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9 *Attorney for Guam Power Authority*



10 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

11 **IN THE MATTER OF:**

**GPA DOCKET NO. 24-19**

12 **APPLICATION OF THE GUAM POWER**  
13 **AUTHORITY TO APPROVE A BOND**  
14 **ISSUANCE TO REFINANCE A PORTION**  
15 **OF THE OUTSTANDING REVENUE**  
16 **BONDS.**

**PETITION OF THE GUAM POWER**  
**AUTHORITY TO APPROVE A BOND**  
**ISSUANCE TO REFINANCE A**  
**PORTION OF THE OUTSTANDING 2014**  
**SERIES A REVENUE BONDS**

17  
18  
19 The Guam Power Authority (GPA) hereby petitions the Public Utilities Commission of  
20 Guam (PUC) to review and approve GPA's request to approve a bond issuance to refinance a  
21 portion of the outstanding revenue bonds as follows.  
22

23 **I. Background.**

24 GPA has been working with its bank, GPA bond counsel Orrick, and the Guam Economic  
25 Development Authority (GEDA) to pursue strategies for reducing debt service payments. As a  
26 result of lower interest rates, GPA may be able to refund a portion of its 2014 Series A revenue  
27 bonds for interest rate savings. GPA expects that opportunities will arise from time to time to  
28 refund all or a portion of its other then-outstanding revenue bonds for debt service savings, which  
29 is expected to result in potential savings to ratepayers. The Consolidated Commission on Utilities  
30 (CCU) has adopted Resolution No. 2024-18, authorizing GPA to petition the PUC for  
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32

1 authorization to undertake the bond refunding initiative. *See* Ex. A (CCU Resolution No.  
2 2024-18, Feb. 27, 2024).

3  
4 On April 26, 2024, the Guam Legislature passed Bill No. 262-37, an Act to Approve the  
5 Terms and Conditions of the Issuance by Guam Power Authority of Revenue Bonds to Refund  
6 Outstanding Guam Power Authority Revenue Bonds. On May 8, 2024, the Governor signed the  
7 bill into law, now known as Public Law No. 37-95. *See* Ex. B (P.L. No. 37-95).

8  
9 GEDA is familiar with this project and has been working closely with GPA on it. GPA  
10 in good faith holds the belief that GEDA will voice its support for the project at GEDA's next  
11 regular meeting on May 30, 2024, at 1:00 p.m., shortly before the PUC meeting of the same date.  
12 If GEDA approves the initiative, GPA notify the PUC of that approval and will file  
13 documentation with the PUC for its review and consideration of this petition.  
14  
15

## 16 **II. Request for Approval**

17 The PUC's contract review protocol requires GPA to obtain PUC approval of "[a]ll  
18 externally funded loan obligations and other financial obligations such as lines of credit, bonds,  
19 etc. in excess of \$1, 500,000 and any use of said funds". PUC Contract Review Protocol for  
20 GPA, Admin. Dkt. (Feb. 15, 2008).  
21  
22

23 GPA hereby petitions the PUC pursuant to the contract review protocol to review and  
24 approve a bond issuance to refinance a portion of the outstanding revenue bonds. In support of  
25 this petition, GPA has provided the CCU's resolution on the subject and the relevant public law.  
26 GPA pledges to provide as soon as practicable GEDA's approval of this initiative. Because the  
27 PUC will not hold its next regular meeting until July 25, 2024, approving the project now will  
28 position GPA to optimize the timing for purposes of refinancing, thereby maximizing the  
29 benefits to ratepayers.  
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**III. Conclusion.**

Based on the foregoing, GPA requests that the PUC approve GPA's request to proceed with a bond issuance to refinance a portion of the outstanding revenue bonds. The bond refinancing, which will lower debt service costs and provide a net present value savings to ratepayers, is reasonable, prudent and necessary.

Respectfully submitted this 15th day of May, 2024.

*Attorney for Guam Power Authority*



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

Marianne Woloschuk  
GPA Legal Counsel



# CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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

## RESOLUTION NO: 2024-18

### AUTHORIZING THE APPROVAL OF A BOND ISSUANCE TO REFUND OUTSTANDING REVENUE BONDS

**WHEREAS**, the Consolidated Commission on Utilities (“CCU”) is a body corporate a politic, organized and existing under the laws of the Government of Guam; and

**WHEREAS**, the Consolidated Commission on Utilities is the governing body of the Guam Power Authority (“GPA”); and

**WHEREAS**, GPA has been pursuing strategies for reducing debt service payments, which would be of significant assistance in paying for capacity payment of the new power plant as noted previously; and

**WHEREAS**, one strategy that has emerged as a result of low interest rates has been the concept of refunding all or a portion of GPA’s outstanding 2014 Series A revenue bonds for interest rate savings; and

**WHEREAS**, GPA expects that opportunities will arise from time to time to refund all or a portion of its other then-outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers; and

**WHEREAS**, the current scenario of low interest rates warrants action from the CCU; and

**WHEREAS**, after reviewing this strategy with Bank of America, GPA Bond Counsel, and Guam Economic Development Authority (“GEDA”), GPA believes this strategy has potential for providing significant benefit for GPA ratepayers; and

