

1 **D GRAHAM BOTHA, ESQ.**
2 **General Counsel**
3 **Guam Power Authority**
4 **688 Route 15, Suite 302**
5 **Mangilao, Guam 96913**
6 **Ph: (671) 648-3203/3002**
7 **Fax: (671) 648-3290**



8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**

10 **DOCKET NO. 23-10**

11 **The Application of the Guam Power Authority**

12 **Requesting Approval of the Procurement of**

13 **Property Insurance including Boiler and**

14 **Machinery coverage and Terrorism coverage.**

15 **PETITION FOR CONTRACT REVIEW**

16 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
17 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities
18 Commission of Guam to review and approve GPA's request for approval of the Procurement of
19 Property Insurance including Boiler and Machinery coverage and Terrorism coverage, as
20 follows:

21 **BACKGROUND**

22 The current Guam Power Authority property insurance policy will expire on November
23 1, 2023, and GPA is required by its bond indenture agreement to obtain insurance coverage
24 consistent with that of other similar utilities. The current property insurance cost for FY2023 is
25 \$6.67 million which exceeds the PUC contract review threshold. The CCU in Resolution
26 FY2023-11 has approved GPA's request for approval of the procurement of Property Insurance
27 including Boiler and Machinery coverage and Terrorism coverage.

28 **DISCUSSION**

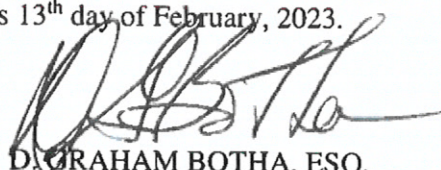
GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam

1 Power Authority, approved by the PUC, to review and approve the procurement of Property
2 Insurance including Boiler and Machinery coverage and Terrorism coverage. In support of this
3 Petition, GPA hereby provides the PUC with Consolidated Commission on Utilities (CCU)
4 Resolution No. FY2023-11, which authorizes the General Manager to proceed with the
5 procurement of Property Insurance including Boiler and Machinery coverage and Terrorism
6 coverage. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by
7 reference herein as if fully set forth. The exhibits include a copy of the draft Invitation for Multi-
8 Step Bid.

9 **CONCLUSION**

10 The PUC should approve GPA's request to proceed with the procurement of Property
11 Insurance including Boiler and Machinery coverage and Terrorism coverage for Supply.
12 Property Insurance is required by the bond indenture, and is reasonable, prudent, and necessary.

13 **RESPECTFULLY SUBMITTED** this 13th day of February, 2023.

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16 D. GRAHAM BOTHA, ESQ.
17 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. FY2023-11

AUTHORIZING THE MANAGEMENT OF GUAM POWER AUTHORITY TO PROCURE PROPERTY INSURANCE FOR FY'2024 TO FY'2026

WHEREAS, the Consolidated Commission on Utilities (CCU) has determined that it is a prudent and reasonable business practice to maintain insurance coverage on Guam Power Authority's (GPAs) 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, 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 in advance of the procurement; and

WHEREAS, the current property insurance cost for FY'2023 is \$6.67 million and this procurement will exceed the PUC contract review threshold; and

WHEREAS, GPA's existing Property Insurance policy including Boiler and Machinery coverage and Terrorism coverage will expire on November 1, 2023; and

WHEREAS, GPA desires to issue its insurance Multi-step bid as soon as possible in order to allow sufficient time for insurance vendors to prepare their bid; and

1 I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on Utilities
2 (CCU), as evidenced by my signature above, do hereby certify as follows:
3

4 The foregoing is a full, true and correct copy of the resolution duly adopted at a
5 regular meeting by the members of the Guam CCU, duly and legally held at a place properly
6 noticed and advertised at which meeting a quorum was present and the members who were
7 present voted as follows:
8

9 Ayes: 4/

10 Nays: _____

11 Abstain: _____

12 Absent: 1

13 *Excused*





GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. FY2023-11:

RELATIVE TO AUTHORIZING GPA TO PROCURE PROPERTY INSURANCE FOR FY'2024 TO FY'2026

What is the project's objective? Is it necessary and urgent?

CCU has determined that it is a prudent and reasonable business practice to maintain insurance coverage on Guam Power Authority's (GPAs) assets to the extent practical. 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." 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 in advance of the procurement.

The current property insurance cost for FY'2023 is \$6.67 million and this procurement will exceed the PUC contract review threshold. GPA's existing Property Insurance policy including Boiler and Machinery coverage and Terrorism coverage will expire on November 1, 2023.

GPA desires to issue its insurance Multi-step bid as soon as possible in order to allow sufficient time for insurance vendors to prepare their bid.

When will it be completed?

