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*Attorney for Guam Power Authority*

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF:**

**GPA DOCKET NO. 26-01**

**GUAM POWER AUTHORITY'S  
PROPERTY INSURANCE CONTRACT  
FOR FY 2026**

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

The Guam Power Authority (GPA) hereby files its Petition for the Public Utilities Commission of Guam (PUC) to review and approve GPA's renewal option with AM Insurance and its affiliates for property insurance for the 12-month period beginning November 1, 2025, and ending November 1, 2026.

**I. Background.**

Pursuant to section 6.13 of its bond indenture, GPA is required to obtain insurance on all facilities to protect the system against risk of loss resulting from fire and "action of the elements", including typhoons, floods, earthquakes, and tidal waves. *See* GPA Revenue Bonds Indenture, § 6.13, Insurance (Dec. 1, 1992). These policies are required to the extent that such insurance is obtainable at reasonable cost.

On October 31, 2023, the PUC approved GPA to award a property insurance policy contract to AM Insurance for the period from November 1, 2023, to October 31, 2024, with four 1-year options to renew, the first of which was exercised last year.

1 GPA's property insurance for all facilities is due to expire on November 1, 2025. GPA  
2 wishes to exercise the second 1-year option to renew. AM Insurance and its affiliates are offering  
3 the following coverage for the price of not more than \$6,700,000 for the policy period from  
4 November 1, 2025, to November 1, 2026:

- 6 • Reduce the coverage limit from \$200 million to \$150 million,
- 7 • Reduce Cabras 1 & 2 limit to a maximum of \$50 million All Risk and \$25 million  
8 Machinery Breakdown, and
- 9 • Renew cyber insurance with coverage of \$3 million with a deductible of \$250,000.

10 AM Insurance and its affiliates will continue to explore options improving to the greatest extent  
11 possible the terms and conditions of GPA's property insurance until the renewal date of  
12 November 1, 2025.

## 14 II. Request For Approval.

15 Pursuant to the contract review protocol and the PUC's order in GPA Docket No. 24-01  
16 (Oct. 31, 2023), which requires GPA to seek the PUC's approval prior to exercising each of the  
17 four renewal options for property insurance, *id.* at 7, Ordering Provisions ¶ 3, GPA hereby petitions  
18 the PUC to approve GPA's exercise of the second of four 1-year options to renew insurance. The  
19 renewal option covers the period from November 1, 2025, to November 1, 2026.

22 The renewal is reasonable, in that, at a cost of \$6,700,000, it continues to include a  
23 cybersecurity component but does not exceed the price paid last year, which amounted to  
24 \$1,184,766 for the period from November 1, 2024 to December 31, 2024, plus \$5,978,600 for the  
25 period from January 1, 2025, to November 1, 2025, for a total of \$7,163,366. The price reduction  
26 is balanced by a reduction in coverage. GPA expects cease operating Cabras 1 & 2 by January 31,  
27 2026, and to fully decommission the plant by March 31, 2026, thus justifying that part of the  
28 reduction in coverage. The insurance coverage is necessary in order to comply with GPA's bond  
29 covenants. Finally, it is prudent because it will protect GPA's financial stability.

32 In support of this petition, GPA has attached the resolution of the Consolidated


Commission on Utilities (CCU), which authorizes the General Manager to submit this petition to the PUC for review and approval. *See* Ex. A, CCU Resolution No. FY2025-28 (authorizing GPA to take action to ensure property insurance coverage for the period from November 1, 2025, to November 1, 2026) (Sept. 23, 2025). Also attached in support of this petition is GPA's presentation to the CCU, which includes GPA's history of property insurance premiums, as well as insurance premium and coverage information. *See* Ex. B (GPA Presentation to CCU, Sept. 23, 2023).

### III. Conclusion

The PUC should approve GPA's request to exercise the second option to renew insurance with AM Insurance and its affiliates to ensure coverage from November 1, 2025, to November 1, 2026. Given the price reduction, the requirements of GPA's bond indenture, and GPA's responsibilities to its stakeholders, GPA's request to renew insurance is reasonable, necessary and prudent.

Respectfully submitted this 1st day of October, 2025.

*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 Hagatña, Guam 96932 | (671) 648-3002 | guamccu.org

**GPA RESOLUTION NO.: FY2025-28**

**RELATIVE TO THE AUTHORIZATION OF THE GUAM POWER AUTHORITY  
TO TAKE ACTION TO ENSURE PROPERTY INSURANCE COVERAGE FOR  
THE PERIOD FROM NOVEMBER 1, 2025 TO NOVEMBER 1, 2026**

**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 with 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 year is set to expire on November 1, 2025, and GPA would like to exercise the second one-year option to renew; and

**WHEREAS**, the contract review protocol established by the Public Utilities Commission (PUC) requires that all contracts in excess of \$1.5 million be authorized by the PUC; and

1       **WHEREAS**, the insurance broking team has configured, with the goal in mind of  
2 improving to the greatest extent possible the terms and conditions of GPA's property insurance  
3 policies and will continue to look at options available before the renewal date of November 1,  
4 2025; and

5  
6       **WHEREAS**, GPA recommends renewing the contract with AM Insurance, a local  
7 insurance brokerage firm, and its affiliates for the period from November 1, 2025, to November  
8 1, 2026, and the broker and the underwriters will continue to look at options available to reduce  
9 insurance premiums before the renewal date of November 1, 2025; and the options are as follows:

- 10           • Reduce the coverage limit from \$200 million to \$150 million
- 11           • Reduce Cabras 1 & 2 limit to a maximum of \$25 million
- 12           • Renew cyber insurance with coverage of \$3 million with a deductible of \$250,000
- 13           • Obtain 2-year deal for a rate reduction for policy period November 1, 2026-
- 14           November 1, 2027

15 The premium is estimated to be \$6,900,000 for the policy period from November 1, 2025, to  
16 November 1, 2026; and

17  
18       **WHEREAS**, GPA now brings these matters before the Consolidated Commissions on  
19 Utilities.

