonds. The validity of the authorization and issuance of any bonds by the Board, with the approval of the Governor, is not dependent on nor affected in any way by:

(a) Proceedings taken by the Board for the acquisition, construction or completion of the system or any part thereof;

(b) Any contracts made by the Board in connection with the acquisition, construction or completion of the system or any part thereof; or

(c) The failure to complete the system or any part thereof for which bonds are authorized to be issued.

SOURCE: §21554 GC.

§8206. Board to Determine Issuance of Bonds and Incurring of Other Indebtedness; Territory Not Liable for Indebtedness; Board Only Liable as Provided by Indenture or Contract. (a) The Board, with the approval of the Governor, shall determine the time, form and manner of issuance of bonds and shall issue bonds in the name of the Authority and as its obligations and shall also, subject to the limitations of this Article, determine the time, form and manner of incurring other indebtedness.

(b) No bond issued or sold pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor or against the Authority or the Board or against any property or funds of the Authority or the Board or the Territory or the Governor, except to the extent of the pledge or revenues or part of revenues, as may be provided by the indenture pursuant to which such

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bonds are issued and every such bond shall contain a recital on its face stating that neither the payment of the principal or any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Territory.

(c) No other indebtedness incurred pursuant to this Article shall be or become a lien, charge or liability against the Territory or the Governor and each such indebtedness shall be payable only from the fund or source from which it is authorized to be paid as provided in this Article.

SOURCE: §21555 GC.

§8207. Board to Declare Purpose and Maximum Amount of Bonds to be Issued. (a) Before issuing any bond or bonds, the Board shall by indenture, approved by the Governor, declare the purpose for which the proceeds of the bonds proposed to be issued shall be expended and shall specify the maximum amount of bonds to be issued or sold for such purpose. Bonds shall not be issued or sold for such purpose in an amount exceeding such specified maximum except either:

(i) pursuant to a provision in an indenture pursuant to §8210(l); or

(ii) with the consent of bondholders, pursuant to amendment or modification of an indenture, as provided in §8210(p).

(b) Nothing contained in this Section shall be construed to prevent the Board, with the approval of the Governor, from amending any such indenture prior to the issuance of bonds authorized thereby to increase or decrease the maximum amount of bonds to be issued or sold. The issuance of bonds for one or more purposes may be included in a single indenture.

SOURCE: §21556 GC.

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§8208. Indenture Providing Terms and Conditions of Bonds. The Board, with the approval of the Governor, may enter into indentures providing for the aggregate principal amount, date or dates, maturities, interest rates, denominations, form, registration, transfer and interchange of any bonds and coupons issued pursuant to this Article and the terms and conditions on which the same shall be executed, issued, secured, sold, paid, redeemed, funded and refunded. Reference on the face of the bonds to such indenture by its date of adoption, or the apparent date on the face thereof, is sufficient to incorporate all the provisions thereof and of this Article into the body of the bonds and their appurtenant coupons. Each taker and subsequent holder of the bonds or coupons, whether the coupons are attached to or detached from the bonds, has recourse to all the provisions of the indenture and of this Article and is bound thereby.

SOURCE: §21557 GC.

§8209. Issues of Bonds. An indenture may provide for one or several issues of bonds and that bonds may be issued in series or that any issue may be divided into one or more divisions with different maturities or dates of issue, different rates of interest, or different terms and conditions for the bonds of the several series or divisions. It is not necessary that all bonds of the same authorized issue be of the same kind or character, have the same security, or be of the same interest rate, but the terms thereof shall in each case be provided for by the Board, with approval of the Governor, at or prior to the issue thereof.

SOURCE: §21558 GC.

§8210. Covenants and Agreements That May Be Contained in Indenture. An indenture pursuant to which

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bonds are issued and which is approved by legislation may include any and all such covenants and agreements on the part of the Authority, the Board, the Territory, the Governor, the Director of Administration, the Treasurer, the General Manager or any other officer or agency of the Territory, the Authority or the Board as are authorized by this Article or as the Board deems necessary or advisable for the better security of the bonds issued thereunder, including without limiting the generality of the foregoing, any one or more of the following:

(a) A provision that payments of principal and interest of bonds shall be secured by all or by part of revenues and provisions creating one or more funds or accounts to be held by the Director of Administration into which all or any part of revenues shall be deposited:

(i) for payment of the principal of and interest on bonds at or prior to maturity; or

(ii) for reserve or sinking funds for the further security of bonds. All moneys in any such fund or account shall be paid out by the Director of Administration or his agent to pay the principal of and interest on the bonds when due or when redeemed or purchased prior to maturity, as provided in any indenture.

(b) A provision requiring the Director of Administration or his agent, as trustee as hereinafter provided, to pay or cause to be paid punctually the principal of all such bonds and the interest thereon on the date or dates, or at the place or places and in the manner mentioned in such bonds and in the coupons appertaining thereto in accordance with such indenture.

(c) A provision requiring the Board to operate the system continuously, to the extent practicable under

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conditions as they may from time to time exist, in any efficient and economical manner.

(d) A provision requiring the Board to maintain the system and to make all necessary repairs, renewals and replacements to the system and to keep the system at all times in good working order and condition.

(e) A provision requiring the Board to preserve and protect the security of the bonds and the rights of the holders thereof and to warrant and defend such rights.

(f) A provision requiring the Board to pay and discharge or cause to be paid and discharged all lawful claims for labor, materials and supplies or other charges which, if unpaid, might become a lien or charge upon revenues or any part thereof, or which might impair the security of the bonds.

(g) A provision which limits, restricts or prohibits any right, power or privilege of the Board to mortgage or otherwise encumber, sell, lease or dispose of the system or any part thereof, or to enter into any lease or agreement which impairs or impedes the operation of the system or any part thereof necessary to secure adequate revenues or which otherwise impairs or impedes the right of the holders of bonds with respect to such revenues.

(h) A provision requiring the Board to fix, prescribe and collect annually rates or other charges in connection with the electric service furnished from the system which, together with other available revenues, will be:

(i) sufficient to pay the principal of and interest on the bonds as they become due and payable, together with such additional sums as may be required for any bond reserve fund or account or other fund or account created by the indenture for the security of such bonds;

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(ii) sufficient to pay the annual system operation and maintenance costs; and

(iii) in such additional amount as shall be provided in the indenture for the further security or protection of such bonds.

(i) A provision that no electric service shall be furnished free of charge to any person, except to the extent permitted by the indenture.

(j) A provision requiring the Board and the Treasurer and the Director of Administration to hold or cause to be held in trust the revenues or any part of revenues pledged to the payment of such bonds and the interest thereon, or to any fund or account created by any indenture relating to such bonds for the further security or protection of such bonds and to apply such revenues or any part of revenues or cause them to be applied only as provided in the indenture and to invest all or any part of such revenues pending such application in such securities and subject to such limitations as are specified in the indenture.

(k) A provision defining the power of the Board and the Treasurer in applying the proceeds of the sale of any issue of bonds for the acquiring, constructing or completing of the system or any part thereof.

(l) A provision permitting the board to issue additional bonds or one or more additional series of bonds, equally secured with bonds theretofore issued under the indenture, for the purpose of acquiring, constructing or completing, improving or extending the system or any part thereof; and a provision limiting the power of the Board to issue any additional bonds so secured or any other additional bonds for such purpose.

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(m) A provision requiring, specifying or limiting the kind, amount and character of insurance (or any reserve fund or funds in lieu of insurance) to be maintained by the Board on the system or any part thereof and the use and disposition of the proceeds of any such insurance thereafter collected or of the moneys in any such reserve fund.

(n) A provision specifying the events of default and the terms and conditions upon which any or all of the bonds of the Board then or thereafter issued may become or be declared due and payable prior to maturity, and the terms and conditions upon which such declaration and its consequences may be waived.

(o) A provision designating the rights, limitations, powers and duties arising upon breach by the Board of any of the covenants, conditions or obligations contained in the indenture.

(p) A provision prescribing a procedure by which the terms and conditions of the indenture may be subsequently amended or modified with the consent of the Board, subject to the approval of the Governor, and the vote or written consent of the holders of a specified principal amount or specified proportion of the bonds issued and outstanding, including provisions for meetings of bondholders and for the manner in which the consent of the bondholders may be given and specifically stating the effect of such amendment or modification upon the rights of the holders of all of the bonds and interest coupons appertaining thereto, whether attached thereto or detached therefrom.

With respect to any provision relating to the modification or amendment of an indenture, the Board, with the approval of the Governor, may agree that bonds held by the Authority, the Territory, the United States or any instrumentality of either thereof (including every public

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corporation, political subdivision, city, county, district, board, agency or instrumentality of any kind of class) shall not be counted as outstanding bonds, or be entitled to vote or assent, but shall, nevertheless, be subject to any such modification or amendment.

(q) A provision for the refunding of all or any bonds authorized by such indenture, subject to the provisions and limitations of Sections 8228 and 8229.

(r) A provision permitting the Authority, the Board or the Director of Administration to purchase outstanding bonds of the Authority from any moneys or funds or accounts referred to in the indenture or otherwise legally available for such purpose.

(s) A provision that the Governor, the Treasurer and the Director of Administration and all other officers and agencies of the Territory shall:

(i) be bound by all of the covenants and agreements on the part of the Board set forth in such indenture; and

(ii) perform all such covenants and agreements which, under the Organic Act or any provision of this Code or any other statute of the Territory, can be taken for, or on behalf of, or in lieu of the Board only by the Governor, the Treasurer and the Director of Administration or such other officer or agency.

(t) A provision for any working capital fund or account or contingency fund or account relating to the system.

(u) A provision for the replacement of lost, destroyed or mutilated bonds or coupons.

(v) A provision or provisions relating to such other acts and matters as may be necessary or convenient or desirable

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in order better to secure the bonds or to make the bonds more marketable.

(w) As to existing bond issues and indentures and covenants thereto, no changes as indicated above nor any changes relating to repayment schedules or sinking fund requirements may be approved or agreed to except upon action of the Board of Directors of the Guam Power Authority after approval by legislation. Neither the Guam Power Authority nor the Governor shall have the authority to amend any Guam Power Authority bond covenants, indentures or agreements as to bond issues if such bond issues can be paid from, obligate, or are secured by Section 30 money, money or revenues owed to the Government of Guam, or money or other funds belonging to or payable to the Government of Guam. Any offer to make any such changes or amendments as indicated above shall be deemed withdrawn upon the effective date of this Act, and shall thereafter be subject to approval by legislation as herein indicated.

SOURCE: §21559 GC, as R/R by P.L. 17-29.

§8211. Director of Administration as Trustee for Board and Holders of Bonds. (a) The Director of Administration or any agent designated by him shall act as trustee for the Board and the holders of bonds issued hereunder and the Board may authorize the trustee to act on behalf of the holders of the bonds or any stated percentage thereof and to exercise and prosecute on behalf of the holders of the bonds such rights and remedies as may be available to the holders.

(b) The Board may provide in an indenture:

(i) for the deposit of all revenues with the Treasurer and for the holding thereof by the Treasurer

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in one or more separate funds or accounts in the Guam Power Authority Revenue Fund created by §8237; and

(ii) for the transfer to such trustee of such portions of revenues as are provided as security for the bonds and for the holding thereof by such trustee in one or more separate funds or accounts in said Revenue Fund. All money in each such fund or account shall be disbursed only as provided herein and in the indenture.

SOURCE: §21560 GC.

§8212. Duties and Powers of Trustee. The Board shall prescribe in any indenture the duties and powers of the trustee with respect to the issuance, authentication, sale and delivery of the bonds provided for in such indenture and with respect to the payment of principal of and interest on such bonds, the redemption thereof, the registration and discharge from registration thereof and the management of any and all funds provided as security therefor.

SOURCE: §21561 GC.

§8213. Issuance and Interchange of Coupon and Registered Bonds. An indenture may provide that bonds may be issued as coupon bonds or as registered bonds and for the interchange of coupon bonds for registered bonds and registered bonds for coupon bonds, and may provide that bonds shall be registered as to principal only or as to both principal and interest or otherwise as the Board may determine.

SOURCE: §21562 GC.

§8214. Interest on Bonds. (a) Bonds shall bear interest at a rate of not to exceed nine percent (9%) per annum, payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on any bond may be payable any number of months less than twelve (12) after the date of such bond.

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(b) The interest rate on the refinancing of the Thirty-Six Million Dollars (\$36,000,000) loan from the Federal Financing Bank (as provided in P.L. No. 96-205) shall be at the rate established in accordance with P.L. No. 96-205. Interest may be payable annually or semi-annually or in part annually and in part semi-annually except that the first coupon on any bond may be payable any number of months less than twelve (12) after the date of such bond.

SOURCE: §21563 GC, as amended by P.L. 13-13 and 15-143.

§8215. Redemption of Bonds Prior to Maturity. An indenture may provide that bonds may be redeemed prior to maturity upon such terms, conditions and upon such notice as are stated in the indenture and upon the payment of such premium as may be fixed by the indenture. No bond is subject to call or redemption prior to its fixed maturity date unless the right to exercise such call is expressly stated on the face of the bond.

SOURCE: §21564 GC.

§8216. Places of Payment. An indenture may provide for the payment of the principal and interest of bonds at any one or more places in the Territory or in the United States and in any specified coin or currency of the United States.

SOURCE: §21565 GC.

§8217. Execution and Authentication of Bonds. An indenture may provide for the execution and authentication of bonds by the manual, lithographed or printed facsimile signature of any one or more officers of the Board and by additional authentication by endorsement by the manual signature or a signature stamp of the Director of Administration or of any agent designated by him as trustee. If any officer or agent whose signature, countersignature or endorsement appears upon the bonds

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or coupons ceases to be an officer or agent before the delivery of the bonds or coupons, his signature, countersignature or endorsement is nevertheless valid and of the same force and effect as if he had remained such officer or agent until the delivery of the bonds and coupons.

SOURCE: §21566 GC.

§8218. Dates and Maturities of Bonds. Bonds shall bear dates prescribed by the Board in the indenture providing for their issuance. Bonds may be serial bonds, term bonds or sinking fund bonds with such maturities as the indenture shall specify. No bond by its terms shall mature in more than fifty (50) years from its own date and, in the event any authorized issue is divided into two (2) or more series or divisions, the maximum maturity date herein authorized shall be calculated from the date on the face of each bond separately, irrespective of the fact that different dates may be prescribed for the bonds of each separate series or division of any authorized issue.

SOURCE: §21567 GC.

§8219. Preparation of Bonds and Documents by Treasurer. Whenever an indenture, adopted by the Board and approved by the Governor, directs the preparation of any bonds authorized under this Article, the Treasurer shall prepare or procure the requisite number of suitable bonds and appurtenant coupons of the denominations and in accordance with the specifications contained in such indenture. When authorized by resolution of the Board, the Treasurer shall prepare or procure the printing, engrossing or publication of any indentures, notices, contracts, agreements or other documents required or convenient for or pertaining to the issuance or sale of bonds.

SOURCE: §21568 GC.

§8220. Sale of Bonds; Maximum Discount. Bonds authorized to be issued under this Article shall be sold by the Board for cash, in accordance with the provisions of a resolution providing for such sale adopted by the Board and approved by the Governor. Such resolution may provide that the bonds shall be sold at either public or private sale upon such notice as shall be specified in such resolution, may fix terms and conditions for the sale or other disposition of the bonds and may provide that the bonds shall be sold at less than their par or face value, except that the discount on any bonds so sold shall not exceed five percent (5%) of the par value thereof. Before any bonds are delivered to the purchaser thereof, all coupons, if any, which have matured on or before the date of such delivery shall be detached therefrom and cancelled.

SOURCE: §21569 GC.

§8221. Payment of Bonds From Sources Other Than Revenues. The Board may use and expend all or any part of any funds other than revenues or proceeds of any property owned by it other than the system, whether received by gift, appropriation or otherwise (if not restricted as to the use of such funds or proceeds of property by the terms of gift or trust or provision of law) for the payment of bonds issued pursuant to the provisions of this Article and of interest due thereon.

