



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 24-23  
)  
GUAM POWER AUTHORITY'S BOND )  
FINANCING SAVINGS UTILIZATION ) **ORDER**  
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**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for Approval of GPA's Bond Financing Savings Utilization.<sup>1</sup>

**BACKGROUND**

2. On May 30, 2024, in GPA Docket 24-19, the PUC approved GPA's refunding of the Guam Power Authority Revenue Bonds, 2014 Series A.<sup>2</sup>
3. The bonds were delivered on July 31, 2024.<sup>3</sup>
4. GPA has presented the following "Summary of Savings" from the approved refunding:

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<sup>1</sup> GPA Petition to Approve the Bond Financing Savings Utilization, GPA Docket 24-23, filed September 9, 2024.

<sup>2</sup> PUC Orders GPA Docket 24-19, Order Approving Long-Term Debt dated May 30, 2024.

<sup>3</sup> Email from GPA Counsel Marianne Woloschuk to PUC ALJ Fred Horecky dated September 16, 2024, Summary of Savings from 2014 Series A.

Final Refunding Par Amount:	\$ 54,830,000
Final Refunded Par Amount:	\$ 58,950,000
Avg. Annual Cashflow Savings (2026-2044):	\$ 331,000
NPV Savings:	\$ 4,619,292
NPV Savings as % of Refunded Par:	7.84%
All-In True Interest Cost:	4.16%

5. In Public Law No. 37-95, Section 2(h) [the Act approving GPA’s Bond Refunding], the Guam Legislature required that:

**Savings in annual debt service payments from refunding shall be utilized specifically for the direct benefit of the ratepayers.** Within ninety (90) days of the completion of the refinancing, the Guam Power Authority and the Guam Public Utilities Commission shall notify *I Liheslaturan Guåhan* of their intent and plan regarding the annual debt service payment savings achieved from the refinancing.” (Emphasis added).<sup>4</sup>

6. In Guam Consolidated Commission on Utilities GPA Resolution No. FY2024-26, the CCU indicated that “GPA desires to reserve the savings for the benefit of the community by making a strategic investment in Ukudu Power Project...GPA proposes to use the Bond Refunding Program savings towards the capital lease and Operating and Maintenance Expense of Ukudu Power Project.”<sup>5</sup>
7. The CCU authorized GPA to petition the PUC for approval of the use of the savings toward the investment of the Ukudu Power Project.<sup>6</sup>

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<sup>4</sup> Public Law No. 37-95, 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, enacted May 8, 2024, Section 2(h).

<sup>5</sup> Guam Consolidated Commission on Utilities, GPA Resolution No. FY2024-26, relative to Bond Financing Savings Utilization, approved and adopted on August 27, 2024.

<sup>6</sup> Id.

8. The Administrative Law Judge filed his ALJ Report herein dated September 17, 2024. The PUC adopts the conclusions and recommendation therein.

### DETERMINATIONS

9. In Public Law No. 37-95, the Guam Legislature established that savings in annual debt service payments from refunding were required to be “utilized specifically for the direct benefit of the ratepayers.”
10. The PUC must determine whether GPA’s proposed use of the savings from refunding is specifically for the benefit of the ratepayers.
11. GPA intends to apply the savings from refunding to the Capital Lease and O&M Expense of the Ukudu Power Project.
12. GPA has provided an estimate of the schedule of payments for the Ukudu Power Project between 2026 and 2044, which is attached to the ALJ Report as Exhibit “1”.<sup>7</sup>
13. GPA CFO Kim estimates that total expenses for the new Ukudu plant during the period of 2026-2044 will be approximately \$1.593 Billion (total plant cost over the 25-year period of the Energy Conversion Agreement is estimated to be \$2,159,912,000)<sup>8</sup>. GPA costs under the Energy Conversion Agreement with KEPCO include Fixed Capital Costs, fixed O&M expenses, variable expenses, and an inflation adjustment.<sup>9</sup>

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<sup>7</sup> Email from GPA CFO John Kim to PUC ALJ Fred Horecky dated September 16, 2024, Ukudu Power Plant Payment Schedule.

<sup>8</sup> Id., Exhibit “1”.

<sup>9</sup> Id., Exhibit “1”.