The term of the insurance bid being requested will be for a three (3) year period (FY'2024 thru FY'2026) with options for two (2) additional one (1) year extensions.

What is its funding source?

Revenue funds

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GUAM POWER AUTHORITY
ATURIDAT ILEKTRESEDAT GUAHAN
P.O. BOX 2977 HAGATNA, GUAM U.S.A. 96932-2977

PROPERTY INSURANCE BID

Ladies and Gentlemen:

The Guam Power Authority ("GPA") invites qualified insurance, reinsurance intermediaries and underwriters to submit their credentials for the placement and servicing of the GPA's property insurance program for the term November 1, 2023 to November 1, 2026. The current contract term of the incumbent insurance, reinsurance intermediaries and underwriters will expire on October 31, 2023. This tender is open to qualified incumbent and non-incumbent insurance and reinsurance entities.

Insurance services will be for a three-year term with two one-year option and insurance policies may be written for a fixed three-year term or the standard one-year policy with annual renewals.

GPA is looking for Property, Boiler & Machinery, Catastrophe, Terrorism, Business Interruption and Cyber liability coverage.

The deadline to submit proposals is **2:30 p.m. June 23, 2023** to give GPA enough time for discussion and negotiations to meet GPA target selection deadline of July 14, 2023. GPA is undertaking this procurement through the multi-step bidding process.

Please convey your questions and inquiries in writing to GPA no later than **May 19, 2023** so that you may have proper responses in time for the **2:30 p.m. June 23, 2023** submittal deadline.

Please submit your bid according to the detailed instructions and requirements herein; types of insurance underwriting information as set forth in the Appendices thereto.

Thank you for your interest.

Sincerely,

John Benavente
General Manager

DUE: **June 23, 2023 (2:30 p.m.)**

***** PRICE PROPOSAL MUST BE SUBMITTED IN A SEPARATE
SEALED ENVELOPE MARKED "PRICE PROPOSAL."**

TO: GENERAL MANAGER, GUAM POWER AUTHORITY

RE: PROPOSAL PREMIUMS AND COVERAGE

This transmittal sheet serves only as index of proposals more fully described in the attached documents. Please complete with your bid price.

Coverages	Standard Annual Premium	or Fixed Three-Year Coverage (Annual Premium)
Property (Policy limit \$200 Million)	\$ _____	\$ _____
-Terrorism (\$200 million limit)		
-Business Interruption (\$5 million sublimit)		

Optional:

Optional coverage: <u>Cyber Liability</u>	\$ _____	\$ _____
Optional coverage: _____	\$ _____	\$ _____

Bidder:

Signed by: _____
(Print Name/Title)

Authorized Signatory of Bidder

Date: _____

Telephone No.: _____ E-mail: _____

OVERVIEW: THE GUAM POWER AUTHORITY

The Guam Power Authority (The Authority) was created in 1968 as a public corporation and autonomous instrumentality of the Government of Guam. Since that time the Authority has maintained and expanded the island wide power system in Guam. The Authority now has 400 megawatts of generation capacity, 204 miles of transmission and 1,650 miles of distribution lines, 29 substations, \$930 million in assets, and \$478 million in annual revenues. GPA currently serves approximately 53,000 customers with the U.S. Navy being the largest representing about 18% of the revenues.

The Guam Power Authority was changed into a public corporation of the Government of Guam in 2002 and is governed by a five-member publicly elected Commission – the Consolidated Commission on Utilities (CCU). The CCU retains contracting authority, establishes policies, and has control over the selection of top management of the Authority.

The Authority is regulated by the Guam Public Utilities Commission – a rate setting body made up of Commissioners appointed by the Governor of Guam. The PUC has established rules of operation that are similar to those of other jurisdictions within the United States. The PUC has broad regulatory authority over GPA including approval of any contracts that might have an impact on GPA's rates.

SECTION I: INTRODUCTION:

The Guam Power Authority (GPA), hereinafter referred to as GPA, invites qualified insurance, reinsurance intermediaries, carriers, and underwriters, hereinafter referred to as Bidder(s), to participate in a Multi-Step Bid (MSB) for Property Insurance Coverage. Minimum Property Insurance coverage specifications are described later in this MSB.

The bidder shall be responsible, at a minimum, for the following services:

- Respond to e-mails and voice mails within 24 hours.
- Provide certificates of insurance within 3 business days.
- Provide notice of claims to underwriters (carriers) and facilitate claims communication in coordination with GPA and underwriters (carriers).
- All other services deemed necessary by GPA.

GPA is hereby inviting bids for Property insurance contracts (policies) on a long-term basis (e.g., three years) with a term to commence November 1, 2023 to November 1, 2026. GPA understands that most insurance policies have 12-month terms, however three-year policy is preferred. GPA fully expects to stay with the selected insurance program for at least three years and renewing on an annual basis if needed.

