

I Mina'Trentai Kuåttro Na Liheslaturan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
139-34 (COR)	Telena C. Nelson William M. Castro Fernando B. Esteves	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.	7/6/17 3:08 p.m.	7/10/17	Committee on Appropriations and Adjudication			Fiscal Note Request 7/11/17 Fiscal Note 7/28/17	

Speaker Benjamin J.F. Cruz,
Member

Vice Speaker Therese M. Terlaje,
Member

Senator Thomas C. Ada,
Member

Senator Frank B. Aguon, Jr.,
Member

Senator Telena C. Nelson,
Member



Senator Dennis G. Rodriguez, Jr.,
Member

Senator Joe S. San Agustin,
Member

Senator Michael F.Q. San Nicolas,
Member

Senator James V. Espaldon,
Member

Senator Mary C. Torres,
Member

COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
SIKRITARIAN LIHESLATURAN GUAHAN
I MINA'TRENTAI KUATTRO NA LIHESLATURAN GUÅHAN
LEGISLATIVE SECRETARY • 34TH GUAM LEGISLATURE

July 28, 2017

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Fiscal Note**

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 139-34 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Jean Cordero, Committee on Rules Director, at 472-3455.

Thank you for your attention to this important matter.

Respectfully,


Senator Régine Biscoe Lee
Chairperson, Committee on Rules



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**Bureau of Budget & Management Research
Fiscal Note of Bill No. 139-34 (COR)**

AN ACT TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Power Authority (GPA)	Dept./Agency Head: John M. Benavente, General Manager
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	-
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation

	General Fund:	Other Fund (Specify)	Total:
FY 2016 Unreserved Fund Balance		\$0	\$0
FY 2017 Adopted Revenues	\$0	\$0	\$0
FY 2017 Appro. (P.L. 33-185 thru)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2017 (if applicable)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Other Fund (Specify)	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	1/	1/	1/	1/	1/

- Does the bill contain "revenue generating" provisions? / / Yes /X/ No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A / / Yes / / No
If no, what is the additional amount required? \$ /X/ N/A
- Does the Bill establish a new program/agency? / / Yes /X/ No
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes /X/ No
Is there a federal mandate to establish the program/agency? / / Yes /X/ No
- Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / / Yes /X/ No
/X/ Requested agency comments not received by due date /X/ Other: Time Constraints

Analyst: William F. Taittinger Date: 7/27/17
William F. Taittinger, B&M Analyst Supvr.

Director: Lester L. Carlson, Jr. Date: JUL 28 2017
Lester L. Carlson, Jr., Acting Director

Footnotes:

1/ See attached comments.

Comments on Bill No. 139-34 (COR)

Bill 139-34 is an “Act to approve the terms and conditions of Guam Power Authority (GPA) Revenue Bonds to refund outstanding GPA Revenue Bonds”. The intent is to seek legislative approval pursuant to §50103(k) of Title 12 of the Guam Code Annotated, for a proposed refinancing of about \$95.0 Million in Series 2010A Bonds which will provide savings on debt service which is expected to result in potential savings to ratepayers. The GPA notes that the savings would be around \$200,000 annually, based on GPA’s calculations, or \$4.8 Million over the 24 years.

Based on written testimony provided by the Guam Economic Development Authority (GEDA), the GEDA has been working with the GPA on refunding opportunities for its outstanding bonds as a means to provide cash flow savings that can translate into savings for the rate-payers. GEDA notes that in today’s market, GPA stands to save over \$3.0 Million or approximately 3.24% net present value, by refunding \$95.0 Million of its Series 2010A Bonds. GEDA also notes that taking advantage of refunding opportunities at this time will further assist GPA in its move toward providing additional capacity through the procurement of a 180 MW combined cycle unit at the best possible cost to the people of Guam.

However, according to testimony provided at the legislative public hearing on Bill 139-34 on July 17, 2017, the Guam Public Utilities Commission (PUC) stated that the PUC does not support the proposed refinancing and that the \$3.0 Million in savings over 24 years would not be worth the large fees associated with the processing and other costs associated with borrowing. The PUC noted that with issuance fees and premiums included, the GPA would spend a total of \$110.0 Million to refinance \$95.0 Million and save about \$3.0 Million over 24 years. The Ratepayers according to PUC would ultimately not experience any negative effects without the savings in debt service, however, as a cost-saving measure, the GPA has not really demonstrated that this proposed refinancing is an efficient or cost-effective method.

Based on subsection (e) of Section 1. Legislative Findings and Intent of Bill 139-34, *I Liheslaturan Guåhan*’s approval of the issuance of revenue bonds by GPA is subject to approval by the Consolidated Commission on Utilities (CUC), *I Maga’lahen Guåhan*, the PUC, and the Board of Directors of GEDA in accordance with law. And, in light of PUC’s statements at the public hearing to not support Bill 139-34, it was suggested by the Chairperson of the Legislative Committee on Appropriations and Adjudication that further discussions of Bill 139-34 be tabled until such time the GPA and Consolidated Commission on Utilities (CCU) had the opportunity to meet and fully discuss with PUC officials the proposed refinancing in order to clarify issues and address noted concerns.