SOURCE: §21570 GC.

§8222. Payments Which May be Made Out of Proceeds of Sale of Bonds. The proceeds of sale of any bonds may be expended for any one or more of the following purposes, all as provided in the indenture relating to such bonds:

(a) For payment of any costs or expenses of the acquisition, construction or completion of the system or any part

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thereof or any costs or expenses incidental thereto, including payment to the United States or any other public body for the portion to be borne by the Board of the cost of any work done by the United States or such public body for or jointly or in conjunction with the Board;

(b) For payment of any engineering, inspection, legal, consultants' or paying agents' fees relating or incidental to:

(i) the acquisition, construction or completion of the system or any part thereof; or

(ii) the authorization, issue or sale of bonds;

(c) For payment of any costs or expenses relating to the authorization, issuance or sale of bonds;

(d) For deposit in any one or more reserve funds or accounts in lieu of insurance or in any working capital fund or account or contingency fund or account relating to the system pursuant to any provision of any indenture referred to in §8210(m) or (t);

(e) For payment of interest on bonds during the period of actual acquisition, construction or completion of the system or any part thereof for the acquisition, construction or completion of which such bonds have been issued and for a period of not to exceed ten (10) years thereafter;

(f) For deposit in any reserve or sinking fund pursuant to any provision of any indenture referred to in §8210(a); or

(g) For payment of the principal of and interest on any indebtedness incurred pursuant to §8241 that is by its terms repayable from the proceeds of sale of bonds.

SOURCE: §21571 GC.

§8223. Bonds May be Secured by Revenues of System.
An indenture may provide that the bonds and the interest thereon shall be secured by all or by part of revenues and

that the bonds shall constitute such lien upon revenues as may be provided for in such indenture.

SOURCE: §21572 GC.

§8224. Temporary Bonds. An indenture may provide that pending the actual issuance or delivery of definitive bonds, the Board may issue temporary or interim bonds, certificates or receipts or any denomination whatsoever and with or without coupons, to be exchanged for definitive bonds when ready for delivery.

SOURCE: §21573 GC.

§8225. Replacement of Bonds or Coupons. The Board, with the approval of the Governor, may provide for the replacement of lost, destroyed or mutilated bonds or coupons.

SOURCE: §21574 GC.

§8226. Tax Exemptions. Bonds issued pursuant to the provisions of this Article and the interest or income therefrom are exempt from taxation in accordance with the provisions of the last sentence of Section 11 of the Organic Act. (§1423a, Title 48, U.S. Code.)

SOURCE: §21575 GC.

§8227. Bonds as Legal Investments and as Security For Performance of Any Act. Notwithstanding any other provision of law, all bonds sold and delivered pursuant to the provisions of this Article are legal investments for all trust funds and for the funds of all banks, both commercial and savings and may be deposited as security for the performance of any act whenever any evidence of indebtedness of the Territory may be so deposited and may also be used as security for the deposit of public moneys in banks in the Territory.

SOURCE: §21576 GC.

§8228. Refunding Bonds. The Board, with the approval of the Governor, may provide for the issuance, sale or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued under the provisions of this Article. All provisions of this Article applicable to the issuance of bonds are applicable to the funding or refunding bonds and to the issuance, sale or exchange thereof.

SOURCE: §21577 GC.

§8229. Principal Amount in Which Refunding Bonds May be Issued. Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded thereby and in addition for the payment of all expenses incident to the calling, retiring or paying of such outstanding bonds and the issuance of such refunding bonds. These expenses include:

(i) the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold;

(ii) any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call thereof or agreement with the holders thereof; and

(iii) the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing thereon to the date of the call or retirement.

SOURCE: §21578 GC.

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§8230. Bonds Negotiable Except When Registered. All bonds issued under the provisions of this Article are negotiable instruments, except when registered in the name of a registered owner.

SOURCE: §21579 GC.

§8231. Title in Authority Subject to Trust in Favor of Bondholders. Title to the system and to all property acquired by or for the Authority and the revenues and income therefrom is in the Authority. The title to any moneys, revenues, bond reserve funds and other funds and accounts created by this Article or any indenture and the income thereof pledged to the payment of the principal or interest of any bonds is subject to any trust declared in favor of the bondholders.

SOURCE: §21580 GC.

§8232. Use of Other Funds for System. In addition to the proceeds of any bonds issued and sold pursuant to this Article, the Board may use for the payment of the costs of acquisition, construction or completion of the system or any part thereof any available money or funds of the Authority and any money or funds made available to the Authority by any person or provided from any source which may be expended for the accomplishing of the purposes set forth in this Article or in the Guam Power Authority Act of 1968.

SOURCE: §21581 GC.

§8233. Insurance. The Board may insure against loss of revenues from any cause whatsoever and the proceeds of any such insurance shall be used solely for the payment of bonds and the interest thereon. The Board may insure against public liability or property damage from any cause. An indenture may provide for the carrying of such insurance or any other insurance in such amount and of such character as shall be specified in such indenture, for

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the payment of the premiums thereon and for the disposition of all proceeds received from any such insurance. At the option of the Board, or as provided in any indenture, any insurance may be provided by funded reserves or any other means.

SOURCE: §21582 GC.

§8234. Limitations as to Competitive Projects. An indenture may include such limitations as to acquisition, ownership or operation by the Authority or the Board of projects which may compete with the system as may be deemed necessary or desirable for the security of bonds issued pursuant to this Article.

SOURCE: §21583 GC.

§8235. Right of Bondholders to Bring Action. The holder of any bond issued pursuant to this Article may by mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon or assumed by the Authority, the Board, the Treasurer, the General Manager, the Governor, the Director of Administration or any other officer or agency of the Authority or the Board or the Territory or any employee thereof, in connection with the acquisition, construction, improvement, operation, equipment, maintenance, repair, renewal, replacement, reconstruction or insurance of the system or any part thereof, or the collection, deposit, investment, application and disbursement of all revenues or in connection with the deposit, investment and disbursement of the proceeds received from the sale of bonds issued pursuant to this Article. The enumeration of such rights and remedies does not, however, exclude the exercise or prosecution of any other rights or remedies available to the holders of bonds issued pursuant to this Article.

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SOURCE: §21584 GC.

§8236. Guam Power Authority Construction Fund. The proceeds from the sale of all bonds authorized by this Article shall be deposited forthwith by the Treasurer to the credit of a fund to be designated as the Guam Power Authority Construction Fund, which fund is hereby created. The money in said Construction Fund shall be expended in the manner provided by law for any of the purposes authorized by this Article, including any or all of the purposes specified by §8222, and for such other purposes, subject to the restrictions provided by law or by such indenture, as may be authorized by such indenture.

SOURCE: §21585 GC.

§8237. Guam Power Authority Revenue Fund. All revenues received from the operation of the system shall be deposited by the Treasurer to the credit of the Guam Power Authority Revenue Fund, which fund is hereby created. Moneys in the Guam Power Authority Revenue Fund shall be used for the following purposes in the following order of priority:

(a) to be transferred to the Director of Administration pursuant to any provision of any indenture referred to in §8210(a);

(b) to pay the annual system operation and maintenance costs; and

(c) for any other purposes of the Authority; all as provided in any indenture or indentures and subject to any restrictions provided by law or any indenture.

SOURCE: §21586 GC.

§8238. Investment of Money in Funds. Moneys in the Guam Power Authority Construction Fund may be invested by the Treasurer and any revenues in any other fund or

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account held by the Treasurer or by the Director of Administration or his agent may be invested by the Treasurer or Director of Administration or his agent, as the case may be, subject to such limitations as may be provided in any indenture providing for the issuance of bonds. All securities in which any such moneys are invested and all other investments made under the provisions of this Article shall be held by the Treasurer or the Director of Administration or his agent, as the case may be, as custodian thereof. All interest or other earnings received pursuant to such investments shall be collected by the Treasurer or the Director of Administration or his agent, as the case may be, and shall be deposited to the credit of the fund or account from which such interest or other earnings are derived, unless otherwise provided in an indenture.

SOURCE: §21587 GC.

§8239. Use of Balances of Funds and of Surplus Money in Funds. Any balance remaining in any of the funds or accounts created by this Article or any indenture after payment of all costs, expenses and charges required or authorized to be expended therefrom, may be allocated and used for such other purposes relating to the acquisition, construction, operation and maintenance of the system or to the Authority, as the Board may determine, subject to the limitations and restrictions in any indenture. After all bonds shall have been fully paid and discharged or provision for their payment and discharge irrevocably made, any surplus moneys in any fund or account created by this Article or any indenture shall, subject to the limitations and restrictions in any indenture, be transferred to the Treasurer and shall be and remain available for the acquisition, construction, improvement, maintenance or operation of the system or for any other purposes of the Authority herein or hereafter authorized by law.

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SOURCE: §21588 GC.

§8240. Appropriation of Money in Funds. All money in the funds and accounts created by this Article or any indenture is hereby appropriated for expenditure in carrying out the purposes herein and therein provided.

SOURCE: §21589 GC.

§8241. Short Term Borrowing. The Board may at any time or from time to time, by resolution adopted by a majority of all the members of the Board and approved by the Governor, incur indebtedness for any lawful purpose for any period not exceeding five (5) years evidenced by contract with any person or by one or more promissory notes executed as provided in §8217 (relating to bonds) and delivered to any person. Any such indebtedness shall be incurred subject and subordinate to any contractual obligation of the Board to the holders of any bonds and the principal thereof and interest thereon may be repaid:

(a) from revenues; or

(b) if incurred for a purpose for which bonds may be issued, from revenues or from the proceeds of sale of bonds.

SOURCE: §21590 GC.

§8242. Construction of Article. This Article shall be liberally construed to carry out the objects and purposes and the declared policy of the Territory as in this Article set forth. Nothing contained in this Article shall be construed directly or by implication to be in any way in derogation or limitation of powers conferred upon or existing in the Authority or the Board by virtue of any provisions of the Organic Act or statutes of the Territory or any other provisions of this Code.

SOURCE: §21591 GC.

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Article 3

Alternate Energy Plan.

- §8301. Title.
- §8302. Findings.
- §8303. Adoption of U.S. Department of Energy's Territorial
Energy Assessment Final Report.
- §8304. Governor's Powers.
- §8305. Coordination, Guam Energy Office.
- §8306. Legislature's Policy.
- §8307. Provision of Land/Easements.
- §8308. Leased Government Land.
- §8309. Purchase of Alternate Energy.
- §8310. Expenditure of Exxon Funds.

§8301. **Title.** This Article shall be known as the *Alternate Energy Plan for Guam Act*.

SOURCE: Added by P.L. 17-77.

§8302. **Findings.** The findings of the Seventeenth Guam Legislature are that:

(a) P.L. 16-119 requires the Guam Power Authority to prepare a Ten Year Alternate Energy Plan for Guam, and that the Governor shall forward said plan to the Legislature to be considered for codification into law; and

(b) The Governor appointed an Alternate Energy Task Force to research and prepare a Ten Year Alternate Energy Plan; and the Alternate Energy Task Force has identified essentially the same indigenous renewable energy resources as outlined in the Comprehensive Development Plan for Guam and the Territorial Energy Assessment/Final Report and has suggested a schedule for implementation; and

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(c) The Comprehensive Development Plan for Guam was presented to the Legislature by Governor Bordallo in 1978. That Comprehensive Development Plan has been the working document for energy development since then, notwithstanding its not having been officially adopted by resolution of the Legislature as of the date of this Act. The Comprehensive Development Plan for Guam incorporated a section describing the energy situation on Guam in 1978, and outlines alternate energy options planned for the territory at that time; and

(d) The United States Department of Energy has adopted the Territorial Energy Assessment/Final Report as its official guideline for development of alternate energy resources for the Insular Territories; and

(e) The Congress of the United States is currently considering means of funding the studies outlined in the Territorial Energy Assessment/Final Report; and

(f) Studies have been conducted by several professional engineering companies which indicate that alternate energy forms may be found among Guam's indigenous resources and elsewhere; and

(g) All studies indicate that no source of alternate energy is competitive cost-wise with the present cost of generating power using current conventional sources of power presently available on Guam; and

(h) Guam has sufficient capacity for power generation for the foreseeable future, using conventional power sources; and

(i) The development of the Ten Year Alternate Energy Plan has been accomplished without the expenditure of any significant local funds through existing governmental agencies; and

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(j) The government of Guam and Guam Power Authority are relatively small and have no excess funds to experiment with new forms of energy with local or Guam Power Authority Funds.

SOURCE: Added by P.L. 17-77.

§8303. Adoption of U.S. Department of Energy's Territorial Energy Assessment Final Report. The U.S. Department of Energy's Territorial Energy Assessment/Final Report is hereby adopted as an integral part of the Comprehensive Development Plan for Guam, the latter is hereby adopted as the official guideline for alternate energy development for the Territory by the Seventeenth Guam Legislature, subject however to the conditions contained in this Act.

SOURCE: Added by P.L. 17-77.

§8304. Governor's Powers. The Governor is hereby authorized to proceed with development of a long term energy plan for Guam and to develop alternate energy sources without legislative approval by itself or in conjunction with Guam Power Authority or private companies, to the extent that those alternative resources can be developed using private funds or funds provided by the U. S. Congress through the U.S. Department of Energy, with local coordination through the Guam Energy Office, in cooperation with Guam Power Authority and other affected agencies. The Energy Office is also authorized to develop alternate energy sources using local funds appropriated for that purpose.

SOURCE: Added by P.L. 17-77.

§8305. Coordination, Guam Energy Office. The Guam Energy Office, in coordination with other appropriate government agencies, shall coordinate the development of conventional energy resources and alternate energy

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resources outlined in the Ten Year Alternate Energy Plan for Guam, which plan is hereby included as an element of the Comprehensive Development Plan for Guam.

SOURCE: Added by P.L. 17-77.

§8306. Legislature's Policy. The Legislature supports, in principle, the development of alternate energy, but is concerned that the alternate energy program not be a burden upon the taxpayers, power consumers, and residents of Guam. Therefore, the Governor, the government of Guam and the Guam Power Authority may enter into alternate energy agreements to develop alternate energy or to purchase alternate energy only if all of the following conditions are met:

(1) Local funds of the government of Guam or the Guam Power Authority Funds may be used to develop alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) as may be later, appropriated by the Legislature or approved by law for that specific purpose.

(2) Any power produced or sold from alternate energy sources (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion (OTEC) cannot be purchased by Guam Power Authority or the government of Guam at a cost greater than the average cost of producing power found in the islandwide power system (not inclusive of backup diesel generators), specifically the two Cabras Units, the two Tanguisson Units, and the Piti Power Plant.

(3) No contract may be signed by the government of Guam or the Guam Power Authority to develop or purchase power from alternate energy sources (including power generated from windmills, solar

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ponds and Ocean Thermal Energy Conversion), if such contract will result in increased expenses and costs for the Guam Power Authority. No such alternate energy contract may be signed until the board of directors of the Guam Power Authority has so certified that the agreement is consistent with all bond covenants and that the price paid for electricity pursuant to the agreement does not exceed actual current avoided cost.

(4) For so long as the Navy Power Pool Agreement is in effect, neither the Guam Power Authority nor the government of Guam may contract to purchase any power generated from alternate energy source (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) without giving the United States Navy prior written notification.

(5) Any contract to purchase alternate energy (including power generated from windmills and solar ponds and Ocean Thermal Energy Conversion) must provide that any loss or damage to the islandwide power system, Guam Power Authority and the U.S. Navy or to consumers as a result of or proximately caused by the negligence of alternate energy supplier or by the quality of alternate energy supplied will be borne solely by the alternate energy supplier who will hold Guam Power Authority and the government of Guam harmless.

(6) All interface facilities to provide usable alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Conversion) shall be installed and maintained at the expense of the supplier of alternate energy. Any such interconnections shall be at existing lines owned and operated by the Islandwide Power System, and such

interfaces shall be subject to the engineering standards and approval set by the Guam Power Authority.

