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GUAM PUBLIC UTILITIES COMMISSION

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:	)	GPA Docket No. 26-08
	)	
The Petition of the Guam Power Authority	)	
for Approval and Authorization to Solicit	)	**ORDER**
Casualty Insurance	)	
	)	
	)	

INTRODUCTION

This matter comes before the Guam Public Utilities Commission ("PUC") upon the Petition of the Guam Power Authority ("GPA") for Approval and Authorization to Solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two (2) additional one (1) year extensions.[1] GPA's current Casualty Insurance policy will expire on November 1, 2026.

BACKGROUND

In GPA Docket No. 24-02, the PUC approved GPA's Request for Approval of its Casualty Insurance Contract for FY 2024, with two-one-year renewal options.[2] GPAs past line of insurance policies, for both property and casualty insurance, was awarded in 2018.[3] In July 2023, GPA issued separate requests for proposals for casualty (under multi-step bid MSB GPA-062-23) and property insurance.[4] GPA's then justification for separating the insurance policies was to allow the separate bids to move forward with procurement in the event the other bid became "bogged down".[5] Only one bidder

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[1] Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance, filed March 6, 2026.
[2] PUC Order, GPA Docket No. 24-02, dated October 26, 2023.
[3] PUC Order (unsigned), GPA Docket No. 18-12, dated April 26, 2018.
[4] GPA Petition, GPA Docket No. 24-02, at pg. 2.
[5] PUC Order, GPA Docket No. 24-02, dated October 26, 2023, at pg. 2.

responded to MSB GPA-062-23, with a price that exceeded GPA's price estimates, resulting in GPA cancelling the procurement and conducting sole source negotiations.[6]

The PUC, in GPA Docket No. 24-02, expressed concern with the substantial increases in costs for the casualty insurance premiums, noting that the overall increases to be around 13% each year.[7] At the PUC hearing on GPA Docket No. 24-02, GPA CFO John Kim testified that the cost increase was mainly for Professional Insurance for GPA engineers.[8] GPA CFO Kim also testified that GPA had not made any insurance casualty claims during the last six-year period.[9] The PUC ordered that GPA conduct an evaluation of whether GPA can self-insure for professional insurance and notify the PUC in writing before awarding the Casualty Insurance contract.[10]

On November 26, 2024, GPA filed GPA's Report RE Self-Insurance for Professional Liability Insurance, with the PUC.[11] The report set forth that GPA's risk manager, Bolton of the IMA Financial Group, Inc., recommended that GPA explore a higher deductible option rather than pure self-insurance.[12] The risk manager also pointed out that the professional liability claims for engineering requires a specialized claims adjuster and defense counsel to handle the complex cases that would result from a claim made against a policy.[13]

The PUC also noted in GPA Docket No. 24-01, substantial increases in insurance premiums for Property Insurance.[14] As a result, PUC created a new docket on Self-Insurance to explore the possible use of self-insurance for matters presently covered by casualty or property insurance.[15]

[6] PUC Order, GPA Docket No. 24-02 date October 26, 2023, at pg.2.
[7] Id., at pgs. 4-5.
[8] Id. at pg. 5.
[9] Id.
[10] Id. at pg. 6.
[11] GPA's Report RE Self-Insurance for Professional Liability Insurance, GPA Docket No. 24-02.
[12] Id.
[13] Id.
[14] PUC Order, GPA Docket No. 24-01, dated October 31, 2023.
[15] Id.