The Technical and Price Proposals are due on or before the Cut-off Date of Receipt of Proposals which is **2:30 p.m., June 23, 2023.**

The bid evaluation shall be a two-step process. Step one will involve a Technical Proposal that consists of bidder qualifications and insurance coverage offered. This will allow GPA to establish a Qualified Bidders List (QBL). Step two will involve the evaluation of the Price Proposal (Priced Offers) from the Bidders identified on the QBL.

STEP ONE: TECHNICAL OR QUALITATIVE PROPOSALS

Interested bidders at minimum should provide the following information:

Bidder's Firm information including:

- Years in business
- Total property and total liability insurance premiums placed annually
- Ownership legal structure and ownership details
- Office location that would serve GPA
- Claims, loss control/engineering and other core services performed
- List of Power Generation accounts serviced by the account team
- Key personnel who would be placing and servicing the GPA's program
- Biography, certificates, designations, and licenses of account team and key personnel
- Other information that the respective firm believes GPA should consider
- Any key alignments with other insurance entity or intermediary (retail, wholesale, reinsurance, Lloyds, etc.)
- Bidder's experience with electric utilities or Energy Companies, especially those with hurricane or earthquake exposure and boiler & machinery exposure.
- Copies of currently active Licenses of all intermediaries
- Primary (Fronting) Carriers' or underwriters' Certificate of Authority to Transact business on Guam
- Most recent AM Best rating for Primary (Fronting) Carrier

Insurance coverage terms including but not limited to:

- Full policy forms and applicable endorsements
- If multi-year agreements, endorsements, continuity credits, or similar pricing mechanisms are used to offer reduced pricing; a detailed explanation of situations that may lead to any applicable penalties or increases of premium during the policy term must be attached.
- Explanation of any and all exceptions to the minimum coverage specifications
- Explanation of any and all enhancements exceeding minimum specifications
- Explanation of any and all coverage deficiencies not meeting minimum coverage specifications
- Specifically noting which requested coverage enhancements have been achieved, which cannot be achieved and, if applicable, detail any additional enhancements that were obtained.
- Fronting carrier or Primary insurers must be rated A- or better by AM Best with minimum financial size of IX or greater.
- Identification of Lead markets utilized to achieve the 70% commitment or market support.
- This insurance shall be governed by and construed in accordance with the laws of The Territory of Guam and the exclusive jurisdiction of the Territory of Guam courts. Should the policy require an arbitration clause then the seat of arbitration shall be Guam.
- Premium pricing should not be included in the Technical and Qualitative proposal, and should be separately packaged and submitted with the "Price Proposal".

STEP TWO: PRICE PROPOSALS

- All Premiums and optional coverage pricing must be submitted on the format outlined in this MSB. and must be submitted in a separate sealed envelope marked "Price Proposal"
- Price Proposal format as outlined in this bid must be used, and Price Proposal must be signed by person authorized to bind contracts on behalf of bidder.

- If multi-year agreements, endorsements, continuity credits, or similar pricing mechanisms is used to offer reduced pricing; a detailed explanation of situations that may lead to any applicable penalties or increases of premium during the policy term must be attached.

Price proposals from unqualified Bidders shall be returned, unopened, after the Technical Proposal evaluation. GPA will perform a comprehensive evaluation of each price proposal submitted from the QBL and select the BIDDER with the best proposal. If the selected bidder cannot bind the terms as proposed within GPA's timeframe, at any time and its sole discretion GPA reserves the right to:

- Go to the next BIDDER or
- Cancel the bid

Table 1: Bid Milestones indicate the projected start and end dates for milestones in the Bid Process. GPA reserves the right to change the Bid Milestones at any time and at its sole discretion. All changes to the Bid Milestones shall be communicated to all bidders via an Amendment or Official Correspondence from GPA. It is the sole responsibility of the bidder to promptly register for the MSB at GPA and provide accurate correspondence addresses and email addresses and to check promptly for any updates to the bid or the Bid Milestones.