(7) Any contract to purchase alternate energy (including power generated from windmills, solar ponds and Ocean Thermal Energy Technology) must provide that neither the government of Guam nor the Guam Power Authority shall be obligated to purchase electrical power not needed by the Guam Power Authority.

SOURCE: Added by P.L. 17-77.

§8307. Provision of Land/Easement. The Power of Eminent Domain (condemnation) shall not be used by the government of Guam or the Guam Power Authority to provide land for alternate energy sources or to provide land to lease to alternate energy suppliers. It shall be the exclusive responsibility of the alternate energy supplier to cope with land/easement problems, and neither the government of Guam nor the Guam Power Authority shall be under any obligation to provide land to alternate energy suppliers.

SOURCE: Added by P.L. 17-77.

§8308. Leased Government Land. If the government of Guam or the Guam Power Authority leases any land belonging to the government of Guam or the Guam Power Authority for alternate energy to private alternate energy suppliers for alternate energy related purposes, such lease shall be for the full fair market rental value of the land (based upon the value at the highest and best use) and contain provisions canceling the lease and reverting the land to the government of Guam or the Guam Power Authority if not developed for alternate energy purposes within three (3) years, and canceling the lease and reverting the land to the government of Guam or the Guam Power

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Authority whenever the land is no longer being primarily utilized for alternate energy purposes.

SOURCE: Added by P.L. 17-77.

§8309. Purchase of Alternate Energy. In the event that the Guam Power Authority or the Governor of Guam determines that purchase of alternate energy from private developers or development of any alternate energy source which does not comply with the guidelines of the Act is feasible and in the best interests of the territory of Guam and the Guam Power Authority, then the Governor shall present to the Legislature a full detailed development plan and a complete cost analysis, cash flow and capital improvement plan for development of that alternate energy source. The submission shall fully justify departure from the above plans and demonstrate why such plan is in the best interests of the people of Guam. The Governor shall accompany such plan with proposed legislation to amend this Act. In such event, the Legislature may consider such plan in deciding whether or not to pass legislation amending this Alternate Energy Plan for Guam Act.

SOURCE: Added by P.L. 17-77.

§8310. Expenditure of Exxon Funds. The Guam Energy Office and the Governor of Guam shall submit a program plan to the Legislature for approval prior to spending any funds received from or pursuant to U.S. Public Law 97-377 Section 155, the Court Case of U.S. vs. Exxon (TECA Nos. 91-100 (Consolidated) and the case of "In re Department of Energy Stripper Well Exemption Litigation (MDL No. 378)." No money shall be spent by the Guam Energy Office, the Governor, or the territory of Guam from any of the above without prior concurrence by law.

SOURCE: Added by P.L. 18-30:21.



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

June 5, 1998

TO: Vice Speaker Anthony C. Blaz
24th Guam Legislature

FROM: Mr. Ricardo S. Unpingco
General Manager
Guam Power Authority

Transmitted herewith are slides to illustrate our support of Bill 635. We expect to have 700k to a million dollars a year savings based on the current interest rates. We request that a speedy approval of this bill be expedited in order for GPA to benefit from current interest rates.

GUAM POWER AUTHORITY

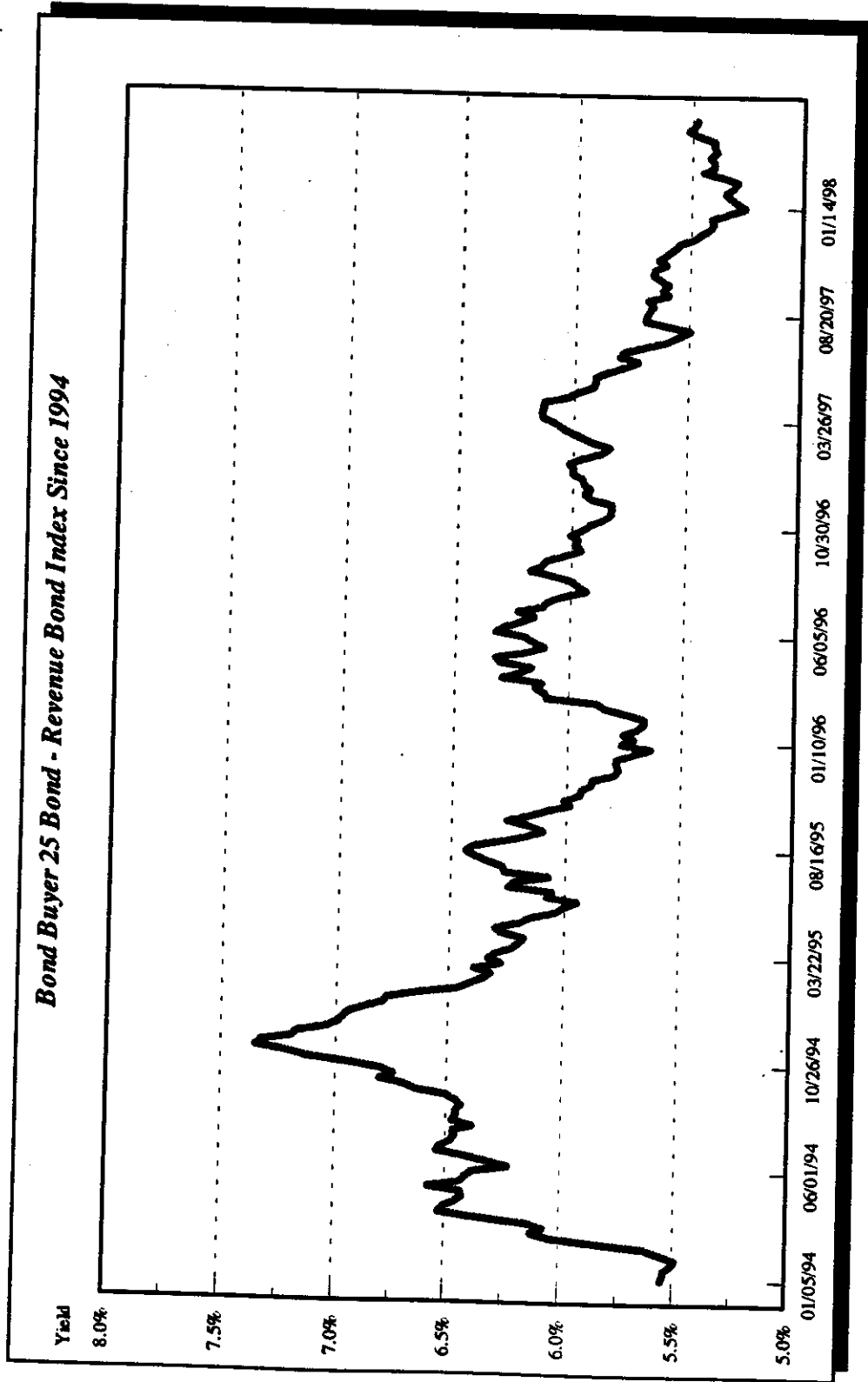
Bond Refinancing Legislation



Guam Power Authority

Summary of Refunding Opportunities

The Bond Buyer Revenue Index



RECOMMENDATION

GPA has been ordered to create a business plan to review the GPA operations and take advantage of opportunities for savings prior to the filing of the next rate petition scheduled for FY99.

CECA Business Plan

- Review Generation Plant Candidates for Retirement based on Economical Viability
- Identify Re-engineering Opportunities to streamline operations
- Identify Cost Saving Opportunities

Features of Proposition

- No New Projects
- No Changes to Bond Covenants
- Affects Portions of 1992 and 1994 Series A Bonds Only
- Savings to Ratepayers

Erosion of Savings

- January, 1998 \$970,000
- March, 1998 \$740,000
- May, 1998 \$770,000

Financial media have been reporting an expectation of interest rate increases in the near future. CPA wants to act quickly before there is further savings erosion!

GUAM POWER AUTHORITY BOND REFINANCING OPPORTUNITY

- Interest Rates have Decreased substantially since GPA's 1992, and 1994 Series A Bonds were issued
- GPA's Underwriter has determined that substantial benefits could be gained by refinancing portions of GPA's bond issuances
- GEDA's Financial Advisors have confirmed that substantial benefits could be gained if the refinancing strategy were implemented
- The Total Savings which could be attained by GPA amount to over \$25 million over the remaining life of the bonds
- The annual savings which could be realized are approximately \$950,000
- GPA needs to act quickly to take advantage of these savings

GUAM POWER AUTHORITY

BOND REFINANCING OPPORTUNITY

- ★ Interest Rates have Decreased substantially since GPA's 1992, 1993, 1994 Series A Bonds were issued. The 1992 and 1994 issuance yields were 6.529% and 6.875% respectively. Recent yields for similar issuances have been as low as 5%.
- ★ GPA's Underwriter (Goldman, Sachs and Co.) has determined that substantial benefits could be gained by refinancing portions of GPA's bond issuances.
- ★ GEDA's Financial Advisors have confirmed that substantial benefits could be gained if the refinancing strategy were implemented.
- ★ The Total Savings which could be attained by GPA may amount to over \$25 million for the remaining life of the bonds.
- ★ The annual savings which could be realized are between \$700K and \$950K.
- ★ GPA needs to act quickly to take advantage of these savings.





GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

FOR IMMEDIATE RELEASE

April 15, 1998

**FOR MORE
INFORMATION CONTACT
Carl J. Gumataotao
Public Information Officer
649-6817 or 649-6903**

Refinancing could save Millions for GPA

A recent study performed by Goldman, Sachs and Co. has shown that the Guam Power Authority could benefit from current interest rates. Interest rates on GPA's 1992, 1993, & 1994 Series A Bonds have decreased since their issuance. The 1992 and 1994 yields were 6.52% and 6.87% respectively. Recent yields for similar issuance's have been as low as 5%.

In it's efforts to cut costs the GPA Board of Directors are pursuing legislation to authorize refinancing of GPA's bonds to take advantage of the current yields. Estimates are showing a savings of about \$20 million for the remaining life of the bonds or \$700k per year. According to GPA Board Chairman Frank Shimizu "this refinancing will help soften future rate increases. We have new power plants and we need to find ways to pay for them and the savings we get from these lower interest rates could help subsidize any rate increases to our customers."

GPA needs to act quickly to take advantage of these savings before interest rates rise again.

###

Guam Power Authority Revenue Refunding Bonds

Refunding Analysis

**Goldman
Sachs**

March 25, 1998

CONTENTS

Guam Power Authority Revenue Refunding Bonds

Refunding Analysis

March 25, 1998

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Case 1 - Reasonable	D
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Memorandum

Date: March 25, 1998
To: GEDA and GPA
From: Goldman, Sachs & Co.
Subject: GPA's Refinancing Opportunities

In light of favorable market conditions, we have looked at potential refinancing opportunities for GPA. Attached please find a summary of refunding results for GPA's outstanding long term debt. We have provided a refunding analysis ranked by potential savings per bond. As a result of this analysis, we have prepared two basic refunding scenarios for your review.

Case 1: Refunding those bonds that on an *aggregate* basis generate present value savings greater than 3%. Please note that this refunding results in the greatest overall and average annual debt service savings.

Case 2: Refunding those bonds that on an *individual* basis generate present value savings greater than 5%. In today's market, only the Series 1994 A term bond maturing on October 1, 2024 for \$57.88 million produces 7.315% savings.

For both of these analyses, we have assumed an uninsured financing with \$200,000 costs of issuance and an all-in gross spread of \$8.50 per bond.

Summary of Refunding Results		
	Case 1	Case 2
Refunding Par:	\$198,830,000	\$66,675,000
Refunded Par:	177,730,000	57,880,000
Gross Savings:	18,744,651	8,400,525
Average Annual Savings:	705,000	320,000
Net PV Savings (\$):	9,602,847	4,270,098
Net PV Savings (%):	5.403%	7.378%
TIC	5.444%	5.467%

REFUNDING CANDIDATES RANKED BY POTENTIAL SAVINGS

Guam Power Authority

(All Dollar Amounts in Thousands)

Series	Candidate			New Yield	Individual			Cumulative		
	Maturity	Par	Rate		Refunding	Savings	Percent	Refunding	Savings	Percent
1994	10/01/2024	57,880	6.750%	5.409%	67,082	4,319	7.462%	67,082	4,319	7.462%
1992	10/01/2022	85,155	6.300%	5.409%	95,167	4,024	4.725%	162,249	8,343	5.833%
1994	10/01/2014	17,555	6.625%	5.423%	19,976	530	3.020%	182,225	8,873	5.525%
1992	10/01/2012	21,925	6.300%	5.367%	24,144	507	2.315%	206,369	9,381	5.140%
1992	10/01/2008	17,140	6.375%	4.918%	18,039	353	2.057%	224,408	9,733	4.875%
1994	10/01/2009	2,900	6.000%	5.100%	3,142	10	0.360%	227,550	9,744	4.810%
1994	10/01/2007	2,580	6.200%	4.950%	2,709	1	0.054%	230,259	9,745	4.751%
1994	10/01/2008	2,740	5.900%	5.000%	2,943	(4)	(0.131)	233,202	9,742	4.686%
1994	10/01/2006	2,430	6.125%	4.900%	2,548	(19)	(0.772)	235,751	9,723	4.623%
1992	10/01/2004	3,685	5.700%	4.700%	3,762	(39)	(1.061)	239,512	9,684	4.525%
1994	10/01/2005	2,295	6.000%	4.800%	2,399	(37)	(1.612)	241,911	9,647	4.460%
1992	10/01/2003	3,490	5.600%	4.600%	3,567	(63)	(1.813)	245,478	9,583	4.361%
1993	10/01/2005	2,600	5.250%	4.800%	2,607	(48)	(1.840)	248,085	9,536	4.288%
1993	10/01/2004	2,475	5.200%	4.700%	2,486	(53)	(2.129)	250,571	9,483	4.217%
1993	10/01/2013	26,370	5.250%	5.240%	27,494	(703)	(2.665)	278,065	8,780	3.495%
1993	10/01/2023	52,455	5.250%	5.409%	56,269	(1,974)	(3.763)	334,333	6,806	2.241%
					303,675	334,333	6,806			

Maximum Cumulative Savings With Refunding Bond Issue 9,745
230,259

Assumptions:

Delivery Date	04/01/1998
Issuance Expenses	0.950%
Refunding Series	REF
Escrow Size Based on	Replacement arbitrage yield
Interest accrued through delivery is	Funded by escrow
PV Savings Based on	Replacement arbitrage yield
Savings Expressed as a Percent of	Par of refunded bonds

