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7 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:) GPA DOCKET NO. 24-02
10)
11 **GUAM POWER AUTHORITY CASUALTY) PETITION FOR APPROVAL AND**
12 **INSURANCE CONTRACT FOR FY 2024) AUTHORIZATION FOR GPA TO**
13 **WITH TWO ONE-YEAR RENEWAL) AWARD CASUALTY INSURANCE**
14 **OPTIONS)**

14 **COMES NOW**, the GUAM POWER AUTHORITY (“GPA”), by and through its interim
15 counsel of record, THERESA G. ROJAS, ESQ., and hereby files its petition for the PUC to
16 review and approve GPA's contract with AM Insurance and its affiliates for Casualty Insurance
17 for a one (1) year policy period beginning November 1, 2023 to October 31, 2024, with two
18 one-year options to renew.

20 **I. BACKGROUND**

21 GPA combines all of its smaller policies into a single bid under Casualty Insurance and these
22 various lines will expire on October 31, 2023. Pursuant to Section 6.13 of its bond indenture
23 GPA is required to obtain adequate workmen’s compensation, general liability, automotive, and
24 fidelity insurance on all officers and employees responsible for funds and other insurance
25 consistent with that of similar utilities.¹

27 ¹ GPA Revenue Bonds Indenture dated December 1, 1992 – Section 6.13 Insurance

1 In July 2023, GPA issued a solicitation for Casualty Insurance to include commercial general
2 liability, commercial auto physical damage and commercial auto liability, crime, excess liability,
3 directors' and officers', professional liability and excess workers' compensation insurance under
4 multi step bid MS GPA-062-23. The advertised contract term was for three (3) years from FY
5 2024 to FY 2026 with two one (1) year options to renew. Technical proposals were due August
6 18, 2023, and price proposals were due September 15, 2023. Only one a single bidder picked up
7 MS GPA-062-23 and at the time of bid submission only one bid was received.

8 The sole bidder's premiums on the several lines of coverage totaled \$712,192.00 (Seven
9 Hundred Twelve Thousand One Hundred Ninety-Two Dollars and 00/100). These amounts
10 exceeded GPA price estimates as automotive, professional, and blanket crime policies increased
11 by 26%, 43%, and 49%, respectively; compared to prior year premiums. As the premiums came
12 in high and pursuant to Guam procurement rules for "one-bidder" scenarios, subject to specific
13 conditions, the multi-step procurement was cancelled and then conducted as a sole source to
14 permit negotiations and conclude the procurement for Casualty Insurance.² Following sole
15 source negotiations, GPA negotiated a lower total premium of \$688,323 (Six Hundred Eighty-
16 Eight Thousand Three Hundred Twenty-Three Dollars and 00/100) reduced from \$712,192
17 realizing a savings of \$23,870 per annum for GPA's Casualty Insurance premiums. To align with
18 sole source procurement rules, the contract term was also revised to a one-year term with two
19 additional one-year options to extend.³

20 II. REQUEST FOR APPROVAL

21 GPA hereby petitions the PUC, pursuant to its Contract Review Protocol to review and
22 approve GPA's contract with AM Insurance and its affiliates for Casualty Insurance for a total
23 premium amount of \$688,323 (Six Hundred Eighty-Eight Thousand Three Hundred Twenty-
24 Three Dollars and 00/100). The contract term shall be for a one (1) year beginning November 1,
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26
27 ² See 2 GAR, Division 4, Section 3102 (c)(1)(C)

³ The single-year term and any options exercised are subject to additional sole source procurement rules.

2023 to expire October 31, 2024, with two one-year options to renew. The multi-year contract is estimated at \$2,064,968 (Two Million Sixty-Four Thousand Nine Hundred Sixty-Eight Dollars and 00/100).


In support of this Petition, the Consolidated Commission on Utilities (CCU) has passed and adopted CCU Resolution No. FY2024-02, which authorizes the General Manager to submit this petition to the PUC for final review and approval. CCU Resolution No. FY2024-02 includes the breakdown of the individual policy lines and premium amounts totaling \$688,323.00 and is attached as **Exhibit A** and is also incorporated by reference herein as if fully set forth. GPA can further provide the detailed minimum coverage requirements, to include the limits of liability, and coverage conditions for each policy line through a request for information, as required.

