



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary

APR 30 1999

The Honorable Antonio R. Unpingco
Speaker
I Mina'Bente Singko na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>[Signature]</u>
Time	<u>10:15 am</u>
Date	<u>5-3-99</u>

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 163 (COR), "AN ACT TO REPEAL AND REENACT §§ 2 AND 3 OF P.L. NO. 24-312 AND TO REPEAL AND REENACT §8122 OF ARTICLE 1, CHAPTER 8 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE BY GPA OF REFUNDING BONDS TO ACHIEVE DEBT SERVICE SAVINGS, AND TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GPA OF REVENUE BONDS TO PERMANENTLY FINANCE THE PROJECTS FINANCED BY THE COMMERCIAL PAPER PROGRAM AND CERTAIN OTHER NEW PROJECTS", which I have signed into law today as **Public Law No. 25-04.**

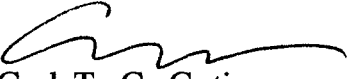
This legislation will allow the Guam Power Authority to restructure the current debt of the agency to allow a savings of approximately Two Million Dollars per year. The refinancing extends the life of the current bonds, since the projects financed are long term assets whose life is considerably longer than the current debt term.

This legislation will also allow the financing of new capital projects for our power authority, consolidating the refurbishment of our overall power system which has taken place in the past several years. The restructuring of the debt at this time will also allow for maintaining the rates charged at their current levels.

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 4-30-99
Time: 1015
Rec'd by: [Signature]
Print Name: Charlene

The Guam Power Authority has made great strides in the past several years, and this legislation is one of the many stepping stones taken to achieve an adequate, reliable, long term power source for life on our island.

Very truly yours,



Carl T. C. Gutierrez
I Maga'Lahen Guåhan
Governor of Guam

Attachment: copy attached for signed bill or overridden bill
 original attached for vetoed bill

cc: The Honorable Joanne M. S. Brown
 Legislative Secretary

00201

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 163 (COR), "AN ACT TO REPEAL AND REENACT §§ 2 AND 3 OF P.L. NO. 24-312 AND TO REPEAL AND REENACT §8122 OF ARTICLE 1, CHAPTER 8 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE BY GPA OF REFUNDING BONDS TO ACHIEVE DEBT SERVICE SAVINGS, AND TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GPA OF REVENUE BONDS TO PERMANENTLY FINANCE THE PROJECTS FINANCED BY THE COMMERCIAL PAPER PROGRAM AND CERTAIN OTHER NEW PROJECTS," was on the 28th day of April, 1999, duly and regularly passed.



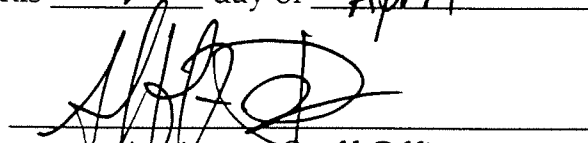
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahen Guahan* this 28 day of April, 1999,
at 7:35 o'clock P.M.


Assistant Staff Officer
Maga'lahi's Office

APPROVED:


CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: 4-30-99

Public Law No. 25-04

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (FIRST) Regular Session

Bill No. 163 (COR)

As substituted by the Committee on Power,
Public Works, Tax and Regulatory Reform,
Municipal and Community Affairs and
as amended on the Floor.

Introduced by:

A.C. Lamorena, V
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
C. A. Leon Guerrero
K. S. Moylan
V. C. Pangelinan
J. C. Salas
S. A. Sanchez, II
A. R. Unpingco

AN ACT TO REPEAL AND REENACT §§ 2 AND 3 OF
P.L. NO. 24-312 AND TO REPEAL AND REENACT §8122
OF ARTICLE 1, CHAPTER 8 OF TITLE 12 OF THE
GUAM CODE ANNOTATED, RELATIVE TO
APPROVING THE TERMS AND CONDITIONS OF
THE ISSUANCE BY GPA OF REFUNDING BONDS TO
ACHIEVE DEBT SERVICE SAVINGS, AND TO
APPROVE THE TERMS AND CONDITIONS OF THE
ISSUANCE BY GPA OF REVENUE BONDS TO
PERMANENTLY FINANCE THE PROJECTS

FINANCED BY THE COMMERCIAL PAPER
PROGRAM AND CERTAIN OTHER NEW PROJECTS.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings. (a) Section 8203 of Title 12 of the
3 Guam Code Annotated provides that the Board of Directors ("Board") of the
4 Guam Power Authority ("GPA") is authorized to incur indebtedness by the
5 issuance of revenue bonds to raise funds for the purpose of establishing the
6 electric power system of GPA, or of acquiring lands for said system, or of
7 acquiring, constructing, improving, equipping, maintaining, repairing, renewing,
8 replacing, reconstructing or insuring said system, or any part thereof, or for the
9 purpose of refunding any such bonds.

10 (b) Section 50103 of Title 12 of the Guam Code Annotated provides
11 that agencies and instrumentalities of the government of Guam, including
12 GPA, shall issue bonds and other obligations only by means of, and
13 through the agency of, the Guam Economic Development Authority
14 ("GEDA"), and that GEDA shall *not* sell any bond without the approval of
15 *I Liheslaturan Guåhan* of the terms and conditions of the issuance of the
16 bonds.

17 (c) In each of the years 1992, 1993 and 1994, in Public Law
18 Numbers 21-117, 21-133, 22-26 and 22-136, *I Liheslaturån Guåhan* approved
19 the issuance of revenue bonds by GPA for the purposes set forth in
20 §8203(d) of Title 12 of the Guam Code Annotated, *subject* to the approval

1 of the terms and conditions of the bonds by the Public Utilities Commission
2 ("PUC") and the Board of Directors of GEDA.

3 (d) In accordance with these approvals, and with the approval of
4 the PUC and GEDA, GPA issued certain revenue bonds, known as, "1992
5 *Series A Bonds*," "*the 1993 Series A Bonds*" and "*the 1994 Series A Bonds*."

