

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2014 (SECOND) Regular Session

Bill No. 356-32 (cop)

Introduced by:

T. C. Ada 

**AN ACT TO AMEND §8243 OF CHAPTER 8, TITLE 12 OF
THE GUAM CODE ANNOTATED, TO PROVIDE THE GUAM
POWER AUTHORITY FLEXIBILITY IN FULFILLING THE
MANDATES OF PUBLIC LAW 32-140.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that pursuant to Public Law 32-140, *I Liheslaturan Guåhan* approved the terms and conditions under which Guam Power Authority (GPA) may issue revenue bonds to finance certain capital improvements to the island-wide power system as well as certain other specified programs, including, but not limited to, “not less than Five Million Dollars (\$5,000,000) to be held in reserve by GPA in a fund separate and apart from any other fund for the sole purpose of establishing a revolving loan fund to support legislatively authorized demand-side management and/or renewable energy programs for residential and/or commercial purposes” (the “Energy Program Revolving Fund”).

I Liheslaturan Guåhan further finds that given that *I Liheslaturan Guåhan* has not yet at this time authorized any such Energy Programs, GPA is seeking clarity that it can issue revenue bonds from time to time to finance the projects and items specified in Subsections (d)(1) through (d)(5) and (d)(7) of §8243 of Article

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1 2 of Chapter 8 of Title 12 of the Guam Code Annotated without having to finance
2 the Energy Program Revolving Fund until such time that Guam Public Utilities
3 Commission (GPUC) has approved the issuance of GPA revenue bonds to finance
4 the Energy Program Revolving Fund.

5 **Section 2. §8243 of Chapter 8 of Title 12 of the Guam Code Annotated is**
6 **hereby amended to read as follows:**

7 “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 and sale of revenue bonds (the bonds), from time to time, by the
10 Guam Power Authority (GPA), in one or more series or issues of tax-exempt
11 and/or taxable bonds, as senior revenue bonds in accordance with its existing
12 senior revenue bond indenture (or in the case of projects financed with
13 taxable bonds and/or projects that do not constitute capital improvements to
14 GPA’s system, as subordinate revenue bonds in accordance with its existing
15 subordinate revenue bond indenture), for the purpose of continuing GPA’s
16 investment in the island-wide power system involving generation,
17 transmission, and distribution assets to improve reliability, efficiency and
18 power service, and to comply with environmental regulations; provided, that
19 the bonds shall have a principal amount not to exceed Ninety four Million
20 Dollars (\$94,000,000), shall have a final maturity date not later than thirty-
21 one (31) years from the date of the issuance of the bonds, shall accrue
22 interest at rates that shall not exceed (1) seven percent (7%) with respect to
23 tax-exempt bonds, and (2) with respect to taxable bonds, the limitation set
24 forth in §8214(a) of Title 12 of the Guam Code Annotated, and shall be sold
25 for such price or prices as shall result in a net yield to the bondholders not
26 exceeding the rate specified by said §8214(a).

27 The issuance of any and all such Bonds shall be further subject to the

1 following requirements, limitations, terms and conditions:

2 (a) Such bonds shall be issued and sold pursuant to GPA's
3 existing senior bond indenture (including any amendments in
4 accordance with its terms to provide for the issuance of the bonds
5 described herein) and in compliance with the provisions of Article 2
6 of Chapter 8 of Title 12 of the Guam Code Annotated, including
7 approval by the CCU and by I Maga'lahañ Guãhan as provided
8 therein; provided, however, that such bonds may be issued and sold
9 pursuant to GPA's subordinate bond indenture (including any
10 amendments in accordance with its terms to provide for the issuance
11 of the bonds described herein) for purposes of financing projects with
12 taxable bond proceeds and/or projects that do not constitute capital
13 improvements to GPA's system;

14 (b) The sale of the bonds shall be approved by the Board of
15 Directors of GEDA as provided by §50103(k) of Chapter 50 of Title
16 12 of the Guam Code Annotated and the terms and conditions of the
17 issuance of the bonds shall be approved by the GPUC as provided by
18 Chapter 12 of Title 12 of the Guam Code Annotated; and,

19 (c) The proceeds of the bonds shall be applied to pay the costs
20 of issuance of the bonds, to pay the cost of any credit enhancement of
21 the bonds, to provide for required reserves, and, subject to approval by
22 the GPUC in accordance with §12004 Article 2 Chapter 12 of Title 12
23 of the Guam Code Annotated, to pay the costs of the projects and
24 items listed in Subsection (d) of this Section.

