

**GUAM PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
May 30, 2024  
GCIC CONFERENCE ROOM, GCIC BUILDING, HAGATNA**



**MINUTES**

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:30 p.m. on May 30, 2024, pursuant to due and lawful notice. The meeting was called to order at 6:40 p.m. **Commissioners Jeffrey C. Johnson, Peter Montinola, Joseph McDonald, Rowena Perez-Camacho, and Michael Pangelinan** were in attendance. The following matters were considered at the meeting under the agenda included as *Attachment "A"* hereto.

**1. Approval of Minutes of March 27 and April 25, 2024.**

The Chairman announced that the first item of business on the agenda was the approval of the minutes of March 27, 2024 and April 25, 2024. Commissioner Pangelinan moved to approve the minutes of the March 27, 2024 and April 25, 2024 meetings subject to corrections, which motion was seconded by Commissioner McDonald, and the motion passed unanimously.

**2. Port Authority of Guam**

The Chairman announced that the next item of business on the agenda was Port Authority of Guam ("PAG") Docket 24-02, Petition for Contract Relative to the Purchase of Nine Terminal Yard Tractors, ALJ Report, and Proposed Order.

Administrative Law Judge Joephet Alcantara (ALJ Alcantara) presented the matter of PAG's request for review and approval of a bid award to American Material Handling (AMH) for the purchase of nine terminal yard tractors, amounting to \$1,791,327.00. This award is based on PAG IFB 10-23, which solicited bids for Kalmar Ottawa T2 4x2, Department of Transportation, and EPA-certified tractors. Three bids were received, and AMH's bid was found to be compliant with the Build America Buy America Act. The purchase is funded under an American Marine Highway grant with an 80/20 cost share, resulting in a cost to PAG of approximately \$358,265.00. The contract includes provisions for manufacturing defects, warranties, licensing, termination, liquidated damages, and compliance with federal requirements. PAG's board of directors has approved the purchase and the total cost.

Based on the review, ALJ Alcantara concluded that the procurement and contract for the tractors are proper, reasonable, and necessary for PAG's operations, and recommended approval of the bid award to AMH for \$1,791,327.00.

Chairman Johnson invited comments, and General Manager Rory Respicio (PAG Respicio) from the Port Authority, along with Mark Cabrera (PAG Cabrera) from the Port Authority's procurement, made themselves available for questions regarding the ALJ recommendation.

A discussion ensued between the Commissioners and PAG Respicio and PAG Cabrera on the following topics:

- a. **Current Number of Tractors:** Chairman Johnson inquired about the number of tractors currently in the yard. PAG Respicio responded with details about the recent acquisitions and the total number of tractors.
- b. **Life Cycle of Tractors:** Chairman Johnson asked about the life cycle of the tractors, to which PAG Respicio replied that it is about eight years.
- c. **Grant Funding Timeline:** Commissioner McDonald asked about the timeline for grant funds and the reimbursement process. PAG Respicio explained that it is on a reimbursable basis, and PAG Cabrera added details about the timeline.
- d. **Federal GSA Procurement:** Commissioner Perez-Camacho inquired about the use of the federal GSA procurement process. PAG Cabrera and PAG Respicio provided details on how they prioritize local vendors and use GSA pricing when necessary.
- e. **Maintenance and Replacement of Tractors:** PAG Respicio discussed the maintenance of the existing tractors and the challenges in replacing aging equipment. He also mentioned the yard equipment acquisition program and future plans for regular preventive maintenance and replacement.
- f. **Local Vendor Participation:** The discussion included how local vendors are engaged in the procurement process and the efforts made to buy local when possible, including negotiating prices with local bidders.
- g. **Operational Tractors and Maintenance:** PAG Respicio provided information about the number of operational tractors, those in maintenance, and the rotation system for the equipment.
- h. **Quality and Condition of Tractors:** PAG Cabrera commented on the condition of the older tractors, emphasizing the need for replacements due to significant wear despite good maintenance practices.
- i. **Procurement Challenges:** The discussion touched on the challenges of doing business on Guam, including higher costs and the impact on procurement decisions.

Commissioner Montinola moved to approve the draft order granting the petition which motion was seconded by Commissioner Pangelinan, and the motion passed unanimously.

### **3. Guam Waterworks Authority.**

The Chairman announced that the agenda was adjusted to move ahead to the discussion of Guam Waterworks Authority (“GWA”) matters, beginning with GWA Docket 24-07, Approval of Joint Procurement for Comprehensive Support Services for Applications, and Integration Technologies for GWA, GPA, PAG and GIAA; Legal Counsel Report; and Proposed Order. Commissioner Pangelinan recused himself due to an ongoing litigation with GWA being a client of his law firm.

PUC Legal Counsel Anthony R. Camacho (“PUC Counsel”) explained that GWA, alongside the PAG, GIAA, and GPA, seeks authorization to issue a solicitation for procuring support services for Oracle Cloud services and other integrated applications. The existing support contracts for these agencies are expiring, necessitating the procurement of new comprehensive support services to maintain critical systems. Initially, the petition lacked an approved CCU resolution, but an approved resolution was received later.

GWA estimates that the new contract will exceed one million dollars, thus requiring PUC approval. The proposed contract includes a five-year initial term with five optional one-year extensions, totaling up to ten years, with an estimated annual cost of \$262,780, bringing the potential total to about \$2.6 million. The combined purchasing power of GWA, GPA, PAG, and GIAA is expected to secure cost-effective support services. These services are crucial for the agencies' financial transactions, asset management, human resources, and other operations. PUC Counsel recommended PUC approval of GWA’s petition and attached a proposed order for consideration.

Christopher Budasi (GWA Budasi) provided additional details on the procurement of support services for Oracle Cloud and integrated applications, jointly with GPA, PAG, and GIAA. The current contracts for these systems are expiring, prompting the need for a new procurement. GWA will lead the procurement process, with all agencies participating in the evaluation of proposals.

The proposed contract included a five-year base term with five optional one-year extensions, aligning with the system's end-of-life projection in 2035. GWA Budasi noted Oracle's history of extending product life beyond initial projections. The scope of work includes infrastructure support, application function support, application development, software agreement negotiation, and software upgrades.

The combined purchasing power of the agencies is expected to attract competitive bids, aiming for efficiency gains and cost savings through shared developments and optimized software utilization. The estimated cost of the contract over five years exceeds one million dollars. The RFP is planned for issuance in June 2024, pending approval, with a targeted notice to proceed by August 2024, funded through revenue sources. GWA Budasi welcomed questions from the Commissioners.

A discussion ensued between the Commissioners and GWA. Commissioner Perez-Camacho questioned the consolidation of Oracle software procurement among agencies, noting past inefficiencies when agencies individually contracted. GWA Budasi confirmed the collaborative approach to leverage collective purchasing power.

Discussion highlighted past savings, including an additional \$30,000 secured for the PAG upon revisiting negotiations. Concerning GIAA's transition to E1, GWA Budasi outlined plans for a joint management structure to ensure contract compliance and handle any issues with Oracle.

Commissioner Perez-Camacho inquired if this was the first joint bid of its kind for utilities, which GWA Budasi clarified was a first for the current group, but noted prior collaborations between GWA and GPA. Commissioner Montinola sought assurances regarding Oracle's enforcement capabilities if an agency failed to meet obligations, with GWA Budasi explaining that non-payment would result in loss of contracted support rather than system shutdown.

Regarding cost distribution and potential discounts in the upcoming RFP, GWA Budasi outlined flexible pricing models proposed by bidders, emphasizing equitable spread of savings across participating agencies. Commissioner Montinola expressed skepticism regarding Oracle's typical end-of-life policies, while GWA Budasi remained optimistic about potential extensions beyond 2035. The RFP process, slated for June 2024, aims to maximize efficiency and savings across the agencies, with contractual terms aligning to support ongoing operations and system maintenance.

There being no further business, the Commissioner Perez-Camacho moved to approve the draft order, which motion was seconded by Commissioner McDonald. The motion passed unanimously.

- **GWA Docket No. 24-08**

The Chairman announced that the next item on the agenda was GWA Docket 24-08, Petition for Approval of Year 4 and Year 5 Task Orders for Professional Utility Services Contract, ALJ Report and Proposed Order.

Chief Administrative Law Judge Frederick Horecky (ALJ Horecky) presented an update on the GWA's petition for review and approval of task orders for Years 4 and 5 of the water loss control contract with E-Source. Initially missing some documents, all necessary paperwork, including Task Order 5 and the final GWA resolution, were filed by the time of the meeting. The five-year program, started in 2021, involves establishing District Meter Areas (DMAs) to monitor water loss. Despite various price increases due to inflation, the funding requested is \$401,724 for Year 4 and \$419,985.40 for Year 5, totaling \$2,029,461.40 for the contract period. The program has successfully identified leaks and

illegal connections, aiding in prioritizing water line replacements. Although no substantial water loss reduction has been quantified, the program is considered beneficial. ALJ Horecky recommended approving the task orders, emphasizing the program's long-term benefits and support from the PUC.

General Manager Miguel Bordallo (GWA Bordallo) clarified that while the scope of work for Years 4 and 5 of the water loss control contract appears repetitive, there is an additional focus on addressing pressure transient issues identified in Year 3. These issues, causing pressure spikes and main breaks, are now part of the ongoing analysis to better manage water loss. The original expectation was to complete DMA implementation by Year 3, but the contract involves consulting services, not construction. The physical improvements necessary for DMAs, such as pressure zone realignments and new reservoirs, are part of other CIP projects. The completion of all 36 DMAs is pending the finalization of these projects. Additionally, the contract includes underground leak detection and training for GWA staff. The goal is to expand leak detection teams from two to three and eventually internalize these roles, reducing reliance on external consultants. This expansion and training are incorporated into GWA's five-year CIP and operational plans.

A discussion ensued between the Commissioners and GWA. In the discussion, Chairman Johnson highlighted the long-term goal of replacing the entire water system rather than merely repairing leaks. GWA Bordallo explained that the aging pipes, some over 40-50 years old, need neighborhood-scale replacements, prioritizing areas with the highest payback, such as those with 2-inch galvanized pipes. He acknowledged staffing challenges, including losing trained staff to the Navy or private contractors, and noted efforts to keep and properly compensate remaining staff. The apprenticeship program focuses on water distribution operators, with specialized leak detection training provided afterward. Commissioner Montinola sought clarification on the timing and benefits of the contract services, to which GWA Bordallo explained that the monitoring and detection through DMAs reveal leaks that would otherwise go undetected. However, due to aging pipes, new leaks often appear. The five-year contract aims to establish and manage DMAs, with GWA intending to internalize these tasks after the contract period. GWA Bordallo confirmed the contract's continuation is beneficial, with a goal of having in-house capability to manage the DMA system. The discussion also touched on theft of equipment and the team structure, which involves three employees per team, for a total of nine plus a lead, and additional support for data management.

There being no further discussion, Commissioner Montinola moved to approve the proposed order, which motion was seconded by Commissioner McDonald. The motion carried unanimously.

- **GWA Docket No. 24-09**

Chairman Johnson announced that GWA Docket 24-09 will be postponed to a later date due to a protest filed, as confirmed by ALJ Alcantara. Once the protest is resolved, a recommendation and report will be issued.

GWA Legal Counsel Therese Rojas expressed gratitude to the PUC, ALJs, their staff, and the Commissioners for allowing GWA time to comply with regulations. She acknowledged the diligence of the ALJs in reviewing dockets early to ensure timely distribution and completion of reports and proposed orders, and reiterated GWA's commitment to compliance.

No further discussion or action was taken on this matter.

#### **4. Guam Power Authority**

The Chairman announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 24-16, Petition to Approve the Energy Conversion Agreement (ECA) Amendment for the Ukudu Power Plant, ALJ Report, and Proposed Order. The Chairman noted this matter will be delayed. ALJ Alcantara confirmed the delay and mentioned that GPA has met with him regarding the current amendments to the ECA, and it should be ready by the next PUC meeting.

- **GPA Docket No. 24-17**

The Chairman announced that the next item of business on the agenda was Guam Power Authority ("GPA") Docket 24-17, Petition of the Guam Power Authority to Enter into a Month-to-Month Extension for its Provisional Printing, Mailing, Processing and Other Services Due to an Ongoing Litigation, Legal Counsel Report, and Proposed Order.

PUC Counsel Camacho discussed a crucial contract for GPA's professional printing, mailing, and processing services, essential for generating and mailing 50,000 power bills monthly. The original five-year contract from April 2016 expired, and GPA had solicited a new contract in December 2020, initially receiving one unresponsive bid, leading to a second solicitation. An eight-month extension was negotiated to prevent service gaps. In May 2021, GPA received three offers, selecting InfoSend as the most qualified and Graphic Center as second. Graphic Center's protest and subsequent legal appeals have prolonged the situation. The PUC authorized month-to-month extensions, with the current one expiring on May 31, 2024.

GPA has requested a further extension, estimating \$420,000 for a year, which PUC Counsel Camacho found reasonable. He noted that while the costs for extensions have been decreasing slightly, future alternatives should be explored, such as internal processing or digital billing. The total cost of the contract with extensions is now \$2.9 million. PUC Counsel Camacho recommended PUC approval of the extension with a

condition for GPA to provide estimates for internal or digital solutions for any future extension requests. Litigation is ongoing, and the automatic stay's conclusion depends on the Superior Court of Guam's decision.