**WHEREAS**, the proposed transaction will be subject to the approval of the Guam Legislature, GEDA, the Public Utilities Commission, and the Governor, and to final approval by the CCU; and

1  
2           **WHEREAS**, the CCU desires to pursue this plan for refunding GPA's debt service costs  
3 in order to provide a net present value savings to ratepayers; and  
4

5           **WHEREAS**, the present value of debt service on the refunding bonds shall be at least two  
6 percent (2%) less than the present value of debt service on the refunded bonds, using the yield on  
7 the refunding bonds as the discount rate; and  
8

9  
10           **NOW BE IT RESOLVED**, the Consolidated Commission on Utilities does hereby  
11 approve and authorize the following:  
12

- 13           1. The General Manager and the CCU Chairman are authorized to proceed forward with the  
14           refunding of outstanding revenue bonds.  
15
- 16           2. The General Manager and CCU Chairman are authorized to petition the Public Utilities  
17           Commission for authorization to complete the bond refunding initiative.  
18
- 19           3. The General Manager and CCU Chairman are authorized to submit the proposed bond  
20           refunding legislation to the Guam Legislature for approval.  
21
- 22           4. The General Manager and CCU are authorized to seek approval from the Governor and  
23           GEDA to proceed with the proposed bond refunding.  
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25           **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption  
26 of this Resolution.  
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4 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 27<sup>TH</sup> DAY OF**  
5 **FEBRUARY 2024.**  
6  
7

8 Certified by:

Attested by:

9  
10 



11  
12 **JOSEPH T. DUENAS**

**PEDRO ROY MARTINEZ**

13 Chairperson

Secretary

14 Consolidated Commission on Utilities

Consolidated Commission on Utilities

15  
16 **SECRETARY'S CERTIFICATE**  
17

18 I, **Pedro Roy Martinez**, Board Secretary of the Consolidated Commission on  
19 Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:  
20

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

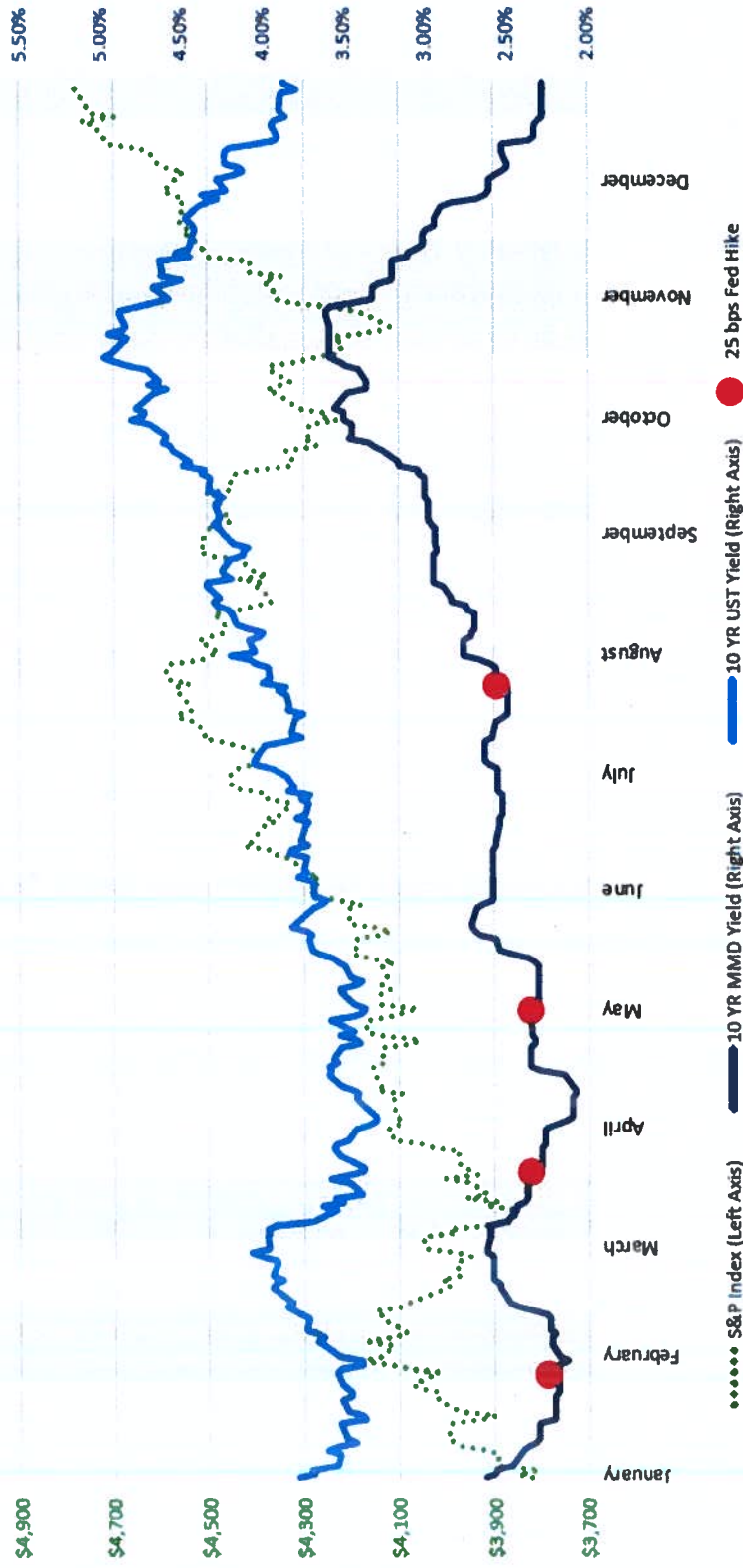
25  
26 Ayes: 4  
27 Nays: 0  
28 Absent: 1  
29 Abstain: 0  
30  
31