GUAM POWER AUTHORITY		Issue	Calendar Date	Amount	Rate(%)	Amount	Rate(%)	Amount	Rate(%)
1992 Series A \$158,000,000 Revenue Bonds	1992 Series A \$158,000,000 Revenue Bonds	1992 Series A \$158,000,000 Revenue Bonds	1998	2,705,000	4.800%	1,855,000	4.500%	1,580,000	5.300%
			1999	2,835,000	5.100%	1,950,000	4.600%	1,665,000	5.500%
			2000	2,950,000	5.300%	2,040,000	4.750%	1,755,000	5.600%
			2001	3,140,000	5.400%	2,135,000	4.875%	1,850,000	5.250%
			2002	3,310,000	5.500%	2,240,000	5.000%	1,950,000	5.300%
			2003	3,490,000	5.600%	2,355,000	5.100%	2,055,000	5.400%
			2004	3,685,000	5.700%	2,475,000	5.200%	2,165,000	5.500%
			2005	3,885,000	5.800%	2,600,000	5.250%	2,295,000	5.600%
			2006	4,090,000	5.900%	2,740,000	5.300%	2,430,000	5.750%
			2007	4,300,000	6.000%	2,890,000	5.400%	2,580,000	5.800%
2008	4,520,000	6.100%	3,050,000	5.500%	2,740,000	5.900%			
2009	4,750,000	6.200%	3,220,000	5.600%	2,900,000	6.000%			
2010	5,000,000	6.300%	3,400,000	5.700%	3,080,000	6.100%			
2011	5,260,000	6.400%	3,590,000	5.800%	3,280,000	6.200%			
2012	5,540,000	6.500%	3,790,000	5.900%	3,490,000	6.300%			
2013	5,840,000	6.600%	4,000,000	6.000%	3,710,000	6.400%			
2014	6,160,000	6.700%	4,220,000	6.100%	3,950,000	6.500%			
2015	6,500,000	6.800%	4,460,000	6.200%	4,200,000	6.600%			
2016	6,860,000	6.900%	4,720,000	6.300%	4,470,000	6.700%			
2017	7,240,000	7.000%	5,000,000	6.400%	4,750,000	6.800%			
2018	7,640,000	7.100%	5,300,000	6.500%	5,050,000	6.900%			
2019	8,060,000	7.200%	5,620,000	6.600%	5,330,000	7.000%			
2020	8,500,000	7.300%	5,960,000	6.700%	5,630,000	7.100%			
2021	8,960,000	7.400%	6,320,000	6.800%	5,950,000	7.200%			
2022	9,440,000	7.500%	6,700,000	6.900%	6,290,000	7.300%			
2023	9,940,000	7.600%	7,100,000	7.000%	6,680,000	7.400%			
2024	10,460,000	7.700%	7,520,000	7.100%	7,090,000	7.500%			
2025	11,000,000	7.800%	7,960,000	7.200%	7,520,000	7.600%			
1994 Series A \$102,900,000 Revenue Bonds	1993 Series A \$100,000,000 Revenue Bonds	1992 Series A \$158,000,000 Revenue Bonds							

Date Due	Original Issue Size	Outstanding	Callable Date(s)	Dated Date	Purpose
1-Oct	\$158,000,000	\$146,365,000	10/1/02 @ 102% 10/1/03 @ 101% 10/1/04 @ 100%	12/1/92	New Money/Refunding
1-Oct	\$100,000,000	\$96,485,000	10/1/03 @ 102% 10/1/04 @ 101% 10/1/05 @ 100	10/1/93	New Money
1-Oct	\$102,900,000	\$101,400,000	10/1/04 @ 102% 10/1/05 @ 101% 10/1/06 @ 100%	10/1/94	New Money

SOURCES AND USES OF FUNDS

Guam Power Authority Revenue Refunding Bonds Case 1

Dated Date 04/01/1998
Delivery Date 04/01/1998

Sources:

Bond Proceeds:	
Par Amount	198,830,000.00
Original Issue Discount	(7,659,444.30)
	<hr/>
	191,170,555.70

Other Sources of Funds:	
Release of Old DSRF	502,702.49
	<hr/>
	191,673,258.19

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.48
SLG Purchases	189,782,246.00
	<hr/>
	189,782,246.48

Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	1,690,055.00
	<hr/>
	1,890,055.00

Other Uses of Funds:	
Contingency	956.71
	<hr/>
	191,673,258.19

SUMMARY OF REFUNDING RESULTS

Guam Power Authority Revenue Refunding Bonds Case 1

Dated Date	04/01/1998
Delivery Date	04/01/1998
Arbitrage yield	5.366229%
Escrow yield	5.366222%
Bond Par Amount	198,830,000.00
True Interest Cost	5.444001%
Net Interest Cost	5.273489%
Average Coupon	5.019945%
Average Life	18.546
Par amount of refunded bonds	177,730,000.00
Average coupon of refunded bonds	6.496991%
Average life of refunded bonds	19.482
PV of prior debt to 04/01/1998 @ 5.366229%	201,275,148.20
Net PV Savings	9,602,846.72
Percentage savings of refunded bonds	5.403053%
Percentage savings of refunding bonds	4.829677%

SAVINGS

Guam Power Authority Revenue Refunding Bonds Case 1

Date	Prior Debt Service	Refunding Debt Service	Savings
10/01/1998	5,763,679.38	5,410,325.00	353,354.38
10/01/1999	11,527,358.76	10,820,900.00	706,458.76
10/01/2000	11,527,358.76	10,820,400.00	706,958.76
10/01/2001	11,527,358.76	10,817,900.00	709,458.76
10/01/2002	11,527,358.76	10,818,400.00	708,958.76
10/01/2003	11,527,358.76	10,821,650.00	705,708.76
10/01/2004	11,527,358.76	10,817,475.00	709,883.76
10/01/2005	15,422,358.76	14,715,550.00	706,808.76
10/01/2006	15,424,052.50	14,716,100.00	707,952.50
10/01/2007	15,424,808.76	14,716,525.00	708,283.76
10/01/2008	15,423,671.26	14,716,000.00	707,671.26
10/01/2009	10,434,683.76	9,728,000.00	706,683.76
10/01/2010	13,509,683.76	12,804,750.00	704,933.76
10/01/2011	13,510,965.00	12,804,750.00	706,215.00
10/01/2012	13,508,665.00	12,799,000.00	709,665.00
10/01/2013	19,882,121.26	19,177,250.00	704,871.26
10/01/2014	19,878,698.76	19,169,750.00	708,948.76
10/01/2015	19,883,845.00	19,174,250.00	709,595.00
10/01/2016	19,879,045.00	19,173,750.00	705,295.00
10/01/2017	19,881,657.50	19,172,000.00	709,657.50
10/01/2018	19,878,127.50	19,172,500.00	705,627.50
10/01/2019	19,880,530.00	19,173,500.00	707,030.00
10/01/2020	19,879,972.50	19,173,250.00	706,722.50
10/01/2021	19,882,900.00	19,175,000.00	707,900.00
10/01/2022	19,880,082.50	19,171,750.00	708,332.50
10/01/2023	8,147,650.00	7,441,750.00	705,900.00
10/01/2024	8,145,025.00	7,439,250.00	705,775.00
	402,686,375.76	383,941,725.00	18,744,650.76

Savings Summary

Dated Date	04/01/1998
Delivery Date	04/01/1998
Savings PV rate	5.366229%
PV of savings from cash flow	10,104,592.50
Less: Prior funds on hand	(502,702.49)
Plus: Refunding funds on hand	956.71
	9,602,846.72
Net PV Savings	

SUMMARY OF BONDS REFUNDED

**Guam Power Authority
Revenue Refunding Bonds
Case 1**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Revenue Bonds - 1992 Series A:					
TERM1	10/01/2008	6.375%	17,140,000.00	10/01/2002	102.000
TERM3	10/01/2022	6.300%	85,155,000.00	10/01/2002	102.000
			<u>102,295,000.00</u>		
Revenue Bonds - 1994 Series A:					
TERM1	10/01/2014	6.625%	17,555,000.00	10/01/2004	102.000
TERM2	10/01/2024	6.750%	57,880,000.00	10/01/2004	102.000
			<u>75,435,000.00</u>		
			<u>177,730,000.00</u>		

PRIOR BOND DEBT SERVICE

Guam Power Authority
Revenue Refunding Bonds
Case 1

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/1998			5,763,679.38	5,763,679.38
10/01/1999			11,527,358.76	11,527,358.76
10/01/2000			11,527,358.76	11,527,358.76
10/01/2001			11,527,358.76	11,527,358.76
10/01/2002			11,527,358.76	11,527,358.76
10/01/2003			11,527,358.76	11,527,358.76
10/01/2004			11,527,358.76	11,527,358.76
10/01/2005	3,895,000	6.375%	11,527,358.76	15,422,358.76
10/01/2006	4,145,000	6.375%	11,279,052.50	15,424,052.50
10/01/2007	4,410,000	6.375%	11,014,808.76	15,424,808.76
10/01/2008	4,690,000	6.375%	10,733,671.26	15,423,671.26
10/01/2009			10,434,683.76	10,434,683.76
10/01/2010	3,075,000	6.625%	10,434,683.76	13,509,683.76
10/01/2011	3,280,000	6.625%	10,230,965.00	13,510,965.00
10/01/2012	3,495,000	6.625%	10,013,665.00	13,508,665.00
10/01/2013	10,100,000	**	9,782,121.26	19,882,121.26
10/01/2014	10,745,000	**	9,133,698.76	19,878,698.76
10/01/2015	11,440,000	**	8,443,845.00	19,883,845.00
10/01/2016	12,175,000	**	7,704,045.00	19,879,045.00
10/01/2017	12,965,000	**	6,916,657.50	19,881,657.50
10/01/2018	13,800,000	**	6,078,127.50	19,878,127.50
10/01/2019	14,695,000	**	5,185,530.00	19,880,530.00
10/01/2020	15,645,000	**	4,234,972.50	19,879,972.50
10/01/2021	16,660,000	**	3,222,900.00	19,882,900.00
10/01/2022	17,735,000	**	2,145,082.50	19,880,082.50
10/01/2023	7,150,000	6.750%	997,650.00	8,147,650.00
10/01/2024	7,630,000	6.750%	515,025.00	8,145,025.00
	177,730,000		224,956,375.76	402,686,375.76

BOND SUMMARY STATISTICS

Guam Power Authority Revenue Refunding Bonds Case 1

Dated Date	04/01/1998
Delivery Date	04/01/1998
Last Maturity	10/01/2024
Arbitrage Yield	5.366229%
True Interest Cost (TIC)	5.444001%
Net Interest Cost (NIC)	5.273489%
All-In TIC	5.453271%
Average Coupon	5.019945%
<hr/>	
Average Life (years)	18.546
Duration of Issue (years)	11.706
Par Amount	198,830,000.00
Bond Proceeds	191,170,555.70
Total Interest	185,111,725.00
Net Interest	194,461,224.30
Total Debt Service	383,941,725.00
Maximum Annual Debt Service	19,177,250.00
Average Annual Debt Service	14,488,366.98
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.500000
<hr/>	
Total Underwriter's Discount	8.500000
Bid Price	95.297742

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	28,735,000.00	102.804	5.316%	8.104
Term Bonds Due 2017	76,245,000.00	95.794	5.000%	16.875
Term Bonds Due 2024	93,850,000.00	94.397	5.000%	23.101
	<hr/>			
	198,830,000.00			18.546

	TIC	All-In TIC	Arbitrage Yield
Par Value	198,830,000.00	198,830,000.00	198,830,000.00
+ Accrued Interest			
+ Premium (Discount)	(7,659,444.30)	(7,659,444.30)	(7,659,444.30)
- Underwriter's Discount	(1,690,055.00)	(1,690,055.00)	
- Cost of Issuance Expense		(200,000.00)	
- Other Amounts			
Target Value	<hr/>	<hr/>	<hr/>
	189,480,500.70	189,280,500.70	191,170,555.70
Target Date	04/01/1998	04/01/1998	04/01/1998
Yield	5.444001%	5.453271%	5.366229%

BOND PRICING

Guam Power Authority Revenue Refunding Bonds Case 1

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	10/01/1998	395,000	5.000%	3.800%	100.588
	10/01/1999	810,000	5.000%	4.100%	101.296
	10/01/2000	850,000	5.000%	4.300%	101.642
	10/01/2001	890,000	5.000%	4.400%	101.928
	10/01/2002	935,000	5.000%	4.500%	102.016
	10/01/2003	985,000	5.500%	4.600%	104.329
	10/01/2004	1,035,000	5.500%	4.700%	104.436
	10/01/2005	4,990,000	5.500%	4.800%	104.365
	10/01/2006	5,265,000	5.500%	4.900%	104.130
	10/01/2007	5,555,000	5.500%	4.950%	104.128
	10/01/2008	5,860,000	5.000%	5.000%	100.000
	10/01/2009	1,165,000	5.000%	5.100%	99.137
		28,735,000			
Term Bonds Due 2017:					
	10/01/2010	4,300,000	5.000%	5.350%	95.794
	10/01/2011	4,515,000	5.000%	5.350%	95.794
	10/01/2012	4,735,000	5.000%	5.350%	95.794
	10/01/2013	11,350,000	5.000%	5.350%	95.794
	10/01/2014	11,910,000	5.000%	5.350%	95.794
	10/01/2015	12,510,000	5.000%	5.350%	95.794
	10/01/2016	13,135,000	5.000%	5.350%	95.794
	10/01/2017	13,790,000	5.000%	5.350%	95.794
		76,245,000			
Term Bonds Due 2024:					
	10/01/2018	14,480,000	5.000%	5.400%	94.397
	10/01/2019	15,205,000	5.000%	5.400%	94.397
	10/01/2020	15,965,000	5.000%	5.400%	94.397
	10/01/2021	16,765,000	5.000%	5.400%	94.397
	10/01/2022	17,600,000	5.000%	5.400%	94.397
	10/01/2023	6,750,000	5.000%	5.400%	94.397
	10/01/2024	7,085,000	5.000%	5.400%	94.397
		93,850,000			
		198,830,000			

Dated Date	04/01/1998	
Delivery Date	04/01/1998	
First Coupon	10/01/1998	
Par Amount	198,830,000.00	
Discount	(7,659,444.30)	
Production	191,170,555.70	96.147742%
Underwriter's Discount	(1,690,055.00)	(0.850000)
Purchase Price	189,480,500.70	
Accrued Interest	95.297742%	
Net Proceeds	189,480,500.70	

BOND DEBT SERVICE

Guam Power Authority Revenue Refunding Bonds Case 1

Dated Date 04/01/1998
Delivery Date 04/01/1998

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/1998	395,000	5.000%	5,015,325	5,410,325
10/01/1999	810,000	5.000%	10,010,900	10,820,900
10/01/2000	850,000	5.000%	9,970,400	10,820,400
10/01/2001	890,000	5.000%	9,927,900	10,817,900
10/01/2002	935,000	5.000%	9,883,400	10,818,400
10/01/2003	985,000	5.500%	9,836,650	10,821,650
10/01/2004	1,035,000	5.500%	9,782,475	10,817,475
10/01/2005	4,990,000	5.500%	9,725,550	14,715,550
10/01/2006	5,265,000	5.500%	9,451,100	14,716,100
10/01/2007	5,555,000	5.500%	9,161,525	14,716,525
10/01/2008	5,860,000	5.000%	8,856,000	14,716,000
10/01/2009	1,165,000	5.000%	8,563,000	9,728,000
10/01/2010	4,300,000	5.000%	8,504,750	12,804,750
10/01/2011	4,515,000	5.000%	8,289,750	12,804,750
10/01/2012	4,735,000	5.000%	8,064,000	12,799,000
10/01/2013	11,350,000	5.000%	7,827,250	19,177,250
10/01/2014	11,910,000	5.000%	7,259,750	19,169,750
10/01/2015	12,510,000	5.000%	6,664,250	19,174,250
10/01/2016	13,135,000	5.000%	6,038,750	19,173,750
10/01/2017	13,790,000	5.000%	5,382,000	19,172,000
10/01/2018	14,480,000	5.000%	4,692,500	19,172,500
10/01/2019	15,205,000	5.000%	3,968,500	19,173,500
10/01/2020	15,965,000	5.000%	3,208,250	19,173,250
10/01/2021	16,765,000	5.000%	2,410,000	19,175,000
10/01/2022	17,600,000	5.000%	1,571,750	19,171,750
10/01/2023	6,750,000	5.000%	691,750	7,441,750
10/01/2024	7,085,000	5.000%	354,250	7,439,250
	198,830,000		185,111,725	383,941,725

ESCROW REQUIREMENTS

Guam Power Authority Revenue Refunding Bonds Case 1

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
10/01/1998	5,763,679.38			5,763,679.38
10/01/1999	11,527,358.76			11,527,358.76
10/01/2000	11,527,358.76			11,527,358.76
10/01/2001	11,527,358.76			11,527,358.76
10/01/2002	11,527,358.76	102,295,000.00	2,045,900.00	115,868,258.76
10/01/2003	5,069,918.76			5,069,918.76
10/01/2004	5,069,918.76	75,435,000.00	1,508,700.00	82,013,618.76
	62,012,951.94	177,730,000.00	3,554,600.00	243,297,551.94

