

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

THE PETITION OF THE GUAM
POWER AUTHORITY FOR APPROVAL)
OF THE RENEWAL OF THE PROPERTY)
INSURANCE CONTRACT FOR 2026)

GPA DOCKET 26-01

PUC COUNSEL REPORT



INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority ["GPA"] Petition for Approval and Authorization for GPA to Renew Property Insurance for the period beginning on November 1, 2025 and ending November 1, 2026.¹
2. GPA's property insurance is due to expire on November 1, 2025 and GPA requests that the PUC approve GPA's exercise of the second 1-year option to renew GPA's property insurance contract with AM Insurance and its affiliates that will cost \$6,700,000 for the coverage period beginning on November 1, 2025 and ending November 1, 2026.²

BACKGROUND

3. GPA's Bond Indenture Agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost...." The Indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry...."³
4. On October 31, 2024, the PUC authorized GPA to award a Property Insurance Policy Contract to AM Insurance for a one-year policy period beginning November 1, 2023 to October 24, 2024, which cost \$7,100,000 for that coverage period, with four one-year options to renew and which required GPA to obtain the PUC's approval prior to exercising any of those four options.⁴

¹ GPA Petition for Approval and Authorization for GPA to Renew of Property Insurance, GPA Docket 26-01, filed October 1, 2025. (Petition).

² Id., at 2. [NOTE: This report cites the PDF numbers because the numbers used in the Petition and its exhibits are not continuous].

³ Id., at 1.

⁴ PUC Order dated October 31, 2023 in GPA Docket No. 24-01 at 7.

5. The initial term of GPA's Property Insurance Contract would have expired on October 31, 2024 and GPA and AM Insurance agreed to extend the initial term until December 31, 2024 for the amount of \$1,184,766 to obtain the regulatory approvals required for GPA to exercise the first one-year option term. On December 22, 2024, the PUC determined that GPA did not require the PUC's approval for that extension because the \$1,184,766 cost of the two-month extension was less than 20% of the \$7,100,000 cost of the contract's initial term.⁵
6. On December 2, 2024, the PUC approved GPA's exercise of the contract's the first option term for the coverage period beginning on January 1, 2025 and ending on November 1, 2025 for the amount of \$5,978,600.⁶
7. On September 23, 2025, the Guam Consolidated Commission on Utilities [CCU] issued GPA Resolution No. FY2025-28 which authorized GPA's General Manager to exercise the second one-year extension of the contract for the period November 1, 2025 to November 1, 2026 for the amount of \$6,700,000 subject to the PUC's approval.⁷

ANALYSIS

8. GPA must obtain the PUC's approval to exercise the second one-year option to renew. As stated above, the PUC ordered GPA to obtain the PUC's approval prior to exercising any of the four one-year options to renew in GPA's Property Insurance Contract with AM Insurance. Therefore, GPA must obtain the PUC's prior approval prior to exercising the second option period that will begin on November 1, 2025 and end on November 1, 2026.
9. The \$6,700,000 cost of the second one-year option is reasonable. The first one-year option had a total cost of \$7,163,366 which was \$63,366 more than the contract's \$7,100,000 initial term. Here, the \$6,700,000 cost of the second one-year option is \$463,366 less than the cost of the contract's first one-year option. GPA achieved these cost savings by reducing the coverage limit from \$200 million to \$150 million, by reducing Cabras 1 & 2 limit to \$25 million, by renewing the cyber insurance with

⁵ PUC Order dated December 2, 2024, GPA Docket No. 25-04 at 2.

⁶ Id., at 4.

⁷ GPA Petition at 6.

\$3 million coverage and a deductible of \$250,000, and by obtaining a two-year rate reduction deal for the coverage period.⁸ Therefore, the cost of the second one-year extension is reasonable.

10. The contract extension is prudent. GPA has an insufficient amount of time to prepare a new property insurance solicitation, issue it, receive responses, and award a new property insurance contract prior to the November 1, 2025 coverage expiration date. Hence, it is more prudent for GPA to exercise the second one-year option of the contract instead of issuing a solicitation for a new contract.
11. The contract extension is necessary. As stated above, GPA is required by its Bond Indenture Agreements to maintain property insurance coverage.
12. Based on the foregoing, the second one-year extension of GPA's Property Insurance Contract with AM Insurance, is reasonable, prudent, and necessary.

RECOMMENDATION

13. Counsel recommends that the PUC approve the second one-year extension of GPA's Property Insurance Contract with AM Insurance, for the policy period beginning November 1, 2025 and ending on November 1, 2026.
14. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24th day of October, 2025.

Anthony R. Camacho, Esq.

Anthony R. Camacho, Esq.
PUC Legal Counsel

⁸ Id., at 2.