GPA Legal Counsel Marianne Woloschuk (GPA Counsel Woloschuk) reported that a joint status report was filed in the Superior Court case, with the plaintiff expected to send a settlement offer soon. If the settlement is not agreed upon, a briefing schedule will be established. The case has been delayed due to a discovery dispute, which has now been resolved. The next steps involve attempting a settlement or proceeding with briefing.

A discussion ensued between the Commissioners, PUC Counsel Camacho and GPA. Commissioner Pangelinan questioned the Contract Review Protocol and the legal basis for extending contracts beyond their original procurement terms, specifically concerning emergency provisions or special criteria. PUC Counsel Camacho explained that while there is no fixed term for contracts, certain critical contracts like those for essential services have historically been extended pending legal resolution. He cited previous cases where such extensions were upheld in court. Commissioner Pangelinan expressed concern that these extensions could incentivize delaying legal proceedings indefinitely.

Commissioner Perez-Camacho asked if GPA had considered absorbing the function internally to reduce dependency on external vendors. PUC Counsel Camacho recalled GPA's previous response that they lacked personnel and equipment for internal handling. GPA Chief Financial Officer John Kim (GPA FCO Kim) confirmed they had explored internal solutions but faced challenges with equipment reliability and workforce capacity. They discussed strategies like incentivizing digital billing to reduce reliance on paper mailings. Commissioner Montinola suggested educational campaigns to promote digital billing adoption. The discussion concluded with plans to investigate these options further.

Chairman Johnson noted the importance of exploring these alternatives and encouraged further exploration of incentives for digital billing.

There being no further discussion, Commissioner Montinola moved to approve the draft order, which motion was seconded by Commissioner McDonald. The motion carried unanimously.

- **GPA Docket No. 24-19**

The Chairman announced that the next item of business on the agenda was GPA Docket 24-19, Petition of the Guam Power Authority to Approve a Bond Issuance to Refinance a Portion of the Outstanding 2014 Series A Bonds, ALJ Report, and Proposed Order.

ALJ Horecky noted that a petition was received from GPA seeking PUC approval for a bond issuance to refinance a portion of the 2014 Series A revenue bonds. An amended petition, including GPA Resolution FY 2024-23, was received shortly before the meeting, addressing prior document omissions. However, a signed Guam Economic Development Authority (GEDA) resolution and governor's approval were still pending.

GPA CFO Kim confirmed the existence of a signed GEDA resolution pending final details, which he expected to receive the following morning. GPA Counsel Woloschuk noted assurances from the governor's office and GEDA regarding imminent approvals. ALJ Horecky proposed proceeding with the understanding that final documents would be provided promptly.

Commissioner Montinola suggested proceeding due to the time-sensitive nature of the issue, contingent upon receiving the outstanding resolutions and approvals. Chairman Johnson and the Commissioners agreed to proceed, acknowledging the pending documents and the urgency of the matter.

Following this agreement, ALJ Horecky presented a report on the petition for PUC approval to refinance a portion of the outstanding 2014 Series A revenue bonds. He highlighted that under the Contract Review Protocol, PUC approval is required for bond issuances and the use of bond funds. GPA's petition emphasized strategies to reduce debt service payments through bond refunding, aiming for interest rate savings and lower debt service costs.

Key points included:

- GPA's Resolution FY 2024-18 authorized the issuance of refunding bonds in a general capacity earlier in the year, while Resolution FY 2024-23 recently approved specific bond documents and designated officers.
- Public Law 37-95, enacted on May 8th, affirmed GPA's authority to issue bonds through GEDA and anticipated debt savings from refinancing most bonds except a 2044 bond at a four percent rate.
- Legislative conditions included GEDA and PUC approval, and achieving at least a two percent net present value savings on debt service with the refunding bonds.
- Wells Fargo's May 21st update projected net present value savings of \$3,366,490, meeting a savings rate of 5.71%, surpassing the legislative requirement.
- ALJ Horecky noted previous Wells Fargo reports indicating increasing savings, though cautioning about market uncertainties and the timing of bond issuance relative to potential federal interest rate cuts.
- Discussions at a recent CCU work session raised questions about the adequacy of savings compared to other bond issuances, with CFO Kim correcting the estimated savings figure.



- ALJ Horecky reviewed all relevant documents, finding them consistent with standard bond issuance practices.
- He recommended PUC approval considering legislative compliance, potential savings, and the need for timely action before the next scheduled PUC meeting.

ALJ Horecky proposed the approval of the 9th supplemental indenture and related orders for PUC consideration, acknowledging legislative directives and market conditions as primary factors in the decision-making process.

Chairman Johnson initiated a discussion on estimated savings from bond refinancing. The focus was on whether the projected \$3.3 million savings factored in the \$2 million refinance cost.

GPA CFO Kim clarified that Wells Fargo's calculation included a two percent insurance cost and other expenses totaling approximately \$1.2 million for distribution costs and additional out-of-pocket expenses of around \$800,000. He confirmed that these costs were already incorporated into the \$3.3 million net present value savings figure.

Commissioner Montinola questioned if the remaining years on the bonds were factored into the calculation. GPA CFO Kim clarified that all bonds expire by 2044 and the refinancing term would be 20 years, matching the original term length.

Commissioner Montinola further discussed potential adjustments to the savings figure based on operational costs and under-recovery estimates, noting that despite anticipated savings, the LEAC under-recovery remained a separate financial consideration.

The discussion concluded with anticipation of finalizing approvals from the governor and GEDA, with a conditional approval pending receipt of these documents.

There being no further discussion, Commissioner Montinola moved to approve the proposed order in GPA docket 24-19, which motion was seconded by Commissioner McDonald. The motion passed unanimously.

- **GPA Docket No. 24-18**

The Chairman announced that the next item of business on the agenda was GPA Docket 24-18, Joint Petition to Authorize GPA and GWA to Award Merchant Banking Services Contract, Legal Counsel Report, and Proposed Order.

PUC Counsel Camacho presented a report on merchant banking services for GPA, GWA, and Guam Solid Waste Authority. The current contract with First Hawaiian Bank expired and was extended monthly. The CCU authorized GPA and GWA to solicit bids for a new contract, including Guam Solid Waste Authority. GPA issued an IFB and received a

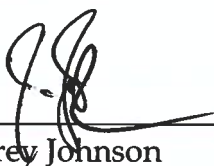
single bid from Bank of Hawaii for an estimated \$11 million over five years for GPA and \$5 million for GWA. The PUC approved GPA's solicitation, anticipating approval for Bank of Hawaii's bid. GWA's approval was pending. The contract is deemed necessary due to increasing credit/debit card and online payment use. PUC Counsel Camacho recommended PUC approve GPA's contract with Bank of Hawaii with conditions pending resolution confirmation.

A discussion ensued between the Commissioners and GPA, which revolved around the bidding process for merchant banking services. Chairman Johnson questioned why only one bid was received from Bank of Hawaii instead of First Hawaiian Bank. GPA CFO Kim explained that Bank of Hawaii offered lower transaction fees and clarified the fee structures for residential and commercial accounts using Visa and MasterCard. They discussed the impact of credit card usage on utility payments, noting improved receivables and billing efficiencies. Corrections were noted regarding the number of bids received and financial figures in the order, pending resolutions from CCU. Commissioners agreed to amend the order to include conditions on resolution submissions and corrections to financial figures.

There being no further discussion, Commissioner Montinola moved to approve the proposed order subject to corrections, which was seconded by Commissioner McDonald. The motion carried unanimously. A brief inquiry from the Chairman on the whereabouts of GPA General Manager John Benavente and GPA Tracy Limtiaco resulted in GPA CFO noting that both were out sick. The Commission acknowledged this and thanked those who were able to attend.

## 5. **Adjournment**

There being no further business, the Commissioner Perez-Camacho moved to adjourn the meeting, which motion was seconded by Commissioner Montinola. The motion passed unanimously and the meeting was adjourned at 7:56 p.m.



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Jeffrey Johnson  
Chairman

**ATTACHMENT A**  
**THE GUAM PUBLIC UTILITIES COMMISSION**  
**NOTICE OF PUBLIC MEETING**

**NOTICE IS HEREBY GIVEN** that the Guam Public Utilities Commission [PUC] will conduct a regular business meeting, commencing at 6:30 p.m. on May 30, 2024, Suite 703, GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

**Agenda**

- 1. Call to Order**
- 2. Approval of Minutes of March 27 and April 25, 2024**
- 3. Port Authority of Guam**
  - **PAG Docket 24-02:** Petition for Contract Review relative to the purchase of nine (9) Terminal Yard Tractors; ALJ Report; and Proposed Order
- 4. Guam Power Authority**
  - **GPA Docket No. 24-16:** Petition to Approve the Energy Conversion Agreement (ECA) Amendment for the Ukudu Power Plant; ALJ Report; and Proposed Order
  - **GPA Docket No. 24-17:** Petition of the Guam Power Authority to Enter into a Month-to-Month Extension for its Professional Printing, Mailing, Processing and Other Services Due to Ongoing Litigation; Legal Counsel Report; and Proposed Order
  - **GPA Docket No. 24-19:** Petition of the Guam Power Authority to Approve a Bond Issuance to Refinance a Portion of the Outstanding 2014 Series A Bonds; ALJ Report; and Proposed Order
  - **GPA Docket No. 24-18:** Joint Petition to Authorize GPA and GWA to Award Merchant Banking Services Contract; Legal Counsel Report; and Proposed Order
- 5. Guam Waterworks Authority**
  - **GWA Docket 24-07:** Approval of Joint Procurement for Comprehensive Support Services for Applications and Integration Technologies for GWA, GPA, PAG and GIAA; Legal Counsel Report; and Proposed Order
  - **GWA Docket 24-08:** Petition for Approval of Year 4 and Year 5 Task Orders for Professional Utility Services Contract; ALJ Report; and Proposed Order
  - **GWA Docket 24-09:** Petition Authorizing GWA to Award an Indefinite Quantity Contract for Submersible Pumps and Motors; ALJ Report; and Proposed Order
- 6. Adjournment**

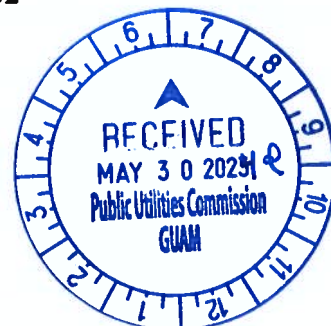
Further information about the meeting may be obtained from the PUC's Administrator Lourdes R. Palomo at 671-472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Mrs. Palomo.

**This Notice is paid for by the Guam Public Utilities Commission**

**BEFORE THE PUBLIC UTILITIES COMMISSION**

**IN RE: REQUEST FOR REVIEW ) PAG DOCKET 24-02**  
**AND APPROVAL OF )**  
**IFB AWARD TO AMERICAN )**  
**MATERIAL HANDLING, INC.)**  
**FOR THE PURCHASE OF ) ORDER**  
**NINE TERMINAL YARD )**  
**TRACTORS BY PORT )**  
**AUTHORITY OF GUAM )**

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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the April 26, 2024 Petition for review and approval of the Invitation for Bid and Contract Award to American Material Handling, Inc. (“AMH”) for the purchase of nine Terminal Yard Tractors (the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG” or the “Port”). PAG seeks PUC review and approval of the bid award to AMH in the amount of One Million Seven Hundred Ninety-One Thousand Three Hundred Twenty-Seven Dollars (\$1,791,327.00).

On May 28, 2024, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

**DETERMINATIONS**

Back on April 8, 2022, PAG issued Invitation for Bid No. IFB-PAG-006-22 for the solicitation of Terminal Yard Tractors (“IFB”).<sup>1</sup> That IFB was unsuccessful inasmuch as

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<sup>1</sup> Petition, p. 1.

the submitted bid “far exceeded the budgeted allocation” for the tractors.<sup>2</sup> Subsequently, PAG issued IFB-PAG-010-023, soliciting again for terminal yard tractors.<sup>3</sup> Three bids were received and PAG determined that AMH submitted a qualifying bid and met the requirements of the Build America Buy America Act (“BABAA”) mandates, which generally requires that the product be manufactured in the U.S.<sup>4</sup> Through certain negotiations, PAG was able to have the U.S. Maritime Administration, or “MARAD”, help fund the purchase of the tractors.

**1. PAG’s Contract Review Protocol**

Pursuant to 12 G.C.A. §12105, PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Accordingly, pursuant to PAG’s current Contract Review Protocol, “[a]ll professional services contracts in excess of \$1,000,000”; “[a]ll internally financed contracts utilizing O&M funds in excess of \$1,000,000, whether or not the contract extends over a period of one year or several years”; and “[a]ny contract or obligation not specifically referenced . . . which exceeds \$1,000,000, not including individual contracts within an approved capital improvement projects (‘CIP’) or contract”; “shall require prior PUC approval under 12 G.C.A. §12004.” Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011).

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<sup>2</sup> Petition, p. 1.