6 (e) In April, 1998, the Board of Directors of GPA adopted
7 Resolution Number 98-003, relative to approving the refunding of certain
8 GPA bonds.

9 (f) In December, 1998, *I Liheslaturan Guåhan* passed, and *I*
10 *Maga'láhen Guahan* signed, Public Law Number 24-312 approving the
11 issuance by GPA of refunding bonds to achieve debt service savings.

12 (g) *I Liheslaturan Guåhan* finds that Public Law Number 24-312
13 requires several technical amendments in order to enable GPA to maximize
14 debt service savings during the years of these difficult economic times.

15 (h) In addition, the Board of Directors of GPA has adopted a
16 resolution approving the issuance of revenue bonds to refinance the
17 projects financed by GPA's commercial paper program and to finance
18 certain other new projects.

19 (i) *I Liheslaturan Guåhan* has determined to approve the issuance
20 of revenue bonds by GPA for the purposes of refinancing the projects
21 financed by GPA's commercial paper program and financing certain other
22 new projects, *subject* to the approval of the terms and conditions of the
23 bonds by the PUC and the Board of Directors of GEDA.

24 **Section 2.** Section 2 of Public Law Number 24-312 is hereby *repealed and*

1 reenacted to read as follows:

2 "Section 2. Definitions Relating to Approval of the Terms
3 and Conditions of the Issuance by GPA of Refunding Bonds to Achieve
4 Debt Service Savings. The following terms shall have the following
5 meanings when used in this Act:

6 (1) '*Prior bond*' means a bond which has been issued by GPA and
7 which is to be redeemed or otherwise retired in whole or in part with the
8 proceeds of refunding bonds and investment earnings thereon.

9 --(2) '*Refunding bond*' means a bond approved pursuant to this
10 Section for the purpose of providing moneys to redeem or otherwise retire
11 prior bonds, funding any necessary bond reserves or paying expenses
12 incurred in connection with the issuance of such refunding bonds.

13 (3) '*Yield*' shall have the same meaning as when used in §148 of the
14 Internal Revenue Code of 1986, as amended. That is, '*yield*' means the
15 annual discount rate which, when used to discount all payments of debt
16 service on an issue of bonds to the date of issuance of bonds, using a
17 semiannual compounding interval, results in the aggregate present value
18 of such payments being equal to the re-offering price to the public of such
19 bonds.

20 (4) '*Debt service*' means the scheduled principal of and interest on
21 bonds, plus fees to be paid for credit enhancement of such bonds.

22 (5) '*Debt service savings*' means the percentage by which the present
23 value of debt service on the refunding bonds is less than the present value
24 of debt service on the prior bonds. Present value shall be calculated for this

1 purpose using the yield on the refunding bonds as the discount rate.”

2 Section 3. Section 3 of Public Law Number 24-312 is hereby *repealed and*
3 *reenacted* to read as follows:

4 “Section 3. Approval of Terms and Conditions of the Issuance
5 of Refunding Bonds by GPA for the Purpose of Achieving Debt Service
6 Savings. (a) *I Liheslaturan Guåhan*, pursuant to Section 50103(k)
7 of Title 12 of the Guam Code Annotated, hereby approves the terms and
8 conditions of issuances of refunding bonds by GPA in accordance with the
9 following requirements, limitations, terms and conditions, which shall
10 apply separately to each issue of refunding bonds:

11 (1) The issuance of the refunding bonds shall *not* cause a
12 violation of the debt limitation provisions contained in 48 USC
13 §1423(a) (§11 of the Organic Act of Guam).

14 (2) All obligations of GPA to pay debt service on, and the
15 redemption price of, the prior bonds shall be discharged concurrently
16 with the issuance of the refunding bonds. Thereafter, the prior bonds
17 shall be payable solely from and secured solely by an escrow
18 established for such purpose.

19 (3) The debt service savings resulting from the issuance of
20 the refunding bonds shall *not* be less than three percent (3%) after
21 taking into account (deducting for) all costs of issuance of the
22 refunding bonds, including, but not limited to, fees and expenses of
23 bond counsel, underwriters (including discount), financial advisor
24 and verification agent, printing costs, and other similar out-of-pocket

1 costs.

2 (4) The final maturity of the refunding bonds shall be less
3 than thirty-six (36) years after the date of issuance of the refunding
4 bonds.

5 (5) The maximum annual debt service on the refunding
6 bonds shall *not* be greater than the maximum annual debt service on
7 the prior bonds.

8 (6) The terms and conditions of the refunding bonds shall be
9 consistent with this Section, and the bonds shall be additional bonds
10 issued under and pursuant to the 1992 indenture and the Third
11 Supplemental Indenture in substantially the same form as presented
12 to *I Liheslaturan Guáhan*. The Third Supplemental Indenture
13 presented to *I Liheslaturan Guáhan* is hereby attached and made a part
14 of this bill. (Exhibit A)

15 (7) No issue of bonds approved by this Section shall be sold
16 until the Board of Directors of GEDA has adopted a resolution
17 approving the sale of such issue.

18 (8) No issue of bonds approved by this Section shall be sold
19 until the PUC has adopted an order approving the sale of such issue.

20 (b) All debt service savings resulting from the refunding and
21 refinancing of any prior bonds shall be used solely for the payments to
22 independent power producers contracted pursuant to Public Law Number
23 23-103, for the express purpose of reducing or maintaining the rates, or
24 offsetting any potential increase in the rates and charges for utility services

1 paid by the residential and business customers of GPA, subject in each case
2 to such use being consistent with the bond indenture pursuant to which the
3 outstanding GPA bonds were issued.”