Table 1: Bid Milestones

Bid Process Milestones		From Date	To Date
Announcement:	Bid Announcement	3/18/2023	3/25/2023
	Bid Documents Available	3/18/2023	6/08/2023
Optional Facility Tour/Walkthrough for Safety and Engineering personnel.		TBD upon request	
Submit Questions		3/18/2023	5/19/2023
Cut Off Date for Receipt of Questions		5/19/2023, 4:00 P.M.	
GPA Review and Answer Questions		3/18/2023	6/01/2023
Cut Off Date for Receipt of Proposals (BOTH Technical and Price Proposals)		6/23/2023 2:30 P.M.	
EVALUATION Step One:	Technical Proposal (Bid) Evaluation	7/06/2023	7/12/2023
	Determine & Notify Qualified Bidders	7/13/2023	7/14/2023
EVALUATION Step Two:	Opening of Price Proposals	7/21/2023	
	Evaluation of Price Proposal	7/21/2023	7/25/2023
	Evaluation Approval	7/26/2023	7/27/2023
	Notification of Qualified Bidder	7/28/2023	7/31/2023
Contract Finalization		TBD	TBD
Contract Approval & Award		TBD	TBD
Contract Signing		TBD	
Contract Mobilization		TBD	TBD

Insurance Policy Inception Date	11/01/2023
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SECTION II: INSTRUCTIONS AND PROCEDURES FOR BIDDERS:

1. INTRODUCTION

This is a multi-step bid procurement. The Technical and Price Proposals should both be submitted on or before the Cut-off Date of Receipt of Proposals, **2:30 p.m., June 23, 2023**. In Step One, only the submitted Technical Proposals will be evaluated. Bidders whose qualifications and technical proposal have been satisfied will be qualified for Step Two. In Step Two, the Bidder with the best proposal will be considered for award.

2. TIME AND SCHEDULE

The deadline for the submission of bids is **June 23, 2023 at 2:30 p.m.** One (1) Original and five (5) copies of all responsive materials must be received by GPA (not postmarked) no later than that date and hour. It is advisable to hand deliver or use courier services to expedite delivery of your bid, as Guam is served by several such courier services. It is bidder's responsibility to ensure the bid is received as required above. Late bids will not be considered.

3. PREPARATION AND SUBMISSION OF PROPOSALS

Envelopes containing proposals shall be sealed and marked on the face with the name and address of the Bidder, the Proposal Number and the time and date of submission. Prices should be in a separately sealed envelope. Telegraphic proposals will not be considered, nor will modifications by telegraph of proposals already submitted be considered. Proposals shall be delivered and received at the place of opening on or before the opening date and time. Proposals received through the mail will not be accepted if such mail is received at the address showing after the submission date and time. Proposals will not be opened publicly.

All submittals must strictly conform to the Multi Step Bid rules and any addenda.

One (1) Original and five (5) copies of each proposal must be submitted including all addenda, if any. Any and all documentation (proposed insurance policy forms and endorsements) will assist towards Bidder's evaluation and must be furnished with each proposal.

The proposal must be submitted before **June 23, 2023 at 2:30 p.m.** in a sealed envelope indicating the MSB number and addressed as follows:

TO: Guam Power Authority
GPWA Procurement Office
Gloria B. Nelson Public Service Building
688 Route 15
1st Floor, Room 101
Fadian, Guam 96913

Attn: Jamie L.C. Pangelinan
Supply Management Administration

Examination of MSB Document: Bidder shall examine the MSB Documents to inform themselves of all conditions and requirements for the execution of the proposed work. Ignorance on the part of Bidder of any part of the MSB will in no way relieve him/her of the obligation and responsibly assumed under the Contract.

Familiarity with Laws: Bidder is assumed to be familiar with Federal and Local laws, ordinances, rules and regulations that in any manner affect the work. Ignorance on the part of Bidder of any part of the MSB will in no way relieve him/her of the obligation and responsibly assumed under the Contract.

3. EXPLANATION TO BIDDERS

No oral explanation regarding the meaning of the specifications will be made and no oral instructions will be given before the award of the proposal. Discrepancies, omissions, or doubts as to the meaning of the specifications must be communicated in writing to the named procurement contact individual of the Guam Power Authority for interpretation. Bidder should act promptly and allow sufficient time for a reply to reach them before the submission of their proposals. Interpretation, if required, shall be made in the form of an amendment to the specifications, which will be forwarded to all prospective Bidders, and its receipt by the Bidder should be acknowledged on the proposal form. All questions, questions, queries should be received by GPA no later than the cutoff date for the receipt of questions 5/19/2023 at 4:00 p.m. Submit written queries, questions, and requests for clarification to:

TO: Guam Power Authority
GPWA Procurement Office
Gloria B. Nelson Public Service Building
688 Route 15
1st Floor, Room 101
Fadian, Guam 96913

Attn: Jamie L.C. Pangelinan
Supply Management Administration

Email: jcpangelinan@gpagwa.com

4. CLARIFICATION ON MULTI STEP BID

Each Bidder must carefully examine the MSB and all addenda. If any Bidder (a) finds any discrepancies, omission or ambiguities in the MSB documents, (b) is uncertain as to the intent or meaning of any provision of the MSB, or (c) has any question regarding the MSB, the Bidder must promptly notify GPA in writing no later than Friday 5/19/2023 at 4:00 p.m. at the address specified for submission of proposal. Replies to such notices may be made in the form of addenda, which will be issued simultaneously to all prospective Bidders.

