

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 21-15
)
The Application of the Guam Power)
Authority to Approve a Bond Issuance to) **ORDER REPORT**
Refinance a Portion of the Outstanding)
Revenue Bonds.)
_____)



INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Guam Power Authority’s [“GPA”] Application for PUC Approval of a Bond Issuance to Refinance a Portion of the Outstanding 2012 Series A Revenue Bonds.¹

BACKGROUND

GPA indicates that it has worked with Barclays, GPA Bond Counsel, and GEDA to pursue strategies for reducing debt service payments.² The Petition states that, “as a result of historically low interest rates, GPA may be able to refund a portion of GPA’s 2012 Series A Revenue Bonds for interest rate savings.³ GPA “expects that opportunities will arise from time to time to refund all or a portion of its then outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers.”⁴

¹ GPA Petition to Approve a Bond Issuance to Refinance a Portion of the Outstanding Revenue Bonds, GPA Docket 21-15, dated June 11, 2021.

² Id., at p. 1.

³ Id., at p. 1.

⁴ Id.

GPA has attached to its Petition Guam Consolidated Commission on Utilities Resolution No. 2021-08, which authorizes the approval of a bond issuance to refund the outstanding revenue bonds.⁵

Also attached to the Petition is a draft Bill by which the Guam Legislature would authorize the bond issuance; however, the “Bill” is only a draft, has not actually been introduced in the Guam Legislature, has no indicated Sponsors, and has not been approved by the Legislature or signed into law by the Governor. No GEDA Resolution has been provided by GPA which indicates that GEDA has approved the proposed refinancing.

The Petition further does not include any specifics concerning a proposed bond refinancing. No timeline for the refinancing is indicated. Neither the amount nor value of the bonds to be refinanced is stated. There is no information provided concerning the proposed amount of interest savings, the interest rate for the bonds, or Total Interest Cost [TIC]. There is simply no proposal presented in the Petition that the PUC could evaluate.

After the Petition was filed, the ALJ contacted GPA CFO John Kim and indicated that there was no specific bond refunding proposal included in GPA’s Petition. In response, the CFO did provide the ALJ with additional information concerning the Bond Refunding which had been provided to the CCU at its April 27, 2021, Meeting; however, such material was not included in the Petition. Also, the CCU Resolution did

⁵ Guam Consolidated Commission on Utilities Resolution No. 2021-08, Authorizing the Approval of a Bond Issuance to Refund the Outstanding Revenue Bonds, adopted and approved on April 27, 2021.

not approve any specific bond refunding proposal, nor was the information provided by the CFO attached to the CCU Resolution or referenced therein.

The ALJ filed his Report herein dated July 26, 2021.⁶

DETERMINATIONS

- A. IN ACCORDANCE WITH THE PUC ORDER IN GPA DOCKET 17-20, IT WOULD BE PREMATURE FOR THE PUC TO ADDRESS GPA'S PETITION FOR BOND REFINANCING. THE PROPOSED REFINANCING HAS NOT BEEN APPROVED BY THE GUAM LEGISLATURE, GEDA, OR THE GOVERNOR OF GUAM.

Attached as Exhibit "1" to the ALJ Report is the PUC Order in GPA Docket 17-20, dated September 28, 2017. There, as in the instant case, GPA sought PUC approval to refinance a portion of an outstanding Series of Revenue Bonds (2010). The PUC concluded that it would be illegal for the PUC to approve the bond refunding without prior authorization from the Legislature, GEDA, and the Governor of Guam. The same reasoning adopted by the PUC in GPA Docket 17-20 is directly applicable to GPA's present request for approval of such refinancing.

GPA is only authorized to issue bonds and obligations through the agency of the Guam Economic Development Authority ["GEDA"]. GEDA is not authorized to sell any bonds **without the approval by I liheslaturan Guahån of the terms and conditions of the bonds.** 12 GCA §50103(k). GEDA can only authorize the issuance of GPA revenue

⁶ ALJ Report, GPA Docket 21-15, dated July 26, 2021.

bonds “under the terms and conditions as the Guam Legislature, by appropriate legislation, may prescribe.”

GPA also has no authority to issue revenue bonds without the prior approval of the Governor. 12 GCA §8203.

The PUC has always taken the position that it should not approve any bond refunding by the utilities until all approvals required have been first obtained, including approval through Public Law and issuance by GEDA of an appropriate resolution approving the issuance. GPA has previously confirmed that “legislative authority is required before going to market, and that the PUC “has the discretion to wait for such legislation to become law...”⁷ In discussing bond refunding in GPA Docket 17-20 on September 28, 2017, the PUC Commissioners agreed that the PUC needed the Legislature’s prior approval and the Governor’s approval to act upon a proposed bond refinancing.

Requesting PUC approval of a proposed bond refinancing prior to approval by the Legislature and the Governor was placing “the cart before the horse.” Commissioner Pangelinan presented the rationale for requiring prior Legislative approval. If the PUC approved the bond refinancing, and then the Legislature subsequently changed the conditions and terms of the refinancing, the PUC would again be asked to review the matter and approve it. It was not the position of the PUC “to convince the Legislature to do something on the bond refinancing.” The PUC should not undertake an action

⁷ GPA’s Response to PUC’s Data Requests, GPA Response No. 23, GPA Docket 17-20, dated August 17, 2017.

which was “potentially unlawful by approving a bond refinancing which lacks Legislative approval.”⁸

B. BASED UPON THE PETITION FILED, THE PUC DOES NOT HAVE
SUFFICIENT FACTS TO MAKE A DETERMINATION ON BOND
REFUNDING AT THE PRESENT TIME.

As indicated the Petition does not contain any specifics concerning the proposed refunding. However, even if the supplemental information supplied by the CFO provided a refunding plan, PUC should not act upon it until the refunding is approved by the Legislature, the Governor, and GEDA. Within its discretion, and pursuant to its past precedent, the PUC is fully authorized to deny the refunding request pending Legislative authorization.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, and the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. GPA’s Petition for Approval of Bond Issuance to Refinance a portion of the 2012 Revenue Bonds is denied at the present time. The PUC declines to consider GPA’s proposed refunding any further at present. Further consideration at present would be premature, unless and until there is legislation authorizing the refunding and approval by both the Governor and GEDA.


⁸ Minutes of PUC Regular Meeting of September 28, 2017, at pg. 16.

2. 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 PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Order
Request for Approval
of a proposed
Bond Refinancing
GPA Docket 21-15
July 29, 2021

Dated this 29th day of July 2021.

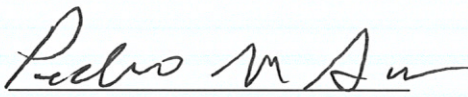


Jeffrey C. Johnson
Chairman




Joseph M. McDonald
Commissioner


Peter Montinola
Commissioner



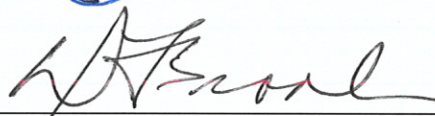
Pedro S.N. Guerrero
Commissioner



Rowena E. Perez-Camacho
Commissioner



Michael A. Pangelinan
Commissioner



Doris Flores Brooks
Commissioner