# 2014 Bond Refunding

2023 was characterized by the Fed's continued path to taming inflation as well as political and geopolitical instability

- CPI Reads 6.4% in January 2023 - down from 9.1% in June 2022
- Fed hikes by only 25 bps after 4 consecutive 75 bps hikes
- Silicon Valley Bank and Signature Bank collapse under pressure from 2022/23 rate hikes
- U.S. avoids default after months of debt ceiling uncertainty in Congress
- Fed to hold rates constant and market embraces a "higher for longer" sentiment
- Israel/Hamas conflict escalates, drawing international attention
- Treasury and Municipal rates hit YTD highs
- Federal Reserve holds rates steady to end the year, predicting 3 cuts during 2024
- Dow Jones hits record highs above 37,000

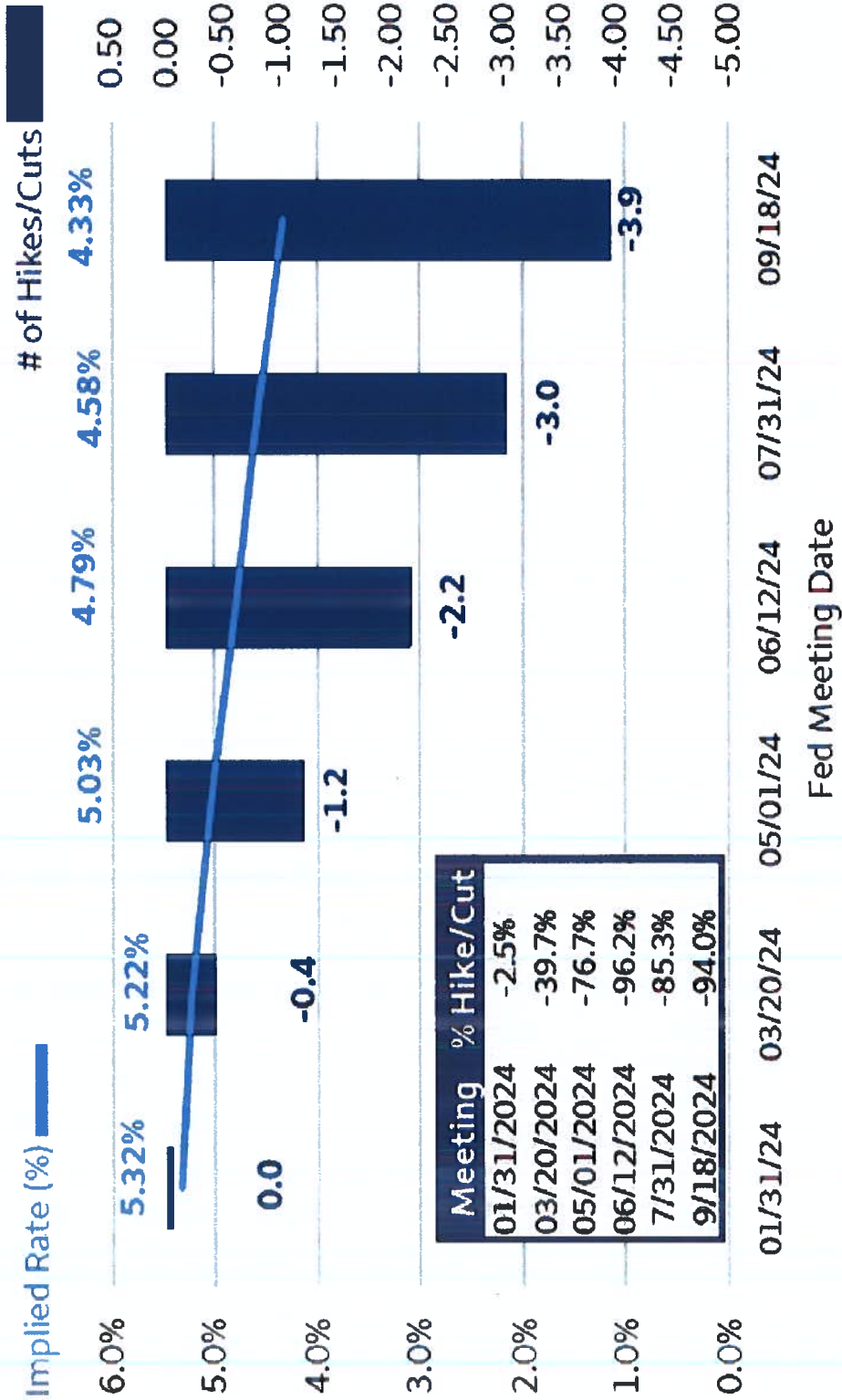


Sources: S&P 500 as of end of business as reported by the Wall Street Journal; 10YR UST from The US Department of the Treasury.