<sup>3</sup> Petition, p. 1.

<sup>4</sup> Petition, p. 1.

**2. April 26, 2024 Petition**

In its Petition, PAG seeks PUC review and approval of its bid award to AMH for the purchase of the nine Terminal Yard Tractors.<sup>5</sup> In particular, PAG has indicated that it needs an additional nine (9) terminal yard tractors for its operations.<sup>6</sup> Accordingly, it issued IFB PAG-010-23, which sought the procurement of a particular Kelmar Ottawa tractor. PAG submitted that, in its review of the bids and subsequent determination, one bid met the requirements of the BABAA.<sup>7</sup> Further, with the support of MARAD, PAG's acquisition of the tractors can be funded under an American Marine Highway grant.<sup>8</sup> According to PAG, a grant award from MARAD allows for an 80/20 cost share to PAG.<sup>9</sup>

**3. Invitation for Bid No. PAG-010-23 and Bid Specifications**

Based on the Bid Specifications, the IFB sought nine (9) terminal yard tractors, specifically for Kalmar Ottawa T2 4X2 DOT/EPA Certified tractors. These tractors shall have a minimum of 200 horsepower, with turbo diesel engines, fueled by Ultra Low Sulfur diesel. These tractors will also come with a 6-speed automatic transmission, push-button shifter, with power steering. The Bid Specifications also request certain warranties, for instance a manufacturers' warranty.

**4. AMH's Submission**

Based on its offer, AMH's unit price for a Kalmar Ottawa T2 4X2 Tractor Trailer is \$194,699.00 per tractor, which includes \$28,840.00 for door-to-door delivery. The offer

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<sup>5</sup> Petition, p. 1.

<sup>6</sup> Resolution No. 2024-04, issued by PAG's Board of Directors, p. 1 (Apr 25, 2024).

<sup>7</sup> Petition, p. 2.

<sup>8</sup> Petition, p. 1.

<sup>9</sup> Petition, p. 1.

further includes a 2% discount on the tractors' base price per unit, which amounts to a discount of \$29,862.00 off the cost of all nine (9) tractors. After all applicable taxes and fees, the total cost for all nine (9) tractors is \$1,791,327.00.

**5. Proposed Contract**

The proposed contract for the AMH Kalmar Ottawa T2 tractors contains provisions guaranteeing that the tractors will be free from manufacturing defects and will be subject to any applicable warranty period.<sup>10</sup> The contract also contains requirements on licensing, termination provisions, and a liquidated damages clause, among other standard contract provisions that protect PAG and ratepayers in the event of non-performance. The contract further contains several provisions containing federal requirements, such as compliance with certain federal Clean Air Act requirements, prohibitions on lobbying, and whistleblower protections, among others.<sup>11</sup>

**6. Funding**

PAG submits that the purchase of the nine (9) terminal yard tractors is subject to an 80/20 cost share through a MARAD grant.<sup>12</sup> Accordingly, this purchase may only cost PAG \$358,265.40, with the rest of the cost paid by MARAD.

**7. Board Approval**

The Petition is supported by Resolution No. 2024-04, issued by PAG's Board of Directors on April 25, 2024. In the Resolution, the board approved the purchase of nine

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<sup>10</sup> Agreement for Purchase of Terminal Yard Tractors, p. 4-5.

<sup>11</sup> Agreement for Purchase of Terminal Yard Tractors, pp. 30-33.

<sup>12</sup> Petition, p. 1.

Terminal Yard Tractors from AMH, and at total cost of \$1,791,327.00.<sup>13</sup> The Resolution further authorized PAG management to petition the PUC for approval of the contract award to AMH.<sup>14</sup>

### **RECOMMENDATION AND CONCLUSION**

Based on the record before the Commission, the ALJ found that the procurement of the Terminal Yard Tractors and subsequent award to AMH appears proper and reasonable based on the circumstances described by PAG.<sup>15</sup> Accordingly, the contract for the purchase of these tractors appears reasonable, prudent, and necessary. The ALJ further found that terminal yard tractors are indisputably an integral component of PAG's operations. And since the subject purchase of the tractors is subject to an 80/20 cost share with MARAD, the ALJ found that PAG has prudently utilized this opportunity to further improve its operations. Indeed, the purchase of additional terminal yard tractors will improve PAG's cargo handling capabilities.

Therefore, based on this record, the ALJ recommended that the PUC approve the bid award to American Material Handling, Inc., for nine Terminal Yard Tractors at a total cost of \$1,791,327.00.

The Commission hereby adopts the findings in the May 28, 2024 ALJ Report and therefore issues the following.

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<sup>13</sup> Resolution No. 2024-04, p. 1 (Apr. 25, 2024).

<sup>14</sup> Resolution No. 2024-04, p. 1.

<sup>15</sup> *See* Petition, p. 1.



## **ORDERING PROVISIONS**

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That PAG's Petition is hereby APPROVED and PAG is authorized to enter into the contract with American Material Handling, Inc., for the purchase of nine Terminal Yard Tractors at a total cost of \$1,791,327.00, subject to an 80/20 cost share through a MARAD grant.

2. PAG is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

**SO ORDERED** this 30<sup>th</sup> day of May, 2024.



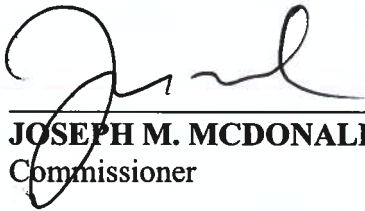
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**JEFFREY C. JOHNSON**  
Chairman



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**ROWENA E. PEREZ-CAMACHO**  
Commissioner



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**JOSEPH M. MCDONALD**  
Commissioner

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**PEDRO GUERRERO**  
Commissioner



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**MICHAEL A. PANGELINAN**  
Commissioner



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**PETER MONTINOLA**  
Commissioner

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**DORIS FLORES BROOKS**  
Commissioner

P243020.JRA

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: )

THE APPLICATION OF THE GUAM )  
POWER AUTHORITY TO APPROVE )  
THE MONTH TO MONTH )  
EXTENSION FOR PROFESSIONAL )  
PRINTING, MAILING, AND )  
PROCESSING SERVICES )

GPA DOCKET 24-17

ORDER



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition for Contract Review.<sup>1</sup>
2. The PUC's March 30, 2023 Order in GPA Docket No. 23-13 which authorized GPA to extend the GPA-Graphic Center, Inc., ["Graphic Center"] Contract for Professional Printing, Mailing, Processing, and Other Services on a month-to-month basis for up to twelve (12) months or until GPA awards a new contract for those services will expire on or about May 31, 2024.<sup>2</sup>
3. GPA requests that the PUC approve a month-to-month extension of the contract after May 31, 2024 which, if the monthly extensions last for a one (1) year period, will cost \$420,000.<sup>3</sup>

BACKGROUND

4. On April 6, 2016, GPA entered into a five (5) year contract, which had a one (1) year initial term with four (4) one (1) year options to renew with Graphic Center to provide Professional Printing, Mailing, Processing, and Other Services. Under the contract, Graphic Center provided GPA with professional printing, mailing, and processing services for approximately fifty-thousand (50,000) electric power billings each month.<sup>4</sup>

<sup>1</sup> GPA Petition to Approve the Month-to-Month Contract Extension for Professional Printing, Mailing, Processing Services, GPA Docket 24-17, dated May 6, 2024 [GPA Petition].

<sup>2</sup> GPA Petition at 1. NOTE: The page numbers in GPA's Petition and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

<sup>3</sup> Id., at 3.

<sup>4</sup> Id., at 1.

5. The contract's initial one (1) year term has expired, and GPA has exercised all four (4) of its one (1) year options to renew. GPA has expended the total amount of \$1.42 million on the contract over this five (5) year period.<sup>5</sup>
6. Prior to the expiration of the contract's last one (1) year option to renew, GPA solicited for a new contract for professional printing, mailing, processing, and other services by issuing an Invitation for Bids ["IFB"] in December, 2020. GPA received one (1) bid in response to the IFB and GPA had to issue a second IFB due to the bid not meeting the IFB's requirements.<sup>6</sup>
7. As a result of the need to issue a second IFB and the expiration of the contract, GPA negotiated an eight-month extension of the contract so that the professional printing, mailing, processing, and other services GPA requires, especially for the billing of its fifty-thousand (50,000) customers, will continue without interruption until GPA procures a new contract. GPA estimated that the eight (8) month contract extension would cost \$300,000 which GPA would pay for using its revenue funds.<sup>7</sup>
8. On April 27, 2021, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2021-10 authorizing GPA's management to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first, subject to the PUC's approval.<sup>8</sup>
9. On May 13, 2021, GPA issued GPA-RFP-21-002 (Professional Printing, Mailing, and Processing Services) [RFP].<sup>9</sup>
10. On June 7, 2021, GPA received three (3) offers and selected InfoSend as the most qualified offeror, GPA selected Graphic Center as the second most qualified offeror, and GPA rejected Moonlight BPO's offer.<sup>10</sup>

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<sup>5</sup> Id., at 3 and PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 2.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> Id.

<sup>10</sup> Id.

11. On July 29, 2021, in GPA Docket No. 21-11, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to eight (8) months or until a new contract is awarded, whichever comes first.<sup>11</sup>
12. On August 30, 2021 Graphic Center filed a procurement protest disputing GPA's evaluation process for the RFP and GPA denied the protest on October 7, 2021.<sup>12</sup>
13. On October 22, 2021 Graphic Center filed a procurement protest appeal with the Office of Public Accountability [OPA] alleging that absence of a demonstrated record and development system in InfoSend's offer should have resulted in Graphic Center being selected as the most qualified offeror.<sup>13</sup>
14. On March 25, 2022 the OPA issued its decision denying Graphic Center's appeal and on April 5, 2022 Graphic Center appealed the OPA decision in the Superior Court of Guam.<sup>14</sup>
15. On April 26, 2022, the CCU issued GPA Resolution No. 2022-20 authorizing GPA's management to exercise the month-month contract extension until a new contract is awarded, whichever comes subject to the PUC's approval.<sup>15</sup>
16. On May 23, 2022, in GPA Docket No. 22-14, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first.<sup>16</sup>
17. On February 21, 2023 the CCU approved CCU Resolution No. FY2023-13 authorizing GPA's management to extend the contract on a monthly basis for up to twelve months, which GPA estimated will cost \$460,000, or until a new contract is awarded.<sup>17</sup>

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<sup>11</sup> PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 4.

<sup>12</sup> PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 3.

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> PUC Order dated May 23, 2022 in GPA Docket No. 22-14 at 3.

<sup>16</sup> Id., at 5.

<sup>17</sup> PUC Order dated March 30, 2023 in GPA Docket No. 23-13 at 3.

18. On March 30, 2023, in GPA Docket No. 23-13, the PUC issued an order authorizing GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first.<sup>18</sup>
19. On January 23, 2024, the CCU approved GPA Resolution No. FY2024-15 authorizing GPA's management to extend the contract on a monthly basis for up to twelve months, which GPA estimated will cost \$420,000, or until a new contract is awarded.<sup>19</sup>
20. Currently, the Protest Appeal is still pending in the Superior Court of Guam.<sup>20</sup>
21. On May 24, 2024 PUC Legal Counsel submitted his report.

#### DETERMINATIONS

22. GPA must obtain the PUC's approval for any extension of the contract past May 31, 2024. Here, as set forth above, the PUC's March 30, 2023 Order in GPA Docket No. 23-13 only authorized GPA to exercise the month-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first. Currently, the twelve (12) month period expires on May 31, 2024 and GPA has not been able to award a new contract due to Graphic Center's protest concerning the RFP, and the appeal to the OPA, and the subsequent appeal of the OPA's decision to the Superior Court of Guam. Thus, GPA must obtain the PUC's authorization for the month-to-month extensions of the contract past May 31, 2024.
23. GPA's estimated \$420,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable. In GPA Docket No. 21-11 the PUC determined that GPE's estimated \$300,000 cost of the eight (8) month extension of the contract was reasonable because the average monthly cost of the original five (5) year term of the contract was approximately \$23,666.67 per month ( $\$1,420,000 / 60 \text{ months} = \$23,666.67 \text{ per month}$ ) and the average estimated monthly cost of the extension per month was \$37,500, and albeit \$13,833 more per month than the initial term, the higher monthly cost of the contract extension was justified by the cost

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<sup>18</sup> Id., at 5.

<sup>19</sup> GPA Petition at 5-6.

<sup>20</sup> Id., at 5.

increases that occurred during the contract's original five (5) year term.<sup>21</sup> In GPA Docket 22-14, GPA estimated that one (1) year of the month-to-month contract extensions will cost approximately \$25,000 per month ( $\$300,000/12 \text{ months} = \$25,000$ ) and this amount was \$12,500 cheaper than the prior eight (8) months of contract extensions and only \$1,333.33 than the average monthly cost of the contract's original five (5) year term. In GPA Docket No. 23-13, GPA estimated that the twelve-month extension expiring on May 31, 2024 would cost \$38,333.33 per month ( $\$460,000/12 \text{ Months} = \$38,333.33$ ). Here, GPA estimates that the next twelve-month extension will cost \$35,000 per month ( $\$420,000/12 \text{ Months} = \$35,000$ ), which is \$3,333.33 less per month than the twelve-month extension from 2023 to 2024. Hence, the decrease in cost of the next extension is a trend that is welcomed, and GPA's estimated \$420,000 cost of the month-to-month contract extensions, if they last for a one (1) year period, is reasonable.

