



Office of the Governor of Guahan

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

27 AUG 2010

2010 AUG 30 AM 8:53
WJW

The Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina' Trenta Na Liheslaturan Guahan
155 Hesler Place
Hagåtña, Guam 96910

Dear Speaker Won Pat:

Transmitted herewith is Bill 444-30(COR) "AN ACT TO ADDRESS THE PAYMENT OF THE PROMISSORY NOTE BETWEEN THE GUAM DEPARTMENT OF EDUCATION AND THE GUAM POWER AUTHORITY IN FISCAL YEAR 2010," which I signed into law on August 20, 2010 as Public Law 30-181.

Although I applaud the intent of Bill 444-30 to propose a remedy to the Department of Education's promissory note commitment to GPA in FY 2010, the bill falls far short of meeting the actual \$2.4 million requirement for the entire fiscal year. In addition, potential savings from LEAC adjustments this fiscal year for line agencies and DOE are no longer there as both entities have reported anticipated shortfalls in utilities for the balance of the fiscal year. In fact, DOE has reported anticipating a \$10 million shortfall in all areas by fiscal year end. These notwithstanding, I've signed the bill into law as it avails a tool for remedy should these circumstances change.

Sinseru yan Magåhet,

[Handwritten signature of Felix P. Camacho]

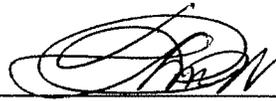
FELIX P. CAMACHO
I Maga'låhen Guahan
Governor of Guahan

30-10-0735
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 8/27/10
Time 3:58 P
Received by

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

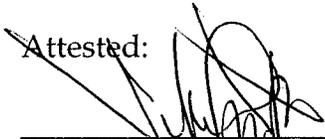
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 444-30 (COR), "AN ACT TO ADDRESS THE PAYMENT OF THE PROMISSORY NOTE BETWEEN THE GUAM DEPARTMENT OF EDUCATION AND THE GUAM POWER AUTHORITY IN FISCAL YEAR 2010", was on the 9th day of August, 2010, duly and regularly passed.



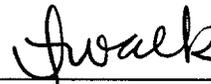
Judith T. Won Pat, Ed. D.
Speaker

Attested:



Tina Rose Muña Barnes
Legislative Secretary

This Act was received by I Maga'lahaen Guåhan this 9th day of August, 2010, at 445 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



Felix P. Camacho
I Maga'lahaen Guahan

Date: AUG 20 2010

Public Law No. P.L. 30-181

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

Bill No. 444-30 (COR)

As amended on the Floor.

Introduced by:

v. c. pangelinan
Judith T. Won Pat, Ed.D.
T. C. Ada
F. B. Aguon, Jr.
V. Anthony Ada
F. F. Blas, Jr.
E. J.B. Calvo
B. J.F. Cruz
J. V. Espaldon
Judith P. Guthertz, DPA
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
R. J. Respicio
Telo Taitague
Ray Tenorio

**AN ACT TO ADDRESS THE PAYMENT OF THE
PROMISSORY NOTE BETWEEN THE GUAM
DEPARTMENT OF EDUCATION AND THE GUAM
POWER AUTHORITY IN FISCAL YEAR 2010.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Statement and Intent.** *I Liheslaturan Guåhan*, in
3 light of the issue concerning current FY 2010 unpaid electricity bills of the Guam
4 Department of Education (GDOE), is proposing a financial remedy to the dilemma at
5 hand. The Guam Power Authority (GPA) has notified the GDOE of its unpaid
6 monthly installment payment on the July 20, 2004 “installment payment agreement
7 for past due electrical service”, which the GPA expects to be brought current by

1 August 9, 2010. There is an amount of approximately Two Hundred Thousand
2 Dollars (\$200,000) due before this date and GDOE is requesting funding for this
3 expenditure in reaction to the GPA notice of disconnection scheduled for the week
4 before the beginning of School Year 2010-2011.