# 2014 Bond Refunding – Market Projections Snapshot

## Projected U.S. Federal Reserve Rate Hike Probabilities<sup>1</sup>



Sources: (1) Bloomberg World Interest Rate Probabilities as of 1/24/2024





# 2014 Bond Refunding – Market Projections Snapshot (continued)

## Wells Fargo Economist Interest Rate Projection <sup>(1)</sup>

	2023		2024				2025	
	Current	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Fed Funds Rate</b>	5.50%	5.50%	5.00%	4.50%	4.25%	4.00%	3.75%	
<b>5-Year UST</b>	4.06%	3.95%	3.75%	3.60%	3.50%	3.40%	3.35%	
<b>10-Year UST</b>	4.18%	4.00%	3.85%	3.70%	3.60%	3.55%	3.50%	
<b>30-Year UST</b>	4.41%	4.15%	4.05%	3.95%	3.90%	3.85%	3.80%	

Sources: (1) Wells Fargo & Company forecast published 1/12/2024



# 2014 Bond Refunding

- Currently outstanding in the amount of \$65.79 million, the 2014 Series A are callable on October 1, 2024
- Settlement of the refunding bonds must be on or after July 1, 2024 to reach the 90-day window

Refunded Bonds							Refunding Bonds				
Maturity	Coupon	Par	Call Date	Escrow Rate	New Yield	Savings (\$)	Savings (%)	Neg. Arb.	Efficiency	Selected?	
10/1/2024	5.00%	1,845,000	N/A	5.48%	3.39%	(9,316)	-0.50%	(9,446)	0.00%	*	
10/1/2025	5.00%	1,935,000	10/1/2024	5.48%	3.34%	21,944	1.13%	(10,162)	186.20%	✓	
10/1/2026	5.00%	2,035,000	10/1/2024	5.48%	3.22%	60,672	2.98%	(11,310)	122.90%	✓	
10/1/2027	5.00%	2,135,000	10/1/2024	5.48%	3.20%	99,440	4.66%	(11,927)	113.60%	✓	
10/1/2028	5.00%	2,245,000	10/1/2024	5.48%	3.16%	144,248	6.43%	(12,768)	109.70%	✓	
10/1/2029	5.00%	2,355,000	10/1/2024	5.48%	3.15%	189,934	8.07%	(13,456)	107.60%	✓	
10/1/2030	5.00%	2,470,000	10/1/2024	5.48%	3.20%	230,033	9.31%	(13,809)	106.40%	✓	
10/1/2031	5.00%	2,595,000	10/1/2024	5.48%	3.23%	274,066	10.56%	(14,317)	105.50%	✓	
10/1/2032	5.00%	2,725,000	10/1/2024	5.48%	3.28%	314,867	11.55%	(14,698)	104.90%	✓	
10/1/2033	5.00%	2,860,000	10/1/2024	5.48%	3.31%	360,139	12.59%	(15,215)	104.40%	✓	
10/1/2034	5.00%	3,005,000	10/1/2024	5.48%	3.33%	409,629	13.63%	(15,839)	104.00%	✓	
10/1/2039	5.00%	17,440,000	10/1/2024	5.48%	3.75%	1,680,327	9.63%	(74,292)	104.60%	✓	
10/1/2044	5.00%	17,150,000	10/1/2024	5.48%	4.28%	733,005	4.27%	(50,493)	107.40%	✓	
10/1/2044	4.00%	5,000,000	10/1/2024	5.48%	4.28%	(401,920)	-8.04%	(14,662)	0.00%	*	
<b>Total</b>		<b>\$ 65,795,000</b>				<b>\$ 4,107,070</b>	<b>6.24%</b>	<b>\$ (282,395)</b>	<b>107.38%</b>		
<b>Total Selected for Refunding</b>		<b>\$ 58,950,000</b>				<b>\$ 4,518,305</b>	<b>7.66%</b>	<b>\$ (258,287)</b>	<b>106.06%</b>		



