

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 13-04)

THE PETITION OF THE GUAM)
POWER AUTHORITY FOR APPROVAL)
OF INSURANCE INVITATION FOR)
BID)

ORDER)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority ["GPA"] Petition for Approval of Insurance Invitation for Bids.¹
2. GPA seeks to obtain Property Insurance for the policy period beginning November 1, 2013. The current GPA Property Insurance Policy will expire on November 1, 2013.²

BACKGROUND

3. GPA's Bond Indenture Agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost...". The Indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry...".³
4. In 2008, the PUC approved GPA's last property insurance procurement.⁴
5. When the three year insurance policy period was to expire in November of 2011, GPA requested that the PUC authorize it to exercise the two (2) one (1) year options on GPA's property insurance policy for the period of November 1, 2011 to November 1, 2013.⁵

¹ GPA Petition for Approval for Insurance Invitation for Bids, GPA Docket 13-04, filed May 14, 2013.

² Id. at p. 1.

³ Guam Consolidated Commission on Utilities Resolution No. 2013-23, issued March 12, 2013.

⁴ ALJ Order, Docket 02-04, in the Matter of GPA Property Insurance Procurement, dated October 30, 2008.

⁵ GPA Petition for Authorization to Exercise the Remaining 2 (two) One (1) Year Options on GPA's Property Insurance Policy, GPA Docket 11-05, filed May 19, 2011.

6. The PUC approved GPA's request and authorized it to extend its Property Insurance and Casualty Policy through November 1, 2013.⁶
7. On March 12, 2013, the Consolidated Commission on Utilities adopted Resolution No. 2013-23, which among other matters, authorized the General Manager to submit the bid documents to the PUC and seek approval for issuance of the IFB for Property Insurance.⁷
8. Since its current Property Insurance Policy will expire on November 1, 2013, GPA now seeks to obtain property insurance for the policy period from November 1, 2013 through November 1, 2016.

DETERMINATIONS

9. GPA is required by its Bond Indenture Agreement to maintain insurance coverage. Thus, it has little choice as to whether to issue the proposed Invitation for Bids. Its present policy is expiring on November 1, 2013.
10. The Invitation for Bid documents submitted by GPA are in a standard form and contain the provisions which GPA has ordinarily included in its insurance procurement bids. This bid has been reviewed by GPA's independent Insurance Consultant.⁸
11. GPA is required to seek PUC review under the Contract Review Threshold of \$1.5M for its Property Insurance Policy, which includes Boiler and Machinery Coverage and Terrorism Coverage.
12. GPA's current property insurance costs exceed \$5.8 Million.⁹ However, GPA estimates the projected cost of the policy for which it now seeks to issue bids will be "between \$6-\$7 Million per year."¹⁰ Thus, the cost for its new property insurance policy is presently undetermined.

⁶ PUC Order, GPA Docket 11-05, dated June 20, 2011. It is the policy which PUC originally approved in 2008 which will soon be expiring on November 1, 2013.

⁷ Consolidated Commission on Utilities Resolution No. 2013-23, at pg. 2.

⁸ On May 21, 2013, GPA Legal Counsel confirmed to PUC Counsel that GPA's Insurance Consultant Mark Grennan has reviewed the IFB.

⁹ Guam Consolidated Commission on Utilities Resolution No. 2013-23, issued March 12, 2013, at p. 1.

¹⁰ GPA Petition for Approval of Insurance Invitation for Bids, GPA Docket 13-04, filed May 14, 2013.

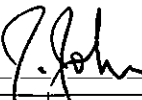
13. GPA has demonstrated that it is required by its Bond Indenture to have property insurance. Therefore, its request to issue an Invitation for Bids for its property insurance program is reasonable, prudent, and necessary.


ORDERING PROVISIONS

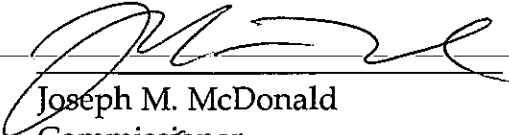
After review of the record herein, GPA's Petition for Approval of Insurance Invitation for Bids, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:


1. GPA's Petition for approval of Insurance Invitation for Bids for GPA Property Insurance Policy for the period of November 1, 2013, to November 1, 2016, is hereby approved.
2. GPA is authorized to issue an IFB in the form attached to its Petition.
3. However, since the price of the cost of which GPA seeks to procure is presently unknown, GPA shall be required to seek approval from the PUC for the cost of the policy before it makes a final award.
4. GPA shall file a copy of its property insurance contract with the PUC when such policy is finalized.
5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 28th day of May, 2013.

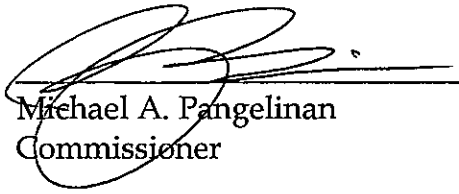

Jeffrey E. Johnson
Chairman


Rowena E. Perez
Commissioner

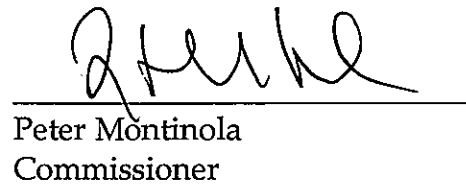

Joseph M. McDonald
Commissioner


Filomena M. Cantoria
Commissioner

Order
GPA Petition for Approval of
Insurance Invitation for Bid
GPA Docket 13-04
May 28, 2013



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner