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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. 25-04

12 **GUAM POWER AUTHORITY'S**
13 **PROPERTY INSURANCE CONTRACT**
14 **FOR FY 2025**

SUPPLEMENT TO PETITION FOR
APPROVAL AND AUTHORIZATION
FOR GPA TO RENEW PROPERTY
INSURANCE

15
16 The Guam Power Authority (GPA) hereby files this supplement to its Petition for the
17 Public Utilities Commission of Guam (PUC) to review and approve GPA's renewal option with
18 AM Insurance and its affiliates for property insurance for the 10-month period beginning
19 January 1, 2025, and ending November 30, 2025. The supplement consists of the Resolution of
20 the Consolidated Commission on Utilities (CCU), approved at the CCU meeting on November 26,
21 2024, and attached hereto as Exhibit A. *See* Ex. A, CCU Resolution No. FY2025-02 (authorizing
22 GPA to take action to ensure property insurance coverage for the period from November 1, 2024,
23 to October 31, 2025).

24
25 Respectfully submitted this 27th day of November, 2024.

26
27 *Attorney for Guam Power Authority*

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29 *M. Wołoschuk*
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31 By: _____
32 Marianne Wołoschuk
GPA Legal Counsel



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GPA RESOLUTION NO.: FY2025-02

**RELATIVE TO THE AUTHORIZATION OF THE GUAM POWER AUTHORITY
TO TAKE ACTION TO ENSURE PROPERTY INSURANCE COVERAGE FOR
THE PERIOD FROM NOVEMBER 1, 2024 TO OCTOBER 31, 2025**

WHEREAS, the Consolidated Commission on Utilities has determined that it is a prudent and reasonable business practice to maintain insurance coverage on GPA's assets to the extent practical; and

WHEREAS, the Guam Power Authority's Bond Indenture agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage caused by or resulting from fire and from action of the elements (including loss from typhoons, earthquakes, floods and tidal waves), to the extent that such insurance is obtainable at reasonable cost"; and

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

WHEREAS, GPA's Property Insurance policy was awarded to AM Insurance, a local insurance brokerage firm and its affiliates, in October 2023 for a one (1) year policy period beginning November 1, 2023, to October 31, 2024, with four one year options to renew; and

WHEREAS, GPA's current Property Insurance policy's base year is set to expire on October 31, 2024, and GPA would like to exercise the first one-year option to renew; and

WHEREAS, the insurance broking team has configured, with the goal in mind of improving, to the greatest extent possible, the terms and conditions of GPA's property insurance policy for the year; and

1 **WHEREAS**, during the negotiation the Authority was not able to receive a price in a
2 timely manner, thus a two month extension at a cost of \$1,184,766 was requested to avoid a break
3 in property insurance coverage, an amount that is less than 20 percent over the amount of
4 \$7.1 million previously authorized by the PUC in GPA Docket No. 24-01 and thus does not
5 trigger the requirements of the PUC's Contract Review Protocol for GPA, *see* Admin. Dkt. Order
6 ¶ 10 (Feb. 15, 2008); and
7

8 **WHEREAS**, after negotiation, the underwriters are prepared to offer the following terms
9 for the period from January 1, 2025 to October 31, 2025:
10

11 1. The policy coverage includes:

12 a. Limit of Liability of \$200,000,000 each and every occurrence of Property Damage,
13 Business Interruption and Extra Expense combined.

14 b. Sub-limits for Earthquake, Flood, Typhoon, and Tsunami of \$100 million.

15 2. Cyber insurance coverage of \$3 million with \$250,000 deductible.

16 3. The remaining 10-month premium will be billed at a cost of \$5,978,600.
17

18 **WHEREAS**, GPA now brings these matters before the Consolidated Commissions on
19 Utilities.
20

21 **NOW, THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on
22 Utilities, as the governing body of the Guam Power Authority, subject to the approval of the
23 Guam Public Utilities Commission where required, as follows:
24

25 1. The GPA General Manager is authorized to accept a two month extension of the current
26 property insurance coverage at a cost of \$1,184,766, during the period of November 1,
27 2024 to December 31, 2024.

28 2. The GPA General Manager is authorized to enter into a contract with AM Insurance and
29 its affiliates, by which AM Insurance and its affiliates will provide property insurance
30 coverage for the period from January 1, 2025 to October 31, 2025.

31 3. The GPA General Manager is authorized to accept the terms of the renewal premium
32 offered by AM Insurance and its affiliates at a cost of \$5,978,600 for the policy
33 period of coverage between January 1, 2025 and October 31, 2025.

34 4. Management is authorized to work with the insurance consultant, broker and

1 underwriters to continue to look at options to reduce insurance premium.

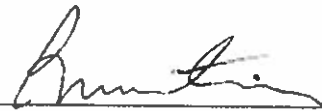
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3 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the
4 Commission attests the adoption of this Resolution.

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6 **DULY AND REGULARLY ADOPTED**, this 26th day of November, 2024.

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9 Certified by:

Attested by:

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11 

12 

13 **JOSEPH T. DUENAS**

PEDRO ROY MARTINEZ

14 **CHAIRPERSON**

SECRETARY

15 Consolidated Commission on Utilities

Consolidated Commission on Utilities

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19 **SECRETARY'S CERTIFICATE**

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

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

28
29 Ayes: 4
30 Nays: 0
31 Abstentions: 0
32 Absent: 1

