









MINA' BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) REGULAR SESSION

Bill No. 214 (LS)

Introduced by:

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v.c. pangelinan 
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AN ACT TO APPROPRIATE THE SUM OF TWELVE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$12,800,000) FOR DELINQUENT STREETLIGHT ARREARAGE OWED TO THE GUAM POWER AUTHORITY TO COMPLY WITH THE STIPULATION ISSUED BY THE GUAM PUBLIC UTILITIES COMMISSION IN RESPONSE TO THE GUAM POWER AUTHORITY PETITION FOR FY08 BASE RATE RELIEF AS CONTAINED IN DOCKET 07-10

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings. *I Mina' Bente Nuebi Na Liheslaturan*

Guåhan finds that the Guam Power Authority (GPA) has petitioned the Guam Public Utilities Commission (PUC) for rate relief on October 4, 2007, which would result in additional revenues of \$26.9 million per year – a base rate increase of 19.72%, as stipulated before the PUC and contained in Docket 07-10.

1 As a result of a settlement conference, Georgetown Consulting Group
2 (GCG), the independent regulatory consultant of the Public Utilities
3 Commission, recommended that GPA be awarded, effective for meters
4 read on and after March 1, 2008, an across the board increase in civilian
5 base rates of 6.14%, excluding civilian lifeline, and an increase of
6 Department of Defense (DOD) rates under the Customer Service
7 Agreement of 24.25%, which are projected to produce additional annual
8 revenues of \$11 million dollars.

9 The recommendation also provided that the civilian base rate
10 increase and the DOD base rate increase will be effective on March 1, 2008.
11 Collection of the civilian base rate increase and 5.8% of the 24.25% DOD
12 rate increase should be immediately deferred until June 1, 2008. However,
13 in the event that the Government of Guam pays on or before June 1, 2008 at
14 least \$7.9 million of the \$12.73 million delinquent streetlight arrearage
15 (streetlight delinquency) it owes to GPA, then the deferral of the civilian
16 and DOD base rates described above should continue in effect until March
17 1, 2009. In the event the Government of Guam does not make payment of at
18 least \$7.9 million of the streetlight delinquency, then the rate increases
19 should be compressed to collect amounts deferred, less any amounts paid
20 by Government of Guam before June 1, 2008 and deferral of rates after June
21 1, 2008 shall cease.

1 *I Liheslatura* further finds that the Fiscal Year 2009 Executive Budget
2 recently transmitted by *I Maga'lahaen Guåhan*, projects government receipts
3 of Forty-eight Million Three Hundred Fifty-one Thousand Two Hundred
4 Twenty-two Dollars (\$48,351,222) in Section 30 Funds, of which \$11.1
5 million is obligated to debt service for the Limited Obligation (Section 30)
6 Bonds Series A, and the 2002 Short Term Financing authorized by P.L.26-84
7 as amended by P.L. 26-122 and P.L. 26-130 thus leaving available a net
8 balance of \$37.2 million, of which sufficient funds can be obligated to pay
9 off the entire delinquent street light arrearage of \$12.73 million.

10 **Section 2. Legislative Intent.** It is the intent of *I Liheslaturan Guåhan*
11 to give *I Maga'lahaen Guåhan* the authority to pay the sum of \$12.73 million
12 in delinquent streetlight arrearage pursuant to the Stipulation issued by the
13 PUC in Docket 07-10 relative to the GPA petition for FY08 Base Rate Relief
14 on or before June 1, 2008 to avert the implementation of the rate increase.

15 **Section 3. Payment of Prior Year Street Light Arrearage Obligations**
16 **Authorized.** Notwithstanding any prohibition in P.L. 29-19 or any other
17 statute, *I Maga'lahaen Guåhan* is authorized to pay all prior year obligations
18 to the Guam Power Authority for delinquent streetlight arrearage in order
19 to avert the proposed power rate increase set forth in the *Stipulation* filed in
20 Docket 07-10.