5 *I Liheslaturan Guåhan* finds that as a result of Public Law 30-55 (the FY 2010
6 Budget Act), funding for the government's utility cost account was appropriated and
7 pooled under the Department of Administration (DOA) to address line agency utility
8 expenditures in FY 2010. The total allocation for the FY 2010 utility bank expenses
9 will be lower than budgeted due to recent policy decisions adopted by the
10 Consolidated Commission on Utilities (CCU), and approved by the Public Utilities
11 Commission (PUC). In a review of all policy options available to address this matter,
12 *I Liheslaturan Guåhan* finds that the Levelized Energy Adjustment Charge (LEAC)
13 savings that takes effect in August 2010 provides One Hundred Thousand Dollars
14 (\$100,000) in cost savings for the GDOE, which will be realized (booked) in the
15 subsequent month of September. In addition, Seventy Thousand Dollars (\$70,000)
16 (approximately 9%) in LEAC triggered cost savings to the utility cost account will
17 occur in September 2010.

18 *I Liheslatura*, through this measure, redirects the appropriations from these
19 savings to pay *up to* One Hundred Seventy Thousand Dollars (\$170,000) toward the
20 GDOE-GPA Promissory Note (Note). The remaining balance of the Note *shall* be
21 addressed through a direct and specific authorization granted to the Superintendent of
22 GDOE to engage in any viable transfer of funds within the current GDOE operating
23 budget.

24 *I Liheslaturan Guåhan* recognizes the opportunity to apply this recommended
25 funding strategy to deal with the current utility arrearage, or any other remaining
26 short-term debt for that matter, while being mindful of the GDOE's access to and
27 flexibility of supplementing funds through the State Financial Stability Funds

1 (SFSF), the American Reinvestment and Recovery Act of 2009 (ARRA), and
2 numerous other federal source grants that include reimbursements of indirect costs.

3 Lastly, *I Liheslaturan Guåhan*, in order to avoid this issue from developing
4 into a reoccurring cyclical event, *shall* mandate that the Note be transferred and
5 placed under the management and direction of the DOA beginning October 1, 2010.

6 **Section 2. Transfer of Promissory Note.** Effective October 1, 2010 and
7 notwithstanding any other provision of law, the agreement between the Department
8 of Education and the Guam Power Authority signed on July 20, 2004, and referred to
9 as the “installment payment agreement for past due electrical service”, *shall* be
10 assigned to and managed by the Department of Administration for purposes of
11 administering timely payment of this specific debt agreement or any related
12 subordinate instrument in accordance with the respective schedule of payments. For
13 the purposes of this Act and in congruence with the legislative intent, the Department
14 of Administration *shall serve solely* in the capacity as agent for transacting payment
15 of the GPA-GDOE Note from the government’s Utility Cost Account.

16 **Section 3.** The sum of **Seventy Thousand Dollars (\$70,000)** is hereby
17 deappropriated from the Utility Cost Account and appropriated to the Guam
18 Department of Education Object Class 361 for any arrearages due to the Guam Power
19 Authority in the current fiscal year.

20 **Section 4.** The Superintendent of the Guam Department of Education is
21 authorized to transfer, reallocate, direct or re-direct any current Guam Department of
22 Education FY 2010 operating funds for the purpose of payment of the promissory
23 note cited in Section 2.

24 **Section 5. Severability.** *If* any of the provisions of this Act, or the
25 application thereof to any agency or agencies, person or circumstance, is held invalid,
26 such invalidity shall *not* affect any other provision or application of this Act which

1 can be given effect without the invalid provision or application, and to this end the
2 provisions of this Act are severable.



Mina' Trenta Na Liheslaturan Guahan

Senator vicente (ben) c. pangelinan (D)

August 9, 2010

Speaker Judith T. Won Pat, Ed.D.
I Liheslaturan Guahan
Hagatna, Guam

Chairman
Committee on Appropriations,
Taxation, Banking, Insurance,
Retirement, and Land

Member
Committee on Education

Member
Committee on
Municipal Affairs,
Aviation, Housing, and
Recreation

Member
Committee on Labor, the
Public Structure,
Public Libraries, and
Technology

RE: Request to Waive Public Hearing for Bill No. 444-30 (COR).

