



Territory of Guam
Territorio Guam

OFFICE OF THE GOVERNOR
L'FISINAN I MAGA'LAHI
AGANA, GUAM 96910 U.S.A.

AUG 30 1990

The Honorable Joe T. San Agustin
Speaker, Twentieth Guam Legislature
155 Herman Cortez Street
Agana, Guam 96910

Reem San
J

Dear Mr. Speaker:

Transmitted herewith is Bill No. 1592, which I have signed
into law this date as Public Law 20-219.

Sincerely,

Joseph F. Ada

JOSEPH F. ADA
Governor
201157

Attachment

TWENTIETH GUAM LEGISLATURE
1990 (SECOND) Regular Session

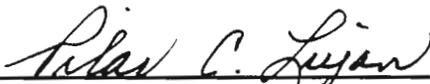
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 1592 (LS), "AN ACT TO APPROPRIATE EIGHT MILLION DOLLARS TO SUBSIDIZE ESSENTIAL POWER USAGE FOR RESIDENTIAL AND COMMERCIAL USE DURING THE CURRENT CRISIS IN THE MIDDLE EAST," was on the 28th day of August, 1990, duly and regularly passed.



JOE F. SAN AGUSTIN
Speaker

Attested:



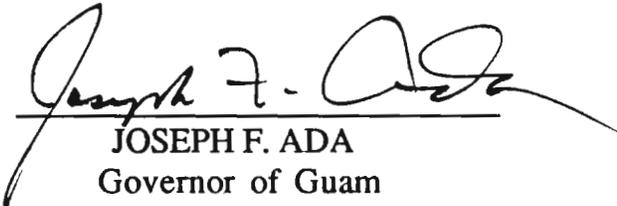
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 29th day of AUGUST,
1990, at 3:10 o'clock P.m.



Assistant Staff Officer
Governor's Office

APPROVED:



JOSEPH F. ADA
Governor of Guam

Date: August 30, 1990

Public Law No. 20-219

TWENTIETH GUAM LEGISLATURE
1990 (SECOND) Regular Session

Bill No. 1592 (LS)

Introduced by:

D. Parkinson
J. T. San Agustin
J. P. Aguon
M. C. Ruth
M. Z. Bordallo
E. P. Arriola
J. G. Bamba
D. F. Brooks
H. D. Dierking
E. R. Duenas
E. M. Espaldon
C. T. C. Gutierrez
P. C. Lujan
G. Mailloux
M. D. A. Manibusan
T. S. Nelson
F. J. A. Quitugua
E. D. Reyes
F. R. Santos
A. R. Unpingco

AN ACT TO APPROPRIATE EIGHT MILLION DOLLARS
TO SUBSIDIZE ESSENTIAL POWER USAGE FOR
RESIDENTIAL AND COMMERCIAL USE DURING THE
CURRENT CRISIS IN THE MIDDLE EAST.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Findings. The Legislature finds that the Guam Power
3 Authority will incur much greater oil costs due to the current crisis in Iraq
4 and the Middle East. Guam's power consumers will therefore suffer greatly
5 because of these massive increases in fuel oil costs. Because of the

1 unexpected nature of the increase, it is appropriate to provide a temporary
2 subsidy for power bills for users to keep the cost of oil on power bills the
3 equivalent to those sent out for power meters read during the first week of
4 July, 1990. The Legislature also finds that thirteen hundred (1,300) kilowatt
5 hours per month usage is a reasonable but not extravagant level of essential
6 electrical usage.

7 Section 2. Subsidy of essential power. There shall be a subsidy on all
8 residential power bills, small commercial general non-demand bills, small
9 commercial general demand bills, and large commercial general demand bills
10 on the first thirteen hundred (1,300) kilowatt hours per monthly billing cycle
11 in an amount equal to the increase in cost per kilowatt hour for the cycle over
12 the cost per kilowatt hour for meters read during the first billing cycle of
13 July, 1990. This amount of increase per kilowatt hour shall be multiplied
14 times the number of kilowatt hours used during the cycle to be subsidized,
15 not to exceed thirteen hundred (1,300) kilowatt hours. The resulting amount
16 of subsidy shall then be deducted from the power bill in question as a
17 "Temporary Legislative Subsidy during the period of hostility in the Middle
18 East".

19 Section 3. Retroactive. The subsidy contained in this Act shall be
20 retroactive as to all bills based on meter readings made on or after August 1,
21 1990.

22 Section 4. Expiration. This subsidy shall expire effective with bills
23 based on meter readings made on or after March 1, 1991, or until all funds
24 appropriated herein are expended, whichever is later, unless further
25 extended by law.

26 Section 5. Four Million Dollars (\$4,000,000) are hereby appropriated
27 from the General Fund to the Guam Power Authority for the power subsidy
28 set out in this Act. Any funds unexpended in Fiscal Year 1990 shall carry
29 over into Fiscal Year 1991 for use as subsidy.

30 Section 6. Four Million Dollars (\$4,000,000) are hereby appropriated
31 from the Fiscal Year 1991 revenues of the General Fund to the Guam Power
32 Authority for the power subsidy set out in this Act.

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 1592

Date: 8/28/90

Resolution No. _____

QUESTION: _____

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
J. P. Aguon				✓
E. P. Arriola	✓			
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas	✓			
E. M. Espaldon	✓			
C. T. C. Gutierrez			✓	
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan	✓			
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua	✓			
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka			✓	
A. R. Unpingco	✓			

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SENATOR DON PARKINSON
20th GUAM LEGISLATURE
163 CHALAN SANTO PAPA STREET
AGANA, GUAM 96910

MAJORITY LEADER and CHAIRPERSON, COMMITTEE ON ENERGY, UTILITIES, AND CONSUMER PROTECTION

August 28, 1990

Honorable Joe T. San Agustin
Speaker, Twentieth Guam Legislature
155 Hesler St.
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Energy, Utilities and Consumer Protection wishes to report out its findings on BILL NO. 1592: (AS AMENDED BY THE COMMITTEE ON ENERGY, UTILITIES AND CONSUMER PROTECTION): AN ACT TO APPROPRIATE THE SUM OF \$8,000,000.00 FROM THE FY 1990 AND FY 1991 GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER USAGE FOR RESIDENTIAL AND COMMERCIAL USE DURING THE CURRENT CRISIS IN IRAQ AND THE MIDDLE EAST.

The Committee's Voting Record is as follows:

TO PASS: 13
NOT TO PASS: 0
OFF-ISLAND: 0
REPORT OUT ONLY: 0
NOT VOTING: 0

A copy of the Committee Report and other pertinent information are attached for your information.

Sincerely,



Senator Don Parkinson
Chairman, Committee on
Energy, Utilities and
Consumer Protection

COMMITTEE ON ENERGY, UTILITIES AND
CONSUMER PROTECTION

VOTING SHEET ON:

BILL NO. 1592: (AS AMENDED BY THE COMMITTEE ON ENERGY, UTILITIES AND
CONSUMER PROTECTION): AN ACT TO APPROPRIATE THE SUM OF \$8,000,000.00
FROM THE FY 1990 AND FY 1991 GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER
USAGE FOR RESIDENTIAL AND COMMERCIAL USE DURING THE CURRENT CRISIS
IN IRAQ AND THE MIDDLE EAST.

<u>COMMITTEE ON MEMBERS:</u>	<u>INITIAL:</u>	<u>TO PASS:</u>	<u>NOT TO PASS:</u>	<u>REPORT OUT:</u>
Sen. Don Parkinson	<u>D</u>	✓		
Sen. Herminia Dierking	<u>H</u>	✓		
Sen. George Bamba	<u>GB</u>	✓		
Sen. Madeleine Bordallo	<u>MB</u>	✓		
Sen. Doris Brooks	<u>DB</u>	✓		
Sen. Gordon Mailloux	<u>G</u>	✓		
Sen. Marilyn Manibusan	<u>mm</u>	✓ 8/28/90		
Sen. Ted Nelson	<u>T</u>	✓		
Sen. Franklin Quitugua	<u>F.Q.</u>	✓		
Sen. Martha Ruth	<u>M</u>	✓ 8/28/90		
Sen. Frank Santos	<u>F</u>	✓		
Sen. Antonio Unpingco	<u>A</u>	✓		
Spkr. Joe T. San Agustin	<u>J</u>	✓		

REPORT OF THE COMMITTEE ON ENERGY,
UTILITIES AND CONSUMER PROTECTION ON BILL
NO. 1592: AN ACT TO APPROPRIATE THE SUM
OF \$6,000,000 FROM THE FY 1990 AND FY 1991
GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER
USAGE FOR RESIDENTIAL USE DURING THE CURRENT
CRISIS IN IRAQ AND THE MIDDLE EAST.

PREFACE

The Committee on Energy, Utilities and Consumer Protection conducted a public hearing on Thursday, August 23, 1990 at 12 noon at the office of the Committee on Energy, Utilities and Consumer Protection, 192 Archbishop Flores Street, Agana, Guam on Bill No. 1592: AN ACT TO APPROPRIATE THE SUM OF \$8,000,000 FROM THE FY 1990 AND FY 1991 GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER USAGE FOR RESIDENTIAL AND COMMERCIAL USE DURING THE CURRENT CRISIS IN IRAQ AND THE MIDDLE EAST. Committee members present at the public hearing were: Senator Parkinson, Chairman; Senator Quitugua, member; Senator Unpingco, member; Senator Ted Nelson, member; and Senator Herminia Dierking, member.

TESTIMONY

The first witness to testify was Mayor Gregorio Borja, Mayor of Santa Rita. Mayor Borja testified in favor of Bill No. 1592 which will subsidize the bill of residential consumers. He pointed out that many people have switched to gas heaters and stoves because of the already high power rates and that the 40 to 50 percent increase will become an impossible situation for a majority of the people. Mayor Borja also pointed out that the FFB loan should be paid off so that the amount of money being set aside for interest and debt service coverage could be used to subsidize the increased costs.

Senator Parkinson pointed out to the Mayor that the Guam Power Authority is getting ready to borrow huge sums of money for new generation facilities.

Senator Quitugua asked Mayor Borja if the subsidy should be extended to businesses. Mayor Borja responded that he does not believe that the business will reduce prices or even keep them constant even if they get the subsidy.

The next to testify was Mayor Elizabeth Haggard, Mayor of Piti. She testified in favor of the bill.

Mayor Laguana, President of the Mayors Council testified in favor of the Bill and pointed out that Mayor Borja stated basically what the Mayor's Council intended to say before the Committee.

Senator Quitugua also asked Mayor Laguana if he feels that the subsidy should be extended to business so that the price of goods could be kept constant or even reduced?

Both Mayor Laguana and Mayor Haggard agreed that the subsidy should be extended to businesses in the hope that the prices of goods will remain constant or reduced.

Also providing testimony (Exhibit D) is Mr. David Sablan, Chairman of the Board of Directors of the Guam Power Authority. Although Mr. Sablan has some reservations regarding giving the subsidy to residential consumers only and not to business, he supports the passage of Bill No. 1592 with some amendments. During discussions regarding the subsidy, Mr. Sablan was asked if the 800KWH cutoff is sufficient, Mr. Sablan responded that he felt the cutoff limit should be increased to 1000kwh-1200kwh.

FINDINGS AND RECOMMENDATIONS

The Committee finds that the people of Guam are already paying high electric power bills in addition to the abnormally high cost of living on Guam. The recent declaration by the Guam Power Authority that the people of Guam should expect to be paying approximately 40 to 50 percent for power bills due to the sudden and dramatic rise in the cost of oil per barrel will result in undue and severe hardship to the people of Guam who are already paying a high price for living on Guam. It is the feeling of the Committee that some kind of relief be provided by the government, the government who has declared that it anticipates over 100 million dollars of surplus funds, funds which the people of Guam has paid in to the coffers of the government. In addition, the government, through the Guam Power Authority, owes the people of Guam approximately 4 million dollars of fuel overcharge. The Committee on Energy, Utilities and Consumer Protection therefore finds that the people of Guam have paid an excessively large sum of money into the treasury of Guam through taxes and that some of this money should be given back to the people through a subsidy of their power bills. Bill No. 1592 is not intended to be a means of reducing the power rates, but is intended to be a temporary relief to the unusually high rise in the cost of fuel until such time that the situation in the Middle East and Iraq stabilizes.

The Committee on Energy, Utilities and Consumer Protection therefore recommends that Bill No. 1592, as amended, be passed by the 20th Guam Legislature which will subsidize essential power usage up to 1,300 kilowatt hours..

EXHIBITS

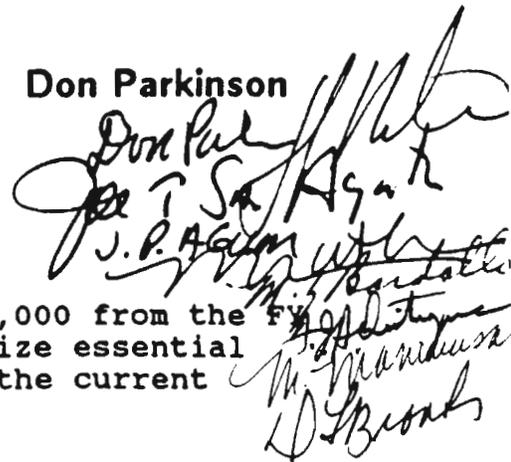
- Exhibit "A" Copy of Bill 1592 as introduced
- Exhibit "B" Fiscal Note on Bill 1592
- Exhibit "C" Projected Kilo Watt Hour sales and number of customers increases provided GPA.
- Exhibit "D" Written testimony of Mr. David Sablan, Chairman, Guam Power Authority Board of Directors.
- Exhibit "E" Weekly Fuel Invoices and listing of actual movement of fuel as to cost.
- Exhibit "F" Written testimony of Mayor Isabel Haggard of Piti
- Exhibit "G" Bill No.1592 as amended by the Committee on Energy, Utilities and Consumer Protection
- Exhibit "H" Ltr from GPA providing the analysis for funding.
- Exhibit "I" Ltr from GPA providing KWH per barell fuel adjustment calculations.

60-115-101 11:5:04
TWENTIETH GUAM LEGISLATURE
SECOND REGULAR SESSION

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6 Bill No. 1592
7

8 Introduced by:

Don Parkinson



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14
15 An act to appropriate the sum of \$6,000,000 from the FY
16 1990 and FY 1991 General Fund to subsidize essential
17 power usage for residential use during the current
18 crisis in Iraq and the Middle East
19
20

21 Section 1. The Legislature finds that the Guam Power
22 Authority is going to suffer greater oil costs due to the
23 current crisis in Iraq and the Middle East. GPA's consumers
24 are going to greatly suffer because of massive fuel oil
25 costs. Because of the unexpected nature of the increase, it
26 is appropriate to have a temporary subsidy of power bills for
27 residential users for oil charge increases over the costs of
28 oil for power bills sent out for power meters read during
29 the first week of June, 1990. The Legislature also finds
30 that 800 Kilowatt Hours per month useage is a reasonable but
31 not extravegant level of essential electrical useage.