4 **Section 4. Approval of the Terms and Conditions of the Issuance by**
5 **GPA of Revenue Bonds to Refinance Projects Financed by the GPA**
6 **Commercial Paper Program and to Finance Certain New Projects.**

7 (a) *I Liheslaturan Guåhan*, pursuant to §50103(k) of Title 12 of the
8 Guam Code Annotated, hereby approves the terms and conditions of the
9 issuance by GPA of revenue bonds in a principal amount *not to exceed* One
10 Hundred Million Dollars (\$100,000,000) for the purpose of refinancing the
11 projects authorized by §8122 of Title 12 of the Guam Code Annotated to be
12 financed by the commercial paper program described therein, and
13 financing the projects listed in Subsection (c) of this Section; *provided*, that
14 such bonds have a final maturity not later than October 1, 2034, bear
15 interest at such rate or rates and are sold for such price or prices as shall
16 result in a yield to the bondholders *not exceeding* eight percent (8%) per
17 annum, and are issued and sold pursuant to an indenture complying with
18 the provisions of Chapter 8 of Title 12 of the Guam Code Annotated,
19 including approval by the Board of Directors of GPA and by *I Maga'laha*
20 *Guåhan* as provided therein.

21 (b) The sale of the bonds shall be approved by the Board of
22 Directors of GEDA, as provided by Chapter 50 of Title 12 of the Guam
23 Code Annotated, and the terms and conditions of the issuance of bonds
24 shall be approved by the PUC as provided by Chapter 12 of Title 12 of the

1 Guam Code Annotated.

2 (c) The proceeds of the bonds and any transferred proceeds of the
3 refinanced commercial paper may be applied to pay for the costs of
4 issuance of the bonds, for accrued and capitalized interest thereon, for
5 credit enhancement therefor, to provide for reserves and to pay the costs
6 of the following capital projects, *subject* in each case to approval by the PUC
7 of such projects in accordance with Chapter 12 of Title 12 of the Guam
8 Code Annotated:

9 (1) the projects listed in §8122 of Title 12 of the Guam Code
10 Annotated, *and*

11 (2) the following additional projects:

- 12 (i) Agana Heights Village Pole Hardening;
- 13 (ii) Asan GHURA Redevelopment;
- 14 (iii) Barrigada Village Pole Hardening;
- 15 (iv) Boiler Control Upgrade for Cabras 1 and 2;
- 16 (v) Bulk Storage Tank Upgrade;
- 17 (vi) Cabras Refurbishment Project;
- 18 (vii) Dededo Village Pole Hardening;
- 19 (viii) Distribution Automation Systems;
- 20 (ix) GIAT 34.5 KV Line/P-312/P-313;
- 21 (x) Harmon Substation Protection System Upgrade;
- 22 (xi) Marbo to Pagat 34.5 KV Line;
- 23 (xii) Old Dededo Kaiser Pole Hardening - Phase II;
- 24 (xiii) Old Dededo Kaiser Pole Hardening - Phase III;

- 1 (xiv) P-331 Reconductoring;
2 (xv) Perezville Conversion - Phase II;
3 (xvi) Refurbishment of 115 KV Lines and Construction
4 of Maintenance Road;
5 (xvii) Spill Containment at Various Plants;
6 (xviii) Talofofa Substation 30 MVA Upgrade;
7 (xix) Tamuning Village Pole Hardening;
8 (xx) U/G Reconstruction - Yona Phase I, Phase II, Phase
9 III;
10 (xxi) Upgrade Cathodic Protection; *and*
11 (xxii) USN Fuel Oil Pipeline Assessment and Upgrade.

12 **Section 5.** Section 8122 of Article 1, Chapter 8 of Title 12 of the Guam Code
13 Annotated is hereby *repealed and reenacted* to read as follows:

14 **“Section 8122. (a) Authorization for Tax Exempt**
15 **Commercial Paper Program.** The Public Utilities Commission (‘PUC’)
16 and the Guam Economic Development Authority (‘GEDA’) have
17 authorized the Guam Power Authority (‘GPA’) to enter into a borrowing
18 or financing program referred to as tax exempt commercial paper (‘TECP’).
19 GPA is authorized to establish a tax exempt commercial paper program in
20 accordance with the approvals of the PUC and GEDA.

21 **(b) Purposes: Terms of Borrowing GPA is Authorized to Incur**
22 **Debt Under the Tax Exempt Commercial Paper Program Up to a Limit of**
23 **Thirty Million Dollars (\$30,000,000).** This amount may be used to
24 replace the existing lines of credit. At no time will the total outstanding

1 balance borrowed from TECP and lines of credit arising from operation and
2 maintenance purposes exceed this amount without approval from the
3 Public Utilities Commission and *I Liheslaturan Guåhan*. This Section is
4 effective upon closing of the bond issue."

5 **Section 6.** The Guam Power Authority shall provide a complete and
6 detailed report to *I Liheslaturan Guåhan* outlining the usage requirements for
7 requested additional working capital. Guam Power Authority must also submit
8 to *I Liheslaturan Guåhan* a complete and detailed accounting of all funds that have
9 been transferred to the Executive Branch, as well as the agency's plan of action
10 towards recovering the transferred funds. Guam Power Authority must also
11 submit to *I Liheslaturan Guåhan* a complete and detailed accounting together with
12 the total cost, of all free power line extensions and power line hook-ups
13 beginning with Fiscal Year 1995.

14 **Section 7.** The report requested in §6 above shall be submitted to the
15 Speaker of *I Liheslaturan Guåhan* within sixty (60) days from the enactment of this
16 Act.