5. FORM

All bids must be in writing and submitted in a sealed envelope and must be signed by an officer of the bidder having authority to bind the bidder's insurance contracts as proposed. The bids should respond in an organized fashion to all requirements of this Invitation for Bid.

6. MODIFICATION OR WITHDRAWAL OF BIDS

Bids may be modified or withdrawn prior to submittal date. Any bid withdrawal, or modification received at GPA after the due date is late and, as such, renders the underlying bid in compliance only as to that which is on hand at the submittal date and hour.

7. RECORDING BIDS.

Bids and modifications shall be submitted to GPA officials on or before June 23, 2023 at 2:30 p.m. in a sealed envelope indicating the MSB number and addressed as follows:

To: Guam Power Authority
GPWA Procurement Office
Gloria B. Nelson Public Service Building
688 Route 15,
1st floor, Room 101
Fadian, Guam 96913

Attn: Jamie L.C. Pangelinan
Supply Management Administration

Bidders shall be responsible for ensuring the written bid (and all required documents) is received by the due date and hour. Any bid received after the due date and hour is late and will not be considered by GPA. After the due date and hour, a Register of Bids shall be prepared which shall include for all initial bids the name of each bidder, the number of modifications received, if any, and an indication of the coverage proposed, i.e. coverage of all risks of loss (a) as requested by GPA, (b) less than GPA request, and/or (c) alternate coverage as requested.

8. CONFIDENTIAL DATA

Bidders should designate trade secrets or other proprietary data to be confidential. The Guam procurement laws and regulations shall govern confidentiality.

9. AWARD

Determination of the winning bidder shall be made on or about July 28 - July 30, 2023. GPA intends to have all discussions and negotiations completed no later than July 27, 2023, after which date the Bid Evaluation Committee and the General Manager shall prepare their final report and recommendations. Appropriate notification of award shall be issued promptly after the CCU and PUC approval.

10. CANCELLATION OF INVITATION; DELAYS

GPA reserves the right to cancel or to withdraw this MSB, to delay determination on this MSB, or to reject all bids, in whole or in part, at any time prior to final award. The reasons for the cancellation, delay or rejection shall be made a part of the procurement file and shall be available for public inspection.

11. INSPECTION OF GPA PROPERTIES

Prospective bidders may inspect GPA properties by appointment upon request and on mutually agreed dates. GPA will provide a representative to conduct the inspections and answer questions on-site. Please advise the Supply Management Administrator, Ms. Jamie Pangelinan, if you plan to inspect the properties. Each person that plans to inspect GPA properties must be cleared by Homeland Security through GPA. Therefore, each person must submit a copy of their Passport to GPA a minimum of 5 business days prior to the inspection date to get security clearance to be allowed on GPA property.

12. SUMMARY OF SERVICES

All bidders should include a summary of how they envision servicing GPA account. Policy servicing should be identified specifically with a list and delivery timeline of services offered. Bidders should also identify the "Account Executive" that will be assigned to GPA and their support team along with frequency of visits, etc.

13. CCU and PUC APPROVAL

Contracts will be subject to the written approval of the Consolidated Commission on Utilities and the Public Utilities Commission on Guam.

14. REPRESENTATION REGARDING GRATUITIES AND KICKBACKS.

The bidder or contractor represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities and kickbacks set forth in Section 11-206 (Gratuities and Kickbacks) of the Guam Procurement Regulations.

15. REPRESENTATION REGARDING CONTINGENT FEES.

Contractor represents that it has not retained a person to solicit or secure a territorial contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

16. BID BOND

Along with the Bid Proposals on or before June 23, 2023 at 2:30 p.m., all bidders shall submit to GPA a bid bond in the amount of TEN THOUSAND U.S. DOLLARS (U.S. \$10,000) made payable to the Guam Power Authority. In lieu of a bid bond, bidders may submit US currency valued at TEN THOUSAND U.S. DOLLARS (USD 10,000) in the form of cash in USD, bank draft, certified check, or by wire transfer to Guam Power Authority, Routing/Transit #121405115, Account No. 0601-024961, Bank of Guam, Hagatna, Guam. Bidders with unselected bids will have bid bonds returned with written notices of rejection. Bid bonds submitted in cash or certified check will be returned by wire transfer. Bidders shall advise GPA of bank, location and account number to facilitate delivery. In the absence of a telegraphic address, bid bonds will be returned by mail in check form payable to bidder. The bidder with the acceptable bid will have bid bond returned within ten business days of delivery of Insurance Binders for selected insurance policies by GPA. For the purposes of this solicitation, the bid bond is being required as an indication of "good faith" by the bidder and is in the best interest of GPA in accordance with the procurement laws, rules and regulations of the Government of Guam and GPA.