32 Section 2. Subsidy of essential residential power.
33 There shall be a subsidy on all residential power bills on
34 the first eight hundred kilowatt hours per monthly billing
35 cycle in an amount equal to the increase in cost per
36 kilowatt hour for the cycle over the cost per kilowatt hour
37 for meters read during the first billing cycle of June,

EXHIBIT "A"

1 1990. This amount of increase per kilowatt hour shall be
2 multiplied times the number of kilowatt hours used during
3 the cycle to be subsidized, not to exceed 800 kilowatt
4 hours. The resulting amount of subsidy shall then be
5 deducted from the power bill in question as a 'Temporary
6 Legislative Subsidy during the period of hostility in the
7 Middle East".

8 Section 3. The subsidy contained in this act shall be
9 retroactive as to all bills based on meter readings on or
10 after July 1, 1990.

11 Section 4. This subsidy shall expire effective with
12 bills based on meter readings made on or after February 1,
13 1991, unless further extended by law.

14 Section 5. The sum of Three Million Dollars
15 (\$3,000,000) is hereby appropriated from the General Fund
16 for Fiscal Year 1990 to the Guam Power Authority for the
17 residential power subsidy contained in this act. Any funds
18 unexpended in Fiscal Year 1990 shall carry over into Fiscal
19 Year 1991 for use as a residential subsidy.

20 Section 6. The sum of Three Million Dollars
21 (\$3,000,000) is hereby appropriated from the General Fund
22 for Fiscal Year 1991 to the Guam Power Authority for the
23 residential power subsidy contained in this act.

24
25
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BUREAU OF BUDGET & MANAGEMENT RESEARCH
OFFICE OF THE GOVERNOR, Post Office Box 2950, Agana, Guam 96910



JOSEPH E. RIVERA

Director

AUG 22 1990

Senator Don Parkinson
Chairperson
Committee on Energy, Utilities
& Consumer Protection
Twentieth Guam Legislature
Post Office Box CB-1
Agana, Guam 96910

Dear Senator Parkinson:

Pursuant to Section 1903 of Chapter X of the Government Code of Guam,
transmitted herewith is a fiscal note on Bill No. 1592.

Should I be of any assistance, please contact my office.

Sincerely,

Joseph E. Rivera
JOSEPH E. RIVERA
Acting

Enclosures

cc: Senator Carl T.C. Gutierrez
Chairperson, Committee on
Ways & Means

EXHIBIT "B"



Commonwealth No. 1

Comments on Bill 1592

Bill 1592 proposes to appropriate a total of \$6,000,000 from the General Fund to the Guam Power Authority to subsidize power costs of residential consumers. \$3,000,000 is to be allocated in FY 1990 and another \$3,000,000 in FY 1991. The subsidy shall be effective retroactive to July 1, 1990 and expires February 1, 1991, unless further extended by law. The subsidy will be applied on a monthly basis to the first 800 kilowatt hours and will pay for the increase in cost (per kilowatt hour) during the effective period (7-1-90 to 2-1-91) over what costs were during the first billing cycle in June.

Assuming each residential consumer utilizes a minimum of 800 kilowatt hours of power per month, the subsidy should provide for approximately 35,088 residential consumers.

The breakdown is as follows:

(A)	(B)	(C)	(D)	(E)	(F)
Kilowatt Hours	Decrease in Fuel Adjustment*	Subsidy Per Month (A*B)	Number of Months 7-1-90 to 2-1-91	Subsidy Per Effective Period (C*D)	Number of Consumers Subsidized (\$6.0MM/(E))
800	\$0.030461 1/	\$24	7	\$171	35,088

* Fuel adjustment is applied as a credit. As such, a decrease in the fuel adjustment credit results in an increase in power costs to the consumer.

1/ Prior Fuel Adjustment	\$0.049534
Less Current Fuel Adjustment	0.019073

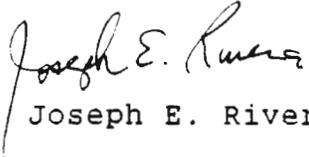
Decrease in Fuel Adjustment	\$0.030461

Per information received from GPA, there were 25,852 residential consumers as of year ending 1989. As such, the appropriation as proposed should be sufficient to provide a subsidy for all island residential consumers between the effective period of July 1, 1990 to February 1, 1991.