1 **Section 4. Promissory Note Authorized.** *I Maga'lahaen Guåhan* is
2 authorized to execute a Promissory Note with the Guam Power Authority
3 to pay the streetlight delinquency pledging FY'08 appropriations, or the
4 Section 30 Funds GovGuam anticipates to receive before September 30,
5 2008.

6 **Section 5. Authority to Borrow.** *I Maga'lahaen Guåhan*, on behalf of the
7 government of Guam, is authorized to borrow or arrange for a line of credit
8 *not to exceed* Ten Million Dollars (\$10,000,000), and to execute a financial
9 agreement with any bank or commercial lending institution licensed on
10 Guam, government of Guam autonomous agencies or any other
11 instrumentality of the government of Guam. The terms of the loan or line
12 of credit shall include the following:

13 (a) *I Maga'lahaen Guåhan* shall use Ten Million Dollars (\$10,000,000) of
14 such loan for the purpose of paying delinquent streetlight arrearage
15 [streetlight delinquency] owed to the Guam Power Authority;

16 (b) prepaid charges shall not be levied by the bank or entity for
17 opening a line of credit;

18 (c) interest derived from the financial agreement shall be exempt
19 from taxation by the government of Guam;

20 (d) all terms of the financial agreement shall be negotiated by *I*
21 *Maga'lahaen Guåhan* in the best interest of the People of Guam;

1 (e) the interest rate shall be negotiated between *I Maga'lahaen Guåhan*
2 and the lender, such interest rate shall not exceed seven percent (7%) per
3 annum and shall be computed on a three hundred sixty-five (365) day
4 calendar year upon the actual amount extended to the government, and to
5 be paid annually;

6 (f) the loan or line of credit will be secured by a pledge of Section 30
7 funds;

8 (g) funds necessary for the repayment of the principal, interest and
9 other costs associated with the financing, are to be paid from the dividends
10 and/or other income derived from the secured collateral. Interest earned
11 on collateral to be sufficient to cover interest due on the line of credit; and

12 (h) the expenditure of funds shall be subject to Section 8 of this Act.

13 **Section 6. Appropriation from FY '08 Funds.** The sum of not more
14 than Twelve Million Eight Hundred Thousand Dollars (\$12,800,000) is
15 hereby appropriated from the General Fund to pay the street light
16 delinquency owed to the Guam Power Authority to avert the power rate
17 increase proposed in PUC Docket 07-10 subject to Section 8 of this Act.

18 **Section 7. Appropriation from FY '09 Funds.** The sum of not more
19 than Twelve Million Eight Hundred Thousand Dollars (\$12,800,000) is
20 hereby appropriated from Fiscal Year '09 General Fund Revenues to pay
21 the street light delinquency owed to the Guam Power Authority to avert

1 the power rate increase proposed in PUC Docket 07-10 subject to Section 8
2 of this Act.

3 **Section 8. Joint Authorization/Appropriation.** *I Maga'lahaen Guåhan*
4 shall utilize any one or more of the authorities contained in this Act to
5 effectuate the intent of this legislation, to pay off the streetlight
6 delinquency in order to avert the GPA power rate increase now before the
7 Public Utilities Commission in Docket 07-10. Upon the payment of the
8 \$12.73 Million streetlight delinquency to the Guam Power Authority, all
9 additional authority and all unused appropriations pursuant to Sections 6
10 and 8 of this Act shall cease, except for funds identified for the repayment
11 of any loan or line of credit authorized in Section 5 of this Act.

12 **Section 9. Bond Covenants Protected.** No provision of this Act or its
13 application to any person or circumstance shall violate the terms and
14 conditions of any bond covenant of the Guam Power Authority.

15 **Section 10. Severability.** If any provision of this Act or its application
16 to any person or circumstances is held invalid, the invalidity shall *not* effect
17 other provisions or applications of this Act which can be given effect
18 without the invalid provision or application, and to this end the provisions
19 of this Act are severable.