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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**

10 The Petition of the Guam Power Authority for
11 Approval of Property Insurance Contract
12 Extension with DB Insurance Co., Ltd.

13 **GPA DOCKET NO. 22-01**

14 **PETITION FOR CONTRACT REVIEW**

15 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
16 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities
17 Commission of Guam to review and approve GPA's contract extension with DB Insurance Co.,
18 Ltd. for GPA's Property Insurance program for the policy period beginning November 2, 2021 to
19 November 1, 2022, for a one (1) year period, as follows:

20 **BACKGROUND**

21 The current Guam Power Authority Property Insurance policy will expire on November
22 1, 2021, and GPA is required by its bond indenture agreement to obtain insurance coverage
23 consistent with that of other similar utilities. The existing contract provides for two additional
24 one year extensions. The CCU in Resolution FY2022-01 approved a one (1) year extension of
25 GPA's property insurance policy to DB Insurance Co., Ltd., with a premium of \$5,777,567 for
26 one year. The reason for the increase in GPA's premium from last year is due to the challenging
27 insurance market conditions.

28 **DISCUSSION**

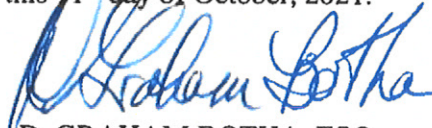
GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
Power Authority, to review and approve the contract extension with DB Insurance Co., Ltd. for
GPA's property insurance programs for a one (1) year period from November 2, 2021 to

1 November 1, 2022. In support of this Petition, GPA hereby provides the PUC with Consolidated
2 Commission on Utilities (CCU) Resolution No. FY2022-01, which authorizes the General
3 Manager to submit the petition to the PUC for final review and approval of the one year contract
4 extension with DB Insurance Co., Ltd. Said resolution and its exhibits are attached herein as
5 Exhibit A, and incorporated by reference herein as if fully set forth.

6 **CONCLUSION**

7 The PUC should approve the contract extension with DB Insurance Co., Ltd. for GPA's
8 property insurance programs for a one (1) year period from November 2, 2021 to November 1,
9 2022, as it is reasonable, prudent, and necessary, and required by GPA's bond indenture.

10 **RESPECTFULLY SUBMITTED** this 11th day of October, 2021.

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13 D. GRAHAM BOTHA, ESQ.
14 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

GPA RESOLUTION NO. FY2022-01

**RELATIVE TO THE AUTHORIZATION OF THE GUAM POWER AUTHORITY TO
RENEW THE CURRENT PROPERTY INSURANCE FOR AN ADDITIONAL ONE-
YEAR POLICY PERIOD**

WHEREAS, the Consolidated Commission on Utilities has determined that it is a prudent and reasonable business practice to maintain insurance coverage on GPA's assets to the extent practical; and

WHEREAS, the Guam Power Authority'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"; and

WHEREAS, the indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry"; and

WHEREAS, GPA's current Property Insurance policy was awarded in 2018 with a term of a three (3) year period with two (2) options to renew for an additional one (1) year period; and

WHEREAS, GPA's current Property Insurance policy's third year period is set to expire on November 1, 2021, and GPA would like to exercise the first one-year option to renew; and

WHEREAS, the insurance broking team has configured, with the goal in mind of improving, to the greatest extent possible, the terms and conditions of GPA's property insurance policy for the year; and

1 **WHEREAS**, that GPA is now able to confirm agreement for this year, and accordingly
2 will commit to keeping the current policy in place until November 1, 2022, the underwriters are
3 prepared to offer the following:

- 4
5 1. The annual premium will be billed at a cost of **\$5,788,643** which reflects
6 the challenging insurance market conditions.
7

8 **WHEREAS**, GPA now brings these matters before the Consolidated Commission on
9 Utilities.

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11 **NOW, THEREFORE, BE IT RESOLVED, BY THE CONSOLIDATED**
12 **COMMISSION ON UTILITIES, AS THE GOVERNING BODY OF THE GUAM**
13 **POWER AUTHORITY, SUBJECT TO THE APPROVAL OF THE GUAM PUBLIC**
14 **UTILITES COMMISSION, AS FOLLOWS:**

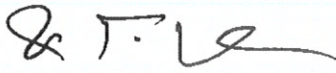
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16 1. The GPA General Manager is authorized to accept the terms of the annual
17 renewal premium offered by the insurance underwriters at a cost of
18 **\$5,788,643** for the policy period covered between November 2, 2021 and
19 November 1, 2022.
20

21 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
22 of this Resolution.
23


24 **DULY and REGULARLY ADOPTED AND APPROVED THIS 26th DAY OF**
25 **OCTOBER, 2021.**

26
27 Certified by:

Attested by:

28
29 

30
31 **JOSEPH T. DUENAS**
32 Chairperson
Consolidated Commission on Utilities



MICHAEL T. LIMTIACO
Secretary
Consolidated Commission on Utilities

1 **I, Michael T. Limtiaco, Secretary, Consolidated Commission on Utilities (CCU),**
2 evidenced by my signature above do certify as follows:

3 The foregoing is a full, true and correct copy of a resolution duly adopted at a regular
4 meeting of the members of the Guam Consolidated Commission on Utilities, duly and legally held
5 at a place properly noticed and advertised at which meeting a quorum was present and the members
6 who were present voted as follows:
7

8 Ayes: 3
9 Nays: 0
10 Absent: 2
11 Abstain: 0