THIS THIRD SUPPLEMENTAL INDENTURE, made and entered into as of the first day of April, 1999, by and among the GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (the "Authority"), BANK OF GUAM, a banking corporation organized under the laws of Guam, authorized to do business within Guam, and being qualified to accept and administer the trusts hereby created (the "Trustee" or the "Depositary"), and U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created, as successor to Bank of America National Trust and Savings Association (the "Co-Trustee"),

WITNESSETH

WHEREAS, pursuant to the Guam Power Authority Act of 1968, being Chapter 8, Title 12, Guam Code Annotated, as amended (the "Act"), the Board of Directors of the Authority (the "Board") is authorized to incur indebtedness by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the electric power system of the Authority (the "System"), or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes;

WHEREAS, the Authority has determined to issue revenue bonds for such purposes and to that end has duly authorized the execution and delivery of that certain Indenture, dated as of December 1, 1992, as previously supplemented, among the Authority, the Trustee and the Co-Trustee (the "Indenture"), to secure the payment of the principal thereof and the interest and premium, if any, thereon, and the observance of the covenants and conditions therein contained;

WHEREAS, revenue bonds may be issued pursuant to the Indenture and one or more indentures supplemental thereto, from time to time, in an aggregate principal amount not limited except as therein provided, and said revenue bonds are to be designated as the "Guam Power Authority Revenue Bonds" (the "Bonds");

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1992 Series A (the "1992 Bonds") in the original aggregate principal amount of \$158,000,000 to refund certain indebtedness of the Authority and to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1993 Series A (the "1993 Bonds") in the original aggregate principal amount of \$100,000,000 to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1994 Series A (the "1994 Bonds") pursuant to the Indenture in the original aggregate principal amount of \$102,900,000 to pay for costs of certain improvements to the System;

WHEREAS, the Authority is authorized to issue from time to time commercial paper notes (the "CP Notes"), up to a maximum aggregate principal amount of \$65,000,000 outstanding at any one time, and has authorized the issuance of the CP Notes to pay for costs of improvements to the System;

WHEREAS, Section 8228, Title 12, Guam Code Annotated, authorizes the issuance of revenue bonds of the Authority to refund the 1992 Bonds, a portion of the 1993 Bonds, the 1994 Bonds, and the CP Notes respectively;

WHEREAS, the Authority has determined that it is necessary to undertake certain capital improvements to the System and Section 8203(d), Title 12, Guam Code Annotated, authorizes the issuance of revenue bonds of the Authority to finance the costs of such capital improvements;

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$ _____ principal amount of Bonds further designated as "1999 Series A" in order to provide money to be used to finance and refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, as required by Section 2103(k), Title 12, Guam Code Annotated, the Legislature of Guam has, by P.L. No. 24-312, as amended by P.L. No _____, approved the terms and conditions of the issuance of revenue bonds to be issued by the Authority for the purpose of refunding outstanding revenue bonds of the Authority and, in addition, not to exceed _____ Dollars (\$ _____) principal amount of revenue bonds for the purposes of refinancing a portion of the Authority's outstanding commercial paper and financing the costs of certain additional capital projects as set forth therein;

WHEREAS, as provided by Section 2103(k), Title 12, Guam Code Annotated, the Guam Economic Development Authority has approved the issuance and sale of the 1999 Series A Bonds; and

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the Government of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of the 1999 Series A Bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said Bonds for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 1999 Series A Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, the Depositary and the Co-Trustee as follows:

ARTICLE XX

DEFINITIONS

Section 20.01. Definitions. Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in the Indenture.

In addition, unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

Bond Year

“Bond Year” means, with respect to the 1999 Series A Bonds, the period of twelve consecutive months ending on October 1 of each year if 1999 Series A Bonds are or will be Outstanding in such twelve-month period, provided the first Bond Year shall commence on the date of delivery of the 1999 Series A Bonds and end on October 1, 1999.

Continuing Disclosure Agreement

“Continuing Disclosure Agreement” means the Master Continuing Disclosure Agreement, dated as of April 1, 1999, among the Authority, the Trustee and the Co-Trustee, and all agreements supplemental thereto, including the Supplemental Continuing Disclosure Agreement, dated as of April 1, 1999, relating to the 1999 Series A Bonds.

CP Notes

“CP Notes” means the Guam Power Authority Commercial Paper Notes authorized to be issued up to a maximum aggregate principal amount of \$65,000,000.

[CP Notes Escrow Agreement

“CP Notes Escrow Agreement” means the Escrow Agreement, dated as of April 1, 1999, by and between the Authority and the _____, as escrow agent.]

[CP Notes Escrow Fund

“CP Notes Escrow Fund” means the “Guam Power Authority CP Notes Escrow Fund” established pursuant to the CP Notes Escrow Agreement.]

Escrow Agreement

“Escrow Agreement” means the Escrow Agreement, dated as of April 1, 1999, by and between the Authority and the U.S. Bank Trust National Association, as escrow agent.

Escrow Fund

“Escrow Fund” means the fund designated as the “Guam Power Authority 1999 Escrow Fund” established pursuant to the Escrow Agreement.

1999 Series A Bonds

“1999 Series A Bonds” means the Guam Power Authority Revenue Bonds, 1999 Series A, issued hereunder.

“Serial Bonds” means, with respect to the 1999 Series A Bonds, the 1999 Series A Bonds designated as such by Section 21.02, and for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means, with respect to the 1999 Series A Bonds, the 1999 Series A Bonds designated as such by Section 21.02, and which are payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

1999 Series A Credit Facility

“1999 Series A Credit Facility” means the [municipal bond insurance policy] issued with respect to the 1999 Series A Bonds.

1999 Series A Credit Provider

“1999 Series A Credit Provider” means _____.

1999 Series A Projects

“1999 Series A Projects” means each of the following, as the same may be modified in accordance with Section 3.03: _____.

Prior Bonds

“Prior Bonds” means the Guam Power Authority Revenue Bonds, 1992 Series A, originally issued in the aggregate principal amount of \$158,000,000, the Guam Power Authority Revenue Bonds, 1993 Series A maturing on October 1, 1999, and the Guam Power Authority Revenue Bonds, 1994 Series A originally issued the in aggregate principal amount of \$102,900,000.