SECTION III: INSURANCE COVERAGE SPECIFICATIONS

1. INSURANCE COVERAGE

GPA seeks coverage for "all risks of loss" basis coverage to include but not limited to the following lines of business:

- a. Property
- b. Boiler and Machinery breakdown
- c. Catastrophe Coverage including earthquake, flood, typhoon, and tsunami

- d. Business Income/Extra Expense
- e. Terrorism, both certified and non-certified acts

The property, boiler & machinery, catastrophe, business income/extra expense, and terrorism is placed under one cover. GPA is seeking comparable or superior coverage to include all of the above coverage.

GPA is anticipating the new 198MW combined cycle power to be operational in mid-2024. At that time, GPA anticipates to decommission Cabras 1 and 2. GPA requires that the insurer return the unearned premium when Cabras 1 & 2 is decommissioned and insured at salvage value.

GPA will award based on the lowest overall price for the term.

Primary Insurance Carriers or Fronting Carriers must have at least an A.M. Best Rating of A-, IX or greater to be considered.

Reinsurance companies or underwriters must be of demonstrated size and capacity to underwrite a Property program of the size of GPA.

2. BID FORMAT

Bidders are free to submit their bids in a convenient format, however, at a minimum; the bids should provide:

Bidder's Firm information including:

- Years in business
- Total property and total liability insurance premiums placed annually
- Ownership legal structure and ownership details
- Office location that would serve GPA
- Claims, loss control/engineering and other core services performed
- List of Power Generation accounts serviced by the account team
- Key personnel who would be placing and servicing the GPA's program
- Biography, certificates, designations, and licenses of account team and key personnel
- Other information that the respective firm believes GPA should consider
- Any key alignments with other insurance entity or intermediary (retail, wholesale, reinsurance, Lloyds, etc.)
- Bidder's experience with electric utilities or Energy Company, especially those with hurricane or earthquake exposure and boiler & machinery exposure.
- Copies of currently active Licenses of all intermediaries
- Primary (Fronting) Carriers' or underwriters' Certificate of Authority to Transact business on Guam
- Primary (Fronting) Carriers' or underwriters' Most recent AM Best rating

Insurance coverage terms including but not limited to:

- Explanation of any exceptions to the minimum coverage specifications
- Explanation of any coverage enhancements exceeding minimum specifications
- Explanation of any coverage deficiencies not meeting minimum coverage specifications
- Specifically noting which requested coverage enhancements have been achieved, which cannot be achieved and, if applicable, detail any additional enhancements that were obtained.
- Identification of Lead markets utilized to achieve the 70% commitment or market support. Lead markets and/or carriers must be rated A- or better by AM Best with minimum financial size of IX or greater.

- This insurance shall be governed by and construed in accordance with the laws of The Territory of Guam and the exclusive jurisdiction of the Territory of Guam courts. Should the policy require an arbitration clause then the seat of arbitration shall be Guam.
- Proposed policy forms and applicable endorsements in their entirety must be attached to proposals.
- Firm quotes or written confirmation of at least 70% support from insurers, underwriters, or reinsurers.

In order to show bidder's reliability and responsibility, bidder should substantiate its insurer financial capacity and industry reputation to honor and service the size and type of insurance proposed. Bidder should identify its service team, lead market, underwriters, and or insurers represented in as much detail as practical. All proposals must have, at a minimum, 70% of total lines substantiated by firm quotes from proposing underwriters, insurers, or reinsurers. Bidder should include proof of firm quotes either by signed/stamped slips or letters from underwriters, insurers, or reinsurers.

If bidder fails to supply information requested by GPA concerning the bidder's insurer's financial capacity and rating, which GPA may request any time prior to award, GPA shall base determination of responsibility on any available information, or GPA may find bidder non-responsive.

- **RATING DATA**

Information about GPA and its experience in peril exposure and risk retention and/or transfer is contained in the Rating Data attachment. Prospective bidders requiring additional rating data should address their inquiry to the Procurement Officer identified in this bid. Replies with significant data will be furnished to all persons who, on record, have registered for this multi-step bid (MSB) and have agreed in writing by signing the Non-Disclosure Agreement.

SECTION IV: CONTRACT TERMS

GPA is hereby inviting bids for insurance contracts (policies) on a multi-year or long-term basis (e.g., three years) with term to commence November 1, 2023 to November 1, 2026. GPA understands that most insurance policies have 12-month terms, however three-year policy is preferred. GPA fully expects to stay with selected insurance program for at least three years and renewing on an annual basis if needed.