14. The \$331,000 annual cash flow savings from 2026 to 2044 will be applied to expenses for the Ukudu Power Project. Over the period from 2026 through 2044, roughly \$6,281,750 in cash flow savings will be paid to offset GPA expenses for the Ukudu plant.<sup>10</sup>
15. Thus, the bond savings will offset a relatively small portion of the overall Ukudu plant expenses.
16. The savings from the refunding in the early years of the operation of the Ukudu plant will help to minimize the burden on ratepayers. The savings are being utilized for the benefit of ratepayers by reducing costs to ratepayers. This is one of various measures that GPA has taken to either avoid or minimize the need for a base rate increase.
17. In GPA Docket 18-11, the PUC considered GPA's request to approve the use of cash flow savings from the refinancing of the 2010 GPA Series A Revenue Bonds. There, as in this docket, GPA sought to apply the bulk of the savings, to offset the annual debt service cost of the new Ukudu Power Plant.<sup>11</sup>
18. The PUC approved such use of the bond savings and found that "to the extent that the bond refunding cost savings paid the debts that would otherwise be funded through ratepayer revenues, there is a specific benefit for the ratepayers."<sup>12</sup> From

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<sup>10</sup> Id.

<sup>11</sup> PUC Order, GPA Docket 18-11 dated March 29, 2018, at p. 5.

<sup>12</sup> Id.

the savings from the refunding of its 2010 Series A Revenue Bonds, in 2021 through 2039, \$9,889,250 is being utilized to offset the annual debt service costs of the new Power Plant.<sup>13</sup>

19. In GPA Docket 22-20, the PUC considered GPA's request to approve the use of cash flow savings from the refinancing of the 2012 Series A Revenue GPA bonds. The PUC determined that, over the period from 2024 through 2034, roughly \$87.5M in cash flow expenses would be paid to offset GPA expenses for the Ukudu plant.<sup>14</sup>
20. In accordance with the reasoning of the Orders in GPA Dockets 18-11 and 22-20, GPA's proposal to utilize the savings from the refinancing Guam Power Authority Revenue Bonds, 2014 Series A is "specifically for the benefit of the ratepayers."
21. From the total bond refunding savings in this Docket and GPA Dockets 18-11 and 22-20, it appears that over \$103M total in such refunding savings will go to offset expenses for the Ukudu plant.
22. While \$103M is only a small portion of the \$2,159,912,000 total expense for the new Ukudu plant, it represents funds that the GPA ratepayers will not have to pay for the expenses of the Ukudu plant.

### ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA, the ALJ Report, and the record herein, for good cause shown, on

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<sup>13</sup> Id. at p. 4.

<sup>14</sup> PUC Order, GPA Docket 22-20, dated September 29, 2022, at p. 4.

motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. GPA's proposed use for Bond Refinancing savings, as set forth in its Petition and CCU GPA FY GPA Resolution No. FY2024-26, is approved.
2. All Bond refinancing savings shall be expended for, and allocated to, the Capital Lease and the O&M Expense of the Ukudu Power Plant Project.
3. 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 PUC's regulatory fees and expenses is 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.

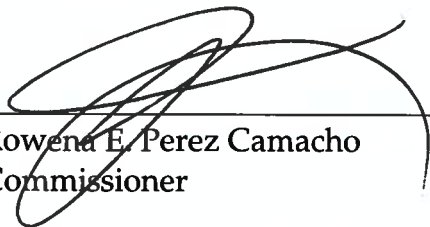
**[SIGNATURES TO FOLLOW ON NEXT PAGE]**

Dated this 26th day of September, 2024.



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Jeffrey C. Johnson  
Chairman



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Rowena E. Perez Camacho  
Commissioner

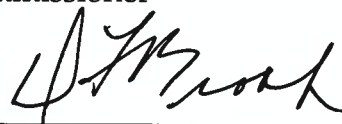
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Michael A. Pangelinan  
Commissioner



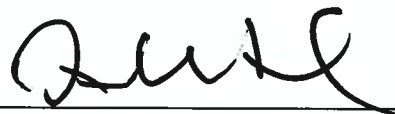
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Joseph M. McDonald  
Commissioner



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Doris Flores Brooks  
Commissioner



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Peter Montinola  
Commissioner