24. The contract extension is prudent. GPA's plan to use the contract extension is a good one because it will prevent a gap in the professional printing, mailing, processing, and other services from occurring as a result of the application of the automatic stay imposed on the award of the RFP caused by the Graphic Center's protest, appeal to the OPA, and subsequent appeal of the OPA's decision to the Superior Court of Guam. However, if GPA makes another request for an extension, it should also provide an accurate estimate of what it would cost GPA to perform these same services internally without contracting them out, or find an alternative billing solution, such as digital billing, that GPA can perform internally. To date, GPA has spent a total of \$2,480,000 on this contract, \$1,420,000 of this amount was for the original contract term, and \$1,060,000 for the two (2) years and eight (8) months of extensions. If the next extension lasts for the entire twelve (12) month period, the total contract cost would be \$2,900,000 and \$1,480,000 of that amount would be for the extensions. Thus, it may be more prudent for GPA to perform this work internally or find an alternative means of billing, i.e. digital billing, instead of granting the existing contractor performing these services another extension after May 31, 2025.
25. The contract extension is necessary. GPA's ability to bill its customers as required will be adversely affected by a gap in its professional printing, mailing, processing, and other services. Specifically, without a contractor to provide these services, GPA does not have the capability to print, mail, and process the fifty-thousand (50,000) or so electric power bills it sends out each month in a timely manner.

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<sup>21</sup> PUC Order dated July 21, 2021 in GPA Docket No. 21-11 at 3.

Hence, a gap in these services will have an adverse effect on GPA's revenue stream and the contract extension is necessary to prevent this from occurring.

26. Based on the foregoing, GPA's contract extension with Graphic Center and the extension's \$420,000 cost are reasonable, prudent, and necessary, and the extension will prevent a gap from occurring in the professional printing, mailing, processing, and other services GPA relies on to print, mail, and process the fifty-thousand (50,000) or so electric power bills it sends out every month.

### ORDERING PROVISIONS

After review of the record herein, GPA's Petition to approve the month-to-month extension of the GPA-Graphic Center Contract, and the PUC Legal 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. The extension of the GPA-Graphic Center Contract is approved, and GPA may exercise the month-to-month contract extension up to twelve (12) months or until a new contract is awarded, whichever comes first. If GPA requests another extension, it shall also provide an accurate estimate of what it would cost GPA to perform these same services internally without contracting them out, or find an alternative billing solution, such as digital billing, that GPA can perform internally, and an estimated timeline for their implementation.
2. 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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Order  
GPA's Application to Approve the  
Contract Extension for Professional  
Printing, Mailing, and Processing Services  
GPA Docket 24-17  
May 30, 2024

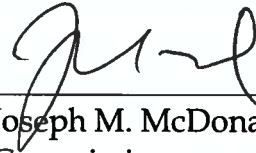
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Dated this 30th day of May, 2024.



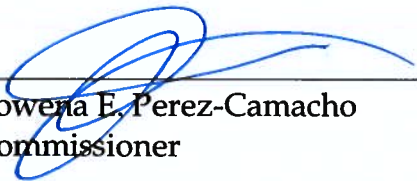
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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner

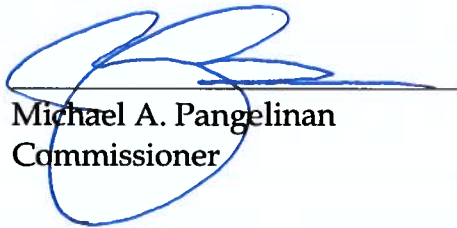


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Rowena E. Perez-Camacho  
Commissioner

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Doris Flores Brooks  
Commissioner



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Michael A. Pangelinan  
Commissioner



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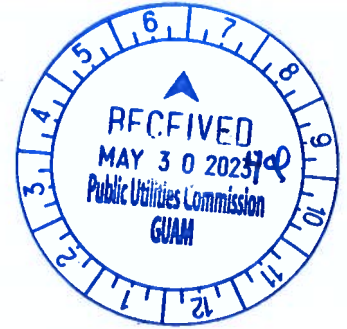
Peter Montinola  
Commissioner

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF: )**  
**)**  
**THE APPLICATION OF THE GUAM )**  
**POWER AUTHORITY TO APPROVE )**  
**THE CONTRACT FOR MERCHANT )**  
**BANKING SERVICES FOR THE GUAM )**  
**POWER AUTHORITY, THE GUAM )**  
**WATERWORKS AUTHORITY, AND )**  
**THE GUAM SOLID WASTE )**  
**AUTHORITY )**

**GPA DOCKET 24-18**

**ORDER**



**INTRODUCTION**

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Approve the Merchant Banking Services for GPA, the Guam Waterworks Authority ["GWA"], and the Guam Solid Waste Authority ["GSWA"].<sup>1</sup>
2. The GPA requests that the PUC approve the award of the contract for Merchant Banking Services to Bank of Hawaii and the contract is estimated to cost GPA \$11,000,000 and GWA \$5,000,000 for its five (5) year term.<sup>2</sup>

**BACKGROUND**

3. Merchant Banking Services permit GPA, GWA, and GSWA rate payers to use credit and debit cards to pay utility bills and integrate their payments into GPA, GWA, and GSWA customer service and billing systems. Merchant Banking Services enable the rate payers to pay their bills online via GPA, GWA, or GSWA websites, or via phone through voice calls or by using mobile applications. Merchant Banking Services are also used at all GPA, GWA, and GSWA point of sale points at GPA, GWA, and GSWA walk-in and drive through customer service locations.<sup>3</sup>

<sup>1</sup> GPA Petition to Award Merchant Banking Services Contract for GPA and GWA, GPA Docket 24-18, dated May 7, 2024 [GPA Petition].

<sup>2</sup> GPA Petition at 2. NOTE: The page numbers in GPA's Petition and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

<sup>3</sup> PUC Order dated June 5, 2023 in GPA Docket No. 23-18 at 2.

4. First Hawaiian Bank is the contractor providing Merchant Banking Services for GPA, GWA, and GSWA and its contract expired on June 30, 2023, but was extended on a month-to-month basis until a new contract is awarded.<sup>4</sup>
5. On April 25, 2023, the Guam Consolidated Commission on Utilities ["CCU"] issued GPA Resolution No. FY2023-18 and GWA Resolution No. 25-FY2023 authorizing GPA and GWA's General Managers to issue a solicitation for Merchant Banking Services to include GSWA for a one-year contract period with four options, and with each option to extend for one-year periods for GPA and GWA, subject to the PUC's approval.<sup>5</sup>
6. The PUC issued an order on June 25, 2023, in GPA Docket No. 23-18 authorizing GPA to solicit for Merchant Banking Services.<sup>6</sup>
7. In October, 2023, GPA issued IFB RE-BID GPA-076-23 ["IFB"] to solicit for the Merchant Banking Services. GPA received two (2) bids and awarded the contract to Bank of Hawaii and the contract is estimated to cost \$11,000,000 for GPA and \$5,000,000 GWA for contract's five (5) year term.<sup>7</sup>
8. On May 28, 2024, the Guam Consolidated Commission on Utilities ["CCU"] passed GPA Resolution No. 2024-21 and GWA Resolution No. 21-FY2024 authorizing GPA and GWA to award the contract to Bank of Hawaii subject to the PUC's approval.
9. On May 24, 2024, PUC Legal Counsel issued his report in this matter.

### DETERMINATIONS

10. GPA must obtain the PUC's authorization to issue a solicitation for Merchant Banking Services. 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 estimates that the cost of the Merchant Banking Services will

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<sup>4</sup> GPA Petition at 5.

<sup>5</sup> Id.

<sup>6</sup> Id., at 7.

<sup>7</sup> Id., at 2

exceed those amounts.<sup>8</sup> Therefore, GPA must obtain the PUC's approval of the contract for Merchant Banking Services.

11. GPA's estimated cost of the Merchant Banking Services is reasonable. GPA, prior to issuing the IFB, estimated that its contract costs would be approximately \$1.2 million and there was no estimate for GWA or GSWA at that time.<sup>9</sup> Now that GPA has awarded the contract to Bank of Hawaii, the five (5) year contract is estimated to cost GPA \$11,000,000, at \$2,200,000 per year, and it is estimated to cost GWA \$5,000,000, at \$1,000,000 per year, for the contract's five (5) year term. The cost of Merchant Banking Services is dependent on the number of transactions made using those services, which have been increasing for both GPA and GWA. In 2017 there were 225,533 GPA transactions using Merchant Banking Services and the amount of such transactions increased each year to reach 426,521 for FY2022. GWA experienced similar growth with 207,894 transactions using Merchant Banking Services in 2018 which grew to 343,938 transactions by 2022. Hence, it is reasonable to expect transactions using Merchant Banking Services to increase throughout the term of the contract 2023 resulting in higher contract costs for those services.
12. The contract for Merchant Banking Services is prudent. GPA received the amount of \$183,079,000 and GWA received the amount of \$47,140,737 from transactions using Merchant Banking Services in FY2022.<sup>10</sup> As these types of transactions are expected to increase, it is prudent to continue these revenue streams by contracting with Bank of Hawaii for Merchant Banking Services.
13. The contract for Merchant Banking Services is necessary. GPA saw an increase in the use of online payments with 97,122 such payments in 2017 and 372,589 payments by 2022.<sup>11</sup> GWA saw an increase in online and pay by phone payments with 144,056 payments in 2018 which grew to 292,684 payments by 2022. Hence, the trend of receiving payments online and via phone will only increase with each coming year and Merchant Banking Services are necessary to meet the growing customer demand that GPA, GWA, and GSWA receive payments in this manner.
14. Based on the foregoing, GPA's request to approve the contract for Merchant Banking Services for GPA, GWA, and GSWA with Bank of Hawaii is reasonable, prudent, and necessary.

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<sup>8</sup> Id.

<sup>9</sup> Id., at 5.

<sup>10</sup> Id., at 6.

<sup>11</sup> Id.

**ORDERING PROVISIONS**

After review of the record herein, GPA's Petition to Approve the contract for Merchant Banking Services for GPA, GWA, and GSWA, 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 to Approve the contract for Merchant Banking Services for GPA, GWA, and GSWA with Bank of Hawaii is hereby approved on the condition that the true and accurate copies of GPA Resolution No. 2024-21 and GWA Resolution No. 21-FY2024 which contain the CCU's authorization for GPA and GWA to award the contract to Bank of Hawaii are filed with the PUC in this matter.
2. 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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PUC Order  
GPA's Application to Approve the  
Contract for Merchant Banking  
Services for GPA, GWA, and GSWA  
GPA Docket 24-18  
May 30, 2024

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Dated this 30th day of May, 2024.



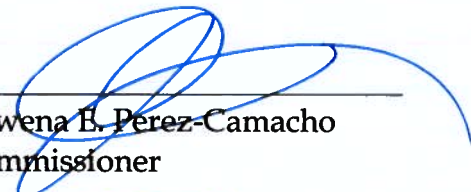
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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner

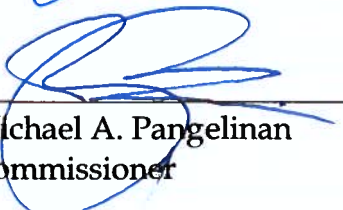


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Rowena B. Perez-Camacho  
Commissioner


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Doris Flores Brooks  
Commissioner



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Michael A. Pangelinan  
Commissioner



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Peter Montinola  
Commissioner

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 24-19  
Guam Power Authority's Request to Issue )  
Revenue Refunding Bonds )  
\_\_\_\_\_ )



**ORDER**

On May 15, 2024, the Guam Power Authority (“GPA”) petitioned the Guam Public Utilities Commission (the “Commission”) for authority to issue additional senior revenue bonds for the purpose of refunding and retiring all or a portion of the Guam Power Authority Revenue Bonds, 2014 Series A (the “Prior Bonds”), in accordance with Chapter 8, Title 12, Guam Code Annotated (§8101 et seq.), as amended from time to time (the “Act”) and Public Law 37-95 (“P.L. 37-95”).

The Commission has examined the petition and the findings and recommendations of its regulatory consultant and Administrative Law Judge. After discussion at one or more duly convened meetings of the Commission, and upon the specific finding that the GPA petition is in the best interests of GPA’s ratepayers, the Commission, on motion duly seconded and carried by the undersigned Commissioners, hereby **ORDERS** that:

1. The Order Approving Long-Term Debt, in form attached (“Debt Order”), shall be and is hereby adopted by the Commission.
2. A portion of the long-term debt authorized by the Debt Order is authorized to be used to refinance the Prior Bonds; provided that the refinancing results in a net present value savings to GPA of at least two percent (2%) as provided in P.L. 37-95.
3. The Commission authorizes its Chair to approve changes not inconsistent with the terms of this Order.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE]**

Dated this 30th day of May 2024.



