

1 **D GRAHAM BOTHA, ESQ.**  
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3 **Guam Power Authority**  
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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** ) **GPA DOCKET NO. 23-03**  
11 **Approval of Property Insurance Contract** ) **PETITION FOR CONTRACT REVIEW**  
12 **Extension with DB Insurance Co., Ltd.** )

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 contract extension with DB Insurance Co.,  
16 Ltd. for GPA's Property Insurance program for the policy period beginning November 2, 2022 to  
17 November 1, 2023, for a one (1) year period, as follows:

18 **BACKGROUND**

19 The current Guam Power Authority Property Insurance policy will expire on November  
20 1, 2022, and GPA is required by its bond indenture agreement to obtain insurance coverage  
21 consistent with that of other similar utilities. The existing contract provides for two additional  
22 one year extensions. The CCU in Resolution FY2023-02 approved a second one (1) year  
23 extension of GPA's property insurance policy to DB Insurance Co., Ltd., with a premium of  
24 \$7,062,144 for one year. The reason for the increase in GPA's premium from last year is due to  
25 the challenging insurance market conditions, and some insurers no longer participating in the  
26 power market.

27 **DISCUSSION**

28 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

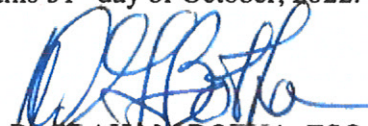


1 GPA's property insurance programs for a one (1) year period from November 2, 2022 to  
2 November 1, 2023. In support of this Petition, GPA hereby provides the PUC with Consolidated  
3 Commission on Utilities (CCU) Resolution No. FY2023-02, which authorizes the General  
4 Manager to submit the petition to the PUC for final review and approval of the one year contract  
5 extension with DB Insurance Co., Ltd. Said resolution and its exhibits are attached herein as  
6 Exhibit A, and incorporated by reference herein as if fully set forth.

7 **CONCLUSION**

8 The PUC should approve the contract extension with DB Insurance Co., Ltd. for GPA's  
9 property insurance programs for a one (1) year period from November 2, 2022 to November 1,  
10 2023, as it is reasonable, prudent, and necessary, and required by GPA's bond indenture.

11 **RESPECTFULLY SUBMITTED** this 31<sup>st</sup> day of October, 2022.

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14 D. GRAHAM BOTHA, ESQ.  
15 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.: FY2023-02**

#### **RELATIVE TO AUTHORIZATION OF THE GUAM POWER AUTHORITY TO AWARD PROPERTY INSURANCE**

**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 first one-year option to renew is set to expire on November 1, 2022, and GPA would like to exercise the second one-year option to renew; and

**WHEREAS**, the contract review protocol established by the Public Utilities Commission (PUC) requires that all contracts in excess of \$1.5 million be authorized by the PUC; and



1       **WHEREAS**, the insurance broking team has configured, with the goal in mind of  
2 improving, to the greatest extent possible, the terms and conditions of GPA's property insurance  
3 policy for the year; and  
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5       **WHEREAS**, that GPA is now able to confirm agreement for this year, and accordingly  
6 will commit to keeping the current policy in place until November 1, 2023, the underwriters are  
7 prepared to offer the following:  
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9       1.     The annual premium will be billed at cost of **\$7.1 million (\$5.8 million + 22%)**  
10 which reflects the challenging insurance market conditions.  
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12       **WHEREAS**, GPA now brings these matters before the Consolidated Commission on  
13 Utilities.  
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15       **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on  
16 Utilities, as the governing body of the Guam Power Authority, subject to the approval of the Guam  
17 Public Utilities Commission, as follows:  
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19       1.     The GPA General Manager is authorized to accept the terms of the annual renewal  
20 premium offered by the insurance underwriters at a cost of **\$7,062,144 (\$5,788,643 +**  
21 **22%)** for the policy period covered between November 2, 2022 and November 1, 2023.  
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24       **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption of  
25 this Resolution.  
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2 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 25TH DAY OF**  
3 **OCTOBER, 2022.**  
4

5 Certified by:

6  
7   
8 **JOSEPH T. DUENAS**

9 Chairperson

10 Consolidated Commission on Utilities

Attested by:

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12   
13 **PEDRO ROY MARTINEZ**

Secretary

Consolidated Commission on Utilities

14  
15 I, **Pedro Roy Martinez**, Board Secretary of the Consolidated Commission on  
16 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:  
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18 The foregoing is a full, true and correct copy of the resolution duly adopted at a  
19 regular meeting by the members of the Guam CCU, duly and legally held at a place properly  
20 noticed and advertised at which meeting a quorum was present and the members who were  
21 present voted as follows:  
22

23 Ayes: 4  
24 Nays: 0  
25 Absent: 0  
26 Abstain: 0