ARTICLE XXI

AUTHORIZATION AND TERMS OF THE 1999 SERIES A BONDS

Section 21.01. Authorization of 1999 Series A Bonds. A Series of Bonds to be issued under the Indenture is hereby created for the purpose of refunding the Prior Bonds and a portion of the CP Notes and providing moneys for deposit into the Construction Fund and withdrawal therefrom in accordance with law for purposes other than the refunding of Bonds. The Bonds of such Series are designated as the "Guam Power Authority Revenue Bonds, 1999 Series A." The aggregate principal amount of 1999 Series A Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed _____ Dollars (\$ _____).

Section 21.02. Terms of 1999 Series A Bonds; Appointments.

The 1999 Series A Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The 1999 Series A Bonds shall be dated as of [April 1], 1999, and interest thereon (based on a 360-day year of twelve thirty-days months) shall be payable on April 1 and October 1 of each year, commencing October 1, 1999 (each, an "Interest Payment Date" for the 1999 Series A Bonds).

The 1999 Series A Bonds shall mature on the dates and in the amounts and shall bear interest at the rates per annum specified in the following table:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$	%

The Principal Payment Period for the 1999 Series A Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

The 1999 Series A Bonds maturing on October 1, _____ through October 1, _____, are Serial Bonds, and the 1999 Series A Bonds maturing on October 1, _____ and October 1, _____, are Term Bonds.

The Record Date for all scheduled payments of principal of and interest on the 1999 Series A Bonds shall be the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

The Co-Trustee is hereby appointed Paying Agent for the 1999 Series A Bonds. The Principal Office of the Paying Agent shall be in Los Angeles, California.

Each 1999 Series A Bond shall bear interest, computed on the basis of a 360-day year of twelve 30-day months, from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of authentication of any 1999 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding 1999 Series A Bonds. Payment of the interest on any 1999 Series A Bond shall be made to the person whose name appears on the bond registration books of the Co-Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check mailed by first class mail to such registered owner at such registered owner's address as it appears on such registration books. The principal or Redemption Price of the 1999 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Paying Agent. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 1999 Series A Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Paying Agent to the registered owner of such Bonds to an account within the United States. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 1999 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 1999 Series A Bonds, whether by check or wire transfer, shall be accompanied by information specifying, for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The 1999 Series A Bonds of each maturity shall be assigned a letter in consecutive alphabetical order from A onward (excepting therefrom the letters "I" and "O") and shall be numbered in consecutive numerical order within each such maturity from 1 upwards.

The 1999 Series A Bonds shall be subject to redemption as provided in Section 21.03.

The 1999 Series A Bonds, the Co-Trustee's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the forms set

forth in Exhibit A hereto, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 21.03. Terms of Redemption of the 1999 Series A Bonds. (A) The 1999 Series A Bonds maturing after October 1, _____ are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, _____, as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
October 1, _____ through September 30, _____	_____ %
October 1, _____ through September 30, _____	_____ %
October 1, _____ and thereafter	_____ %

The option of the Authority under this Section 21.03(A) may only be exercised by depositing with the Trustee prior to the giving of the notice of such redemption in accordance with Section 4.03 Federal Securities sufficient in amount and maturing in a timely manner to provide for such redemption. The Authority shall notify the Trustee and the Co-Trustee in writing at least 60 days prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B) (1) The 1999 Series A Bonds maturing on October 1, _____ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B)(1), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

Mandatory Sinking Account
Payments for Bonds Due October 1.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

* maturity

(2) The 1999 Series A Bonds maturing on October 1, _____ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B)(2), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium.

Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

Mandatory Sinking Account
Payments for Bonds Due October 1.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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* maturity --

Upon the redemption of 1999 Series A Bonds pursuant to subsection (A) of this Section, the principal amount of such Bonds shall be credited against remaining Mandatory Sinking Account Payments in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized Bond denomination).

(C) The 1999 Series A Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service for the 1999 Series A Bonds for each 1999 Series A Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in Section 6.14, at the principal amount thereof plus interest accrued thereon, without premium.

Section 21.04. Special Provisions as to Book-Entry Only System for 1999 Series A Bonds. (a) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the 1999 Series A Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the 1999 Series A Bonds of such maturity; and the 1999 Series A Bonds shall be governed by the provisions of this Section 21.04.

(b) Except as provided in this paragraph (b) and in paragraph (d) of this Section 17.04, all of the Outstanding 1999 Series A Bonds shall be registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC. With respect to the 1999 Series A Bonds registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, the Authority, the Trustee, the Co-Trustee, the Paying Agent

and the Depository shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 1999 Series A Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 1999 Series A Bonds, (ii) the delivery to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Co-Trustee, of any notice with respect to the 1999 Series A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Co-Trustee, of any amount with respect to principal of, premium if any, or interest on the 1999 Series A Bonds or any consent given or action taken by DTC as registered owner of the 1999 Series A Bonds. The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat and consider the person in whose name each Bond is registered in the registration books kept by the Co-Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Co-Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the registration books kept by the Co-Trustee, shall receive a certificated 1999 Series A Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by DTC to the Authority or the Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) The delivery by the Authority of the Representation Letter relating to the 1999 Series A Bonds shall not in any way limit the provisions of paragraph (b) of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondholders, as shown on the registration books kept by the Co-Trustee. The Co-Trustee shall take all action necessary for all representations of the Co-Trustee in the Representation Letter with respect to the Co-Trustee to be complied with at all times.

(d) DTC may determine to discontinue providing its services with respect to the 1999 Series A Bonds at any time by giving reasonable written notice to the Authority and the Co-Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 1999 Series A Bonds. Upon the discontinuance or termination of the services of DTC with respect to the 1999 Series A Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Authority is obligated to deliver Bond certificates at the expense of the beneficial owners of the 1999 Series A Bonds, as described in the Indenture, and the 1999 Series A Bonds shall no longer be

restricted to being registered in the registration books kept by the Co-Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging 1999 Series A Bonds shall designate, in accordance with the provisions of the Indenture.

(e) Notwithstanding any other provision of the Indenture to the contrary, so long as any 1999 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such 1999 Series A Bond and all notices with respect to such 1999 Series A Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal or interest on the 1999 Series A Bonds in immediately available funds to DTC.