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Jeffrey C. Johnson  
Chairman

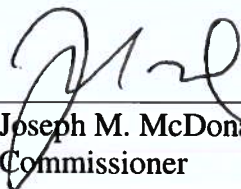


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Peter Montinola  
Vice-Chairman

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Doris Flores Brooks  
Commissioner



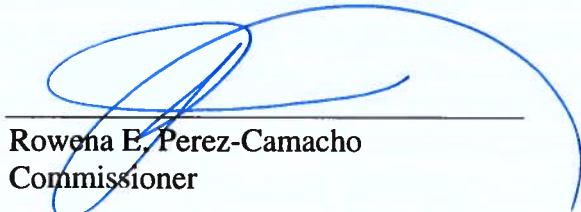
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Joseph M. McDonald  
Commissioner



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Michael A. Pangelinan  
Commissioner



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Rowena E. Perez-Camacho  
Commissioner



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 24-19  
Guam Power Authority's Request to Issue )  
Revenue Refunding Bonds )  
\_\_\_\_\_ )



**ORDER APPROVING LONG-TERM DEBT**

On September 28, 1992, this Commission adopted an Order approving certain aspects of the proposal of the Guam Power Authority (“GPA”) to issue and sell long-term debt in the form of senior revenue bonds (the “Bonds”) pursuant to Chapter 8 of Title 12 of the Guam Code Annotated (Sections 8101 et seq.) (the “Act”) for the purposes of financing certain additions and improvements to the electric power system of GPA and, as part of such financing program, refunding certain of GPA’s then outstanding bonds and other indebtedness.

The proposed form of an indenture pursuant to which the Bonds in one or more series were proposed to be issued (the “General Indenture”) was presented to the Commission at that time. In accordance with the Act, the covenants and agreements authorized by the Act and included in the General Indenture were approved by said Order for inclusion in substantially such form in the General Indenture executed by GPA, and certain modifications of such form were approved by Order of the Commission adopted on December 3, 1992.

GPA executed and delivered the General Indenture on January 5, 1993, and has previously issued nine series of Bonds, having the terms and issued for the purposes authorized and approved by Orders of the Commission heretofore adopted.

GPA has now applied to the Commission for approval of one or more additional series of revenue bonds for the purpose of refunding and retiring all or a portion of the remaining outstanding Guam Power Authority Revenue Bonds, 2014 Series A (the “Prior Bonds”), for debt service savings, in accordance with the Act and Public Law 37-95 (“P.L. 37-95”). Such additional series of Bonds (the “Refunding Bonds”) shall be in an aggregate principal amount sufficient to provide funds for the payment of the Prior Bonds and for the payment of all expenses incident to such issuance and refunding, as set forth in P.L. 37-95 and §8229 of the Act, to pay for credit enhancement, if any, and to fund a deposit to the debt service reserve fund if necessary in respect of such Refunding Bonds.

The proposed form of the Ninth Supplemental Indenture (the “Ninth Supplemental Indenture”) pursuant to which the Refunding Bonds are proposed to be issued [(together with certain financial and other relevant information)] are attached hereto, as Exhibit A.

The Commission, having duly considered the application of GPA and the information presented on GPA’s behalf, and having determined that the issuance of the Refunding Bonds for such purposes is just and reasonable, orders as follows:

1. The covenants and agreements authorized by Section 8210 of the Act and included in Exhibit A are hereby approved for inclusion in substantially such form in the

General Indenture as supplemented by the Ninth Supplemental Indenture executed by GPA; provided, however, that any material modification or amendment of the Ninth Supplemental Indenture shall be subject to the Commission's prior review and approval. GPA shall have the responsibility of bringing any such material modification or amendment to the Commission's attention. The Commission's legal counsel is hereby authorized to determine and confirm, by closing certificate or otherwise, that the form of the Ninth Supplemental Indenture executed and delivered by GPA does not contain any material modification or amendment from the proposed form of the Ninth Supplemental Indenture included in Exhibit A and hereby approved by the Commission.

2. The Refunding Bonds shall be issued in an aggregate principal amount determined to be sufficient in accordance with Section 8229 of Title 12 of the Guam Code Annotated and P.L. 37-95, including all costs of issuance and of such refunding, plus any amount needed to provide for any reason a deposit to the debt service reserve in connection with the issuance of the Refunding Bonds, to provide for original issue discount (if any), a credit enhancement fee (if applicable), and underwriters' discount. Original issue discount and credit enhancement each shall not be used unless it results in a lower yield on such Refunding Bonds, as evidenced by a certificate of GPA. Underwriters' discount (not including original issue discount) shall not exceed 2% of the original principal amount of such Refunding Bonds. Costs of issuance (including, but not limited to, fees and disbursements of bond counsel, printing fees, rating agency fees, initial trustee's fees, escrow agent fees, verification agent fees, and the fee of the Guam Economic Development Authority, but not including the cost of credit enhancement, if any) shall not exceed three percent ([3.0]%) of the original principal amount of such Refunding Bonds. The final maturity of the Refunding Bonds shall not be later than the final maturity of latest maturing then outstanding Bonds in accordance with P.L. 37-95.

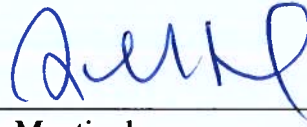
Dated this 30th day of May 2024.

**[SIGNATURES ON FOLLOWING PAGE]**



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**Jeffrey C. Johnson**  
Chairman

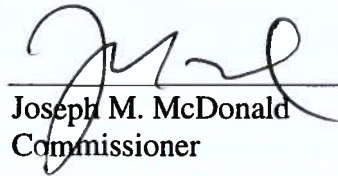


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**Peter Montinola**  
Vice-Chairman

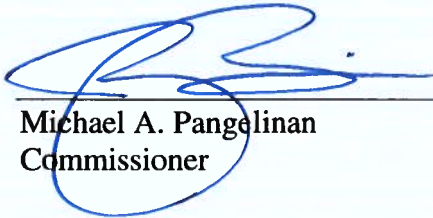
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**Doris Flores Brooks**  
Commissioner



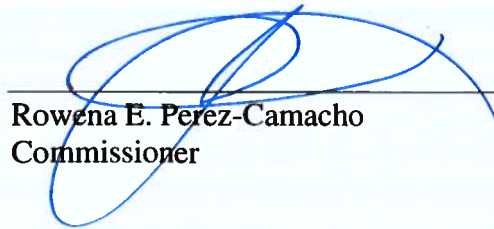
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**Joseph M. McDonald**  
Commissioner



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**Michael A. Pangelinan**  
Commissioner



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**Rowena E. Perez-Camacho**  
Commissioner

**EXHIBIT A**  
**[Attach form of Ninth Supplemental Indenture]**

**GUAM POWER AUTHORITY**

**and**

**BANK OF GUAM,  
as Trustee and Depositary**

**and**

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Co-Trustee**

**NINTH SUPPLEMENTAL INDENTURE**

**Dated as of [July 1, 2024]**

**Relating to \$[2024 PAR] Principal Amount  
of Guam Power Authority  
Revenue Refunding Bonds, 2024 Series A**

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THIS NINTH SUPPLEMENTAL INDENTURE, made and entered into and dated as of the first day of [July] 2024 (the “Ninth Supplemental Indenture” or this “Supplemental Indenture”), by and among GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (the “Authority”), BANK OF GUAM, a banking corporation organized under the laws of Guam, authorized to do business within Guam, and being qualified to accept and administer the trusts hereby created, as trustee (the “Trustee” or the “Depositary”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created, as successor co-trustee (the “Co-Trustee”),

W I T N E S S E T H

WHEREAS, pursuant to the Guam Power Authority Act of 1968, being Chapter 8, Title 12, Guam Code Annotated, as amended (the “Act”), the Board of Directors of the Authority (the “Board”) is authorized to incur indebtedness by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the electric power system of the Authority (the “System”), or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes;

WHEREAS, the Authority has determined to issue revenue bonds for such purposes and to that end has duly authorized the execution and delivery of that certain Indenture, dated as of December 1, 1992, as previously supplemented and amended, among the Authority, the Trustee and the Co-Trustee (the “Indenture”), to secure the payment of the principal thereof and the interest and premium, if any, thereon, and the observance of the covenants and conditions therein contained;

WHEREAS, no Event of Default has occurred and is now occurring;

WHEREAS, revenue bonds may be issued pursuant to the Indenture and one or more indentures supplemental thereto, from time to time, in an aggregate principal amount not limited except as therein provided, and said revenue bonds are to be designated as the “Guam Power Authority Revenue Bonds” (the “Bonds”);

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1992 Series A (the “1992 Bonds”) in the original aggregate principal amount of \$158,000,000 to refund certain indebtedness of the Authority and to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1993 Series A (the “1993 Series A Bonds”) in the original aggregate principal amount of \$100,000,000 to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1994 Series A pursuant to the Indenture in the original aggregate principal amount of \$102,900,000 to pay for costs of certain improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1999 Series A (the “1999 Series A Bonds”) in the original aggregate principal amount of \$349,178,601 to finance and refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2010 Series A (the “2010 Series A Bonds”) in the original aggregate principal amount of \$150,440,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2012 Series A (the “2012 Series A Bonds”) in the original aggregate principal amount of \$340,620,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the redemption in full of the remaining outstanding aggregate principal amount of the Authority’s 1993 Series A Bonds and 1999 Series A Bonds;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2014 Series A (the “2014 Series A Bonds”) in the original aggregate principal amount of \$76,470,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Refunding Bonds, 2017 Series A in the original aggregate principal amount of \$148,670,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of the Authority’s 2010 Series A Bonds;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Refunding Bonds, 2022 Series A (Forward Delivery) in the original aggregate principal amount of \$257,570,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of the Authority’s 2012 Series A Bonds;

WHEREAS, the Authority has determined that it is necessary to refund certain outstanding Bonds of the Authority originally issued to undertake certain capital improvements to the System, and Section 8203(d) and Section 8228, Title 12, Guam Code Annotated, authorizes the issuance of revenue bonds of the Authority to refinance the costs of such capital improvements;

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$[2024 PAR] aggregate principal amount of Bonds further designated as “2024 Series A” (the “2024 Series A Bonds”) in order to provide money to be used to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of [a portion of] the remaining outstanding aggregate principal amount of the Authority’s 2014 Series A Bonds;



WHEREAS, as required by Section 50103(k), Title 12, Guam Code Annotated, the Legislature of Guam has, by P.L. No. 37-[\_\_\_], approved the terms and conditions of the issuance of revenue bonds to be issued by the Authority for the purposes described therein;

WHEREAS, as provided by Section 50103(k), Title 12, Guam Code Annotated, the Guam Economic Development Authority has approved the issuance and sale of the 2024 Series A Bonds;

WHEREAS, Section 9.01(B) of the Indenture permits the modification of the Indenture without the consent of any Bondowners to, among other things, cure or correct any defective provision as the Authority may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Credit Provider;

WHEREAS, a typographical error was discovered in the interest rate shown for one maturity of such 2014 Series A Bonds in a section of the Sixth Supplemental Indenture;

WHEREAS, by this Supplemental Indenture it is desirable to effect an amendment to the Sixth Supplemental Indenture to make the correction;

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the Government of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of the 2024 Series A Bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said Bonds for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2024 Series A Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, the Depositary and the Co-Trustee as follows:

## ARTICLE XLV

### DEFINITIONS

Section 45.01. Definitions. Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in the Indenture.

In addition, unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Bond Year” means, with respect to the 2024 Series A Bonds, the period of twelve consecutive months ending on September 30 of each year if 2024 Series A Bonds are or will be

Outstanding in such twelve-month period, provided the first Bond Year shall commence on the Closing Date of the 2024 Series A Bonds and end on September 30, 2024.

“Closing Date” means, with respect to the 2024 Series A Bonds, [July 31, 2024], the date of original issuance and delivery of such 2024 Series A Bonds.

“Continuing Disclosure Agreement” means the Master Continuing Disclosure Agreement, dated as of May 1, 1999, among the Authority, the Trustee and the Co-Trustee, and all agreements supplemental thereto, including the Supplemental Continuing Disclosure Agreement, dated as of [July 1, 2024], relating to the 2024 Series A Bonds.

“Current Interest Bonds” means the 2024 Series A Bonds the interest on which is payable on each interest payment date to the maturity or redemption date thereof as set forth in Section 46.02.

“DTC” means The Depository Trust Company, New York, New York, or any successor thereto.

“Escrow Agent” means, with respect to the 2024 Series A Bonds, the Co-Trustee in its capacity as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means, with respect to the 2024 Series A Bonds, that certain Escrow Agreement, dated as of [July 1, 2024], by and between the Authority and the Co-Trustee, as escrow agent thereunder, relating to the refunding of the Refunded Bonds.

“Bond Purchase Agreement” means, in respect of the 2024 Series A Bonds and for purposes of this Ninth Supplemental Indenture, that certain Bond Purchase Agreement, dated [Pricing Date], between the Authority, Guam Economic Development Authority and the underwriters named therein, relating to the purchase and sale of the 2024 Series A Bonds.

