

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.