ESCROW DESCRIPTIONS

Guam Power Authority Revenue Refunding Bonds Case 1

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Apr 1, 1998:						
SLG	Certificate	10/01/1998	10/01/1998	534,564	5.160%	5.160%
SLG	Certificate	04/01/1999	04/01/1999	520,792	5.300%	5.300%
SLG	Note	10/01/1999	10/01/1998	548,394	5.410%	5.410%
SLG	Note	04/01/2000	10/01/1998	563,228	5.450%	5.450%
SLG	Note	10/01/2000	10/01/1998	578,576	5.460%	5.460%
SLG	Note	04/01/2001	10/01/1998	594,371	5.470%	5.470%
SLG	Note	10/01/2001	10/01/1998	610,627	5.480%	5.480%
SLG	Note	04/01/2002	10/01/1998	627,359	5.490%	5.490%
SLG	Note	10/01/2002	10/01/1998	104,985,479	5.510%	5.510%
SLG	Note	04/01/2003	10/01/1998	308,209	5.520%	5.520%
SLG	Note	10/01/2003	10/01/1998	316,716	5.530%	5.530%
SLG	Note	04/01/2004	10/01/1998	72,046,315	5.550%	5.550%
SLG	Note	10/01/2004	10/01/1998	7,547,616	5.570%	5.570%
Apr 1, 2004:						
SLG	Rollover Cert	10/01/2004		71,720,842		

SLGS Summary

SLGS Rates File	25MAR98
Total Certificates of Indebtedness	1,055,356.00
Total Notes	188,726,890.00
Total original SLGS	189,782,246.00
Total Rollover SLGS	71,720,842.00

ESCROW COST

**Guam Power Authority
Revenue Refunding Bonds
Case 1**

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLG	10/01/1998	534,564	5.160%	534,564.00
SLG	04/01/1999	520,792	5.300%	520,792.00
SLG	10/01/1999	548,394	5.410%	548,394.00
SLG	04/01/2000	563,228	5.450%	563,228.00
SLG	10/01/2000	578,576	5.460%	578,576.00
SLG	04/01/2001	594,371	5.470%	594,371.00
SLG	10/01/2001	610,627	5.480%	610,627.00
SLG	04/01/2002	627,359	5.490%	627,359.00
SLG	10/01/2002	104,985,479	5.510%	104,985,479.00
SLG	04/01/2003	308,209	5.520%	308,209.00
SLG	10/01/2003	316,716	5.530%	316,716.00
SLG	04/01/2004	72,046,315	5.550%	72,046,315.00
SLG	10/01/2004	7,547,616	5.570%	7,547,616.00
		189,782,246		189,782,246.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
04/01/1998	189,782,246	0.48	189,782,246.48	5.366222%
	189,782,246	0.48	189,782,246.48	

ESCROW CASH FLOW

**Guam Power Authority
Revenue Refunding Bonds
Case 1**

Date	Principal	Interest	Net Escrow Receipts	Present Value to 04/01/1998 @ 5.3662222%
10/01/1998	534,564.00	5,229,114.98	5,763,678.98	5,613,073.97
10/01/1999	1,069,186.00	10,458,172.86	11,527,358.86	10,789,972.16
10/01/2000	1,141,804.00	10,385,554.80	11,527,358.80	10,233,455.02
10/01/2001	1,204,998.00	10,322,360.55	11,527,358.55	9,705,641.34
10/01/2002	105,612,838.00	10,255,421.14	115,868,259.14	91,422,389.70
10/01/2003	624,925.00	4,444,993.67	5,069,918.67	3,839,718.22
10/01/2004	79,593,931.00	2,419,687.46	82,013,618.46	58,177,995.58
	189,782,246.00	53,515,305.46	243,297,551.46	189,782,246.00

Escrow Cost Summary

Purchase date	04/01/1998
Purchase cost of securities	189,782,246.00
Target for yield calculation	<u>189,782,246.00</u>

ESCROW SUFFICIENCY

Guam Power Authority Revenue Refunding Bonds Case 1

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
10/01/1998	5,763,679.38	5,763,679.46	0.08	0.08
10/01/1999	11,527,358.76	11,527,358.86	0.10	0.18
10/01/2000	11,527,358.76	11,527,358.80	0.04	0.22
10/01/2001	11,527,358.76	11,527,358.55	(0.21)	0.01
10/01/2002	115,868,258.76	115,868,259.14	0.38	0.39
10/01/2003	5,069,918.76	5,069,918.67	(0.09)	0.30
10/01/2004	82,013,618.76	82,013,618.46	(0.30)	
	243,297,551.94	243,297,551.94	0.00	

ESCROW STATISTICS

**Guam Power Authority
Revenue Refunding Bonds
Case 1**

	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	189,782,246.48	4.501	5.366222%	5.366222%	189,782,192.45	53.96	0.07
	189,782,246.48				189,782,192.45	53.96	0.07

Delivery date 04/01/1998
Arbitrage yield 5.366229%

SOURCES AND USES OF FUNDS

Guam Power Authority Revenue Refunding Bonds Case 2

Dated Date 04/01/1998
Delivery Date 04/01/1998

Sources:

Bond Proceeds:	
Par Amount	66,675,000.00
Original Issue Discount	(3,189,111.40)
	<hr/>
	63,485,888.60

Other Sources of Funds:	
Release of Old DSRF	233,868.74
	<hr/>
	63,719,757.34

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.34
SLG Purchases	62,952,503.00
	<hr/>
	62,952,503.34

Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	566,737.50
	<hr/>
	766,737.50

Other Uses of Funds:	
Contingency	516.50
	<hr/>
	63,719,757.34

SUMMARY OF REFUNDING RESULTS

Guam Power Authority Revenue Refunding Bonds Case 2

Dated Date	04/01/1998
Delivery Date	04/01/1998
Arbitrage yield	5.394626%
Escrow yield	5.394607%
Bond Par Amount	66,675,000.00
True Interest Cost	5.466553%
Net Interest Cost	5.269931%
Average Coupon	5.004618%
Average Life	21.232
Par amount of refunded bonds	57,880,000.00
Average coupon of refunded bonds	6.750000%
Average life of refunded bonds	22.535
PV of prior debt to 04/01/1998 @ 5.394626%	67,989,339.30
Net PV Savings	4,270,098.46
Percentage savings of refunded bonds	7.377503%
Percentage savings of refunding bonds	6.404347%

SAVINGS

Guam Power Authority Revenue Refunding Bonds Case 2

Date	Prior Debt Service	Refunding Debt Service	Savings
10/01/1998	1,953,450.00	1,796,175.00	157,275.00
10/01/1999	3,906,900.00	3,591,100.00	315,800.00
10/01/2000	3,906,900.00	3,588,350.00	318,550.00
10/01/2001	3,906,900.00	3,590,100.00	316,800.00
10/01/2002	3,906,900.00	3,591,100.00	315,800.00
10/01/2003	3,906,900.00	3,591,350.00	315,550.00
10/01/2004	3,906,900.00	3,589,300.00	317,600.00
10/01/2005	3,906,900.00	3,591,425.00	315,475.00
10/01/2006	3,906,900.00	3,587,450.00	319,450.00
10/01/2007	3,906,900.00	3,587,650.00	319,250.00
10/01/2008	3,906,900.00	3,591,750.00	315,150.00
10/01/2009	3,906,900.00	3,591,500.00	315,400.00
10/01/2010	3,906,900.00	3,590,250.00	316,650.00
10/01/2011	3,906,900.00	3,588,000.00	318,900.00
10/01/2012	3,906,900.00	3,589,750.00	317,150.00
10/01/2013	3,906,900.00	3,590,250.00	316,650.00
10/01/2014	3,906,900.00	3,589,500.00	317,400.00
10/01/2015	8,146,900.00	7,827,500.00	319,400.00
10/01/2016	8,145,700.00	7,827,250.00	318,450.00
10/01/2017	8,145,262.50	7,830,000.00	315,262.50
10/01/2018	8,144,237.50	7,825,000.00	319,237.50
10/01/2019	8,146,275.00	7,827,000.00	319,275.00
10/01/2020	8,144,687.50	7,830,000.00	314,687.50
10/01/2021	8,148,125.00	7,833,250.00	314,875.00
10/01/2022	8,144,562.50	7,826,000.00	318,562.50
10/01/2023	8,147,650.00	7,833,000.00	314,650.00
10/01/2024	8,145,025.00	7,827,750.00	317,275.00
	145,922,275.00	137,521,750.00	8,400,525.00

Savings Summary

Dated Date	04/01/1998
Delivery Date	04/01/1998
Savings PV rate	5.394626%
PV of savings from cash flow	4,503,450.70
Less: Prior funds on hand	(233,868.74)
Plus: Refunding funds on hand	516.50
Net PV Savings	4,270,098.46

SUMMARY OF BONDS REFUNDED

**Guam Power Authority
Revenue Refunding Bonds
Case 2**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Revenue Bonds - 1994 Series A: TERM2	10/01/2024	6.750%	57,880,000.00	10/01/2004	102.000
			57,880,000.00		

PRIOR BOND DEBT SERVICE

**Guam Power Authority
Revenue Refunding Bonds
Case 2**

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/1998			1,953,450.00	1,953,450.00
10/01/1999			3,906,900.00	3,906,900.00
10/01/2000			3,906,900.00	3,906,900.00
10/01/2001			3,906,900.00	3,906,900.00
10/01/2002			3,906,900.00	3,906,900.00
10/01/2003			3,906,900.00	3,906,900.00
10/01/2004			3,906,900.00	3,906,900.00
10/01/2005			3,906,900.00	3,906,900.00
10/01/2006			3,906,900.00	3,906,900.00
10/01/2007			3,906,900.00	3,906,900.00
10/01/2008			3,906,900.00	3,906,900.00
10/01/2009			3,906,900.00	3,906,900.00
10/01/2010			3,906,900.00	3,906,900.00
10/01/2011			3,906,900.00	3,906,900.00
10/01/2012			3,906,900.00	3,906,900.00
10/01/2013			3,906,900.00	3,906,900.00
10/01/2014			3,906,900.00	3,906,900.00
10/01/2015	4,240,000	6.750%	3,906,900.00	8,146,900.00
10/01/2016	4,525,000	6.750%	3,620,700.00	8,145,700.00
10/01/2017	4,830,000	6.750%	3,315,262.50	8,145,262.50
10/01/2018	5,155,000	6.750%	2,989,237.50	8,144,237.50
10/01/2019	5,505,000	6.750%	2,641,275.00	8,146,275.00
10/01/2020	5,875,000	6.750%	2,269,687.50	8,144,687.50
10/01/2021	6,275,000	6.750%	1,873,125.00	8,148,125.00
10/01/2022	6,695,000	6.750%	1,449,562.50	8,144,562.50
10/01/2023	7,150,000	6.750%	997,650.00	8,147,650.00
10/01/2024	7,630,000	6.750%	515,025.00	8,145,025.00
	57,880,000		88,042,275.00	145,922,275.00

BOND SUMMARY STATISTICS

Guam Power Authority Revenue Refunding Bonds Case 2

Dated Date	04/01/1998
Delivery Date	04/01/1998
Last Maturity	10/01/2024
Arbitrage Yield	5.394626%
True Interest Cost (TIC)	5.466553%
Net Interest Cost (NIC)	5.269931%
All-In TIC	5.492158%
Average Coupon	5.004618%
Average Life (years)	21.232
Duration of Issue (years)	12.783
Par Amount	66,675,000.00
Bond Proceeds	63,485,888.60
Total Interest	70,846,750.00
Net Interest	74,602,598.90
Total Debt Service	137,521,750.00
Maximum Annual Debt Service	7,833,250.00
Average Annual Debt Service	5,189,500.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.500000
Total Underwriter's Discount	8.500000
Bid Price	94.366931

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	3,770,000.00	102.374	5.255%	6.798
Term Bonds Due 2017	17,605,000.00	95.794	5.000%	17.984
Term Bonds Due 2024	45,300,000.00	94.397	5.000%	23.695
	66,675,000.00			21.232

	TIC	All-In TIC	Arbitrage Yield
Par Value	66,675,000.00	66,675,000.00	66,675,000.00
+ Accrued Interest			
+ Premium (Discount)	(3,189,111.40)	(3,189,111.40)	(3,189,111.40)
- Underwriter's Discount	(566,737.50)	(566,737.50)	
- Cost of Issuance Expense		(200,000.00)	
- Other Amounts			
Target Value	62,919,151.10	62,719,151.10	63,485,888.60
Target Date	04/01/1998	04/01/1998	04/01/1998
Yield	5.466553%	5.492158%	5.394626%

ESCROW REQUIREMENTS

Guam Power Authority Revenue Refunding Bonds Case 2

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
10/01/1998	1,953,450.00			1,953,450.00
10/01/1999	3,906,900.00			3,906,900.00
10/01/2000	3,906,900.00			3,906,900.00
10/01/2001	3,906,900.00			3,906,900.00
10/01/2002	3,906,900.00			3,906,900.00
10/01/2003	3,906,900.00			3,906,900.00
10/01/2004	3,906,900.00	57,880,000.00	1,157,600.00	62,944,500.00
	25,394,850.00	57,880,000.00	1,157,600.00	84,432,450.00

ESCROW DESCRIPTIONS

Guam Power Authority Revenue Refunding Bonds Case 2

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Apr 1, 1998:						
SLG	Certificate	10/01/1998	10/01/1998	210,120	5.160%	5.160%
SLG	Certificate	04/01/1999	04/01/1999	204,727	5.290%	5.290%
SLG	Note	10/01/1999	10/01/1998	215,556	5.420%	5.420%
SLG	Note	04/01/2000	10/01/1998	221,398	5.470%	5.470%
SLG	Note	10/01/2000	10/01/1998	227,453	5.470%	5.470%
SLG	Note	04/01/2001	10/01/1998	233,674	5.470%	5.470%
SLG	Note	10/01/2001	10/01/1998	240,065	5.470%	5.470%
SLG	Note	04/01/2002	10/01/1998	246,631	5.480%	5.480%
SLG	Note	10/01/2002	10/01/1998	253,388	5.500%	5.500%
SLG	Note	04/01/2003	10/01/1998	260,357	5.510%	5.510%
SLG	Note	10/01/2003	10/01/1998	267,529	5.530%	5.530%
SLG	Note	04/01/2004	10/01/1998	28,257,746	5.550%	5.550%
SLG	Note	10/01/2004	10/01/1998	32,113,859	5.570%	5.570%
Apr 1, 2004:						
SLG	Rollover Cert	10/01/2004		27,982,820		

SLGS Summary

SLGS Rates File	24MAR98
Total Certificates of Indebtedness	414,847.00
Total Notes	62,537,656.00
Total original SLGS	62,952,503.00
Total Rollover SLGS	27,982,820.00

ESCROW COST

Guam Power Authority Revenue Refunding Bonds Case 2

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLG	10/01/1998	210,120	5.160%	210,120.00
SLG	04/01/1999	204,727	5.290%	204,727.00
SLG	10/01/1999	215,556	5.420%	215,556.00
SLG	04/01/2000	221,398	5.470%	221,398.00
SLG	10/01/2000	227,453	5.470%	227,453.00
SLG	04/01/2001	233,674	5.470%	233,674.00
SLG	10/01/2001	240,065	5.470%	240,065.00
SLG	04/01/2002	246,631	5.480%	246,631.00
SLG	10/01/2002	253,388	5.500%	253,388.00
SLG	04/01/2003	260,357	5.510%	260,357.00
SLG	10/01/2003	267,529	5.530%	267,529.00
SLG	04/01/2004	28,257,746	5.550%	28,257,746.00
SLG	10/01/2004	32,113,859	5.570%	32,113,859.00
62,952,503				62,952,503.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
04/01/1998	62,952,503	0.34	62,952,503.34	5.394607%
	62,952,503	0.34	62,952,503.34	