Source: BofA

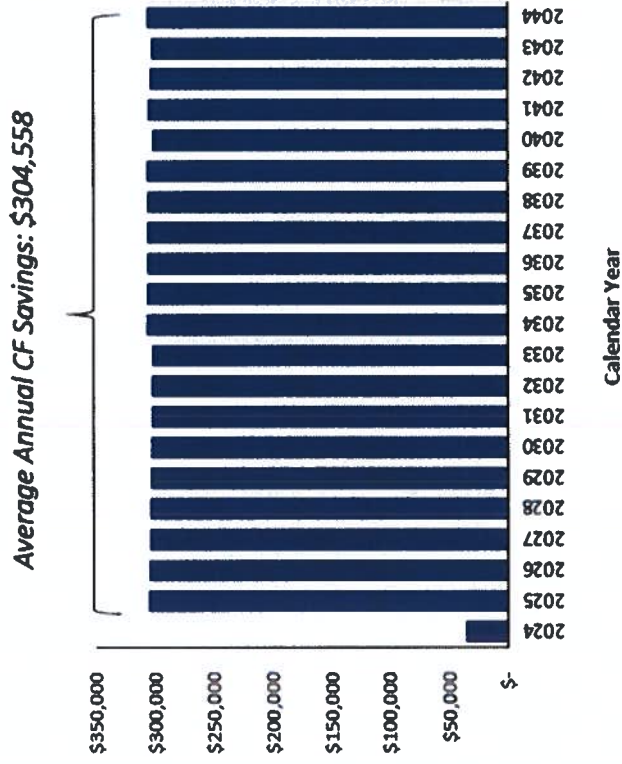


# 2014 Bond Refunding

## Refunding Statistics

Summary of Refunding Results	
Delivery	July 2, 2024
Refunding Par Amount	\$54,045,000
Refunded Par Amount	\$58,950,000
All-in TIC:	4.30%
Current Aggregate MADS	\$37,945,250
New Aggregate MADS	\$37,643,125
DSRF (Deposit) / Reduction:	\$302,125
Principal Amortization	2025 - 2044
<b>NPV Savings</b>	<b>\$3,907,709</b>
<b>NPV Savings as % of Refunded Par</b>	<b>6.63%</b>
<b>Positive Arbitrage</b>	<b>\$258,806</b>

## Cashflow Savings



Source: BofA



## 2014 Bond Refunding (Continued)

### Steps Required to Refund 2014 Bond

- CCU approval.
- New legislation.
- PUC approval.

***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***  
**2024 (SECOND) Regular Session**

**Bill No. \_\_\_\_-37**

Introduced by:

**AN ACT TO APPROVE THE TERMS AND CONDITIONS  
OF THE ISSUANCE BY GUAM POWER AUTHORITY OF  
REVENUE BONDS TO REFUND OUTSTANDING GUAM  
POWER AUTHORITY REVENUE BONDS.**

**1 BE IT ENACTED BY THE PEOPLE OF GUAM:**

**2 Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan* finds  
**3** that 12 GCA § 8203 provides that Guam Power Authority (Authority) is authorized  
**4** to incur indebtedness by the issuance of revenue bonds with the approval of *I*  
**5** *Maga'hagan Guahan* (the Governor) to raise funds for the purpose of establishing  
**6** the electric power system of the Authority, or of acquiring lands for the system, or  
**7** of acquiring, constructing, improving, equipping, maintaining, repairing, renewing,  
**8** replacing, reconstructing or insuring the system, or any part thereof, or for the  
**9** purpose of refunding any such bonds, or for any combination of such purposes.

1            *I Liheslaturan Guahan* finds that 12 GCA § 12105 provides that the Authority  
2 shall not enter into any contractual agreements or obligations (including bonds)  
3 which could increase rates and charges prior to the written approval of the Guam  
4 Public Utilities Commission (GPUC).

5            *I Liheslaturan Guahan* finds that 12 GCA § 50103 provides that public  
6 corporations of the Government of Guam, including the Authority, shall issue bonds  
7 and other obligations only by means of, and through the agency of the Guam  
8 Economic Development Authority (GEDA), and that GEDA shall not sell any bond  
9 without the approval by *I Liheslaturan Guahan* of the terms and conditions of the  
10 bonds.

11           *I Liheslaturan Guahan* finds that based on low interest rates and  
12 current market conditions, the Authority expects to be able to refund certain maturities  
13 of its outstanding 2014 Series A revenue bonds for debt service savings.

14           Therefore, to benefit ratepayers, it is the intent of *I Liheslaturan Guahan* to  
15 approve the issuance of revenue bonds by the Authority for the purpose described in  
16 the immediately preceding paragraph, all subject to approval by the Consolidated  
17 Commission on Utilities (CCU), *I Maga'håga Guahan*, the GPUC, and the Board  
18 of Directors of GEDA in accordance with law.

19           **Section 2. Approval of the Terms and Conditions of the Guam Power**  
20 **Authority Refunding Bonds.**

21           *I Liheslaturan Guahan*, pursuant to 12 GCA § 50103(k), hereby approves the  
22 terms and conditions of the issuance of senior revenue bonds by the Guam Power  
23 Authority from time to time, including, but not limited to, on a forward basis, for the  
24 purpose of refunding all or a portion of its currently outstanding 2014 Series A  
25 revenue bonds, in accordance with the following requirements, limitations,  
26 terms and conditions:

1 (a) The aggregate principal amount of the refunding bonds shall not  
2 exceed the sum of (1) the amount determined in accordance with 12 GCA §  
3 8229, plus (2) any additional amount needed to provide for a deposit to the  
4 debt service reserve in connection with the issuance of the refunding bonds.