III. CONCLUSION

The PUC should approve GPA's contract with AM Insurance and its affiliates for Casualty Insurance for a one (1) year term beginning November 1, 2023 to expire October 31, 2024, with two one-year options to renew, and for a total premium amount of \$688,323.00 as it is required by GPA's bond indenture and is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 24th day of October 2023.

By:



THERESA G. ROJAS, ESQ.
GPA Interim Counsel



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

GPA RESOLUTION NO. FY2024-02

TO AUTHORIZE THE MANAGEMENT OF GUAM POWER AUTHORITY TO AWARD THE CASUALTY INSURANCE

WHEREAS, the Consolidated Commission on Utilities has determined that it is prudent and reasonable business practice to maintain coverage on Guam Power Authority'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 caused by or resulting from fire and from action of the elements (including loss from typhoons, earthquakes, floods and tidal waves), to the extent that such insurance is obtainable at reasonable cost"; and

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

WHEREAS, GPA's current casualty line of insurance policies were awarded in 2018 with a term of three (3) year period with two (2) options to renew for an additional one (1) year period and are set to expire on October 31, 2023; and

WHEREAS, for administrative ease, GPA combined the automobile liability insurance, general liability insurance, crime insurance, excess liability, excess workers' compensation, directors' and officers' liability insurance, and professional liability insurance as a single casualty insurance bid and solicited these requirements under multi step bid MS GPA-062-23, for a three-year (3) term with two (2) one-year options; and

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WHEREAS, one vendor submitted a proposal, which is GPA’s incumbent provider; and

WHEREAS, the initial premiums came at higher than prior premium by 18%, MS GPA-062-23 was cancelled and sole source was done to negotiate a reduced premium; 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

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 series of casualty insurance policies; and

WHEREAS, GPA recommends to award the new casualty line of insurance policies to AM Insurance, a local insurance brokerage firm, and its affiliate for the period from November 1, 2023 to November 1, 2024, and two one-year options and the broker and the underwriters are prepared to offer the following:

- 1. The annual premium of \$688,323.

<u>Line of Insurance</u>	<u>Premium</u>
GL	\$ 81,275
Auto	88,124
Professional	145,350
Excess	204,804
Workmen's	15,236
Blanket Crime	49,034
D&O	<u>104,500</u>
	\$ 688,323

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

1 **NOW, THEREFORE BE IT RESOLVED**, by the Consolidated Commission on
2 Utilities, as the governing body of the Guam Power Authority, subject to the approval of the
3 Guam Public Utilities Commission, as follows:
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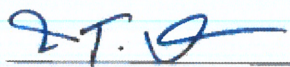
- 5 1. The GPA General Manager is authorized to enter into a contract with AM Insurance
6 and its affiliates.
7 2. The GPA General Manager is authorized to accept the terms of the casualty line of
8 insurance policies offered by AM Insurance and its affiliates for a combined annual
9 premium of Six Hundred Eighty-Eight Thousand Three Hundred Twenty-Three
10 Dollars (\$688,323).
11 3. The one-year contract with two one-year options is estimated at Two Million Sixty-
12 Four Thousand Nine Hundred Sixty-Eight Dollars (\$2,064,968).
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14 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the
15 Commission attests to the adoption of this Resolution.
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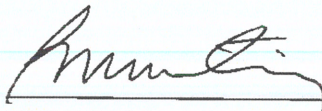
17 **DULY AND REGULARLY ADOPTED**, this day of 24th of October, 2023.
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19 Certified by:

Attested by:

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22 **JOSEPH T. DUENAS**
23 Chairperson

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25 **PEDRO ROY MARTINEZ**
26 Secretary

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SECRETARY'S CERTIFICATE

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

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

AYES:	<u>5</u>
NAYS:	<u>0</u>
ABSTAIN:	<u>0</u>
ABSENT:	<u>0</u>