25 (d) The remaining proceeds of the Bonds shall be used solely
26 for the following purposes:

27 (1) Up to Fifty Six Million Four Hundred Seventy

1 Seven Thousand Dollars (\$56,477,000) for the following
2 Generation Improvements projects:

3 (A) Reimbursement of GPA for cost associated
4 with the Environmental Compliance Program (Diesel
5 RICE MACT);

6 (B) Cabras 1 Major Boiler Overhaul;

7 (C) Cabras 2 Turbine & Boiler Overhaul;

8 (D) Cabras 3&4 Major Overhaul and
9 Maintenance;

10 (E) Cabras Compound Employee and Visitor
11 Parking Lot;

12 (F) Generator Protection Upgrade with Fault
13 Recorders;

14 (G) Dededo CT Return to Service Phases I and
15 II;

16 (H) Diesel Plan Major Overhaul and
17 Maintenance and Diesel Fuel Oil Tank Repairs;

18 (I) Energy Storage Equipment (Renewable
19 Energy Impact Mitigation);

20 (J) Liquefied Natural Gas Initial Startup.

21 (2) Up to Five Million Five Hundred Eighty Six
22 Thousand Dollars (\$5,586,000) for the following Transmission
23 System Improvement projects:

24 (A) Piti 115 kV GIS Major Maintenance;

25 (B) System Protection Improvement & Cap
26 Bank Controllers – Phases I and II;

27 (C) Substation Major Refurbishment (San

1 Vitores T-122, Harmon T500 and T501, Macheche T90);

2 (D) 13.8 kV Breaker Upgrades Phases I and II;

3 (E) 34.5 kV Breaker Upgrades Phase I;

4 (F) Agat Shoreline Pole Restoration Project;

5 (G) Dededo Substation Capacitor Bank;

6 (H) Substation Battery Banks/Chargers

7 Upgrade; and

8 (I) Harmon X82 to Yigo X160 Overhead Line

9 Upgrade Phase I;

10 (3) Up to One Million Five Hundred Eighty Seven
11 Thousand Dollars (\$1,587,000) for the following Distribution
12 Improvements projects:

13 (A) Distribution Improvements;

14 (B) Smart Grid Sub-Projects (not covered by
15 grant); and

16 (C) Mobile Workforce Management.

17 (4) Up to Two Million Nine Hundred Thousand
18 Dollars (\$2,900,000) for the following Supervisory Control and
19 Data Acquisition System Upgrades projects:

20 (A) Power System Control Center Reliability
21 Improvements; and

22 (B) Network Communication – Fiber to Fadian
23 Complex.

24 (5) Up to Two Million Four Hundred Fifty Thousand
25 Dollars (\$2,450,000) for the following Cyber Security and
26 Information Technology Upgrades projects:

27 (A) Upgrade of Facilities Physical Security; and

1 (B) Information Technology Upgrades.

2 (6) Up to ~~Not less than~~ Five Million Dollars
3 (\$5,000,000) to be held in reserve by GPA in a fund separate
4 and apart from any other fund for the sole purpose of
5 establishing a revolving loan fund to support legislatively
6 authorized demand-side management and/or renewable energy
7 programs for residential and/or commercial purposes; and

8 (7) Such amounts as may be needed to capitalize and
9 pay from bond proceeds interest on the bonds due, accruing or
10 required to be set-aside for a period ending not later than twenty
11 four (24) months after issuance.

12 Notwithstanding anything herein to the contrary, to the extent that
13 there are excess proceeds of bonds authorized herein that exist for one of the
14 categories of purposes listed in subsections 2(d)(1) through 2(d)(7) above,
15 such excess may be transferred to another such category. ”

16 **Section 3. Severability.** *If* any provision of this Law or its application to
17 any person or circumstance is found to be invalid or contrary to law, such
18 invalidity *shall not* affect other provisions or applications of this Law which can be
19 given effect without the invalid provisions or application, and to this end the
20 provisions of this Law are severable.