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3 **Guam Power Authority**  
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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**

**GPA DOCKET NO. 21-15**

10 The Application of the Guam Power Authority  
11 to Approve A Bond Issuance to Refinance a  
12 Portion of the Outstanding Revenue Bonds.

**PETITION FOR CONTRACT REVIEW**

13 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel  
14 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities  
15 Commission of Guam to review and approve GPA's request to approve a Bond Issuance to  
16 refinance a portion of the outstanding Revenue Bonds, as follows:

17 **BACKGROUND**

18 The Guam Power Authority has worked with Barclays, GPA bond counsel and GEDA to  
19 pursue strategies for reducing debt service payments. As a result of historically low interest  
20 rates, GPA may be able to refund a portion of GPA's 2012 Series A revenue bonds for interest  
21 rate savings. GPA expects that opportunities will arise from time to time to refund all or a  
22 portion of its other then outstanding revenue bonds for debt service savings, which is expected to  
23 result in potential savings to ratepayers. The CCU in Resolution 2021-08 has authorized GPA to  
24 petition the PUC for authorization to complete the bond refunding initiative.

25 **DISCUSSION**

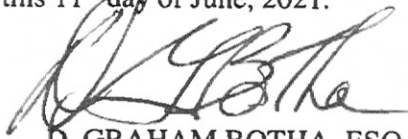
26 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam  
27 Power Authority, approved by the PUC, to review and approve a Bond Issuance to refinance a  
28 portion of the outstanding Revenue Bonds. In support of this Petition, GPA hereby provides the

1 PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2021-08, which  
2 authorizes the General Manager to petition the PUC for authorization to complete the bond  
3 refunding initiative. Said resolution and its exhibits are attached herein as Exhibit A, and  
4 incorporated by reference herein as if fully set forth.

5 **CONCLUSION**

6 The PUC should approve GPA's request to proceed with a Bond Issuance to refinance a  
7 portion of the outstanding Revenue Bonds. The bond refinancing will lower debt service costs  
8 and provide a net present value savings to ratepayers, and is reasonable, prudent, and necessary.

9 **RESPECTFULLY SUBMITTED** this 11<sup>th</sup> day of June, 2021.

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12 D. GRAHAM BOTHA, ESQ.  
13 GPA General Counsel  
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## **CONSOLIDATED COMMISSION ON UTILITIES**

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 ~~Hagatna~~, Guam 96932 | (671) 648-3002 | guamccu.org

### **RESOLUTION NO: 2021-08**

#### **AUTHORIZING THE APPROVAL OF A BOND ISSUANCE TO REFUND THE OUTSTANDING REVENUE BONDS**

**WHEREAS**, the Consolidated Commission on Utilities is a body corporate a politic, organized and existing under the laws of the Government of Guam; and

**WHEREAS**, the Consolidated Commission on Utilities is the governing body of the Guam Power Authority ("GPA"); and

**WHEREAS**, GPA has been pursuing strategies for reducing debt service payments, which would be a significant assistance in paying for capacity payment of the new power plant as noted previously; and

**WHEREAS**, one strategy that has emerged as a result of historically low interest rates has been the concept of refunding GPA's 2012 Series A revenue bonds for interest rate savings; and

**WHEREAS**, GPA expects that opportunities will arise from time to time to refund all or a portion of its other then outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers; and

**WHEREAS**, the current scenario of low interest rate warrants action from the CCU; and

**WHEREAS**, after reviewing this strategy with Barclays, GPA Bond Counsel, and GEDA, GPA believes this strategy has potential for providing significant benefit for GPA ratepayers; and

1       **WHEREAS**, this transaction will still need the approval of the Guam Legislature, GEDA,  
2 the PUC, and the Governor; and

3  
4       **WHEREAS**, the CCU desires to pursue this plan for refund GPA's debt service costs in  
5 order to provide a net present value savings to ratepayers; and

6  
7       **WHEREAS**, the present value of debt service on the refunding bonds shall be at least two  
8 percent (2%) less than the present value of debt service on the prior bonds, using the yield on the  
9 refunding bonds as the discount rate; and