“Principal Payment Period” means, with respect to the 2024 Series A Bonds, the period beginning on the Closing Date in respect of such Bonds and ending October 1, 2025, and thereafter each period of twelve months ending on October 1.

“Refunded Bonds” for purposes of this Ninth Supplemental Indenture, means the 2014 Series A Bonds identified in Exhibit B hereto.

“2024 Series A Bonds” means the Guam Power Authority Revenue Refunding Bonds, 2024 Series A, authorized to be issued and Outstanding hereunder.

## ARTICLE XLVI

### AUTHORIZATION AND TERMS OF THE 2024 SERIES A BONDS

Section 46.01. [Authorization of 2024 Series A Bonds](#). A Series of Bonds to be issued under the Indenture is hereby created for the purpose of providing moneys for deposit into the 2024 Series A Proceeds Account and withdrawal therefrom in accordance with law. The Bonds of such Series are designated as the “Guam Power Authority Revenue Refunding Bonds, 2024

Series A.” The Authority intends that interest on the 2024 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2024 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia. The aggregate principal amount of 2024 Series A Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]).

Section 46.02. Terms of 2024 Series A Bonds; Appointments.

The 2024 Series A Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The 2024 Series A Bonds shall be dated as of their date of issuance (*i.e.*, the Closing Date), and interest thereon shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable on April 1 and October 1 of each year, commencing October 1, 2024 (each, an “Interest Payment Date” for the 2024 Series A Bonds). Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of authentication of any 2024 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding 2024 Series A Bonds.

The Principal Payment Period for the 2024 Series A Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

The Record Date for all scheduled payments of principal of and interest on the 2024 Series A Bonds shall be the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

The Co-Trustee is hereby appointed Paying Agent for the 2024 Series A Bonds. The Principal Office of the Paying Agent shall be in Los Angeles, California, except that for surrender and payment of 2024 Series A Bonds, the Principal Office of the Paying Agent shall be in St. Paul, Minnesota.

Payment of the interest on any 2024 Series A Bond shall be made to the person whose name appears on the bond registration books of the Co-Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check mailed by first class mail to such registered owner at such registered owner’s address as it appears on such registration books. The principal, Accreted Value or Redemption Price of the 2024 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Paying Agent. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 2024 Series A Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Paying Agent to the registered owner of such Bonds to an account within the

United States. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 2024 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 2024 Series A Bonds, whether by check or wire transfer, shall be accompanied by information specifying, for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The following 2024 Series A Bonds are Current Interest Bonds and shall mature on the dates and in the amounts and shall bear interest at the rates per annum as set forth below:

Maturity  
Date  
(October 1)

Principal  
Amount

Interest  
Rate

[The 2024 Series A Bonds maturing on October 1, 20[ ] are Term Bonds.]

The 2024 Series A Bonds shall be subject to redemption as provided in Section 46.03.

The 2024 Series A Bonds, the Co-Trustee's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture. The 2024 Series A Bonds of each maturity shall be assigned the letters "RA" and shall be numbered in consecutive numerical order from 1 upwards.

Section 46.03. Redemption of the 2024 Series A Bonds.

(A) Optional Redemption. The 2024 Series A Bonds maturing on or before October 1, 20[ ] are not subject to optional redemption prior to their respective stated maturities. The 2024 Series A Bonds maturing on or after October 1, 20[ ] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[ ], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

The Authority shall notify the Trustee and the Co-Trustee in writing at least 60 days (or such lesser number of days acceptable to the Trustee and the Co-Trustee in the sole discretion of the Trustee and the Co-Trustee) prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B) Mandatory Sinking Account Redemption. The 2024 Series A Bonds maturing on October 1, 20[ ] are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

**Mandatory Sinking Account Payments  
for Bonds Due October 1, 20[ ]**

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| _____*      | \$ _____      |

---

\* Maturity

Upon the redemption of 2024 Series A Bonds pursuant to subsection (A) or other retirement of 2024 Series A Term Bonds in excess of any Mandatory Sinking Account Payments in any year, the principal amount of such 2024 Series A Bonds shall be credited against such remaining Mandatory Sinking Account Payments as are designated by the Authority, in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized Bond denomination).

(C) Extraordinary Optional Redemption. The 2024 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective stated maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service for the 2024 Series A Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in Section 6.14, at the principal amount thereof plus interest accrued thereon, without premium.

(D) Notice of Redemption; Conditional Notice of Redemption; Rescission. In accordance with Section 4.03, notice of the redemption of the 2024 Series A Bonds shall be given at the times and in the manner set forth in this Section 46.03(D) in lieu of said Section 4.03. Notice of redemption shall be given (except as provided below) by the Co-Trustee, not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption, by first class mail to each of the registered owners of the 2024 Series A Bonds designated for redemption at their addresses appearing on the bond registration books of the Co-Trustee on the date the 2024 Series A Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the 2024 Series A Bonds of such maturity to be redeemed and, in the case of 2024 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said 2024 Series A Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2024 Series A Bonds then be surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the

redemption of such 2024 Series A Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each 2024 Series A Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any 2024 Series A Bonds.

A copy of any notice of redemption given pursuant to the foregoing paragraph shall also be sent by first class mail to each Owner of \$1,000,000 or more in aggregate principal amount of 2024 Series A Bonds to be redeemed and to each of the Fiduciaries in respect of the 2024 Series A Bonds, each of the Credit Providers in respect of the 2024 Series A Bonds, the Securities Depositories (as defined below) and at least one of the Information Services (as defined below); provided, however, that failure to give notice pursuant to this sentence by certified mail to any 2024 Series A Bondowners, to any Fiduciaries in respect of the 2024 Series A Bonds, to any Credit Providers in respect of the 2024 Series A Bonds or to any Securities Depositories or Information Services, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any 2024 Series A Bonds. A second notice shall be sent by first class mail to the registered owner of any 2024 Series A Bond which has been called for redemption in whole or in part, and is not surrendered for payment within sixty (60) days after the date fixed for redemption; provided, however, that failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bonds.

As used in this Section 46.03(D), the term “Information Services” means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website at [www.emma.msrb.org](http://www.emma.msrb.org), or its successor, or any other recognized repository in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a Certificate delivered to the Co-Trustee; and the term “Securities Depositories” means The Depository Trust Company, 18301 Bermuda Green Drive, Tampa, Florida, 33647, and/or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other nationally recognized securities depositories, or no such depositories, as the Authority may designate in a Certificate delivered to the Co-Trustee.

Notice of redemption of Bonds shall be given by the Co-Trustee for and on behalf of the Authority.

Any notice of optional redemption of the 2024 Series A Bonds delivered in accordance with this Section 46.03(D) may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2024 Series A Bonds thereby called for redemption, and the redemption shall be cancelled and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2024 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2024 Series A Bonds and notice thereof shall be

rescinded and cancelled and the Co-Trustee shall give (in the same manner as notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

Section 46.04. Special Provisions as to Book-Entry Only System for 2024 Series A Bonds. (A) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the 2024 Series A Bonds initially shall be issued in the form of a single, authenticated, fully registered bond for each stated maturity of such 2024 Series A Bonds, representing the aggregate principal amount of such maturity; and the 2024 Series A Bonds shall be governed by the provisions of this Section 46.04.

(B) All of the Outstanding 2024 Series A Bonds shall, except as provided in this paragraph (B) and in paragraph (D) of this Section 46.04, be registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, and the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 2024 Series A Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2024 Series A Bonds, (ii) the delivery to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any notice with respect to the 2024 Series A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any amount with respect to principal of or premium if any, or interest on the 2024 Series A Bonds or any consent given or action taken by DTC as registered owner of the 2024 Series A Bonds. The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat and consider the person in whose name each 2024 Series A Bond is registered in the registration books kept by the Co-Trustee as the holder and absolute owner of such 2024 Series A Bond for the purpose of payment of principal, premium and interest with respect to such 2024 Series A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2024 Series A Bond, for the purpose of registering transfers with respect to such 2024 Series A Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the 2024 Series A Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Co-Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of and premium, if any, and interest on the 2024 Series A Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Co-Trustee, shall receive a definitive 2024 Series A Bond pursuant to the Indenture. Upon delivery by DTC to the Authority or the Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(C) The delivery by the Authority of the Representation Letter relating to the 2024 Series A Bonds shall not in any way limit the provisions of paragraph (B) of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the 2024 Series A Bonds other than the Holders, as shown on the



registration books kept by the Co-Trustee. The Co-Trustee shall take all action necessary for all representations of the Co-Trustee in the Representation Letter with respect to the Co-Trustee to be complied with at all times.

(D) DTC may determine to discontinue providing its services with respect to the 2024 Series A Bonds at any time by giving reasonable written notice to the Authority and the Co-Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2024 Series A Bonds. Upon the discontinuance or termination of the services of DTC with respect to the 2024 Series A Bonds, unless a substitute securities Depository is appointed to undertake the functions of DTC hereunder, the Authority is obligated to deliver 2024 Series A Bonds at the expense of the beneficial owners of the 2024 Series A Bonds, as described in the Indenture, and the 2024 Series A Bonds shall no longer be restricted to being registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Holders shall designate, in accordance with the provisions of the Indenture.

(E) Notwithstanding any other provision of the Indenture (including this Supplemental Indenture) to the contrary, so long as any 2024 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such 2024 Series A Bond and all notices with respect thereto shall be made and given, respectively, in accordance with the Representation Letter or otherwise in accordance with the prevailing practices or requirements of DTC. Furthermore, so long as any 2024 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, notices of redemption may be made available on EMMA in lieu of any other manner of distribution to beneficial owners set forth in Section 46.03(D). Holders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal or interest on the 2024 Series A Bonds in immediately available funds to DTC.

(F) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter relating to the 2024 Series A Bonds and, in connection with any successor nominee for DTC or any successor Depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Supplemental Indenture.

## ARTICLE XLVII

### ISSUANCE OF 2024 SERIES A BONDS; APPLICATION OF PROCEEDS

Section 47.01. Issuance of 2024 Series A Bonds. At any time after the execution and delivery of this Supplemental Indenture, the Authority may sell and execute and the Co-Trustee shall authenticate and, upon the Order of the Authority, deliver the 2024 Series A Bonds in an aggregate principal amount not to exceed [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]).

Section 47.02. Application of Proceeds of 2024 Series A Bonds. The proceeds in the amount of \$[\_\_\_\_\_] received by the Authority from the sale of the 2024 Series A Bonds shall be deposited with the Co-Trustee, who shall forthwith apply such proceeds in the following manner, as directed by a Request of the Authority:

(A) The Co-Trustee shall transfer to the Trustee, as Depository for the 2024 Series A Proceeds Account, the amount of \$[\_\_\_\_\_] for deposit in the 2024 Series A Proceeds Account for payment of Costs of Issuance relating to the 2024 Series A Bonds.

(B) The Co-Trustee, as Escrow Agent, shall deposit \$[\_\_\_\_\_] of such proceeds in the Escrow Fund established pursuant to the Escrow Agreement for purposes of refunding and redeeming the Refunded Bonds as described in the Escrow Agreement.

To the extent required, the foregoing deposits shall be deemed to have been made to the Construction Fund for purposes of compliance with Section 8236 of the Act.

On the Closing Date, the amount on deposit in the Bond Reserve Fund is at least \$[\_\_\_\_\_], in satisfaction of the Bond Reserve Fund Requirement determined as of such date, taking into account the issuance of the 2024 Series A Bonds and the refunding of the Refunded Bonds. [Therefore, no deposit shall be made to the Bond Reserve Fund on the Closing Date.][to be confirmed]

Section 47.03. Creation of 2024 Series A Proceeds Account; Application. The Trustee, as Depository, shall create within the Construction Fund a separate account called the “2024 Series A Proceeds Account” (the “2024 Series A Proceeds Account”). Moneys in the 2024 Series A Proceeds Account shall be applied in accordance with Section 3.03 for the purpose of paying, or reimbursing the Authority for the payment of, Costs of Issuance with respect to the 2024 Series A Bonds. Any amounts remaining on deposit in the 2024 Series A Proceeds Account shall be transferred to the Revenue Fund no later than [\_\_\_\_\_], and thereafter the 2024 Series A Proceeds Account shall be closed.

## ARTICLE XLVIII

### TAX COVENANTS

#### Section 48.01. 2024 Series A Rebate Account.

(A) The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the “2024 Series A Rebate Account.” There shall be deposited in the 2024 Series A Rebate Account from amounts in the Revenue Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 2024 Series A Bonds. All money at any time deposited in the 2024 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the 2024 Series A Bonds (as defined in the Tax Certificate with respect to the 2024 Series A Bonds), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 2024 Series A Rebate Account shall be governed

exclusively by this Section and by the Tax Certificate with respect to the 2024 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 2024 Series A Rebate Account exceeds the Rebate Requirement for the 2024 Series A Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 2024 Series A Rebate Account to the Revenue Fund.

(B) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX of the Indenture, the covenants hereunder shall be deemed to be modified to that extent.

Section 48.02. Tax Covenants for 2024 Series A Bonds.

(A) The Authority intends that interest on the 2024 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2024 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia.