(f) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter relating to the 1999 Series A Bonds and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Supplemental Indenture.

ARTICLE XXII

ISSUANCE OF 1999 SERIES A BONDS; APPLICATION OF PROCEEDS

Section 22.01. Issuance of 1999 Series A Bonds. At any time after the execution and delivery of this Supplemental Indenture, the Authority may sell and execute and the Co-Trustee shall authenticate and, upon the Order of the Authority, deliver 1999 Series A Bonds in an aggregate principal amount not to exceed _____ Dollars (\$_____).

Section 22.02. Application of Proceeds of 1999 Series A Bonds. The proceeds received by the Authority from the sale of the 1999 Series A Bonds shall be deposited with the Trustee, who shall forthwith apply such proceeds in the following manner, as directed by a Request of the Authority:

(A) The Trustee shall transfer to the Co-Trustee for deposit in the Bond Fund an amount equal to the amount of accrued interest received upon the sale of the 1999 Series A Bonds.

(B) The Trustee shall transfer to the Co-Trustee for deposit in the Bond Reserve Fund an amount sufficient to increase the amount on deposit therein to the Bond Reserve Fund Requirement.

(C) The Trustee shall deposit \$_____ in the Escrow Fund established pursuant to the Escrow Agreement relating to the Prior Bonds.

(D) The Trustee shall transfer \$ _____ to [_____] for deposit into the CP Notes Escrow Fund established pursuant to the CP Notes Escrow Agreement.]

(E) The Trustee, acting as Depository for the Construction Fund, moneys derived from the issuance of the 1999 Series A Bonds, shall deposit the balance of such proceeds in the Construction Fund to be applied in accordance with Section 3.03.

The foregoing deposits pursuant to clauses (A), (B) and (E) shall be deemed to have been made to the Construction Fund for purposes of compliance with Section 8236 of the Act.

Section 22.03. Application of Construction Fund. The Depository for the Construction Fund moneys derived from the issuance of the 1999 Series A Bonds shall reserve within the Construction Fund and transfer on or before each of the following dates from the Construction Fund to the Co-Trustee for deposit in the Bond Fund the amounts specified below for such dates for the payment of Capitalized Interest on the 1999 Series A Bonds:

Dates

Amounts

The remaining moneys that have been so reserved shall be released within the Construction Fund and no further such transfers shall be made after the Interest Payment Date next succeeding the date of receipt by the Depository and the Co-Trustee of a Certificate of the Authority to the effect that the 1999 Series A Projects have been completed.

ARTICLE XXIII

SPECIAL COVENANTS AND PROVISIONS RELATING TO THE 1999 SERIES A CREDIT PROVIDER AND THE 1999 SERIES A CREDIT FACILITY

Section 23.01. 1999 Series A Rebate Account.

(A) The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the "1999 Series A Rebate Account." There shall be deposited in the 1999 Series A Rebate Account from amounts in the Revenue Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 1999 Series A Bonds. All money at any time deposited in the 1999 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the 1999 Series A Bonds (as defined in the Tax Certificate with respect to the 1999 Series A Bonds), for payment to the United States of America, and the

United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 1999 Series A Rebate Account shall be governed exclusively by this Section and by the Tax Certificate with respect to the 1999 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 1999 Series A Rebate Account exceeds the Rebate Requirement for the 1999 Series A Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 1999 Series A Rebate Account to the Revenue Fund.

(B) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX of the Indenture, the covenants hereunder shall be deemed to be modified to that extent.

Section 23.02. Tax Covenants for 1999 Series A Bonds. (A) The Authority intends that interest on the 1999 Series A Bonds be excluded from gross income for federal income tax purposes and that the 1999 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia.

(B) The Authority shall not use or permit the use of any proceeds of the 1999 Series A Bonds or any other funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(C) The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 1999 Series A Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

Section 23.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Supplemental Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of Outstanding 1999 Series A Bonds (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Owner or Beneficial Owner of any 1999 Series A Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Co-Trustee, as the case may be, to comply with their

respective obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 1999 Series A Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 23.04. Deficiencies in Bond Fund. The Co-Trustee is hereby designated, appointed, authorized and directed to act as attorney-in-fact for each Holder of 1999 Series A Bonds, as follows:

(i) if and to the extent of a deficiency in amounts required to pay interest on the 1999 Series A Bonds, to execute and deliver an appropriate instrument of assignment to the 1999 Series A Credit Provider for each of the claims for interest to which such deficiency relates; and

(ii) if and to the extent of a deficiency in amounts required to pay principal or Redemption Price (if such Redemption Price is specifically covered under the terms of the Credit Facility for the 1999 Series A Bonds) of the 1999 Series A Bonds, to execute and deliver an appropriate instrument of assignment to the 1999 Series A Credit Provider for each of the claims for the principal or Redemption Price to which such deficiency relates.

In each case the Co-Trustee shall receive, as attorney-in-fact of each such Bondholder in accordance with the tenor of such Credit Facility, payment with respect to such claims so assigned and disburse the same to each respective Bondholder.]

Section 23.05. Payment Under the 1999 Series A Credit Facility.

Notwithstanding anything to the contrary contained in this Article, so long as the 1999 Series A Bonds are Outstanding, the following payment provisions shall apply to the 1999 Series A Bonds (for purposes of this Section, the term "Bonds" meaning the 1999 Series A Bonds and the terms "Credit Facility" and "Credit Provider" meaning, respectively, the 1999 Series A Credit Facility and the 1999 Series A Credit Provider:

(a) At least one (1) day prior to all Interest Payment Dates the Trustee or Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Trustee or Paying Agent determines that there will be insufficient funds in such Funds or Accounts, the Trustee or Paying Agent shall so notify the Credit Provider. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee or Paying Agent has not so notified the Credit Provider at least one (1) day prior to an Interest Payment Date, the Credit Provider will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Credit Provider shall have received notice of nonpayment from the Trustee or Paying Agent.