5 (b) All obligations of the Authority to pay debt service on, and the  
6 redemption price of, the prior bonds shall be discharged concurrently with  
7 the issuance of the refunding bonds. Thereafter, the prior bonds shall be  
8 payable solely from and secured solely by an escrow established for such  
9 purpose in accordance with the Authority's existing bond indenture.

10 (c) The final maturity of the refunding bonds shall not exceed the  
11 final maturity of the latest maturing then outstanding revenue bonds. For  
12 clarity, the final maturity of the refunding bonds may exceed the maturity of  
13 an individual series of prior bonds so long as the final maturity of all then  
14 outstanding revenue bonds is not exceeded.

15 (d) Such bonds shall be issued and sold pursuant to the Authority's  
16 existing bond indenture and in compliance with the provisions of Chapter 8,  
17 Title 12, Guam Code Annotated, including approval by the CCU and by *I*  
18 *Maga'håga Guahan* as provided therein.

19 (e) The sale of the bonds shall be approved by the Board of Directors  
20 of GEDA as provided in Chapter 50 of Title 12, Guam Code Annotated; and,  
21 the terms and conditions of the issuance of the bonds shall be approved by  
22 the GPUC as provided in Chapter 12, Title 12, Guam Code Annotated.

23 (f) The present value of debt service on the refunding bonds shall be  
24 at least two percent (2%) less than the present value of debt service on the  
25 prior bonds, using the yield on the refunding bonds as the discount rate.

1 (g) Such refunding bonds shall have a principal amount or principal  
2 amounts sufficient to provide funds for the payment of all or a portion of the  
3 prior bonds refunded, and in addition, for the payment of all expenses incident  
4 to the calling, retiring, or paying of such prior bonds and the issuance of such  
5 refunding bonds, including:

6 (1) the difference in amount between the par value of the  
7 refunding bonds and any amount less than par for which the refunding  
8 bonds are sold;

9 (2) any amount necessary to be made available for the  
10 payment of interest upon such refunding bonds from the date of sale  
11 thereof to the date of payment of the prior bonds or to the date upon  
12 which the prior bonds will be paid pursuant to the call thereof or  
13 agreement with the holders thereof;

14 (3) the premium, if any, necessary to be paid in order to call  
15 or retire the prior bonds and the interest accruing thereon to the date of  
16 the call or retirement; and

17 (4) any additional amount needed to provide for a deposit to  
18 the debt service reserve in connection with the issuance of the  
19 refunding bonds.

20 (h) Savings in annual debt service payments from refunding shall be  
21 utilized specifically for the direct benefit of the ratepayers. Within ninety (90)  
22 days of the completion of the refinancing, the Guam Power Authority and the  
23 Guam Public Utilities Commission shall notify *I Liheslaturan Guåhan* of their  
24 intent and plan regarding the annual debt service payment savings achieved  
25 from the refinancing.

26 **Section 3. Local Sale of Bonds.** The Guam Economic Development  
27 Authority shall undertake its best efforts to cause a portion of any bonds issued



1 pursuant to this Act to be offered for sale in Guam, as well as in other jurisdictions,  
2 if and to the extent that such offer and any sales resulting from such offer do not  
3 increase the cost to the Authority of issuing and repaying such bonds.

4 **Section 4. Severability.** If any provision of this Act or its application to any  
5 person or circumstance is found to be invalid or contrary to law, such invalidity shall  
6 not affect other provisions or applications of this Act that can be given effect without  
7 the invalid provision or application, and to this end the provisions of this Act are  
8 severable.

**BILL STATUS**

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	COMTE. REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
162-37 (LS)	William A. Parkinson	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.	3/25/24 2:41 p.m.	3/27/24	Committee on Fire, Agriculture, Power and Energy Utilities, Public Transit, Unemployment Insurance and Universal Health Insurance	Request: 3/27/24 4/5/24	4/4/24 2:00 p.m.	4/9/24 12:44 p.m.	
	SESSION DATE 4/19/24	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.	DATE PASSED 4/26/24	TRANSMITTED 4/26/24	DATE 5/8/24	PUBLIC LAW NO. 37-95	DATE SIGNED 5/8/24		Received: 5/8/24 Messages and Communications Doc. No. 37GL-24-2064

LOURDES A. LEON GUERRERO  
GOVERNOR



JOSHUA F. TENORIO  
LT. GOVERNOR

UFISINAN I MAGA'HĀGAN GUĀHAN  
OFFICE OF THE GOVERNOR OF GUAM

**Transmitted via email to: [speaker@guamlegislature.org](mailto:speaker@guamlegislature.org)**

May 8, 2024

The Hon. Therese M. Terlaje  
*Speaker, I Mina'trentai Siette Na Liheslaturan Guåhan*  
37<sup>th</sup> Guam Legislature  
Guam Congress Building  
163 Chalan Santo Papa  
Hagåtña, Guam 96910