(B) The Authority shall not use or permit the use of any proceeds of the 2024 Series A Bonds or any other funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(C) The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 2024 Series A Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

## ARTICLE XLIX

### CONTINUING DISCLOSURE; AMENDMENT OF SIXTH SUPPLEMENTAL INDENTURE; MISCELLANEOUS

Section 49.01. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Supplemental Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of Outstanding 2024 Series A Bonds (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction for its payment or incurrence of any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Owner or Beneficial Owner of any 2024 Series A Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Co-Trustee, as the case may be, to comply with their respective obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2024 Series A Bonds (including persons holding 2024 Series A Bonds through nominees, depositories or other intermediaries).

Section 49.02. Amendment of Sixth Supplemental Indenture. Section 33.02 of the Sixth Supplemental Indenture is hereby amended to correct the interest rate shown in the table for the 2014 Series A Bonds maturing October 1, 2044 in the aggregate principal amount of \$5,000,000 to reflect the interest rate of 4.0%, not 5.0% as shown.

Section 49.03. Waiver of Brokerage Confirmations. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Co-Trustee will furnish the Authority and the Trustee periodic cash transaction statements which shall include detail for all investment transactions made by the Co-Trustee.

IN WITNESS WHEREOF and in acceptance of the duties herein, the GUAM POWER AUTHORITY has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, under its seal; BANK OF GUAM, as Trustee and as a Depositary, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed; and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Co-Trustee and as Paying Agent, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

GUAM POWER AUTHORITY

By: \_\_\_\_\_  
Chairperson

[SEAL]

By: \_\_\_\_\_  
Secretary

[Signature page – Ninth Supplemental Indenture – GPA 2024]

**BANK OF GUAM, as Trustee and  
Depository**

**By: \_\_\_\_\_  
Authorized Officer**

**[Signature page – Ninth Supplemental Indenture – GPA 2024]**

**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Co-Trustee and Paying Agent**

**By: \_\_\_\_\_  
Authorized Officer**

**[Signature page – Ninth Supplemental Indenture – GPA 2024]**

The foregoing Supplemental Indenture of Guam Power Authority providing for the issuance of revenue bonds for the purposes authorized by Sections 8203(d), Title 12, Guam Code Annotated, is hereby approved as of the first day of [July] 2024.

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Governor of Guam

Approved as to form:

By \_\_\_\_\_  
Attorney General

The foregoing Supplemental Indenture of Guam Power Authority, and the appointment of the Trustee, the Co-Trustee, the Paying Agent and the Depository and the exercise of their respective powers and functions as set forth in such Supplemental Indenture, is hereby approved as of the first day of [July] 2024.

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Director of Administration  
Department of Administration  
Government of Guam

[Signature page – Ninth Supplemental Indenture – GPA 2024]



EXHIBIT A

[FORM OF 2024 SERIES A BOND]

No. RA - \_\_\_\_\_

\$\_\_\_\_\_

GUAM POWER AUTHORITY  
REVENUE REFUNDING BOND,  
2024 SERIES A  
(Current Interest Bond)

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATED</u>   | <u>CUSIP</u> |
|----------------------|----------------------|----------------|--------------|
| [_____]%             | October 1, 20__      | [Closing Date] | 400653____   |

Registered Holder:

Principal Sum:

Dollars

GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or its registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before September 15, 2024, in which event it shall bear interest from its date) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable on April 1 and October 1 in each year, commencing October 1, 2024. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association (herein called the "Co-Trustee" or the "Paying Agent"), in St. Paul, Minnesota, or other office specified by the Paying Agent, and the interest hereon is payable by check mailed by first class mail to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the Bond registration books of the Co-Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of 2024 Series A Bonds (hereinafter mentioned), payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or redemption

payment shall nevertheless be subject to the prior surrender of the 2024 Series A Bonds with respect to which such payment is made.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Guam Power Authority Revenue Bonds” (herein called the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Chapter 8, Title 12, Guam Code Annotated, as amended, and pursuant to that certain Indenture, dated as of December 1, 1992, as previously supplemented and as supplemented by a Ninth Supplemental Indenture, dated as of [July 1, 2024] (herein collectively called the “Indenture”), each by and among the Authority, the Co-Trustee and Bank of Guam, as Trustee and Depositary (herein called the “Trustee” or the “Depositary”). This Bond is also one of a duly authorized series of Bonds additionally designated “Revenue Refunding Bonds, 2024 Series A” (herein called the “2024 Series A Bonds”), in the aggregate principal amount of [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]) all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing moneys to raise funds for the purpose of establishing the electric power system of the Authority, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such Bonds, or for any combination of such purposes. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Co-Trustee in Los Angeles, California and at the office of the Trustee in Guam) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee, the Co-Trustee and the Depositary and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as that term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the pledge and assignment hereinafter described. Neither the payment of the principal of this Bond nor any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Government of Guam.

[The 2024 Series A Bonds maturing on or before October 1, 20[\_\_\_] are not subject to optional redemption prior to their respective stated maturities. The 2024 Series A Bonds maturing on or after October 1, 20[\_\_\_] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[\_\_\_], as a whole, or in part by such maturity or maturities as may be specified

by the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.]

[The 2024 Series A Bonds maturing on October 1, 20[\_\_\_] are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, 20[\_\_\_] [other maturities as applicable], at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.]

The 2024 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective state maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service (as that term is defined in the Indenture) for the 2024 Series A Bonds for each Bond Year (as that term is defined in the Indenture) after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in the Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

Notice of any redemption, identifying the 2024 Series A Bonds or portions thereof to be redeemed, shall be given by the Co-Trustee in the manner set forth in the Indenture. Receipt of such notice by the registered owners shall not be a condition precedent to such redemption.

Any notice of optional redemption of the 2024 Series A Bonds may be conditional, and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2024 Series A Bonds thereby called for redemption, and the redemption shall be cancelled, and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2024 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2024 Series A Bonds and notice thereof shall be rescinded and cancelled, and the Trustee shall give (in the manner in which notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in Accreted Value of the Bonds then outstanding.

The 2024 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Co-Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Co-Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding will be issued to the transferee in exchange therefor. The Co-Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Co-Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat the registered owner hereof as the absolute owner hereof for all purposes, and none of the Authority, the Trustee, the Co-Trustee and the Depository shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the registered owners of the Bonds, the Trustee, the Co-Trustee and the Depository may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Co-Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Co-Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO

**ANY PERSON IS WRONGFUL** since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, GUAM POWER AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman of the Board of Directors and the Secretary of the Board of Directors of the Authority and its seal to be reproduced hereon by facsimile, all as of the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
Chairman of the Board of  
Directors of the Guam Power  
Authority

(SEAL)

Countersigned:

By \_\_\_\_\_  
Secretary of the Board of  
Directors of the Guam Power  
Authority

**CERTIFICATE OF AUTHENTICATION**

This is one the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Co-Trustee**

By \_\_\_\_\_  
Authorized Officer

**[FORM OF]  
ASSIGNMENT**

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were set out in full according to applicable laws or regulations.

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with  
right of survivorship and  
not as tenants in common

UNIF GIFT MIN ACT - \_\_ Custodian \_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act  
\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to register the transfer the same on the books of the Co-Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTICE:** The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

\_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor institution.



**EXHIBIT B**

**REFUNDED BONDS**

**Guam Power Authority  
Revenue Bonds, 2014 Series A**

[refunding candidates subject to revision]

| <u>Maturity Date<br/>(October 1)</u> | <u>Principal<br/>Amount to be<br/>Redeemed</u> | <u>Coupon</u> | <u>Redemption<br/>Date</u> | <u>CUSIP</u> |
|--------------------------------------|--|---------------|----------------------------|--------------|
| 2025                                 | \$1,935,000                                    | 5.00%         | October 1, 2024            | 400653HC8    |
| 2026                                 | 2,035,000                                      | 5.00          | October 1, 2024            | 400653HD6    |
| 2027                                 | 2,135,000                                      | 5.00          | October 1, 2024            | 400653HE4    |
| 2028                                 | 2,245,000                                      | 5.00          | October 1, 2024            | 400653HF1    |
| 2029                                 | 2,355,000                                      | 5.00          | October 1, 2024            | 400653HG9    |
| 2030                                 | 2,470,000                                      | 5.00          | October 1, 2024            | 400653HH7    |
| 2031                                 | 2,595,000                                      | 5.00          | October 1, 2024            | 400653HJ3    |
| 2032                                 | 2,725,000                                      | 5.00          | October 1, 2024            | 400653HK0    |
| 2033                                 | 2,860,000                                      | 5.00          | October 1, 2024            | 400653HL8    |
| 2034                                 | 3,005,000                                      | 5.00          | October 1, 2024            | 400653HM6    |
| 2039                                 | 17,440,000                                     | 5.00          | October 1, 2024            | 400653HN4    |
| 2044                                 | 5,000,000                                      | 4.00          | October 1, 2024            | 400653HQ7    |
| 2044                                 | 17,150,000                                     | 5.00          | October 1, 2024            | 400653HP9    |

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

PETITION TO AUTHORIZE THE  
GUAM WATERWORKS AUTHORITY  
TO SOLICIT FOR COMPREHENSIVE  
SUPPORT SERVICES FOR  
APPLICATIONS AND INTEGRATION  
TECHNOLOGIES

GWA DOCKET 24-07

ORDER



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Authorize GWA to Solicit for Comprehensive Support Services for Applications and Integration Technologies.<sup>1</sup>
2. GWA, the Guam Power Authority ["GPA"] the Port Authority of Guam ["PAG"], are operating Enterprise Resource Planning ["ERP"] Systems using Oracle Cloud and Oracle JD Edwards EnterpriseOne (E1) systems for managing their financial transactions, inventory and asset management, work order management, human resource management, and purchasing.<sup>2</sup>
3. GWA is requesting the PUC to authorize GWA to issue a solicitation to procure support services for the proper operations and maintenance of the Oracle Cloud Services, E1, and other integrated applications.<sup>3</sup>

BACKGROUND

4. GWA, GPA, PAG, and the Guam International Airport Authority ["GIAA"] relies on client-side training, support services that include staff training, application development, project management, implementation of software application upgrades or replacement, and managing agent services to ensure the proper operation and maintenance of their respective Oracle Cloud Infrastructure, E1, and

<sup>1</sup>Petition to Authorize GWA to Solicit for Comprehensive Support Services for Applications and Integration Technologies, GWA Docket 24-07, dated May 7, 2024 [GWA Petition].

<sup>2</sup> GWA Petition at 2. NOTE: The page numbers in GWA's Petition and its exhibits are not continuous, and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

<sup>3</sup> Id., at 2.

other programs. Additionally, these agencies require additional services for processing, operation, and enhancement of their respective E1 and integrated applications.<sup>4</sup>

5. GWA, GPA, PAG, and GIAA's existing support contracts for these systems are expiring and each of these agencies have a need to procure comprehensive support services to ensure the continued operation and maintenance of these critical systems.<sup>5</sup>
6. On May 28, 2024, the Guam Consolidated Commission on Utilities ["CCU"] passed GWA Resolution No. 20-FY2024 authorizing GWA's management to petition the PUC for approval to issue a solicitation for Comprehensive Support Services for Applications and Integration Technologies.
7. On May 24, 2024, PUC Legal Counsel issued his report in this matter.

### DETERMINATIONS

8. GWA must obtain the PUC's authorization to issue a solicitation for Comprehensive Support Services for Applications and Integration Technologies. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for solicitations and contracts that exceed the amount of \$1,000,000.<sup>6</sup> Here, GWA estimates that the cost of the contract for the Comprehensive Support Services will exceed this amount.<sup>7</sup> Therefore, GWA must obtain the PUC's approval of the solicitation for the Comprehensive Support Services prior to issuing it.
9. GWA's estimated cost of the Comprehensive Support Services is reasonable. GWA will solicit for a contract with a five (5) year initial term with five (5) optional one (1) year terms. GWA's current maintenance and support agreement for its E1, Oracle Cloud Services, and other integrated applications costs \$262,788 annually and, if the cost of the new contract is similar and the new full term, including the optional one

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<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

<sup>7</sup> GWA Petition at 6.

(1) year terms, of the new contract are exhausted, it is estimated that the new contract will cost \$2,627,880 for GWA alone.<sup>8</sup> Hence, the estimated cost is reasonable.

10. GWA's solicitation for the Comprehensive Support Services is prudent. GWA, GPA, PAG, GIAA plan to use their combined purchasing power to attain the most cost-effective support arrangement for the Comprehensive Support Services.<sup>9</sup> Thus, GWA's solicitation for a Comprehensive Support Services contract is prudent.
11. GWA's solicitation for the Comprehensive Support Services is necessary. GWA, GPA, PAG, and GIAA require the Comprehensive Support Services to ensure the proper operation and maintenance of their respective Oracle Cloud Infrastructure, E1, and other programs. These programs are critical to their financial transactions, inventory and asset management, work order management, human resources management, and purchasing operations. Therefore, the solicitation for the Comprehensive Support Services is necessary.
12. Based on the foregoing, GWA's request to solicit for Comprehensive Support Services is reasonable, prudent, and necessary.