(b) The Trustee or Paying Agent shall, after giving notice to the Credit Provider as provided in (a) above, make available to the Credit Provider and, at the Credit Provider's direction, to the United States Trust Company of New York, as insurance trustee for the Credit Provider or any successor insurance trustee (the "Insurance Trustee"), the registration

books of the Authority maintained by the Trustee or Paying Agent, if any, and all records relating to the Funds and Accounts maintained under this Indenture.

(c) The Trustee or Paying Agent shall provide the Credit Provider and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from the Credit Provider under the terms of the Credit Facility, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Credit Provider, and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from the Credit Provider.

(d) The Trustee or Paying Agent shall, at the time it provides notice to the Credit Provider pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Credit Provider (i) as to the fact of such entitlement, (ii) that the Credit Provider will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered-owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Credit Provider, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Credit Provider) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Credit Provider, they must surrender their Bonds for payment thereon first to the Trustee or Paying Agent who shall note on such Bonds the portion of the principal paid by the Trustee or Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment within the meaning of the Credit Facility and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent shall, at the time the Credit Provider is notified thereof, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Credit Provider to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to the Credit Provider its records evidencing the payments of principal or interest on the Bonds which have been made by the Trustee or Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Credit Provider under this Indenture, the Credit Provider shall, to the extent it makes payment of principal or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Credit Facility, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent shall note the Credit Provider's rights as

subrogee on the registration books of the Issuer maintained by the Trustee or Paying Agent, upon receipt from the Credit Provider of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent shall note the Credit Provider's rights as subrogee on the registration books of the Authority maintained by the Trustee or Paying Agent, upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.]

Section 23.06. Provisions Relating to the 1999 Series A Credit Provider. So long as the Credit Facility with respect to the 1999 Series A Bonds remains in effect and the Credit Provider is not in default with respect thereto, the provisions of this Section shall apply. For purposes of the following provisions of this Section, the term "Bonds" shall mean the 1999 Series A Bonds; the term "Bondholder" shall mean any registered owner of such Bonds; and the terms "Credit Facility" and "Credit Provider" shall mean, respectively, the 1999 Series A Credit Facility and 1999 Series A Credit Provider for such Bonds.

(a) Any provision of the Indenture expressly recognizing or granting rights in or to the Credit Provider may not be amended in any manner which affects the rights of the Credit Provider hereunder without the prior written consent of the Credit Provider.

(b) Unless otherwise provided in this Section, the Credit Provider's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture; (ii) removal of any Fiduciary and selection and appointment of any successor; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

(c) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and the continuance of an Event of Default as defined in the Indenture, the Credit Provider shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Indenture to the same extent as if it were the holder of the Bonds insured by it, including, without limitation the right to participate in any direction to accelerate the principal of the Bonds as described in the Indenture, to annul any such declaration of acceleration, and to approve all waivers of events of default. In order to be effective, any consent from the Credit Provider to any such acceleration, annulment or waiver must, as applicable, include or be accompanied by an agreement either to pay the Bonds insured or otherwise secured by such Credit Facility as accelerated or to pay such Bonds and the interest thereon on the dates originally scheduled for such payment without regard to such acceleration.

(d) The Authority or the Trustee, as appropriate, shall furnish to the Credit Provider: (i) as soon as practicable after the filing thereof, a copy of any financial statement of the Authority and a copy of any audit and annual report of the Authority; (ii) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Indenture relating to the security for the Bonds; (iii) such

additional information it may reasonably request; and (iv) notice of any failure of the Authority to provide relevant notices, certificates or other required items.

(e) The Authority will permit the Credit Provider to discuss the affairs, finances and accounts of the Authority or any information the Credit Provider may reasonably request regarding the security for the Bonds with appropriate officers of the Authority. The Trustee or Authority, as appropriate, will permit the Credit Provider to have access to the Project and have access to and to make copies of all books and records relating to the Bonds at any reasonable time. To the extent necessary pursuant to Section 6.06, or if the Credit Provider specifies cause to believe that there is noncompliance with Section 6.10 or Article V, the Credit Provider shall have the right to direct an accounting, at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Credit Provider shall be deemed a default under the Indenture; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Bonds.

(f) Notwithstanding any other provision of the Indenture, the Trustee or the Authority, as appropriate, shall immediately notify the Credit Provider if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the Indenture and of the declaration of acceleration of the Bonds.

(g) To the extent that the Indenture confers upon or gives or grants to the Credit Provider any right, remedy or claim under or by reason of the Indenture, the Credit Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(h) The consent or direction of the Credit Provider shall be treated as the consent or direction of the holders of the Bonds insured by it for purposes of any removal or replacement of a Fiduciary or any change in the qualifications applicable to any Fiduciary, as set forth in Section 8.01(F).

(i) The Credit Provider shall receive prior written notice of any resignation of a Fiduciary.

(j) Notwithstanding any other provision of the Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Trustee or Co-Trustee shall consider the effect on the Bondholders as if there were no Credit Facility.

(k) Notwithstanding anything in the Indenture, and particularly Article X, to the contrary, in the event that the principal and/or interest due on any Bonds shall be paid by the Credit Provider pursuant to the Credit Facility with respect thereto, such Bonds shall remain Outstanding for all purposes, shall not be defeased or otherwise

satisfied and shall not be considered paid by the Authority, and the assignment and pledge of the Revenues and other assets pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the registered owners of such Bonds shall continue to exist and shall run to the benefit of the Credit Provider, and the Credit Provider shall be subrogated to the rights of such registered owners.]