37GL-24-2064  
OFFICE OF THE SPEAKER  
THERESE M. TERLAJE

MAY 08 2024

Time: 5:02 pm  
Received:

**Re: Bill No. 262-37 (LS) - AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS**

*Håfa Adai Madam Speaker,*

Bill No. 262-37 (LS) authorizes the Guam Power Authority (“GPA”) to issue bonds for the purpose of refunding all or a portion of its 2014 Series A Revenue Bonds to take advantage of the opportunity presented by low interest rates and market conditions and to reduce the cost of existing bond debt. Anticipated savings will exceed the 2% threshold of Net Present Value Savings, potentially up to \$3.22M in debt service savings. The bill includes reasonable conditions and confirms the involvement of the Consolidated Commission on Utilities, the Guam Public Utilities Commission, the Guam Economic Development Authority, and this Administration—all to ensure any bond issuance makes sense for the people of Guam and results in savings for Guam ratepayers.

This measure will potentially save Guam ratepayers millions of dollars, and furthers our Administration’s ongoing commitment to sound fiscal policy.

For this reason, I am signing Bill No. 262-37 (LS) into law as *Public Law No. 37-95*.

*Senseramente,*

LOURDES A. LEON GUERRERO  
*Maga'hågan Guåhan*  
Governor of Guam



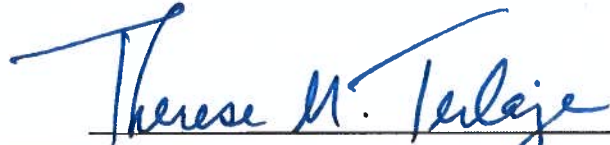
Enclosure(s): Bill No. 262-37 (LS) nka P.L. 37-95

cc via email: The *Honorable* Joshua F. Tenorio, *Maga'låhen Guåhan*, Lt. Governor of Guam  
Compiler of Laws

***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***  
**2024 (SECOND) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÅGAN GUÅHAN***

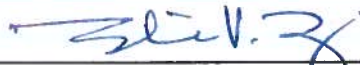
This is to certify that **Bill No. 262-37 (LS)**, "AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS," was on the 26<sup>th</sup> day of April 2024, duly and regularly passed.

  
\_\_\_\_\_  
**Therese M. Terlaje**  
**Speaker**


Attested:

  
\_\_\_\_\_  
**Amanda L. Shelton**  
**Legislative Secretary**

-----  
This Act was received by *I Maga'hågan Guåhan* this 26th day of April,  
2024, at 4:28 o'clock P.M.

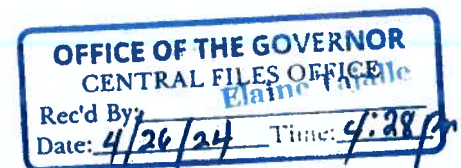
  
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**Assistant Staff Officer**  
***Maga'håga's* Office**

APPROVED:

  
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**Lourdes A. Leon Guerrero**  
***I Maga'hågan Guåhan***

Date: 5/8/2024

Public Law No. 37-95



2024-21513

*I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN*  
2024 (SECOND) Regular Session

Bill No. 262-37 (LS)

Introduced by:

William A. Parkinson  
Chris Barnett  
Frank Blas, Jr.  
Joanne M. Brown  
Christopher M. Dueñas  
Thomas J. Fisher  
Jesse A. Lujan  
Tina Rose Muña Barnes  
Sabina Flores Perez  
Roy A. B. Quinata  
Joe S. San Agustin  
Dwayne T.D. San Nicolas  
Amanda L. Shelton  
Telo T. Taitague  
Therese M. Terlaje

**AN ACT TO APPROVE THE TERMS AND CONDITIONS  
OF THE ISSUANCE BY GUAM POWER AUTHORITY  
OF REVENUE BONDS TO REFUND OUTSTANDING  
GUAM POWER AUTHORITY REVENUE BONDS.**

1        **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2        **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that 12 GCA § 8203 provides that the Guam Power Authority (Authority) is  
4 authorized to incur indebtedness by the issuance of revenue bonds with the  
5 approval of *I Maga'hågan Guåhan* (the Governor of Guam) to raise funds for the  
6 purpose of establishing the electric power system of the Authority, or of acquiring  
7 lands for the system, or of acquiring, constructing, improving, equipping,

1 system, or any part thereof, or for the purpose of refunding any such bonds, or for  
2 any combination of such purposes.

3 *I Liheslaturan Guåhan* finds that 12 GCA § 12105 provides that the Authority  
4 shall not enter into any contractual agreements or obligations (including bonds)  
5 which could increase rates and charges prior to the written approval of the Guam  
6 Public Utilities Commission (GPUC).

7 *I Liheslaturan Guåhan* finds that 12 GCA § 50103 provides that public  
8 corporations of the government of Guam, including the Authority, shall issue bonds  
9 and other obligations only by means of, and through the agency of the Guam  
10 Economic Development Authority (GEDA), and that GEDA shall not sell any bond  
11 without the approval by *I Liheslaturan Guåhan* of the terms and conditions of the  
12 bonds.