Status of General Fund Revenues vs. Appropriations

	(in millions)
Revenue Estimate (P.L. 20-41)	\$384.0
Less Appropriations/Obligations to date (up to P.L. 20-188)	475.6

Excess Appropriations over Revenues	(\$91.6)


Joseph E. Rivera

Bill No. 1592 Date Received AUGUST 17, 1990
 Mandatory Bill No Date Forwarded AUGUST 20, 1990
 Management Agency Affiliation: GUAM POWER AUTHORITY
 Management Agency Head: JOHN M. BENEVENTE
 Fiscal Year Appropriations: N/A
 Bill Title (concise): AN ACT TO APPROPRIATE \$6,000,000 FROM THE GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER USAGE FOR RESIDENTIAL USE DURING THE CURRENT CRISIS IN THE MIDDLE EAST

Change in Law: NONE.

Bill Attempts to: Increase Program Funding
 Decrease Program Funding
 Reallocate Present Program Funding

Bill is for: Operations
 Capital Improvement
 Other

FINANCIAL/PROGRAM IMPACT

PROGRAM CATEGORIES	Minimum Estimated Required Funds (For Five Years)		
	GENERAL FUND	FEDERAL	OTHER
AUTONOMOUS AGENCY	SEE COMMENTS.		
GRAND TOTAL			

ESTIMATED MULTI-YEAR FUND REQUIREMENTS

FUND TYPE	1st	2nd	3rd	4th	5th
General Fund		SEE COMMENTS.			
Federal Fund					
Other Fund					
GRAND TOTAL					

ESTIMATED MULTI-YEAR REALIZED REVENUES

FUND TYPE	1st	2nd	3rd	4th	5th
General Fund		SEE COMMENTS.			
Federal Fund					
Other Fund					
GRAND TOTAL					

Carlos P. Bordallo
 CARLOS P. BORDALLO
 GOVERNMENT ACCOUNTANT

Date Review Terminated: AUGUST 21, 1990

Joseph E. Rivera
 JOSEPH E. RIVERA
 DIRECTOR
 AUG 22 1990

	<u>FY 89</u>	<u>PROJECTED FY 90</u>	<u>INCREASE %</u>
KWH SALES:			
RESIDENTIAL	273,740,415	295,011,500	7.77%
SMALL GENERAL NON DEMAND	50,458,388	56,301,948	11.58%
SMALL GENERAL DEMAND	115,173,654	132,989,618	15.45%
LARGE GENERAL	150,841,614	169,830,934	12.66%
PRIVATE OUTDOOR LIGHTING	<u>778,830</u>	<u>764,031</u>	<u>-1.90%</u>
	590,992,899	654,978,031	10.83%
GOVERNMENT SERVICE:			
SMALL NON DEMAND	7,791,492	7,519,266	-3.49%
SMALL DEMAND	66,199,694	67,162,865	1.45%
LARGE	30,737,844	30,856,869	0.39%
STREET LIGHTING (AGENCIES)	<u>5,949,945</u>	<u>6,011,969</u>	<u>1.04%</u>
	110,678,975	111,550,969	0.79%
	<u>701,671,874</u>	<u>766,529,000</u>	<u>9.24%</u>
NUMBER OF CUSTOMERS:			
RESIDENTIAL	25,851	26,820	3.75%
SMALL GENERAL NON DEMAND	2,751	2,823	2.62%
SMALL GENERAL DEMAND	582	660	13.40%
LARGE GENERAL	58	69	18.97%
PRIVATE OUTDOOR LIGHTING	<u>586</u>	<u>572</u>	<u>-2.39%</u>
	29,828	30,944	3.74%
GOVERNMENT SERVICE:			
SMALL NON DEMAND	538	508	-5.58%
SMALL DEMAND	228	235	3.07%
LARGE	18	18	0.00%
STREET LIGHTING (AGENCIES)	<u>31</u>	<u>30</u>	<u>-3.23%</u>
	815	791	-2.94%
	<u>30,643</u>	<u>31,735</u>	<u>3.56%</u>