ESCROW STATISTICS

**Guam Power Authority
Revenue Refunding Bonds
Case 2**

	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	62,952,503.34	5.285	5.394607%	5.394606%	62,952,439.80	63.38	0.16
	62,952,503.34				62,952,439.80	63.38	0.16

Delivery date : 04/01/1998
Arbitrage yield : 5.394626%

ESCROW CASH FLOW

**Guam Power Authority
Revenue Refunding Bonds
Case 2**

Date	Principal	Interest	Net Escrow Receipts	Present Value to 04/01/1998 @ 5.3948065%
10/01/1998	210,120.00	1,743,329.66	1,953,449.66	1,902,143.09
10/01/1999	420,283.00	3,486,617.48	3,906,900.48	3,655,722.37
10/01/2000	448,851.00	3,458,049.04	3,906,900.04	3,466,211.65
10/01/2001	473,739.00	3,433,161.14	3,906,900.14	3,286,525.52
10/01/2002	500,019.00	3,406,880.91	3,906,899.91	3,116,153.95
10/01/2003	527,886.00	3,379,014.04	3,906,900.04	2,954,614.61
10/01/2004	60,371,605.00	2,572,894.39	62,944,499.39	44,571,131.81
	62,952,503.00	21,479,946.66	84,432,449.66	62,952,503.00

Escrow Cost Summary

Purchase date	04/01/1998
Purchase cost of securities	62,952,503.00
Target for yield calculation	62,952,503.00

ESCROW SUFFICIENCY

Guam Power Authority Revenue Refunding Bonds Case 2

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
10/01/1998	1,953,450.00	1,953,450.00		
10/01/1999	3,906,900.00	3,906,900.48	0.48	0.48
10/01/2000	3,906,900.00	3,906,900.04	0.04	0.52
10/01/2001	3,906,900.00	3,906,900.14	0.14	0.66
10/01/2002	3,906,900.00	3,906,899.91	(0.09)	0.57
10/01/2003	3,906,900.00	3,906,900.04	0.04	0.61
10/01/2004	62,944,500.00	62,944,499.39	(0.61)	
	84,432,450.00	84,432,450.00	0.00	

GUAM POWER AUTHORITY

Balance Sheets
September 30, 1997 and 1996

<u>ASSETS</u>	<u>1997</u>	<u>1996</u>
Utility plant, at cost:		
Electric plant in service	\$ 434,723,108	\$ 425,379,588
Construction work in progress	<u>73,617,808</u>	<u>57,589,084</u>
	508,340,916	482,968,672
Less accumulated depreciation	<u>(96,812,134)</u>	<u>(81,163,906)</u>
Total utility plant	<u>411,528,782</u>	<u>401,804,766</u>
Bond reserve funds (trustee) (note 8)	<u>26,986,361</u>	<u>27,065,801</u>
Current assets:		
Cash and cash equivalents (note 8):		
Held by trustee:		
Interest and principal funds for debt repayment	16,315,105	14,800,365
Bond indenture funds for restricted purposes	<u>49,452,446</u>	<u>63,210,471</u>
	<u>65,767,551</u>	<u>78,010,836</u>
Held by Guam Power Authority:		
Bond indenture funds	1,852,315	5,888,211
Self-insurance fund (note 7)	<u>2,483,188</u>	<u>2,565,657</u>
	<u>4,335,503</u>	<u>8,453,868</u>
Total cash and cash equivalents	70,103,054	86,464,704
Accounts receivable (notes 2, 4 and 7)	31,144,328	30,462,996
Materials and supplies inventory	18,944,033	17,791,345
Fuel inventory	11,346,716	11,707,800
Prepaid expenses	840,752	989,608
Deferred fuel costs	<u>135,749</u>	<u>1,447,628</u>
Total current assets	<u>132,514,632</u>	<u>148,864,081</u>
Other assets:		
Unamortized debt issuance costs (note 5)	6,230,122	6,630,006
Cancelled unit, net of amortization	1,968,283	2,100,640
Regulatory assets (note 11)	7,409,039	9,341,239
Other	<u>(76,955)</u>	<u>(55,716)</u>
Total other assets	<u>15,530,489</u>	<u>18,016,169</u>
	<u>\$ 586,560,264</u>	<u>\$ 595,750,817</u>

See accompanying notes to financial statements.

GUAM POWER AUTHORITY

Balance Sheets, Continued
September 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<u>CAPITALIZATION AND LIABILITIES</u>		
Capitalization:		
Contributed capital:		
Grants by Government of Guam	\$ 27,898,440	\$ 27,898,440
Grants by U.S. Government	<u>12,866,000</u>	<u>12,866,000</u>
Total contributed capital	40,764,440	40,764,440
Retained earnings	<u>120,268,747</u>	<u>105,958,362</u>
	161,033,187	146,722,802
Long-term debt, less current maturities (note 5)	<u>341,302,940</u>	<u>347,244,959</u>
Total capitalization	<u>502,336,127</u>	<u>493,967,761</u>
Current liabilities:		
Short-term debt (note 4)	26,014,975	24,892,368
Current maturities of long-term debt (note 5)	6,259,784	4,589,784
Accounts payable:		
Operations	12,180,083	22,587,410
Fuel	4,233,437	9,975,497
Navy	959,886	3,725,114
Accrued payroll and employees' benefits	1,517,362	1,487,877
Current portion of employees' annual leave	995,583	863,086
Interest payable	11,123,438	11,140,593
Customer deposits	3,177,945	3,433,589
Other accrued liabilities (note 7)	<u>2,383,726</u>	<u>3,019,714</u>
Total current liabilities	68,846,219	85,715,032
Employees' annual leave, less current portion	1,594,383	1,657,965
Retirement fund deferred contributions (note 6)	<u>13,783,535</u>	<u>14,410,059</u>
Total liabilities	<u>84,224,137</u>	<u>101,783,056</u>
Commitments and contingencies (note 7)	\$ <u>586,560,264</u>	\$ <u>595,750,817</u>

See accompanying notes to financial statements.

GUAM POWER AUTHORITY

Statements of Operations and Retained Earnings Years Ended September 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Revenues (note 5):		
Sales of electricity (note 9)	\$ 194,374,459	\$ 181,794,296
Miscellaneous (notes 3 and 10)	<u>4,487,916</u>	<u>11,205,313</u>
	<u>198,862,375</u>	<u>192,999,609</u>
Operating and maintenance expenses:		
Production fuel	72,507,199	81,453,902
Other production	<u>30,742,433</u>	<u>25,923,759</u>
	103,249,632	107,377,661
Administrative and general	16,977,790	14,874,004
Depreciation	16,247,845	14,354,706
Transmission and distribution	12,109,198	10,757,203
Customer accounting	12,002,929	6,480,020
Subcontractor costs (notes 3 and 7)	<u>5,824,429</u>	<u>16,014,644</u>
Total operating and maintenance expenses	<u>166,411,823</u>	<u>169,858,238</u>
Operating earnings	<u>32,450,552</u>	<u>23,141,371</u>
Other income (expense):		
Interest expense	(23,896,641)	(23,248,108)
Allowance for funds used during construction	1,070,606	2,745,544
Interest income	4,818,301	7,506,530
Other income (expense), net	<u>(132,433)</u>	<u>(111,994)</u>
	<u>(18,140,167)</u>	<u>(13,108,028)</u>
Net earnings	14,310,385	10,033,343
Retained earnings at beginning of year	<u>105,958,362</u>	<u>95,925,019</u>
Retained earnings at end of year	\$ <u>120,268,747</u>	\$ <u>105,958,362</u>

See accompanying notes to financial statements.

GUAM POWER AUTHORITY

Statements of Cash Flows Years Ended September 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received from customers	\$ 199,237,279	\$ 179,043,376
Cash payments to suppliers and employees for goods and services	<u>(168,532,207)</u>	<u>(158,991,033)</u>
Net cash provided by operating activities	<u>30,705,072</u>	<u>20,052,343</u>
Cash flows from investing activities:		
Decrease (increase) in bond reserve funds	79,440	(28,578)
Proceeds from sales and maturities of investment securities	-	6,358,133
Interest and dividends on investments and bank accounts	<u>4,818,301</u>	<u>7,506,530</u>
Net cash provided by investing activities	<u>4,897,741</u>	<u>13,836,085</u>
Cash flows from noncapital financing activities:		
Proceeds from short-term debt	1,122,607	8,873,614
Interest paid on short-term debt and deposits	<u>(2,162,432)</u>	<u>(1,285,320)</u>
Net cash (used for) provided by noncapital financing activities	<u>(1,039,825)</u>	<u>7,588,294</u>
Cash flows from capital and related financing activities:		
Acquisition of utility plant	(25,971,861)	(69,301,649)
Principal paid on bonds and other long-term debt	(4,272,019)	(2,436,413)
Interest paid on bonds	<u>(20,680,758)</u>	<u>(21,886,024)</u>
Net cash used for capital and related financing activities	<u>(50,924,638)</u>	<u>(93,624,086)</u>
Net decrease in cash and cash equivalents	(16,361,650)	(52,147,364)
Cash and cash equivalents at beginning of year	<u>86,464,704</u>	<u>138,612,068</u>
Cash and cash equivalents at end of year	<u>\$ 70,103,054</u>	<u>\$ 86,464,704</u>

See accompanying notes to financial statements.

GUAM POWER AUTHORITY

Statements of Cash Flows, Continued
Years Ended September 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
<u>Reconciliation of operating earnings to net cash provided by operating activities:</u>		
Operating earnings	\$ 32,450,552	\$ 23,141,371
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	24,083,385	14,354,706
Difference between retirement expense and funding	(626,524)	(816,971)
Other expense	(132,433)	(111,994)
(Increase) decrease in assets:		
Accounts receivable	(681,332)	(4,826,939)
Materials and supplies inventory	(1,152,688)	(4,310,379)
Fuel inventory	361,084	(2,659,578)
Prepaid expenses	148,856	1,227,762
Deferred fuel costs	1,311,879	(293,324)
Other assets	(5,349,859)	481,211
Increase (decrease) in liabilities:		
Accounts payable - fuel	(5,742,060)	2,838,522
Accounts payable - operations	(10,407,327)	1,266,006
Accounts payable - Navy	(2,765,228)	160,212
Accrued payroll	29,485	244,696
Employees' annual leave	68,915	121,850
Customer deposits	(255,644)	985,192
Other accrued liabilities	(635,989)	-
Deferred credits	-	<u>(11,750,000)</u>
Net cash provided by operating activities	\$ <u>30,705,072</u>	\$ <u>20,052,343</u>

See accompanying notes to financial statements.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(1) Summary of Significant Accounting Policies

Organization: The Guam Power Authority (GPA) is a component unit of the Government of Guam (GovGuam). GPA is subject to the regulations of the Public Utility Commission of Guam (PUC), and has adopted the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Because of the rate-making process, certain differences arise in the application of generally accepted accounting principles between regulated and non-regulated businesses. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Utility Plant: Utility Plant is stated at cost, which, as to certain plant transferred from the power division of the Public Utility Agency of Guam in 1969, is based on estimated cost as determined by an independent appraiser. Cost includes \$4,177,479 representing generation and transmission assets transferred by the United States Navy (Navy) as described in note 3. Cost also includes an allowance on certain projects for funds used during construction of specific power generation plants based on the net cost of borrowed funds used for construction purposes. The cost of utility plant retired or otherwise disposed of, plus removal costs and less salvage, is charged to accumulated depreciation. Contributions in aid of construction are deducted from the cost of the utility plant.

Depreciation: Depreciation is computed using the straight-line method over the estimated useful lives of the assets (25 - 50 years for plant assets). Depreciation expense for 1997 and 1996 was approximately 3.7% and 3.4%, respectively, of the cost of depreciable properties.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, money market accounts and U.S. treasury bills with original maturities of less than 90 days in the interest and principal funds for debt repayment, the bond indenture funds, and the self-insurance fund. Cash and cash equivalents do not include money market accounts in bond reserve funds held by bond trustees.

Inventories: Materials and supplies inventories are stated at the lower of cost (weighted average) or market. Fuel inventories are stated at cost using the first-in, first-out method of valuation.

Contributed Capital: GPA commenced operations in April, 1969 when assets and liabilities with a net value of \$7,898,400 were transferred to GPA from the power division of the Public Utility Agency of Guam. An additional \$20 million loan from the Government of Guam was converted to contributed capital during the year ended September 30, 1992.

The U.S. Department of the Interior provided GPA with \$9.8 million for rebuilding a portion of the distribution system utilizing concrete poles to better resist typhoon damage. Funds were provided directly to the military construction officer for designing and administering the rebuilding work. Beneficial use of all lines has been given to GPA. The Federal Emergency Management Association (FEMA) provided a \$3,066,000 grant to GPA to subsidize the costs of housing generators to run waterwell pumps.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(1) Summary of Significant Accounting Policies, Continued

Accrued Annual Leave: Employees are credited with vacation leave at rates of 104, 156 or 208 hours per fiscal year, depending upon their service time with GPA. Accumulation of such vacation credits is limited to 480 hours at fiscal year end and is convertible to pay upon termination of employment.

Sales of Electricity: Sales of electricity are recorded as billed to customers on a monthly cycle billing basis. At the end of each month, unbilled revenues are accrued for each cycle based on the most recent cycle billing and the actual cost of fuel.

Fuel Oil Costs: Fuel oil costs increase or decrease billings to customers with price changes in fuel oil purchased by GPA. Under-recoveries of fuel oil costs are recorded as deferred fuel cost assets in the accompanying balance sheets, and are recovered in future billings to customers.

Allowance for Funds Used During Construction: The allowance for funds used during construction (AFUDC) is provided only for construction projects of more than \$50,000 which require a minimum of 90 days to complete. AFUDC is computed using the interest expense on directly assignable borrowings to finance the projects less interest income on the related unused borrowings which have been invested. AFUDC is provided only during the period in which such projects are undergoing activities to prepare them for their intended use.

Unamortized Debt Issuance Costs: Unamortized debt issuance costs include costs related to the issuance of the Series 1992, Series 1993 and Series 1994 bonds. These costs are being amortized on the straight line method over the life of the bonds.

Cancelled Unit: The cancelled unit account consists of costs incurred in the refurbishment of the Weber Power Barge. The barge refurbishment project was abandoned during the year ended September 30, 1994. These costs are being amortized on a straight-line basis over the life of the bonds used to finance the refurbishment costs.

Reclassifications: Certain reclassifications have been made to the 1996 financial statements to conform with the 1997 presentation.

(2) Accounts Receivable

Accounts receivable at September 30, 1997 and 1996, are summarized as follows:

	<u>1997</u>	<u>1996</u>
Customers:		
Private	\$ 21,926,810	\$ 18,777,044
Government	<u>8,928,419</u>	<u>4,800,324</u>
	30,855,229	23,577,368
Government subsidies	463,055	463,055
Insurance claims (note 7)	1,181,024	1,221,143
Others	2,054,352	3,695,588
U.S. Navy	352,584	3,096,966
Less allowance for doubtful receivables (note 7)	<u>(3,761,916)</u>	<u>(1,591,124)</u>
	<u>\$ 31,144,328</u>	<u>\$ 30,462,996</u>

Substantially all of GPA's customer accounts receivable are from individuals, companies and government agencies based in Guam.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(3) Agreements With The United States Navy

Prior to August 1, 1992, the Island-Wide Power System (IWPS) for Guam consisted (with minor exceptions) of production and transmission facilities owned or operated by the U.S. Navy (Navy) and GPA. From October 1972 to July 31, 1992, costs of operating and maintaining the IWPS together with a return on the Navy's investments therein were shared, based on power delivered to the parties as provided in a "Power Pool Agreement," and on payment by the Navy of its share of GPA's debt service commensurate with GPA's debt service coverage obtained for its customers, but subject to a minimum level of coverage. Effective August 1, 1992, the Power Pool Agreement was terminated. In May, 1995, all outstanding claims between the Navy and GPA associated with the Power Pool Agreement were settled. GPA received \$3.75 million from the Navy as a result of the settlement. The \$3.75 million was recognized as miscellaneous revenue in 1996 in accordance with a PUC stipulation.