10  
11  
12       **NOW BE IT RESOLVED**, the Consolidated Commission on Utilities does hereby  
13 approve and authorize the following:

- 14  
15       1. The General Manager and the CCU Chairman are authorized to proceed forward with the  
16 refund of outstanding revenue bonds.  
17  
18       2. The General Manager and CCU Chairman are authorized to petition the Public Utilities  
19 Commission for authorization to complete the bond refunding initiative.  
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21       3. The General Manager and CCU Chairman are authorized to submit the proposed bond  
22 refunding legislation to the Guam Legislature for their approval.  
23  
24       4. The General Manager and CCU are authorized to seek approval from the Governor and  
25 GEDA to proceed with the proposed bond refunding.  
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27       **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption  
28 of this Resolution.  
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2 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 27<sup>TH</sup> DAY OF**  
3 **APRIL 2021.**  
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5

6 Certified by:

Attested by:

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8 

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10 **JOSEPH T. DUENAS**

11 Chairperson

12 Consolidated Commission on Utilities



13 **MICHAEL T. LIMTIACO**

Secretary

Consolidated Commission on Utilities

14 **SECRETARY'S CERTIFICATE**  
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16 I, **Michael T. Limtiaco**, Board Secretary of the Consolidated Commission on  
17 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:  
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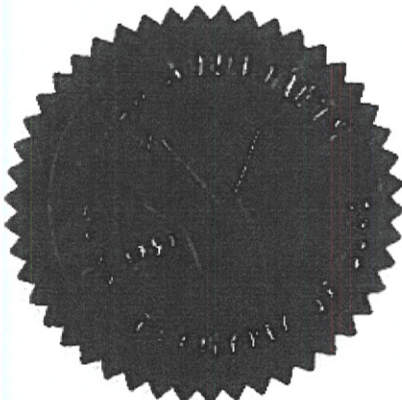
19 The foregoing is a full, true and correct copy of the resolution duly adopted at a  
20 regular meeting by the members of the Guam CCU, duly and legally held at a place properly  
21 noticed and advertised at which meeting a quorum was present and the members who were  
22 present voted as follows:  
23

24 Ayes: 5

25 Nays: 0

26 Absent: 0

27 Abstain: 0  
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***I MINA' TRENTAI SAIS NA LIHESLĀTURAN GUĀHAN***  
**2021 (FIRST) Regular Session**

**Bill No. \_\_\_\_\_**

**Introduced by:**

**AN ACT TO APPROVE THE TERMS AND CONDITIONS OF  
GUAM POWER AUTHORITY REVENUE BONDS TO REFUND  
OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.**

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

**Section 1. Legislative Findings and Intent.**

(a) *I Liheslaturan Guåhan* finds that § 8203 of Title 12 of the Guam Code Annotated provides that Guam Power Authority ("GPA") is authorized to incur indebtedness by the issuance of revenue bonds with the approval of *I Maga'hagan Guåhan* (the Governor) to raise funds for the purpose of establishing the electric power system of GPA, 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.

1 (b) § 12105 of Title 12 of the Guam Code Annotated provides that GPA shall  
2 not enter into any contractual agreements or obligations (including bonds) which could  
3 increase rates and charges prior to the written approval of the Guam Public Utilities  
4 Commission (the "GPUC").

5 (c) § 50103 of Title 12 of the Guam Code Annotated provides that public  
6 corporations of the government of Guam, including GPA, shall issue bonds and other  
7 obligations only by means of, and through the agency of the Guam Economic  
8 Development Authority ("GEDA"), and that GEDA shall not sell any bond without the  
9 approval by *I Liheslaturan Guåhan* of the terms and conditions of the bonds.

10 (d) Based on historical low interest rates and current market conditions, GPA  
11 expects to be able to refund certain maturities of its outstanding 2012 Series A revenue  
12 bonds for debt service savings. In addition, GPA expects that opportunities will arise  
13 from time to time to refund all or a portion of its other then outstanding revenue bonds  
14 for debt service savings, which is expected to result in potential savings to ratepayers.