Insurance policies proposed are acceptable for 12-month terms or 36-month terms billed annually.

Bidders will need to furnish the proposed contract which shall include at a minimum the following:

- Detailed description of the coverage terms proposed including but not limited to:
 - Any exceptions to the minimum coverage specifications outlined in this MSB
 - Specifically noting which requested coverage enhancements have been achieved, which cannot be achieved and, if applicable, detail any additional enhancements that were obtained.
- Premiums for proposed coverage comparable to the expiring coverage as set out in Appendix A, and, any incremental premiums resulting from coverage enhancements. Also, detail any premium increases or decreases for optional limits and deductibles requested in the coverage specifications.
- Lead markets that are utilized to achieve the 70% commitment. Fronting carriers or Primary insurers must be rated A-, IX or better by AM Best.

SECTION V: EVALUATION OF BIDS

In evaluating bids, GPA will consider which proposal offers the most robust and comprehensive insurance coverage available in the market by reputable and highly rated underwriters and carriers with the financial capacity to honor insurance terms for a program the size and quality as the Guam Power Authority with its assets of \$930 million. GPA reserves the sole right to determine the acceptability and ranking of bids in any respect to meet GPA's needs. In the evaluation process, the following factors will be considered:

<u>CRITERIA</u>	<u>POINTS</u>	<u>Percentage</u>
• Ability to service GPA/past and current performance of similar contracts	100	5%
• Utility, Municipality, and other large program insurance experience	100	5%
• Intermediary, Underwriter, Insurance Carrier personnel and qualifications	100	10%
• Industry reputation, Client References	100	10 %
• Financial capacity and current AM Best rating of carriers and re-insurers	100	20 %
• Breadth of Policy coverage and extent of restrictions or exclusions	100	40%
• Additional coverages	<u>100</u>	<u>10 %</u>
TOTAL POINTS	1,000	100 %

GUAM POWER AUTHORITY
PROPERTY INSURANCE SPECIFICATIONS
MINIMUM COVERAGE REQUIREMENTS

POLICY INFORMATION:

Named Insured:

Guam Power Authority
and/or its Subsidiary, affiliates,
and/or Associated Agencies as now or hereafter constituted
P.O. Box 2977
Hagatna, Guam 96932-2977

Additional Named Insured as their interest may appear:

1. Bank of Guam
2. Government of the United States of America, in respect of various facilities on Guam owned by the United States of America and leased to the Guam Power Authority and Bank of Guam

Notification of claims: Bidder's Guam Office

Policy Period:

From the 1st of November 2023 to the 1st of November 2026 both days at 00:01 hours Local Standard Time at the locations of the Property Insured.

- Minimum annual renewal. Three-year policy is preferred.

Property and Interest Insured

Material Damage

Real and personal property including, but not limited to Buildings, Furniture, Fixtures and Equipment, Law and Ordinance Coverage for all property, Contents, Plant, Fuel oil tanks and pipelines, Fuel Stocks including fuel stocks whilst in fuel tanks and pipelines irrespective of whether above or below ground, and above ground Transmission and Distribution lines on Generating Premise and within 1,000 feet of premises, Underground Transmission and Distribution lines, Machinery and Boilers of every kind, nature and description (including improvements and betterments) owned, leased, acquired, used or intended for use by the insured, or hereafter Erected, Installed or Acquired including whilst in the Incidental Course of Construction, Erection, Installation and Assembly and Real and Personal Property of Others in the Insured's Care, Custody, and Control and including Property in the Care, Custody, and Control of Third Parties and the Insured's liability imposed by law or assumed by contract (by an officer of the Insured) for such Property and/or at the option of the Insured Personal Property of the Insured's Officials and Employees while on the Premises of the Insured and/or Contractors' and Vendors' interests in property covered to the extent of the Insured liability imposed by law or assumed by contract, (by an officer of the Insured) and/or Property in Transit and/or Storage including Raw Materials, Expediting Expenses, Valuable Paper, Bullion, Manuscripts, Drawings, Blueprints and/or Specifications, Leasehold Interest and Records, Accounts Receivable, Electronic Data Processing Equipment, Computer Equipment, Computer Data and

Media including Business Interruption and Extra Expense. Petroleum Products which are liquid form at normal atmospheric pressures and temperatures while such products are in underground storage, and foundations, piers or other supports of brick, stone or concrete, and shafts, tunnels, and dams, and all structural parts and all appurtenant structures and equipment at the side of underground power houses, and cables, wires and underground conduit and underground Transmission and Distribution lines.