In light of the emergency situation at the Guam Department of Education (GDOE) with regard to the overdue payments to the Guam Power Authority (GPA) for electricity bills, I hereby request that Bill No. 444-30 (COR) be declared an emergency for the purpose of waiving the public hearing requirements pursuant to 2 GCA §2103.

As you may be aware, the GPA has issued a disconnection notice to GDOE if payments are not made by August 9, 2010. Bill No. 444-30 (COR) seeks to remedy the situation in order that schools are opened on time.

I look forward to your approval of my request and the swift passage of Bill No 444-30 (COR) .

Si Yu'os Ma'ase'

vicente c. pangelinan
Senator

Office of the Speaker
Judith T. Won Pat, Ed.D.
Date 8/9/10
Time 9:00
Received by [Signature]



**OFFICE OF THE SPEAKER
I MINA'TRENTA NA LIHESLATURAN GUAHAN | 30th GUAM
LEGISLATURE
JUDITH T. WON PAT, Ed.D.**

August 9, 2010

To: *I Mina' Trenta Na Liheslaturan Guahan*

RE: Emergency Certification of Bill 444-30 (COR)

After careful evaluation for a request to waive the requirements for a public hearing on bill no. B444-30(COR)

**Bill No. 444-30 (COR) – v.c. pangelinan – AN ACT TO
ADDRESS THE PAYMENT OF THE PROMISSORY NOTE
BETWEEN THE GUAM DEPARTMENT OF EDUCATION AND
THE GUAM POWER AUTHORITY IN FISCAL YEAR 2010**

I certify, pursuant to 2 GCA §2103(a), that an emergency condition exists and that the requirements for a public hearing on bill no. 444-30 (COR) is accordingly waived.

Senseramente,

Judith T. Won Pat, Ed.D.
Speaker

cc: Senator Rory J. Respicio
Clerk of the Legislature

6

I MINA' TRENTA NA LIHESLATURAN GUAHAN

2010 (SECOND) Regular Session

Date: 8-9-10

VOTING SHEET

Bill No. 444-30

Resolution No. _____

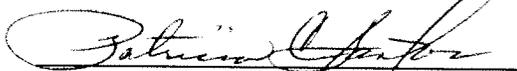
Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Thomas C.	✓				
ADA, V. Anthony	✓				
AGUON, Frank B., Jr.	✓				
BLAS, Frank F., Jr.	✓				
CALVO, Edward J.B.	✓				
CRUZ, Benjamin J. F.					E
ESPALDON, James V.	✓				
GUTHERTZ, Judith Paulette	✓				
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.	✓				
PANGELINAN, vicente (ben) cabrera	✓				
RESPICIO, Rory J.	✓				
TAITAGUE, Telo	✓				
TENORIO, Ray	✓				
WON PAT, Judith T.	✓				

TOTAL

14 _____ _____ _____ 1

CERTIFIED TRUE AND CORRECT:


Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence

I MINA' TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) REGULAR SESSION

2010 AUG -9 AM 8:34

WMA

Bill No. 444(COR)

Introduced by:

v.c. pangelinan



**AN ACT TO ADDRESS THE PAYMENT OF THE
PROMISSORY NOTE BETWEEN THE GUAM
DEPARTMENT OF EDUCATION AND THE GUAM
POWER AUTHORITY IN FISCAL YEAR 2010.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **SECTION 1. Legislative Statement and Intent.** *I' Liheslaturan*
2 *Guahan* in light of the issue concerning current FY2010 unpaid electricity bills
3 of the Guam Department of Education (GDOE), is proposing a financial
4 remedy to the dilemma at hand. The Guam Power Authority (GPA) has
5 notified the GDOE of its unpaid monthly installment payment on the July 20,
6 2004 "installment payment agreement for past due electrical service" which the
7 GPA expects to be brought current by August 9, 2010. There is an amount of
8 approximately Two Hundred Thousand Dollars (\$200,000) due before this date
9 and GDOE is requesting funding for this expenditure in reaction to the GPA
10 notice of disconnection which is the week before the beginning of School Year
11 2010-2011.