Upon termination of the Power Pool Agreement, a customer supplier agreement (CSA) between GPA and the Navy was created. Under the CSA, the Navy became a transmission level customer of GPA. The Navy made available to GPA certain of its generation, transmission and other assets and continued to operate these assets on a subcontract basis. On September 15, 1996, a lease agreement was entered into between GPA and the Navy to transfer to GPA the operations, maintenance and custody of certain Navy-owned joint use electrical transmission and distribution lines, electric power generation facilities, related structures and equipment, together with associated land interest. The facilities are leased to GPA at no cost for a period of fifty years. Navy subcontractor costs incurred for the years ended September 30, 1997 and 1996, were \$2,209,679 and \$16,014,644, respectively.

(4) Short-Term Debt

Short-term debt at September 30, 1997 and 1996, is as follows:

	<u>1997</u>	<u>1996</u>
Thirty-day notes payable drawn on a \$15 million bank line of credit with interest at 7.625% through 7.6875% at September 30, 1997 (6.375% and 6.875% at September 30, 1996), payable at maturity, collateralized by a financing statement against accounts receivable with the bank as lienholder subordinate to the bondholders under GPA's bond issues.	\$ 15,000,000	\$ 15,000,000
Ninety-day notes payable drawn on a \$15 million bank line of credit with interest at 7.71875% through 7.75% at September 30, 1997 (6.8125%-6.825% at September 30, 1996), payable at maturity, collateralized by a financing statement against accounts receivable with the bank as lienholder subordinate to the bondholders under GPA's bond issues.	<u>11,014,975</u>	<u>9,892,368</u>
	<u>\$ 26,014,975</u>	<u>\$ 24,892,368</u>

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(5) Long-Term Debt

Long-term debt at September 30, 1997 and 1996, is as follows:

Bonds:	<u>1997</u>	<u>1996</u>
1992 Series, interest at varying rates from 2.65% to 6.3% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments with a payment of \$2,305,000 in October, 1994, and increasing to \$11,040,000 in October, 2022.	\$ 148,950,000	\$ 151,430,000
1993 Series, interest at varying rates from 3.90% to 5.25% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,725,000 in October, 1996, and increasing to \$6,535,000 in October, 2023.	98,275,000	100,000,000
1994 Series, interest at varying rates from 5.20% to 6.20% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,500,000 in October, 1997, and increasing to \$7,630,000 in October, 2024.	<u>102,900,000</u>	<u>102,900,000</u>
	350,125,000	354,330,000
Note:		
MDI Guam non-interest bearing note payable in exchange for funds received for the construction of Manenggon Hills substation. The note is being repaid by deducting 80% of MDI's non-fuel charges from future power billings.	<u>3,454,286</u>	<u>3,905,619</u>
	353,579,286	358,235,619
Less current maturities	<u>(6,259,784)</u>	<u>(4,589,784)</u>
	347,319,502	353,645,835
Less discount on bonds	<u>(6,016,562)</u>	<u>(6,400,876)</u>
	<u>\$ 341,302,940</u>	<u>\$ 347,244,959</u>

At September 30, 1997, estimated maturities of long-term debt through 2002 and subsequent years are as follows:

1998	\$ 6,259,784
1999	6,534,784
2000	6,834,784
2001	7,159,784
2002	7,509,784
Subsequent years	<u>319,280,366</u>
	<u>\$ 353,579,286</u>

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(5) Long-Term Debt, Continued

The proceeds of the 1992 series bonds, face value of \$158 million, were used to construct and acquire additional generating capacity, to build additional transmission facilities, and to refund existing long-term debt at the time of issuance. Bond proceeds of approximately \$19,700,000 were also used to establish escrow funds for the purpose of defeasing several existing series of bonds over their scheduled maturities.

The proceeds of the 1993 series bonds, face value of \$100 million, are being used to finance certain acquisitions of additional generating capacity, the construction of additional transmission facilities, and also to upgrade and refurbish certain existing equipment.

Proceeds of the 1994 series bonds, face value of \$102.9 million, are being used to finance the construction of an additional baseload generating unit and the construction of four new substations.

All gross revenues of GPA have been pledged to repay the 1992, 1993 and 1994 series bond principal and interest.

Principal and interest due on the defeased bonds amounted to approximately \$19,200,000 at the date of the 1992 advanced refunding. The net difference between funds deposited with escrow agent and the bonds refunded of \$500,000 has been recorded in unamortized debt issuance costs and is being amortized on a straight-line basis over the lives of the 1992 series bonds.

Discounts associated with the 1992, 1993 and 1994 bond series are being amortized using the interest method over the lives of the bonds.

(6) Employees' Retirement Plan

Employees of GPA hired before September 30, 1995 are under the Government of Guam Employees' Retirement System (a defined benefit, contributory pension plan). Employees hired after September 30, 1995, are members of the new Defined Contribution Retirement System (DCRS). Until 1998, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, have the option to switch to the Defined Contribution Retirement System. Otherwise, they remain under the old plan.

The Defined Benefit Plan and the DCRS are administered by the Government of Guam Retirement Fund, to which GPA contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

As a result of the most recent actuarial valuation performed as of September 30, 1995, it has been determined that for the year ended September 30, 1997, a minimum combined employer and employee contribution rate of 28.1% of covered Defined Benefit Plan payroll is required to appropriately fund the current cost, amortize prior service costs and provide for interest on the unfunded accrued liability. Statutory contribution rates for employee and employer contributions were 9.5% and 18.6%, respectively, for the year ended September 30, 1997. The effect of GPA's prior year accruals for its share of pension underfunding reduces the actuarially determined employer contribution rate from 18.6% to an effective rate of 16.0% for the year ended September 30, 1997. In recognition of the above, an accrual reduction of 2.6% of covered payroll is necessary to reduce the unfunded liability based on the difference between the effective rate of 16.0% and the employer's statutory rate of 18.6%. The effective employer accrual rate for the year ended September 30, 1996 was 15.785%.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(6) Employees' Retirement Plan, Continued

The plan utilized the actuarial cost method termed "entry age normal" with an assumed rate of return of 8% and an assumed salary scale increase of 6.5% per annum. The most recent actuarial valuation performed as of September 30, 1995, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

Contributions into the DCRS by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Employer contributions into the DCRS are based on a statutory amount of 18.6% of the member's regular base pay. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited into the member's individual annuity account. The remaining 13.6% is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service, and have attained the age of 55 years at termination, have a vested balance of 100% of both member and employer contributions plus any earnings thereon. Members who have completed five years of service, but have not attained the age of 55, are eligible only for the amount of member contributions plus any earnings thereon.

The cost to GPA for retirement contributions for the years ended September 30, 1997 and 1996, is as follows:

	<u>1997</u>	<u>1996</u>
Cash contributions	\$ 4,524,775	\$ 4,432,615
Accruals	<u>(626,524)</u>	<u>(816,971)</u>
	<u>\$ 3,898,251</u>	<u>\$ 3,615,644</u>

(7) Commitments and Contingencies

Commitments:

Capital Commitments

The 1998 capital improvement project budget is approximately \$24 million. The five-year capital improvement project budget proposed by management for 1998 through 2002 is estimated to be \$101 million. These budgets are subject to change by the Board of Directors.

GPA has approximately \$42.8 million in purchase commitments as of September 30, 1997.

GPA has also entered into agreements to purchase fuel from certain suppliers at prices yet to be determined.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(7) Commitments and Contingencies, Continued

Leases

GPA presently leases space for operations from several locations under non-cancellable operating leases with remaining lease terms at September 30, 1997, varying between one and four years.

During the year ended September 30, 1993, GPA entered into a three-year operating lease for a turnkey gas turbine power plant. The lease calls for fixed monthly payments of \$66,666 plus a variable payment based on the LIBOR rate. In March 1996, this lease was renewed for an additional three years. At the end of the lease term, GPA has the option of purchasing the equipment for \$11.2 million or returning the equipment to the bank. If GPA returns the equipment to the bank and the bank sells the equipment to a third party, GPA is obligated to pay the difference between the sale price and the principal balance due on the bank's debt to finance the acquisition of the turbine. Management has not determined if the equipment will be purchased at the expiration of the lease term.

Minimum future lease payments under operating leases through the year 2000 are as follows:

1998	\$ 2,336,604
1999	1,475,406
2000	<u>1,074,410</u>
	\$ <u>4,886,420</u>

Energy Conversion Agreements

In June 1996, Public Law 23-103 was enacted to address the need for additional power plant capacity to meet GPA's power supply deficiencies. The public law authorized GPA to procure power generation, substation and transmission services.

In September 1996, GPA entered into agreements to purchase electricity produced by plants constructed or refurbished and operated by three companies. GPA has certain minimum power purchase commitments under each of the three agreements. Actual commitments at September 30, 1997, cannot be quantified as they are subject to adjustment annually and are dependent on the actual completion dates for the TEMES and Enron agreements. The major terms of the three agreements are as follows:

HEI Corporation (Guam) (HEI) - HEI has refurbished and is operating and maintaining a power generating plant owned by GPA, at the Tanguisson Power Station. GPA provided, as of the commencement of the agreement in November 1996, all inventory, parts, tools and equipment on hand or on order, for the operation and maintenance of the power station. HEI is responsible for the replacement of inventory, parts, tools and equipment during the twenty year operating term of the agreement. All inventory, parts, tools and equipment will be transferred by HEI to GPA at the termination date. GPA will retain ownership of the power station during the operating term and will supply the fuel necessary to generate electricity for dispatch to customers.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(7) Commitments and Contingencies, Continued

Energy Conversion Agreements, Continued

Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES) - TEMES has agreed to construct, operate, and maintain a 40 MW capacity peakload power plant. TEMES will be responsible for all financing and construction costs of the power plant. The target completion date is December 5, 1997. Until the termination date, which is twenty years from the completion date, GPA will supply and deliver all fuel required by the Power Station and shall take electricity generated by the Power Station as determined by GPA's economic dispatch requirements. GPA guarantees to take and purchase annually 87,600 Mwh from TEMES. From the date of the contract until the termination date, TEMES shall own the Power Station and all the fixtures, fittings, machinery and equipment on the site or used in connection with the Power Station. TEMES shall be responsible for the management, operation, maintenance and repair of the Power Station during the twenty year period. Each month after the completion date, TEMES will charge GPA capacity fees and fixed O&M fees.

Enron Development Piti Corporation (Enron) - Enron has agreed to construct, operate and maintain slow speed diesel engine generation Power Station. The target completion date is December 31, 1998. From the date of the contract until the transfer date which is twenty years from the completion date, Enron shall own the Power Station and all the fixtures, fittings, machinery and equipment on the site which have been supplied by it. During this period, Enron shall be responsible for the management, operations and maintenance of the Power Station. GPA will supply fuel and start-up electricity required for the construction, testing and commissioning of the Power Station. Additionally, GPA shall construct, install and connect the necessary transmission lines. GPA shall take all electricity generated during testing and commissioning of the Power Station. Until the transfer date, GPA shall supply and deliver all fuel required by the Power Station. Each month after the completion date, Enron will charge GPA capacity fees, fixed O&M fees and variable O&M fees.

The term of the TEMES and Enron agreements will end on the last day of the cooperation period of twenty years from the completion date. On termination, the Power Stations constructed will be transferred to GPA, free from any lien or encumbrance, provided all terms of the agreements have been met. The Power Station site is presently leased to GPA by the Navy. GPA has subleased the site to the above companies for a term at least as long as the term of the agreements, at an annual rent of \$100.

Subcontractor costs incurred with HEI under the energy conversion agreement for the year ended September 30, 1997 were \$3,614,751.

Letters of Credit

As of September 30, 1997, GPA has available a \$1.5 million bank line of credit for purchases of parts and supplies, in addition to the two \$15 million lines of credit referred to in note 4. The \$1.5 million line of credit is 100% collateralized by deposits in a savings account maintained by GPA.

As of September 30, 1997, GPA has outstanding letters of credit against all credit lines totalling \$273,976.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(7) Commitments and Contingencies, Continued

Contingencies:

Environmental Protection Agency

The administrator of the Environmental Protection Agency (EPA), on May 24, 1986, granted a continuing exemption to GPA under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks and reporting and delineation of grounds for revocation of the exemption.

In October 1996, EPA initiated a civil action against GPA for operating the Cabras-Piti generating facilities in violation of the Clean Air Act. A civil penalty of \$170,000 is to be assessed. Additionally, GPA is to be directed to install a fuel-switching device that would automate the fuel switching from high-sulfur fuel oil to low-sulfur fuel oil. The cost of this project is approximately \$1 million. No provision has been made in the financial statements to recognize this potential liability.

Insurance Claims Receivable

As of September 30, 1997, GPA has approximately \$1,181,000 in insurance and FEMA claims for typhoon and boiler damages included in accounts receivable. The amount ultimately to be collected against these claims is uncertain. Approximately \$273,000 of the allowance for doubtful receivables balance has been recorded for these claims.

Litigation

GPA has several asserted and unasserted claims outstanding as of September 30, 1997. It is not possible to estimate the ultimate resolution of these matters and therefore, no provision for any liability that may result from these claims has been made in the financial statements.

Self-Insurance

GPA has adopted a policy of self-insuring its transmission and distribution plant.

As the result of a PUC Decision and Order, GPA added an insurance charge of \$.00145 per kilowatt hour to customer billings effective January 1, 1993 until a self-insurance fund balance of \$2.5 million is established. As required by the Decision and Order, GPA records the insurance charge as sales revenue and records self-insurance expense in the same amount. Insurance charge revenue is accumulated in the restricted self-insurance fund to be used to cover uninsured or self-insured damages in the event of a natural catastrophe. There was no insurance charge revenue recognized for the years ended September 30, 1997 and 1996, as the self-insurance fund is considered fully funded.

Medicare

The Government of Guam does not withhold or remit funds to the U.S. Social Security System for the health insurance component of its salaries and wages. If the Government is found to be liable for such amounts, an indeterminate liability could result. It has been the practice of GPA and all other component units of the Government of Guam that Guam is excluded from the requirements of this health insurance component. Therefore, no liability for any amount which may ultimately arise from this matter has been recorded in the accompanying financial statements.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(7) Commitments and Contingencies, Continued

Hazardous Waste Assessment

Guam Public Law 20-110 requires certain entities to remit payments to a hazardous substance expense fund. There are questions as to the enforceability of the law and; accordingly, no provision has been made in the accompanying financial statements for payments to be made under this law.

Earthquake Damages

As the result of a major earthquake in August, 1993, GPA suffered an estimated \$2 million in damages to its facilities. This amount was less than the deductible on GPA's earthquake insurance policy. GPA has expended approximately \$1,100,000 on earthquake repairs and \$900,000 remains in other accrued liabilities at September 30, 1997. The ultimate cost of earthquake repairs has not been determined.

Government of Guam General Fund

On March 21, 1997, legislation was enacted which requires GPA and three other component units of the Government of Guam to pay the Government of Guam General Fund, a combined amount of \$23 million as in lieu of tax payment for fiscal years 1986 to 1997. The law also requires that these component units be assessed a total of \$3.5 million annually starting in fiscal year 1998. The \$23 million may be paid immediately or over a five to ten year period with financing terms to be negotiated. GPA's share of the \$23 million has not yet been determined; accordingly, no liability for this contingency has been recorded as of September 30, 1997.