### ORDERING PROVISIONS

After review of the record herein, GWA's Petition to Authorize GWA to Solicit for Comprehensive Support Services for Applications and Integration Technologies, 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. GWA's Petition to Authorize GWA to Solicit for Comprehensive Support Services for Applications and Integration Technologies is hereby approved.
2. GWA is authorized to issue a solicitation to procure Comprehensive Support Services for Applications and Integration Technologies.

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<sup>8</sup> Id., at 6.

<sup>9</sup> Id.

3. In accordance with the PUC's Contract Review Protocol for GWA, GWA must submit the contracts that arise from the aforementioned solicitation which exceed the amount of \$1,000,000 or contracts arising under the aforementioned solicitation that will be funded using Bond Funds to the PUC for approval.
  
4. GWA 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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PUC Order  
Petition to Authorize GWA to  
Solicit for Comprehensive  
Support Services for Applications  
and Integration Technologies  
GWA Docket 24-07  
May 30, 2024

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Dated this 30th day of May, 2024.



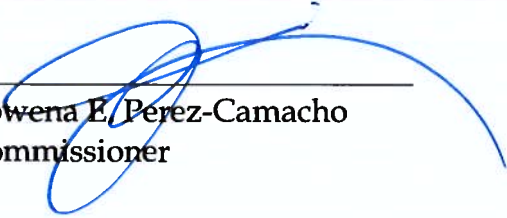
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Jeffrey C. Johnson  
Chairman



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Joseph M. McDonald  
Commissioner

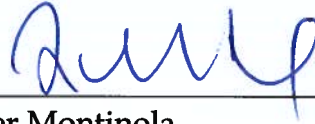


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Rowena E. Perez-Camacho  
Commissioner

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Doris Flores Brooks  
Commissioner



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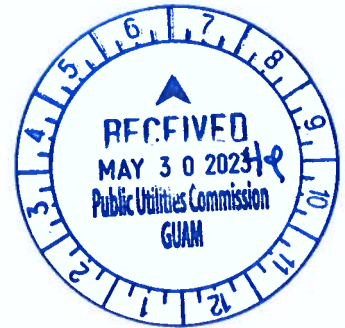
Michael A. Pangelinan  
Commissioner

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Peter Montinola  
Commissioner

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GWA Docket 24-08  
)  
GUAM WATERWORKS AUTHORITY )  
WATER LOSS CONTROL PROGRAM ) **ORDER**  
CONTRACT )  
)  
)  
)  
\_\_\_\_\_ )



**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission [“PUC”] pursuant to GWA’s Petition for Review and Approval of Two Separate Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract with E Source, formerly known as Water Systems Optimization, Inc. [“WSO”].<sup>1</sup>

**BACKGROUND**

The PUC adopts the “BACKGROUND” set forth in the ALJ Report dated May 27, 2024, as well as the recommendations and conclusions therein.

**DETERMINATIONS**

**A. GWA’s Contract Review Protocol**

GWA’s Contract Review Protocol issued in Administrative Docket 00-04, requires “prior PUC approval under 12 GCA §12004...” for “[a]ll professional service procurements in excess of \$1,000,000 ”.<sup>2</sup> In GWA Docket 23-11, GWA sought PUC

<sup>1</sup> GWA Petition, GWA Docket 24-08, dated May 7, 2024.

<sup>2</sup> GWA’s Contract Review Protocol, Administrative Docket 00-04, dated October 27, 2005, at p. 1.

approval of the Year 3 funding for the E Source Contract, as the requested increase of \$422,289.00 increased the total contract price to total amount of \$1,207,752.00.<sup>3</sup>

With respect to “multi-year contracts” the “test to determine whether a procurement exceeds the \$1,000,000 threshold for the PUC review and approval (the review threshold) is **the total estimated cost of the procurement, including cost incurred in any renewal options.**”<sup>4</sup> (Emphasis added). Here GWA is requesting funding of \$401,724.00 for the Year 4 Task Order and funding of \$419,985.40 for the Year 5 Task Order.<sup>5</sup> PUC approval is required for the funding of the Years 4 and 5 Task Orders. If approved, the total funding for the Contract for Years 1-5 will be \$2,029,461.40.

B. GWA has justified its Request for approval of an Extension of the Contract.

GWA’s request for approval of the Years 4 and 5 Task Orders are “part of its efforts to reduce non-revenue water and make improvements in the system where service delivery has been below standard.”<sup>6</sup> The funding source for the project will be from GWA Operations and Maintenance (O & M) budget and Internally Funded CIP.

GWA’s proposal for Task Order 4 is attached as Exhibit D to GWA’s petition. The Task Order for Year 4 indicates that additional work on tasks contained in the first three-year Task Orders will be continued.<sup>7</sup> These include review of water audit data, water loss

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<sup>3</sup> PUC Order, GWA Docket 23-11. dated August 31, 2023, at p. 3.

<sup>4</sup> GWA’s Contract Review Protocol, Administrative Docket 00-04, dated October 27, 2005, at p. 2.

<sup>5</sup> GWA Petition, GWA Docket 24-08, dated May 7, 2024, at pgs. 2-3; GWA submitted the Year 5 Task Order to PUC on May 28, 2024. The Year 4 Task Order contains a “15% increase in original hourly rates and expense budget to account for inflation and overall price increases we are experiencing.”

<sup>6</sup> Id. at p. 2.

<sup>7</sup> Id. at Exhibit A-30.



program management services, transient data logging and Data Analysis, and various annual expenses.<sup>8</sup>

GWA has indicated that the budget for the Year 5 Task Order is \$419,985.00.<sup>9</sup> It appears that the same tasks and the same number of consultant hours for Year 4 will also be performed in Year 5, the only difference being an escalation of 15% in the cost for Year 5.

Both PUC Consultant Georgetown Consulting Group and the PUC itself have previously supported the continuation of the E Source Contract and the Water Loss Program. GCG believes that if GWA follows the guidelines that E Source has outlined, the PUC should expect to see improvements.<sup>10</sup> In GWA Docket 23-11, the PUC held that "...the Commission should support GWA's efforts to implement essential components of its Water Loss Control Program and permit GWA to continue its work with E Source, who provides GWA with technical assistance as a water loss control specialist company experienced in implementing DMAs."<sup>11</sup>

C. During the GWA Work Session of the CCU on May 21, 2024, GWA presented further justification for Approval of the Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract.

At the Work Session, GWA Assistant General Manager of Engineering Jeanette Babauta Owens informed the CCU Commissioners that, since the E Source Contract and the Water Loss Program were launched in 2021, a total of 606 water leaks and 25 more

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<sup>8</sup> Id.

<sup>9</sup> Id. at p. 3; see also Year 5 Task Order.

<sup>10</sup> PUC Order, GWA Docket 23-11, dated September 28, 2023 at p. 2.

<sup>11</sup> PUC Order, GWA Docket 23-11, dated September 28, 2023 at p. 6.

illegal connections have been uncovered.<sup>12</sup> Chairman Joey Duenas stated that the DMAs help in locating leaks and will identify where funds should go first on waterline replacement.<sup>13</sup>

The E Source contract has been of substantial benefit to GWA and the ratepayers by identifying leaks, enabling GWA to repair them, and suggesting where funds should go first on waterline replacement. The program allows GWA to monitor water flows into and out of each DMA and to determine “real, physical water losses”.

D. There is a need to further build out District Metered Areas (DMAs) as a component of the Water Loss Control Program.

In its Water Loss Control Program Status Report, filed with the PUC in GWA Docket 19-08, on November 30, 2023, GWA has pointed out that there is a need to establish additional DMAs.<sup>14</sup> GWA stated as follows:

“The WLCP included recommendation to develop a system of DMAs to provide complete island-wide coverage of the entire water distribution network. GWA began implementation of the DMAs in 2021 following the completion of the WLCP. The objective of the implementation of DMAs is to establish the needed infrastructure, equipment and operational processes for monitoring of water flows into and out of each DMA and thereby achieve enhanced management of Non-Revenue Water (NRW) Levels, especially real, physical water losses. The WLCP DMA implementation plan provided for 36 DMAs in total over the course of three years to provide needed coverage over GWA’s water distribution network.”<sup>15</sup>

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<sup>12</sup> Pacific Daily News May 21, 2024, 606 Leaks, 25 illegal connections found since GWA installed the water loss control program in 2021, [https://www.guampdn.com/news/606-leaks-25-illegal-connections-found-since-gwa-installed-water-loss-control-program-in-2021/article\\_c21ca604-172d-11ef-b604-ff812fce4e1d.html](https://www.guampdn.com/news/606-leaks-25-illegal-connections-found-since-gwa-installed-water-loss-control-program-in-2021/article_c21ca604-172d-11ef-b604-ff812fce4e1d.html)

<sup>13</sup> GWA CCU Work Session 05212024 (youtube.com)

<sup>14</sup> GWA Report: Water Loss Control Program Status Report, GWA Docket 19-08, dated November 30, 2023.

<sup>15</sup> Id. at p. 2.

“As of November 30, 2023, a total of twenty-one (21) DMAs have been established with full time monitoring of DMA inflow, authorized consumption (outflow) and NRW”.<sup>16</sup> An additional DMA was under construction in Year 2. In Year 3, GWA intended to complete the construction of an additional fourteen (14) DMAs.<sup>17</sup> Also, in Year 4, GWA intends to provide additional training and recruit additional staffing to deploy a third Leak Detection Team.<sup>18</sup>

As a result of the DMAs and the Leak Detection Program, GWA has been able to obtain and record better pipeline condition data. However, the information indicates that, in some areas, “the existing piping has exceeded its useful service life. Although leak repairs are made, sustainable reductions and water loss will require line replacements and not just repairs.”<sup>19</sup> Thus, in its FY2025-2029 draft Rate Petition, GWA has proposed substantial funding for additional line replacements in the approximate amount of \$130M.

It now appears that the remaining 14 DMAs will not be completed by August 2024, as suggested in the November 2023 Water Loss Control Program Report.<sup>20</sup> Neither Task Orders 4 nor 5 include funds for the completion of the DMAs. The 2024 and 2025 funds will continue to be used to monitor the DMAs that have already been established.<sup>21</sup>

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<sup>16</sup> Id. at p. 2.

<sup>17</sup> Id. at p. 3.

<sup>18</sup> Id. at p. 3.

<sup>19</sup> Id. at p. 4.

<sup>20</sup> GWA Report: Water Loss Control Program Status Report, GWA Docket 19-08, dated November 30, 2023, at p. 3.

<sup>21</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated May 21, 2024 (responding to requests for information).

In response to the ALJ's request for information concerning when the remaining 14 DMAs would be completed, GWA indicated that they would be completed at some point during the next five-year rate period (FY2025-2029):

"The remaining 14 DMAS are tied to the completion of the CIPs. There are two CIPs needed: 1) Pressure Zone Realignment (PZR) all phases (Phase I, Phase II, Phase III and Phase IV) and 2) District Meter Areas (DMA). PZR Phase I approximately \$7.3 million is anticipated to be completed by Summer 2024. PZR Phase II design is complete and in currently construction procurement. PZR Phase III and PZR Phase IV is currently in design only. Construction funding for PZR Phase III and Phase IV are programmed under GWA 5-Year Rate Plan. The DMA Design IDIQ is in procurement."<sup>22</sup>

During the GWA Work Session referenced above, CCU Commissioner Mike Limtiaco asked GWA Management what the "return on investment" had been for the first three years of the E Source Contract in terms of water loss mitigation. Management did not indicate that that there had been any decrease in water loss (NRW) because of the establishment of the DMAs. However, it was suggested that there would be drastic improvement in the present water loss if the CIP program for line replacement were approved by the PUC in the pending rate case.

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

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<sup>22</sup> Email from Theresa Rojas, GWA Counsel, to Fred Horecky, PUC ALJ, dated May 21, 2024, Re: Year 4 and Year 5 Task Orders for E Source Contract.

### ORDERING PROVISIONS

Upon consideration of the record herein, GWA's Petition for Review and Approval of Two Separate Task Orders for Year 4 and Year 5 of the Water Loss Control Professional Services Contract with E Source, formerly known as Water Systems Optimization, Inc., the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The Year 4 Task Order in the amount of \$401,724.00 and the Year 5 Task Order in the amount of \$419,985.00 for the Water Loss Control Professional Services Contract with E Source are approved.
2. The total additional approved funding for these two Task Orders is \$821,709.00. The total authorized funding for the contract is \$2,029,461.40. GWA is authorized to expend funds for the Task Orders from GWA Operations and Maintenance (O & M) budget and Internally Funded CIP.
3. GWA 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 PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Order  
Water Loss Control Program Contract  
GWA Docket 24-08  
May 30, 2024

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Dated this 30th day of May 2024.



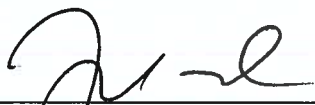
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Jeffrey C. Johnson  
Chairman



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Rowena E. Perez-Camacho  
Commissioner

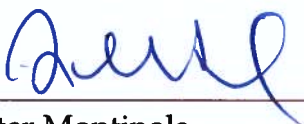


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Joseph M. McDonald  
Commissioner

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Michael A. Pangelinan  
Commissioner



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Peter Montinola  
Commissioner

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Doris Flores Brooks  
Commissioner