15 (e) In order to benefit ratepayers, *I Liheslaturan Guåhan* has determined to  
16 approve the issuance of revenue bonds by GPA for the purpose described in the above  
17 immediately preceding paragraph, all subject to approval by the Consolidated  
18 Commission on Utilities ("CCU"), *I Maga'hagan Guåhan*, the GPUC and the Board of  
19 Directors of GEDA in accordance with law.

20 **Section 2. Approval of the Terms and Conditions of GPA Refunding Bonds.**

21 *I Liheslaturan Guåhan*, pursuant to §50103(k) of Title 12 of the Guam Code  
22 Annotated, hereby approves the terms and conditions of the issuance of senior revenue  
23 bonds by GPA from time to time, including, but not limited to, on a forward basis, for the  
24 purpose of refunding all or a portion of its currently outstanding 2012 Series A revenue  
25 bonds, as well as GPA's other then outstanding revenue bonds from time to time (such

1 refunded revenue bonds being referred to herein as the "prior bonds"), in accordance with  
2 the following requirements, limitations, terms and conditions:

3 (a) The aggregate principal amount of the refunding bonds shall not  
4 exceed the sum of (i) the amount determined in accordance with Section 8229 of Title 12  
5 of the Guam Code Annotated, plus (ii) any additional amount needed to provide for a  
6 deposit to the debt service reserve in connection with the issuance of the refunding bonds.

7 (b) All obligation of GPA to pay debt service on, and the redemption  
8 price of, the prior bonds shall be discharged concurrently with the issuance of the  
9 refunding bonds. Thereafter, the prior bonds shall be payable solely from and secured  
10 solely by an escrow established for such purpose in accordance with GPA's existing bond  
11 indenture.

12 (c) The final maturity of the refunding bonds shall not exceed the final  
13 maturity of the latest maturing prior bonds. For clarity, the final maturity of the  
14 refunding bonds may exceed the maturity of an individual series of prior bonds so long as  
15 the final maturity of all such prior bonds is not exceeded.

16 (d) Such bonds shall be issued and sold pursuant to GPA's existing bond  
17 indenture and in compliance with the provisions of Chapter 8 of Title 12 of the Guam  
18 Code Annotated, including approval by the CCU and by *I Maga'hagan Guåhan* as  
19 provided therein.

20 (e) The sale of the bonds shall be approved by the Board of Directors of  
21 GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated and the terms  
22 and conditions of the issuance of the bonds shall be approved by the GPUC as provided  
23 by Chapter 12 of Title 12 of the Guam Code Annotated.

24 (f) with respecting to refunding any of the prior bonds whose primary  
25 refunding purpose is for debt service savings, that the present value of debt service on the

1 refunding bonds shall be at least two percent (2%) less than the present value of debt  
2 service on the prior bonds, using the yield on the refunding bonds as the discount rate.

3 (g) Such refunding bonds shall have a principal amount or principal  
4 amounts sufficient to provide funds for the payment of all or a portion of the prior bonds  
5 refunded, and in addition, for the payment of all expenses incident to the calling, retiring  
6 or paying of such prior bonds and the issuance of such refunding bonds, including:

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

9 (2) any amount necessary to be made available for the payment of  
10 interest upon such refunding bonds from the date of sale thereof to the date of  
11 payment of the prior bonds or to the date upon which the prior bonds will be paid  
12 pursuant to the call thereof or agreement with the holders thereof;

13 (3) the premium, if any, necessary to be paid in order to call or  
14 retire the prior bonds and the interest accruing thereon to the date of the call or  
15 retirement; and

16 (4) any additional amount needed to provide for a deposit to the  
17 debt service reserve in connection with the issuance of the refunding bonds.

18 **Section 3. Local Sales of Bonds.** GPA shall undertake its best efforts to cause a  
19 portion of any bonds issued pursuant to Section 2 of this Act, to be offered for sale to  
20 residents of Guam, as well as to residents of other jurisdictions, if and to the extent that  
21 such offer and any sales resulting from such offer do not increase the costs to GPA of  
22 issuing and repaying such bonds.

23 **Section 4. Severability.** If a provision of this act or its application to any person  
24 or circumstance is held invalid, the invalidity does not affect other provisions or  
25 applications of the act that can be given effect without the invalid provision or

1 application, and to this end the provisions of this act are severable.

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