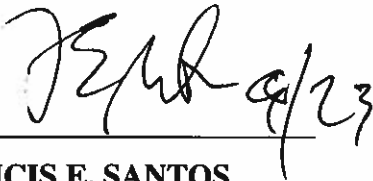
20  
21       **NOW, THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on  
22 Utilities, as the governing body of the Guam Power Authority, subject to the approval of the  
23 Guam Public Utilities Commission, as follows:

- 24  
25           1. The GPA General Manager is authorized to enter a contract with AM Insurance and  
26           its affiliates, by which AM Insurance and its affiliates will provide property insurance  
27           coverage for the period from November 1, 2025 to November 1, 2026.
- 28           2. The GPA General Manager is authorized to accept the terms of the renewal premium  
29           offered by AM Insurance and its affiliates at a cost of \$6,900,000 for the policy  
30           period coverage between November 1, 2025 and November 1, 2026.
- 31           3. Management is authorized to work with the insurance consultant, broker, and  
32           underwriters to continue to look at options to reduce insurance premiums.
- 33

1       **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the  
2 Commission attests to the adoption of this Resolution.

3  
4       **DULY AND REGULARLY ADOPTED**, this 23<sup>rd</sup> day of September 2025.

5  
6  
7 Certified by:

8   
9

10  
11 **FRANCIS E. SANTOS**

12 Chairperson

13 Consolidated Commission on Utilities

Attested by:

14   
15

16 **MICHAEL T. LIMTIACO**

17 Secretary (Acting)

18 Consolidated Commission on Utilities

19  
20  
21 **SECRETARY'S CERTIFICATE**

22 I, **Michael T. Limtiaco**, Secretary (acting) of the Consolidated Commission on Utilities  
23 (CCU), as evidenced by my signature above, do hereby certify as follows:

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

28 AYES:

4

29 NAYS:

0

30 ABSENT:

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31 ABSTAIN:

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# Property Insurance

# Property Insurance Premium History

YEAR	TIV	INCREASED VALUE (%)	PREMIUM	INCREASE (DECREASE) IN PREMIUM	RATE (%)	RATE (REDUCTION) (%) INCREASE (%) IN RATE
2014/15	\$1,437,978,000	-4.37%	\$4,855,119	-\$551,503	0.3376%	-6.10%
2015/16	\$1,437,978,000	0.00%	\$6,662,309	\$1,807,190	0.4633%	37.22%
2016/17	\$1,437,978,000	0.00%	\$6,450,000	-\$212,309	0.4485%	-3.19%
2017/18	\$1,437,978,000	0.00%	\$6,694,749	\$244,749	0.4656%	3.79%
2018/19	\$1,190,984,552	-17.18%	\$4,422,692	-\$2,272,057	0.3713%	-20.24%
2019/20	\$1,229,321,733	3.22%	\$5,252,334	\$829,642	0.4273%	15.06%
2020/21	\$994,029,929	-19.14%	\$5,252,334	\$0	0.5284%	23.67%
2021/2022	\$1,041,633,681	4.79%	\$5,788,643	\$536,309	0.5557%	5.17%
2022/23	\$1,112,171,290	6.77%	\$6,670,980	\$882,337	0.5998%	7.93%
2023/24	\$1,112,171,290	0.00%	\$7,165,858	\$494,878	0.6443%	7.42%
2024/25	\$1,090,622,465	-1.94%	\$7,056,365	-\$109,493	0.6470%	0.42%



Current Property Coverage: \$200 million

- Earthquake shock, flood, windstorm, cyclone, typhoon and tsunami: \$100 million each and every occurrence
- Deductible: \$2.5 million with items over \$10 million, \$1 million for items less than \$10 million
- Business interruption \$5 million
- Extra Expense: \$15 million

Premium: \$7,056,365

Cyber insurance: \$ 3million

- Deductible: \$250,000

Premium: \$107,000

- Cabras 1 & 2 are projected to be operational until January 2026.  
Saving can be obtained by limiting the coverage for Cabras 1 & 2
- Next largest asset after Cabras 1 & 2 is Dededo 1 & 2 with an estimated replacement value of \$123 million.

Proposed premium 2025-2026: \$7,134,045

## Proposed Options:

- Reduce the coverage limit from \$200 million to \$150 million  
Estimated Savings: \$50,000
- Reduce Cabras 1 & 2 limit
  - a) \$100 million: \$100,000 in savings
  - b) \$50 million: \$250,000 in savings
  - c) \$25 million: \$350,000 in savings
- Fixed policy for 2 years
  - 5% premium rate deduction for period Nov. 1, 2026 to Nov. 1, 2027