12 *I' Liheslaturan Guahan* finds as a result of Public Law 30-55 (the FY
13 2010 Budget Act), funding for the government's utility cost account was
14 appropriated and pooled under the Department of Administration (DOA) to

1 address line agency utility expenditures in FY2010. The total allocation for the
2 FY2010 utility bank expenses will be lower than budgeted due to recent policy
3 decisions adopted by the Consolidated Commission on Utilities (CCU) and
4 approved by the Public Utilities Commission (PUC). In a review of all policy
5 options available to address this matter, *I' Liheslaturan Guahan* finds the
6 Levelized Energy Adjustment Charge (LEAC) savings that takes effect in
7 August 2010 provides One Hundred Thousand Dollars (\$100,000) in cost
8 savings for the GDOE, which will be realized (booked) in subsequent month of
9 September. In addition, Seventy Thousand Dollars (\$70,000) (approximately
10 9%) in LEAC triggered cost savings to the utility cost account will occur in
11 September 2010.

12 *I' Liheslatura* through this measure, redirects the appropriations from
13 these savings to pay up to One Hundred Seventy Thousand Dollars (\$170,000)
14 toward the GDOE-GPA Promissory Note (Note). The remaining balance of
15 the Note shall be addressed through a direct and specific authorization granted
16 to the Superintendent of GDOE to engage in any viable transfer of funds
17 within the current GDOE operating budget not to exceed Two Hundred Thirty
18 Thousand Dollars (\$230,000) for this specific funding issue.

19 *I' Liheslaturan Guahan* recognizes the opportunity to apply this
20 recommended funding strategy to deal with current utility arrearage or any
21 other remaining short-term debt for that matter, while being mindful of the
22 GDOE's access to and flexibility of supplementing funds through the State
23 Financial Stability Funds (SFSF), the American Reinvestment and Recovery
24 Act of 2009 (ARRA) and numerous other federal source grants that include
25 reimbursements of indirect costs.

26 Lastly, *I' Liheslaturan Guahan* in order to avoid this issue from
27 developing into a reoccurring cyclical event, shall mandate that the Note be

1 transferred and placed under the management and direction of the DOA
2 beginning October 1, 2011.

3 **SECTION 2. Transfer of Promissory Note.** Effective
4 October 1, 2011 and notwithstanding any other provision of law, the agreement
5 between the Department of Education and the Guam Power Authority signed
6 July 20, 2004 and referred to as the “installment payment agreement for past
7 due electrical service” shall be assigned to and managed by the Department of
8 Administration for purposes of administering timely payment of this specific
9 debt agreement or any related subordinate instrument in accordance with the
10 respective schedule of payments. For the purposes of this Act and in
11 congruence with legislative intent, the Department of Administration shall
12 serve solely in the capacity as agent for transacting payment of the GPA-
13 GDOE Note from the government’s Utility Cost Account.

14 **SECTION 3.** The sum of **Seventy Thousand Dollars (\$70,000)** is
15 hereby deappropriated from the Utility Cost Account and appropriated to the
16 Guam Department Of Education Object Class 361 for any arrearages due to the
17 Guam Power Authority for in the current fiscal year.

18 **SECTION 4.** The Superintendent of the Guam Department of
19 Education is authorized to transfer, reallocate, direct or re-direct any current
20 Guam Department of Education FY2010 operating funds in the amount not to
21 exceed **Two-Hundred and Thirty-Thousand Dollars (\$230,000)** for the
22 purpose of payment of the promissory note cited in Section 2.

23 **SECTION 5. Severability.** If any provisions of this Act or the
24 application thereof to any agency or agencies, person or circumstance is held
25 invalid, such invalidity shall not affect any other provision or application of
26 this Act which can be given effect without the invalid provision or application,
27 and to this end the provisions of this Act are severable.