

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)

GPA DOCKET 23-10)

THE PETITION OF THE GUAM)
POWER AUTHORITY FOR APPROVAL)
OF THE PROCUREMENT OF)
PROPERTY INSURANCE INCLUDING)
BOILER, MACHINERY, AND)
TERRORISM COVERAGE.)

ORDER



INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Guam Power Authority [“GPA”] Petition for Approval of Procurement of Property Insurance including boiler, machinery, and terrorism coverage.¹
2. GPA seeks to obtain a new Property Insurance Contract prior to the expiration of its existing Property Insurance contract on November 1, 2023.²

BACKGROUND

3. GPA’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...”. The Indenture further requires GPA to carry insurance “of a scope and nature as that usually carried in the industry...”.³
4. GPA prepared a new Property Insurance solicitation for an initial three (3) year policy period beginning on November 1, 2023 and ending on October 31, 2026, with options for two (2) additional one (1) year extensions for November 1, 2026 to October 31, 2027, and for November 1, 2027 to October 31, 2028.
5. The Consolidated Commission on Utilities [“CCU”] adopted Resolution No. FY2023-11, which approved GPA’s draft IFB for Property Insurance to include

¹ GPA Petition for Approval of Procurement of Property Insurance Including Machinery, Boiler, and Terrorism Coverage, GPA Docket 23-10, filed on February 13, 2023. (Petition).

² Id., at 1. [NOTE: This report cites the PDF numbers because the numbers used in the Petition and its exhibits are not continuous].

³ Id., at 3.

Boiler and Machinery and Terrorism coverage, and the resolution authorized GPA's General Manager to submit the IFB to the PUC.⁴

6. PUC Counsel issued his report on February 20, 2023.

DETERMINATIONS

7. The PUC's Contract Review Protocol mandates that GPA shall obtain PUC approval for solicitations and contracts that exceed the amount of \$1,500,000. Here, GPA's existing Property Insurance Contract cost is over \$6,650,000 and GPA anticipates that the new contract will cost at least that amount. Therefore, GPA must obtain the PUC's approval of the IFB for Property Insurance prior to issuing it.
8. The IFB submitted by GPA is in the proper form and it contains the provisions which GPA has ordinarily included in its insurance procurement bids. The solicitation is a Multi-Step Sealed Bid in which GPA will receive technical proposals and sealed price proposals from bidders which it will evaluate and notify those bidders who are deemed qualified in Step One, and in Step Two, GPA will open the sealed price proposals of the bidders deemed qualified in Step One and award the contract to the bidder who submitted the lowest bid.
9. The IFB is soliciting for insurance policy coverage in the amount of \$200,000,000 for Property Damage, Business Interruption, and extra expense, and \$200,000,000 for Certified and Non-Certified Acts of Terrorism and both coverage amounts are subject to numerous sub-limits stated in the IFB.
10. GPA has demonstrated that it is required by its Bond Indenture to have property insurance. Therefore, its request to issue the IFB for Property Insurance is reasonable, prudent, and necessary.
11. Based on the foregoing, the second one-year extension of GPA's Property Insurance Contract with DB Insurance Co., Ltd., is reasonable, prudent, and necessary.

⁴ Id., at 2 and 3.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval of Procurement of Property Insurance Including Boiler, Machinery, and Terrorism Coverage, and the PUC Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for approval of GPA's IFB for Property Insurance for the policy period beginning November 1, 2023 and ending on October 31, 2026 with two optional one-year extensions is hereby approved.
2. GPA is authorized to issue an IFB in the form attached to its Petition.
3. Due to the cost of the new insurance contract being unknown at this time, GPA shall seek the approval from the PUC for the cost of the policy before it makes its final award.
4. 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 the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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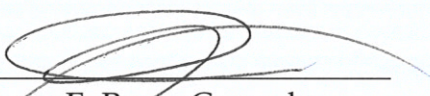
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Order
Petition for Approval of
Procurement of Property Insurance
Including Boiler, Machinery, and
Terrorism Coverage
GPA Docket 23-10
February 23, 2023

Dated this 23rd day of February, 2023.

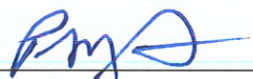


Jeffrey C. Johnson
Chairman

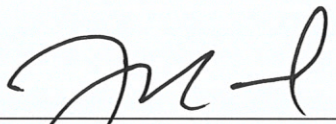


Rowena E. Perez-Camacho
Commissioner

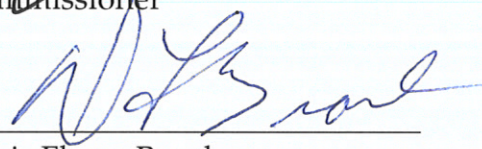
Michael A. Pangelinan
Commissioner



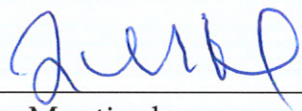
Pete Guerrero
Commissioner



Joseph M. McDonald
Commissioner



Doris Flores Brooks
Commissioner



Peter Montinola
Commissioner