13 *I Liheslaturan Guåhan* finds that based on low interest rates and current  
14 market conditions, the Authority expects to be able to refund certain maturities of its  
15 outstanding 2014 Series A revenue bonds for debt service savings.

16 Therefore, to benefit ratepayers, it is the intent of *I Liheslaturan Guåhan* to  
17 approve the issuance of revenue bonds by the Authority for the purpose described in  
18 the immediately preceding paragraph, all subject to approval by the Consolidated  
19 Commission on Utilities (CCU), *I Maga'hågan Guåhan*, the GPUC, and the Board  
20 of Directors of GEDA in accordance with law.

21 **Section 2. Approval of the Terms and Conditions of the Guam Power**  
22 **Authority Refunding Bonds.**

23 *I Liheslaturan Guåhan*, pursuant to 12 GCA § 50103(k), hereby approves the  
24 terms and conditions of the issuance of senior revenue bonds by the Guam Power  
25 Authority from time to time, including, but not limited to, on a forward basis, for the  
26 purpose of refunding all or a portion of its currently outstanding 2014 Series A

1 revenue bonds, in accordance with the following requirements, limitations,  
2 terms and conditions:

3 (a) The aggregate principal amount of the refunding bonds shall not  
4 exceed the sum of (1) the amount determined in accordance with 12 GCA §  
5 8229, plus (2) any additional amount needed to provide for a deposit to the  
6 debt service reserve in connection with the issuance of the refunding bonds.

7 (b) All obligations of the Authority to pay debt service on, and the  
8 redemption price of, the prior bonds shall be discharged concurrently with the  
9 issuance of the refunding bonds. Thereafter, the prior bonds shall be payable  
10 solely from and secured solely by an escrow established for such purpose in  
11 accordance with the Authority's existing bond indenture.

12 (c) The final maturity of the refunding bonds shall not exceed the  
13 final maturity of the latest maturing then outstanding revenue bonds. For  
14 clarity, the final maturity of the refunding bonds may exceed the maturity of  
15 an individual series of prior bonds so long as the final maturity of all then  
16 outstanding revenue bonds is not exceeded.

17 (d) Such bonds shall be issued and sold pursuant to the Authority's  
18 existing bond indenture and in compliance with the provisions of Chapter 8,  
19 Title 12, Guam Code Annotated, including approval by the CCU and by *I*  
20 *Maga'hågan Guåhan* as provided therein.

21 (e) The sale of the bonds shall be approved by the Board of Directors  
22 of GEDA as provided in Chapter 50 of Title 12, Guam Code Annotated; and,  
23 the terms and conditions of the issuance of the bonds shall be approved by the  
24 GPUC as provided in Chapter 12, Title 12, Guam Code Annotated.

25 (f) The present value of debt service on the refunding bonds shall be  
26 at least two percent (2%) less than the present value of debt service on the  
27 prior bonds, using the yield on the refunding bonds as the discount rate.

1           (g) Such refunding bonds shall have a principal amount or principal  
2 amounts sufficient to provide funds for the payment of all or a portion of the  
3 prior bonds refunded, and in addition, for the payment of all expenses incident  
4 to the calling, retiring, or paying of such prior bonds and the issuance of such  
5 refunding bonds, including:

6                   (1) the difference in amount between the par value of the  
7 refunding bonds and any amount less than par for which the refunding  
8 bonds are sold;

9                   (2) any amount necessary to be made available for the  
10 payment of interest upon such refunding bonds from the date of sale  
11 thereof to the date of payment of the prior bonds or to the date upon  
12 which the prior bonds will be paid pursuant to the call thereof or  
13 agreement with the holders thereof;

14                   (3) the premium, if any, necessary to be paid in order to call  
15 or retire the prior bonds and the interest accruing thereon to the date of  
16 the call or retirement; and

17                   (4) any additional amount needed to provide for a deposit to  
18 the debt service reserve in connection with the issuance of the refunding  
19 bonds.

20           (h) Savings in annual debt service payments from refunding shall be  
21 utilized specifically for the direct benefit of the ratepayers. Within ninety (90)  
22 days of the completion of the refinancing, the Guam Power Authority and the  
23 Guam Public Utilities Commission shall notify *I Liheslaturan Guåhan* of their  
24 intent and plan regarding the annual debt service payment savings achieved  
25 from the refinancing.

26           **Section 3. Local Sale of Bonds.** The Guam Economic Development  
27 Authority shall undertake its best efforts to cause a portion of any bonds issued



1 pursuant to this Act to be offered for sale in Guam, as well as in other jurisdictions,  
2 if and to the extent that such offer and any sales resulting from such offer do not  
3 increase the cost to the Authority of issuing and repaying such bonds.

4 **Section 4. Severability.** If any provision of this Act or its application to any  
5 person or circumstance is found to be invalid or inorganic, such invalidity shall not  
6 affect other provisions or applications of this Act that can be given effect without  
7 the invalid provision or application, and to this end the provisions of this Act are  
8 severable.

9 **Section 5. Effective Date.** This Act shall be effective upon enactment.