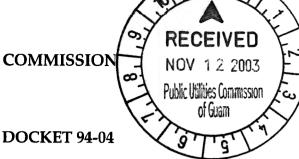
BEFORE THE GUAM PUBLIC UTLITIES COMMISSION

GUAM POWER AUTHORITY REGULATORY MATTERS



Administrative Order

By letter petition dated October 31, 2003, Guam Power Authority [GPA] has requested expedited review and approval by the Guam Public Utilities Commission [PUC] of its request to enter into a \$4.6 million dollar letter of credit facility [LOC] and to secure this facility for a period of twelve months with restricted excess bond funds. Pursuant to the requirements of 12 GCA 12004 and PUC's February 25, 2000 Contract Review Protocol Order [section 1(d)], GPA is required to obtain PUC approval of both the LOC and of its use of the excess bond funds to secure the LOC.

GPA is mandated under its September 1996 Energy Conversion Agreement with Marianas Energy Corporation [MEC] to provide a standby LOC in the event its bond rating falls below investment grade. On July 17, 2003, MEC triggered this GPA contractual duty upon Standard and Poor's downgrading of GPA. GPA must establish the LOC not later than November 15, 2003. In support of its letter petition, GPA has provided PUC with: a] confirmation of the Standard and Poor's downgrade; b] MEC's July 17, 2003 LOC demand; c] confirmation of approximately \$4.7 million in restricted excess bond fund accounts; d] certification that the restricted funds will not be necessary to fund capital improvements for the next 12 months; and e] comfort from GPA counsel that use of the restricted funds as security for the LOC will not violate GPA bond covenants.

After carefully reviewing the GPA petition and after undertaking a diligent effort to confer with other on-island PUC commissioners regarding the GPA petition, the undersigned pursuant to the authority vested in him by PUC's April 11, 2003 Administrative Resolution [Resolution] hereby FINDS AND ORDERS THAT:

- 1 GPA has established reasonable grounds for expedited PUC action on its petition and has shown good cause why it should be granted.
- 2. In accordance with the requirements of the Resolution, GPA has waived the final determination exception regarding these regulated transactions.

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- 3. GPA's petition for approval of the LOC is hereby approved. GPA is further authorized to use its excess bond fund deposits as security for the LOC only until November 15, 2004, unless said deadline is extended by subsequent PUC order.
- 4. GPA shall with PUC file a copy of the transaction documents, which establish the LOC and which utilize the excess bond funds as security.

Dated this 5th day of November, 2003.

Terrence Brooks, Chairman