IN WITNESS WHEREOF, the GUAM POWER AUTHORITY has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, under its seal; BANK OF GUAM, as Trustee and as a Depository, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed; and U.S. BANK TRUST NATIONAL ASSOCIATION, as Co-Trustee and as a Paying Agent, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

GUAM POWER AUTHORITY

By _____
Chairperson

[SEAL]

By _____
Secretary

BANK OF GUAM, as Trustee and
Depository

[CORPORATE SEAL]

By _____
Vice President/Trust Officer

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Co-Trustee and Paying Agent

By _____
Trust Officer

The foregoing Supplemental Indenture of the Guam Power Authority providing for the issuance of revenue bonds for the purposes authorized by Sections 8203(d) and 8228, Title 12, Guam Code Annotated, is hereby approved this ____th day of _____, 1999.

Governor of Guam

[SEAL]

Attest:

Lieutenant Governor

The foregoing Supplemental Indenture of the Guam Power Authority, and the appointment of the Trustee, the Co-Trustee and the Depositary and the exercise of their respective powers and functions as set forth in such Supplemental Indenture, is hereby approved this ____th day of _____, 1999.

Director of Administration
Department of Administration
Government of Guam

EXHIBIT A
[FORM OF 1999 SERIES A BOND]

No. ___ - _____

\$

GUAM POWER AUTHORITY
REVENUE BOND, 1999 SERIES A

INTEREST RATE MATURITY DATE DATED CUSIP

[April 1], 1999

Registered Holder:

Principal Sum:

Dollars

The GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before September 15, 1999, in which event it shall bear interest from [April 1], 1999) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable on April 1 and October 1 in each year, commencing October 1, 1999. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of U.S. Bank Trust National Association (herein called the "Co-Trustee" or the "Paying Agent") in Los Angeles, California, and the interest hereon is payable by check mailed by first class mail to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the Bond registration books of the Co-Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of 1999 Series A Bonds, payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or redemption

payment shall nevertheless be subject to the prior surrender of the 1999 Series A Bonds with respect to which such payment is made.

The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the pledge and assignment hereinafter described. Neither the payment of the principal of this Bond nor any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Territory of Guam.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Guam Power Authority Revenue Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture hereinafter mentioned, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Chapter 8, Title 12, Guam Code Annotated, as amended, and pursuant to that certain Indenture, dated as of December 1, 1992, as previously supplemented and as supplemented by a Third Supplemental Indenture dated as of April 1, 1999, each by and among the Authority, the Co-Trustee and Bank of Guam, as Trustee and Depositary (herein collectively called the "Indenture"). This Bond is also one of a duly authorized series of Bonds additionally designated "1999 Series A" (herein called the "1999 Series A Bonds"), in the aggregate principal amount of _____ Dollars (\$ _____), all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing moneys for the refinancing of the expansion and improvement of the Authority's electric power system. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Co-Trustee and at the office of the Trustee in Agana, Guam) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee, the Co-Trustee and the Depositary and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as that term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

The 1999 Series A Bonds maturing after October 1, _____ are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any interest payment date on or after October 1, _____, as a whole, or in part by such maturity or maturities as may be specified by the Authority (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

Redemption Dates

Redemption Prices

October 1, _____ through September 30, _____	%
October 1, _____ through September 30, _____	%
October 1, _____ and thereafter	

The 1999 Series A Bonds maturing on October 1, _____ are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, _____, and on each October 1 thereafter to and including October 1, _____, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The 1999 Series A Bonds maturing on October 1, _____ are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, _____ and on each October 1 thereafter to and including October 1, _____, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The 1999 Series A Bonds are subject to redemption on any date prior to their respective state maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service (as that term is defined in the Indenture) for the 1999 Series A Bonds for each 1999 Series A Bond Year (as that term is defined in the Indenture) after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in the Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Co-Trustee not less than 30 nor more than 60 days before the date fixed for redemption by first class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the Bond registration books of the Co-Trustee on the date the Bonds to be redeemed are selected. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. [Such a declaration may occur under circumstances in which the Credit Provider (as that term is defined in the Indenture) for the 1999 Series A Bonds is not obligated to pay such Bonds as accelerated, but is only obligated to pay such Bonds and the interest thereon on the dates originally scheduled for

such payment.] The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in Accreted Value of the Bonds then outstanding.

The 1999 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Co-Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Co-Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding, will be issued to the transferee in exchange therefor. The Co-Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Co-Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depositary may treat the registered owner hereof as the absolute owner hereof for all purposes, and neither the Authority, the Trustee, the Co-Trustee nor the Depositary shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the registered owners of the Bonds, the Trustee, the Co-Trustee and the Depositary may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

Whenever the Indenture provides for certain actions to be taken by Bondholders upon the occurrence and continuance of an Event of Default or with respect to matters relating to Fiduciaries, the Credit Provider for the 1999 Series A Bonds, so long as it is not in default under

its Credit Facility, shall be deemed to be the Holder of a sufficient percentage of the Outstanding 1999 Series A Bonds to take such actions provided in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Co-Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, THE GUAM POWER AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman of the Board of Directors and the Secretary of the Board of Directors of the Authority and its seal to be reproduced hereon by facsimile, all as of the first day of October, 1999.

GUAM POWER AUTHORITY

By _____
Chairman of the Board of
Directors of the Guam Power
Authority

(SEAL)

Countersigned:

By _____
Secretary of the Board of
Directors of the Guam Power
Authority

This is one the Bonds described in the within-mentioned Indenture which has been authenticated on _____.

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Co-Trustee

By _____
Authorized Officer

[FORM OF]
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were set out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with
right of survivorship and
not as tenants in common

UNIF GIFT MIN ACT - __ Custodian __
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Co-Trustee with full power of substitution in the premises.

Dated: _____

NOTICE:

The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Notice: Signature must be guaranteed by an eligible guarantor institution.

GUAM POWER AUTHORITY

and

BANK OF GUAM,
as Trustee and Depository

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Co-Trustee

THIRD SUPPLEMENTAL INDENTURE

Dated as of April 1, 1999

Relating to \$_____ Principal Amount
of Guam Power Authority
Revenue Bonds, 1999 Series A

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