Territorial Limits

Various locations in Guam and whilst in inland transit

Sum Insured

1. USD \$200,000,000 each and every occurrence in respects Property Damage/Business Interruption/Extra Expense combined for 100% subject to sub-limits stated below.
2. USD \$200,000,000 (separate limit) Certified and Non-Certified Acts of Terrorism including SRCC each and every occurrence of Property Damage/ Business Interruption/Extra Expense combined for 100% subject to sub-limits below.

Sub-limits

Business Interruption – USD \$5,000,000 each and every occurrence

Extra Expense – USD \$15,000,000 each and every occurrence

Earthquake, Flood, Windstorm, Cyclone, Typhoon, and Tsunami – USD \$100,000,000 each and every occurrence

Debris Removal – USD \$10,000,000 or 10% of loss whichever the greater

Seepage and pollution – USD \$5,000,000

Ingress/Egress – 30 days and limited to loss occurring within five (5) statute miles of the insured's premises

Military/Civil Authorities Clause – 30 days and limited to loss occurring within five (5) statute miles of the insured's premises

Protection and Preservation of Property – USD \$2,000,000 each and every occurrence

Property in the Incidental Course of Construction – USD \$25,000,000

Automatic Acquisition – USD \$50,000,000

Accounts Receivable – USD \$1,000,000 each and every occurrence

Off Premises Services – USD \$5,000,000 each and every occurrence

Professional Fees – USD \$1,000,000 each and every occurrence

Fire Fighting Expenses – USD \$1,000,000 each and every occurrence

Temporary Removal – USD \$5,000,000 each and every occurrence

Product Spills – USD \$1,000,000 each and every occurrence

Repair Investigation Costs – USD \$1,000,000 each and every occurrence

Hazardous Substances (Boiler & Machinery Breakdown) – USD \$1,000,000 each and every occurrence

Ammonia Contamination (Boiler & Machinery Breakdown) – USD \$1,000,000 each and every occurrence

Liquids Damage (Boiler & Machinery Breakdown) - -USD \$1,000,000 each and every occurrence

Expediting Expenses – USD \$5,000,000 each and every occurrence and in the aggregate for the policy period

Demolition and Increased Cost of Construction – Declared values plus 10% per item each and every occurrence

Impounded Water: - 30 days after lost or damages dam, reservoir, pond, machinery or equipment has been rebuilt, repaired, replaced or restored

Basis of Valuation:

Replacement Cost value for all property regardless of age or condition. See attached property schedule for values.

Retentions:

- Property damage
 - USD \$2,500,000 each and every occurrence in respect of all perils other than Earthquake, Flood, Typhoon, and Tsunami (for 100%) for locations with a declared estimated Replacement Cost value equal to or greater than USD \$10,000,000
 - USD \$1,000,000 each and every occurrence in respect all perils other than Earthquake, Flood, Typhoon, and Tsunami (for 100%) for locations with a declared estimated Replacement Cost value less than USD \$10,000,000
 - USD \$10,000,000 each and every occurrence in respect of Earthquake, Flood, Typhoon, and Tsunami (for 100%);
 - Business Interruption: 60 days each and every occurrence
 - Extra expense: 60 days each and every occurrence
 - Service Interruption: 72 hours each and every occurrence

Terrorism Retention: \$100,000 each and every occurrence

Co-insurance None

Law, Practice and Jurisdiction: The Territory of Guam

Optional Coverages:

- Cyber Liability Coverage
 - Limits: USD 5,000,000 each claim and in the aggregate (including claims expenses)
 - Deductible: USD 50,000 each and every claim including claims expenses
- Full prior acts

Including at a minimum:

Security and Privacy Liability

Multimedia and Intellectual Property Liability

Network Interruption and Recovery (Including any unintentional or unplanned outage, excess of 8 hours)

Event Support Expenses

Privacy Regulatory Defense and Penalties

Network Extortion

Electronic Theft, Computer Fraud and Telecommunications Fraud (Sub-limit \$100,000)

Social Engineering Fraud (Sub-limit \$25,000)

Reputational Damage

Underwriting Information

Please find attached a list of underwriting information

Property Schedule is replacement cost

Policy Form

All risk property form

Appendix A

GPA Current Insurance Program

COVERAGE	LIMITS	RETENTIONS
Property, Boiler & Machinery, and Underground T&D lines	\$200,000,000 Blanket	\$2,500,000/\$1,000,000
Terrorism, All Risk	\$200,000,000	\$2,500,000
Business Interruption	\$5,000,000	60 days
Extra Expense	\$15,000,000	60 days
Earthquake, Flood, Typhoon and Tsunami	SUBLIMITS: \$100,000,000 Blanket	\$10,000,000

Appendix B

GPA INSURANCE RATING DATA

Appendix C

GPA LOSS HISTORY