(8) Cash and Investments

The indentures for the 1992, 1993 and 1994 series revenue bonds (note 5) require the establishment of special funds to be held and administered by trustees and by GPA. In addition, proceeds from borrowings to finance generation and transmission facility construction are maintained by GPA in construction accounts. Funds in these accounts are required by loan agreement or public law to be used for generation and transmission facility construction. At September 30, 1997 and 1996, investments and cash held by trustees and by GPA in these funds and accounts are as follows:

	<u>1997</u>	<u>1996</u>
Construction funds	\$ 33,567,439	\$ 49,483,477
Bond reserve funds	26,986,361	27,065,801
Working capital fund	12,450,000	10,864,670
Debt service fund	9,442,386	-
Principal and interest funds	7,159,895	14,800,365
Revenue fund	3,141,129	2,862,115
Self-insurance fund	2,483,188	2,565,657
Operating funds	1,852,315	5,888,211
Surplus fund	<u>6,702</u>	<u>209</u>
	<u>\$ 97,089,415</u>	<u>\$ 113,530,505</u>

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(8) Cash and Investments, Continued

Investments in debt securities are carried at cost or amortized cost in the accompanying financial statements. Market values shown below implicitly include accrued interest for debt securities.

<u>1997:</u>	<u>Carrying Value</u>	<u>Market Value</u>
Cash on hand, in demand and time deposits and money market accounts	\$ 70,102,974	\$ 70,102,974
U.S. treasury notes	20,098,482	20,524,774
Repurchase agreements	80	80
Municipal bonds	<u>6,887,879</u>	<u>6,874,803</u>
	<u>\$ 97,089,415</u>	<u>\$ 97,502,631</u>
 <u>1996:</u>		
Cash on hand, in demand and time deposits and money market accounts	\$ 59,610,954	\$ 59,610,954
U.S. treasury notes	19,771,751	20,142,927
Repurchase agreements	27,301,492	27,301,492
Municipal bonds	<u>6,846,308</u>	<u>6,794,621</u>
	<u>\$ 113,530,505</u>	<u>\$ 113,849,994</u>

Credit risk associated with investments is categorized into three levels generally described as follows:

Category 1 - Insured or registered, or securities held by GPA or its agent in GPA's name.

Category 2 - Uninsured and unregistered, or securities held by a party other than GPA or its agent, but in GPA's name.

Category 3 - Uninsured and unregistered, with securities held by a party other than GPA and not in GPA's name.

Demand and time deposits and money market accounts held in GPA's name are non-categorized investments in accordance with Governmental Accounting Standards Board (GASB) Statement #3. As of September 30, 1997, money market accounts, treasury notes and municipal bonds held by trustees amounting to \$42,250,858 are classified as Category 1 investments in accordance with GASB #3. The balance of the investments are classified as Category 2 investments in accordance with GASB #3.

Bank balances of demand and time deposits and money market accounts held in the name of GPA totaled \$6,211,990 as of September 30, 1997. Of this amount, \$418,508 was covered by federal depository and national credit union administration insurance and the remaining \$5,793,482 was uninsured and uncollateralized.

(9) Significant Customer

During the years ended September 30, 1997 and 1996, GPA billed the U.S. Navy \$33,600,000 and \$36,000,000, respectively, for sales of electricity under the customer/supplier agreement.

GUAM POWER AUTHORITY

Notes to Financial Statements
September 30, 1997 and 1996

(10) Fuel Cost Recovery

During the year ended September 30, 1995, GPA recovered \$8 million from a fuel supplier for over-billings which occurred over several previous years. Approximately \$3 million of this recovery was recognized as miscellaneous revenue during fiscal year 1996 in accordance with a PUC stipulation. The balance of \$5 million was determined to belong to the Government of Guam General Fund. These funds were credited against receivable accounts of various government agencies by GPA in fiscal year 1996.

(11) Regulatory Assets

Regulatory assets consist of the following at September 30, 1997 and 1996:

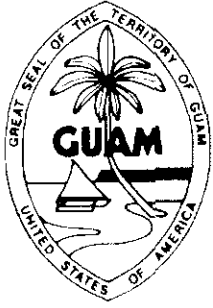
	<u>1997</u>	<u>1996</u>
Deferral of expense associated with an uncollectible receivable from a Government of Guam agency. This cost is being recovered through a water well surcharge approved by the PUC in May 1996, to be collected from GPA's civilian customers beginning June 1, 1996 through March 1, 1998.	\$ 1,505,699	\$ 5,279,448
Deferral of maintenance and repair costs being recovered through maintenance surcharges approved by the PUC, to be collected from GPA's civilian customers and the Navy subject to the provisions of the CSA. The surcharge is to extend through September 30, 1998. This surcharge has not yet been formally approved by the PUC.	<u>5,903,340</u>	<u>4,061,791</u>
	<u>\$ 7,409,039</u>	<u>\$ 9,341,239</u>

(12) Related Party Transactions

A board member of GPA is the principal owner of a supplier who has been doing business with GPA in the past years. Transactions with this vendor during the years ended September 30, 1997 and 1996 approximate \$859,000 and \$1.6 million, respectively.

(13) Subsequent Event

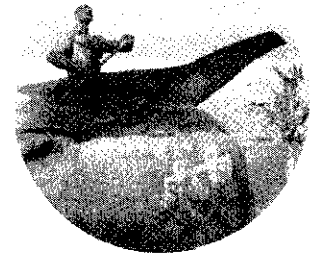
In December 1997, a major typhoon struck Guam and the island was officially declared a disaster area. The resulting damage to GPA's plant assets, and business interruption losses and cleanup costs are estimated to be approximately \$41 million. GPA's hazard insurance provides for a deductible of \$7.5 million and covers damages up to \$15 million to transmission and distribution plant and \$500 million to premise equipment. The Federal Emergency Management Agency (FEMA) has agreed to reimburse GPA for 90% of the uninsured costs, subject to FEMA approval. Final typhoon damages and related insurance and FEMA recoveries may differ materially from these estimates.



GUAM

ECONOMIC DEVELOPMENT AUTHORITY

An Autonomous Agency of the Government of Guam, USA



TESTIMONY ON:

Bill No. 635 - An Act To Authorize The Guam Power Authority TO Refund Certain Prior Bonds To Achieve Debt Service Savings

Submitted by:

Ed Untalan

Administrator

Guam Economic Development Authority

June 5, 1998

Hafa Adai Chairman Blaz; esteemed members of the Committee on Finance & Taxation; ladies and gentlemen:

My name is Ed Untalan, and I am the Administrator for the Guam Economic Development Authority (GEDA). I am here on behalf of the Authority to provide testimony in support of Bill No. 635. The proposed legislation will allow the Guam Power Authority (GPA) and the Guam Economic Development Authority (GEDA) to refund (or refinance) certain bonds from prior issues. Doing so has a few major benefits that is worth noting.

The first and most evident is that it will allow the GPA to realize a savings in their debt payments. The standard industry norm wherein a refunding is considered to be worthwhile is a 3% NPV savings of the refunded amount. Based upon the most recent analysis conducted under the current interest rate environment, the GPA can realize a savings of anywhere between 4% to 6%. Of course, the higher the savings the better. This savings can and will be passed onto the

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consumer by reducing the pressure of future rate hikes. To avoid the GPA from initiating a transaction that would not be beneficial, language is in place in the legislation that establishes the parameters for the refunding.

The second benefit is that by taking advantage of a savings will generate a positive sign of prudent fiscal management in the eyes of the credit rating agencies. Since the last visit by Standard & Poor's, GPA has made great strides to address the outstanding credit issues. Together we have initiated and completed the selection of a Fuel Risk Manager and are awaiting the implementation of the program. In addition, we are preparing to launch the Tax Exempt Commercial Paper Program, which we anticipate additional savings to be generated. Finally, we are working together to actively invest the outstanding bond funds to reduce the negative arbitrage currently being realized (this too will generate a savings for the GPA). In fact, we have just recently rebid the Trust Services and selected a Trustee to handle the TECP and outstanding bonds. I am glad to say that we were successful in obtaining approximately a \$172,000 savings for the remaining life of the bonds over the current costs they are paying.

All these measures of cost savings will not only benefit the consumer, but work greatly towards releasing the negative outlook on the GPA bonds. And as a note, in two weeks we will be in New York presenting the credit to over 300 analysts from around the country. This news, and especially of the refunding, will be received very positively and work towards obtaining better pricing for both the TECP and Refunding deals. Additionally, representatives from the rating agencies will also be attending the presentation and will get a preview of the progress being made. This works towards the advantage of the GPA.

As interest rates are at the moment relatively stable, it is advisable that the legislation be approved and both our agencies move aggressively to expedite the transaction. Because of the nature of interest rates, this issue is extremely time sensitive.

In closing, on behalf of GEDA, we strongly support the passage of Bill 635.

Put Respetu,



Ed. Untalan



GEDA

"Going Global, Growing Local"

Public Finance Division

CONFIDENTIAL FAX TRANSMISSION

DATE: 08/28/98
 FROM: AULI L.U. TAITANO
 PHONE: (671) 647-4308 FAX: (671) 649-4146
 PAGES: 4

TO: ANTHONY C. BLAZ, VICE -SPEAKER
 GUAM LEGISLATURE

FAX: 472-3562

CC: RICARDO UNPINGCO, 649-6942

MESSAGE:

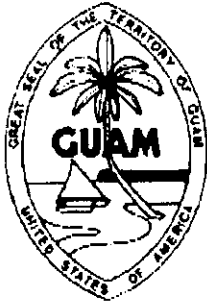
Please see the attached letter regarding Bill No. 635 (COR), relative to refunding certain portions of GPA existing bonds.

Thank you.

If you experience difficulty with transmission, please contact:

(671) 647-4337/308/817/329

E-mail: LTAITANO@ns.gov.gu or COURTRPT@itc.net



GUAM

ECONOMIC DEVELOPMENT AUTHORITY

An Autonomous Agency of the Government of Guam, USA



August 28, 1998

The Honorable Anthony C. Blaz
Vice Speaker
Twenty-Fourth Guam Legislature
155 Hesler Street
Agana, Guam 96910

Fax: 472-3562

RE: Bill No. 635 (COR), Guam Power Authority Refunding

Dear Vice Speaker Blaz:

I am writing to request that Bill No. 635 (COR), "an act to authorize the Guam Power Authority to refund certain prior bonds to achieve debt service savings," is submitted for approval in the next legislative session scheduled for September.

As the central financial advisor to the Government of Guam and its instrumentalities, GEDA has recently assisted the Guam Power Authority with several finance programs, such as the \$65 million Tax-Exempt Commercial Paper issue and a Fuel Risk Management program. GEDA's primary objective in implementing these programs, is to achieve optimal savings for GPA so as to help subsidize any rate increases to the island's residents. With the issuance of the tax-exempt commercial paper, GPA is able to realize approximately \$1 million annually on the working capital portion alone. Additionally, the refunding will allow GPA to obtain an approximate savings of over \$20 million over the remaining life of the bonds.

Currently, interest rates are at an all time low. The 30-year Treasury bond yield is 5.344% and investors are gravitating heavily towards treasuries and municipal bonds, due to the economic uncertainty in the global markets. GEDA and GPA must take immediate action to take advantage of these economic conditions.

The following is a matrix comparing the existing bonds and a possible refunding issue estimated by the GEDA Public Finance Division:

	1992 & 1994 Existing Bonds	Proposed Issue
Par Amount	\$260,900,000	\$215,790,000
Average Coupon Rate	6.496991%	5.0084764%
Maturity	10/01/24	10/01/24
Total Debt Service to Maturity	\$436,916,021.48	\$414,452,842.71
Gross Savings to Maturity	N/A	\$22,463,178.77
Net PV Savings \$	N/A	\$18,844,662.47
Net PV Savings %	N/A	6.286%

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GUAM

ECONOMIC DEVELOPMENT AUTHORITY

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Also attached for your information is a sample debt service comparison calculated by the GEDA Public Finance Division, realizing "up-front" savings for GPA.

Since December of 1997, GEDA has received four unsolicited underwriting proposals for the refunding of GPA's existing debt. Recent national exposure of Guam's issuers, including GPA, at investor conferences such as the Bond Buyer, has raised interest in Guam's issues among investors. As a result, GEDA's recent request for proposals for the University of Guam received responses from seven proposers, and we are confident that a solicited request for proposals will produce many highly competitive bids.

Given the current favorable conditions in the municipal bond market, GEDA is determined to position GPA to achieve maximum savings. As time is of the essence, I kindly ask your assistance in driving the approval of Bill No. 635 (COR) as soon as possible.

Your support is greatly appreciated. Thank you.

Sincerely,



E. J. Jantalan
Administrator

cc: Ricardo Unpingco, GPA General Manager

EGU/alt

Attachment (1)

Guam Power Authority
Revenue Bonds
1998 Series A

GROSS DEBT SERVICE COMPARISON

Date	Principal	Coupon	Interest	NEW D/S	OLD D/S	Savings
10/01/1998	-	-	-	-	6,330,163.76	6,330,163.76
10/01/1999	-	-	11,727,367.71	11,727,367.71	12,660,327.52	932,959.81
10/01/2000	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2001	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2002	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2003	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2004	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2005	-	-	10,825,262.50	10,825,262.50	12,660,327.52	1,835,065.02
10/01/2006	1,840,000.00	5.250%	10,825,262.50	12,665,262.50	16,805,327.52	4,140,065.02
10/01/2007	6,075,000.00	5.250%	10,728,662.50	16,803,662.50	16,806,083.76	2,421.26
10/01/2008	6,390,000.00	5.250%	10,409,725.00	16,799,725.00	16,804,946.26	5,221.26
10/01/2009	6,730,000.00	5.000%	10,074,250.00	16,804,250.00	16,805,958.76	1,708.76
10/01/2010	10,140,000.00	5.000%	9,737,750.00	19,877,750.00	19,881,588.76	3,838.76
10/01/2011	10,645,000.00	5.000%	9,230,750.00	19,875,750.00	19,878,655.00	2,905.00
10/01/2012	11,180,000.00	5.000%	8,698,500.00	19,878,500.00	19,881,350.00	2,850.00
10/01/2013	11,740,000.00	5.000%	8,139,500.00	19,879,500.00	19,882,121.26	2,621.26
10/01/2014	12,325,000.00	5.000%	7,552,500.00	19,877,500.00	19,878,698.76	1,198.76
10/01/2015	12,945,000.00	5.000%	6,936,250.00	19,881,250.00	19,883,845.00	2,595.00
10/01/2016	13,585,000.00	5.000%	6,289,000.00	19,874,000.00	19,879,045.00	5,045.00
10/01/2017	14,270,000.00	5.000%	5,609,750.00	19,879,750.00	19,881,657.50	1,907.50
10/01/2018	14,980,000.00	5.000%	4,896,250.00	19,876,250.00	19,878,127.50	1,877.50
10/01/2019	15,730,000.00	5.000%	4,147,250.00	19,877,250.00	19,880,530.00	3,280.00
10/01/2020	16,515,000.00	5.000%	3,360,750.00	19,875,750.00	19,879,972.50	4,222.50
10/01/2021	17,345,000.00	5.000%	2,535,000.00	19,880,000.00	19,882,900.00	2,900.00
10/01/2022	18,210,000.00	5.000%	1,667,750.00	19,877,750.00	19,880,082.50	2,332.50
10/01/2023	7,390,000.00	5.000%	757,250.00	8,147,250.00	8,147,650.00	400.00
10/01/2024	7,755,000.00	5.000%	387,750.00	8,142,750.00	8,145,025.00	2,275.00
Total	215,790,000.00	-	198,662,842.71	414,452,842.71	436,916,021.48	22,463,178.77

PRESENT VALUE ANALYSIS SUMMARY (GROSS TO GROSS)

Gross PV Debt Service Savings.....	18,844,662.47
Transfers from Prior Issue Debt Service Fund.....	(5,275,136.46)
Transfers from Prior Issue DSR Fund.....	(19,885,781.26)
Amount deposited into new DSR Fund.....	19,881,250.00
NET PRESENT VALUE BENEFIT.....	\$13,564,994.75
NET PV BENEFIT /\$195,760,000 REFUNDED PRINCIPAL.....	6.929%
NET PV BENEFIT /\$215,790,000 REFUNDING PRINCIPAL.....	6.286%

Guam Economic Development Authority
Public Finance Division

File = GPA-Refunding GPA- SINGLE PURPOSE
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