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9 *Counsel for Guam Power Authority*

10 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

11 **IN THE MATTER OF:**) **GPA DOCKET NO. 26-12**
 12)
 13 **LINE OF CREDIT FOR FUEL**) **PETITION OF THE GUAM POWER**
 14 **PURCHASES**) **AUTHORITY TO SECURE AND**
 15) **ESTABLISH A LINE OF CREDIT FOR**
 16) **FUEL PURCHASES**
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33 The Guam Power Authority (GPA) hereby petitions the Public Utilities Commission of
 34 Guam (PUC) to review and approve GPA’s request to secure and establish a line of credit for
 35 fuel purchases. In support of the petition, GPA has attached the Consolidated Commission on
 36 Utilities’ (CCU) Resolution No. FY2026-17 (Apr. 17, 2026), authorizing GPA to seek the PUC’s
 37 approval for the line of credit. *See* Ex. A. This project is funded through the Levelized Energy
 38 Adjustment Clause (LEAC).

39 **I. Background**

40 GPA is seeking a line of credit up to \$100 million to manage high fuel costs, using
 41 short-term borrowing to pay for fuel shipments and avoid immediate, steep rate hikes for
 42 ratepayers. In recent weeks, the price of the fuel used by the new Ukudu Power Plant, an ultra-
 43 low sulfur diesel (ULSD) with special specifications, has experienced significant volatility.

1 From approximately \$98 per barrel before the start of the war in Iran on February 28, 2026,
2 and the subsequent closure of the Strait of Hormuz, the price spiked to nearly \$300 per barrel
3 in early April. A recent fuel shipment that was expected to cost approximately \$25 million
4 instead rose to approximately \$68 million. The difference has placed a strain on GPA's
5 operational liquidity.
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8 Rather than imposing an immediate rate increase on ratepayers and causing severe price
9 shock, GPA has decided to obtain a line of credit to pay fuel costs and thereby manage and
10 smooth these costs over time. A line of credit will allow GPA the flexibility to fund fuel
11 purchases as needed and repay the obligations as GPA collects revenues from its customers.
12

13 Section 8241 of GPA's enabling statute governs short-term borrowing and provides
14 that, with the Governor's approval, the CCU may "incur indebtedness for any lawful purpose
15 for any period not exceeding five (5) years evidenced by contract with any person or by one or
16 more promissory notes executed as provided in § 8217 (relating to bonds) and delivered to any
17 person." 12 GCA § 8241. The law further provides that the debt may be repaid from revenues.
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20 *Id.*

21 **II. Request for Approval**

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23 The PUC's contract review protocol requires PUC authorization for all financial
24 obligations such lines of credit in excess of \$1.5 million, as well as any use of such funds, prior
25 to beginning the procurement process. A \$100 million line of credit is a major facility that
26 meets the PUC's threshold for review. After GPA obtains the PUC's approval to explore its
27 options, it will return with concrete proposals based on discussions with lenders.
28

29
30 Establishing a line of credit during a time of fuel price volatility is reasonable because
31 it will provide GPA essential financial flexibility to manage cash flow gaps and help control
32 operating costs when fuel prices spike. A line of credit is necessary because it will allow GPA

1 to pay for fuel without causing shocks to consumers. A line of credit is prudent because GPA
2 will use it to manage abrupt cost increases without depleting working capital.

3
4 **III. Conclusion**

5 Based on the foregoing, GPA requests that the PUC approve GPA's request to secure
6 and establish a line of credit to pay for fuel purchases. Doing so will allow GPA to mitigate
7 price shocks, and this petition is therefore reasonable, necessary, and prudent.
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9 Respectfully submitted this 1st day of May, 2026.

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11 *Attorney for Guam Power Authority*

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13 By: _____

14 MARIANNE WOŁOSCHUK
15 GPA Legal Counsel
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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. FY2026-17

**AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY
TO SECURE AND ESTABLISH A LINE OF CREDIT
FOR FUEL PURCHASES**

WHEREAS, the escalation of the Iran conflict and the subsequent closure of the Strait of Hormuz in March 2026 have triggered significant supply disruption in the modern oil market, driving crude prices to unprecedented levels near \$300 per barrel; and

WHEREAS, this global volatility has substantially increased Guam Power Authority's (GPA) fuel shipment costs, from an average of \$25 million to an estimated \$68 million per shipment, thereby creating an immediate strain on the Authority's operational liquidity; and

WHEREAS, GPA management has determined that securing a Line of Credit (LOC) or similar short-term financing facility is necessary to distribute these extraordinary fuel costs, and the establishment of a Line of Credit will mitigate immediate rate shock to ratepayers by allowing GPA to manage and smooth these costs over time; and

WHEREAS, the establishment of a Line of Credit will provide GPA with the critical flexibility to fund fuel purchases as needed and to repay such obligations as revenues are collected, ensuring continuity and reliability of fuel supply; and

WHEREAS, the Authority is authorized pursuant to 12 GCA § 8241 to enter into short-term borrowing agreements for periods not exceeding five (5) years and to incur debt necessary for its operations, subject to the review and approval of the Consolidated Commission on Utilities and the Governor; and

1 **NOW, THEREFORE, BE IT RESOLVED**, the Consolidated Commission on Utilities,
2 as the Governing Body of the Guam Power Authority, does hereby approve the following:

- 3
- 4 1. The General Manager of GPA is authorized to solicit, negotiate, and enter into a
5 Line of Credit facility with a qualified financial institution in an amount not to
6 exceed \$100,000,000.
- 7
- 8 2. Proceeds from the Line of Credit shall be used solely for the procurement of fuel
9 necessitated by extraordinary global price volatility.
- 10
- 11 3. The General Manager is authorized to seek the Governor's approval and to take all
12 necessary actions to implement this Resolution, including petitioning the Guam Public
13 Utilities Commission for review and final approval of the Line of Credit.
- 14
- 15

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

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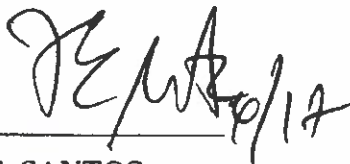
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20 **DULY AND REGULARLY ADOPTED**, this 17th day of April 2026.

21

22 Certified by:

Attested by:

23 

24 

25 _____
26 **FRANCIS E. SANTOS**

25 _____
26 **MELVIN F. DUENAS**

27 Chairperson

Secretary

28 Consolidated Commission on Utilities

Consolidated Commission on Utilities

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SECRETARY'S CERTIFICATE

I, **Melvin Duenas**, Secretary of the Consolidated Commission on Utilities (CCU), as evidenced by my signature above, do hereby certify as follows:

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

AYES:	<u>5</u>
NAYS:	<u>0</u>
ABSENT:	<u>0</u>
ABSTAIN:	<u>0</u>



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