GPA now comes before the PUC seeking approval to solicit for Casualty Insurance. The term of the insurance bid will be for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one year extensions.[16] In the current Petition, GPA sets forth that pursuant to its bond indenture agreement, GPA is required to obtain workers compensation insurance, general and automotive liability insurance and fidelity insurance or bonds on all officers and employees handling or responsible for GPA funds.[17] GPA intends to issue a multi-step bid for Casualty Insurance, including commercial general liability, commercial auto physical damage and liability, crime, excess liability, directors' and officers' insurance, professional liability (errors and omissions), and excess workers compensation.[18]

DETERMINATIONS

A. Contract Review

PUC must approve and review any GPA contract or obligation which exceeds $1,500,000.00.[19] For multi-year contracts, whether the contract exceeds the $1,500,000.00 threshold for PUC review is determined by the total estimated cost for the entire term(s) of the contract.[20] PUC has previously approved GPA's multi-year Casualty Insurance contract for an estimated price of $2,064,968.00, for a contract of one-year term with two additional one-year options to extend.[21] In the current Petition, the insurance will be for a three-year period from November 1, 2026 to November 1, 2029, with two options to extend for an additional one-year period.[22] GPA expects, based upon past experience,

[16] GPA Resolution No.: FY2026-12, dated February 24, 2026.
[17] GPA Petition, Docket No. 26-08 at pg. 1.
[18] Id.
[19] Contract Review Protocol for Guam Power Authority, Administrative Docket, §1.
[20] Contract Review Protocol for Guam Power Authority, Administrative Docket, §§1.e and 4.b.
[21] PUC Order, GPA Docket No. 24-02, dated October 26, 2023.
[22] Id., at pg. 2.

that the total cost of the contract will exceed the PUC threshold review of $1.5 million.[23] PUC approval is required.

B. **GPA's Procurement for Casualty Insurance is Necessary, Reasonable and Prudent.**

In the Petition, GPA asserts that the procurement of Casualty Insurance is necessary because it is required by GPA's bond indenture agreement in order to avoid an event of default. [24] GPA also presents that the procurement is reasonable since it will act as a financial safety net to protect GPA against lawsuits, accidents, and third-party damages that could otherwise cause financial stress.[25] GPA lastly asserts that the procurement is prudent because it will insure against risks that are known to be possible in the course of GPA's mission and operations.[26]

PUC has consistently recognized that Casualty Insurance, to include commercial general liability, commercial auto physical damage and liability, crime, excess liability, directors' and officers' insurance, professional liability (errors and omissions), and excess workers compensation is necessary.[27] PUC has consistently recognized that GPA is required by its Bond Indenture to have this insurance and to request a procurement for the insurance is reasonable, necessary and prudent.[28]

The proposed Multi Step Bid, attached to the current Petition, are in a standard form and contain the provisions which GPA has ordinarily included in its insurance procurement bids.[29]

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[23] GPA Petition, Docket No. 26-08, at pg. 2.
[24] Id.
[25] Id.
[26] Id.
[27] PUC Order, GPA Docket No. 24-02, dated October 26, 2023, at pg. 5 ["Without casualty insurance in place, GPA runs the risk of loss or liability for all matters for which the Casualty Insurance Policy provides coverage."].
[28] PUC Order, GPA Docket No. 24-02; PUC Order, GPA Docker No. 18-12, dated April 26, 2018.
[29] GPA Petition, Docket No. 26-08, Consolidated Commission on Utilities ("CCU") GPA Resolution No. FY2026-12, dated February 24, 2026.

ORDERING PROVISIONS

After review of the record herein, including the Petition of the Guam Power Authority for Approval and Authorization to Solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one year extensions, the ALJ Report, the record herein and for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA is authorized and approved to solicit Casualty Insurance for a three (3)-year period (FY-2027 through FY 2029), with options for two additional one-year extensions, beginning November 1, 2026.

2. GPA is authorized to issue a Multi-Step Bid in the form attached to its Petition.

3. GPA shall be required to seek approval from the PUC for the cost of the Casualty Insurance contract before GPA makes a final award.

4. GPA shall file a copy of its Casualty Insurance contract with the PUC, when finalized.

5. 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 are 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.

SO ORDERED this 26th day of March 2026.

Jeffrey C. Johnson
Chairman

Peter Montinola
Commissioner

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Doris Flores Brooks
Commissioner