EXHIBIT "C"



GUAM POWER AUTHORITY

Board of Directors



August 27, 1990

Senator Don Parkinson
Chairman, Committee on Energy,
Utilities & Consumer Protection
Twentieth Guam Legislature
Agana, Guam 96910

RE: BILL 1592

Dear Senator Parkinson:

The Authority appreciates this opportunity to testify on Bill 1592 and is providing the following comments.

Whenever oil prices have risen sharply in the past, this has slowed load growth and, in extreme cases, caused an actual decline in KWH sales (1979-1982). These aberrations in load growth serve to exacerbate the intermediate term planning process (e.g. uncertain generation plant expansion) and cause short term disruptions in current fiscal year capital and operating budgets. This 'elasticity' affect has not been quantified yet, and is subject to such other transient variables as disposable income, consumer usage patterns/habits, lifestyles, etc. Consequently, the ultimate affect of these recent oil price increases on GPA's KWH sales is a matter of conjecture.

The Bill as proposed may be of some benefit in offsetting some of these sudden changes in monthly fuel bills. At best, it should provide time for ratepayers to adjust to whatever the future holds and thus offset some of the suddenness with which this change has occurred. However, if the oil prices are not expected to 'normalize' in the near future, it may be more appropriate to not subsidize the rates and let the load consumption level find its true level so that GPA's load forecast may be truly representative of the future power needs, with no artificial support for something that may not be a temporary phenomenon.

The attached summary sheet uses July 1990 as a sample month to provide a profile of the number of customers and their related number of KWH consumed within selected blocks of consumption. For the purposes of analysis, the first blocks up to 800 KWH are in increments of 200 KWH each, which will provide an idea of the number of customers affected the most under Bill 1592; the remaining July billings are grouped in one block.

The following table outlines the probable funding requirement to support the proposed subsidy. The table uses July as a representative month for number of customers and KWH sales, and also provides an average impact per residential bill. I should point out that July's fuel credit amount was actually more that the June credit, which would

Exhibit "D"

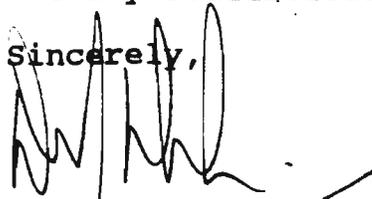
result in an increase (or debit) to each bill if the proposed measure were applied as written. However, the July credit was lower than June's and serves to provide a better example of how the proposed legislation may work.

<u>DESCRIPTION</u>	<u>BASE MONTH</u> <u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>
1. FUEL CREDIT AMOUNT	(\$0.039059)	(\$0.049535)	(\$0.019073)
2. ADDITIONAL CREDIT (DEBIT) FROM BASE MONTH (FIRST 800 KWH) (DIFFERENCE BETWEEN ACTUAL FUEL ADJUSTMENT AND THAT OF BASE MONTH JUNE)	N/A	(\$0.010476)	\$0.019986
3. AFFECTED KWH (USING JULY) USING ONLY THE FIRST 800 KWH		16,777,875	16,777,875
4. AMOUNT CREDITED (DEBITED) (LINE 2 X LINE 3)		(\$175,765)	\$335,323
5. NUMBER OF CUSTOMERS (USING JULY)		28,250	28,250
6. AVERAGE IMPACT PER BILL (LINE 4 DIVIDED BY LINE 5)		(\$6.22)	\$11.87

I would like to point out that if the GovGuam General Fund is used to subsidize GPA rates that although GPA's ratepayers may benefit, the taxpayers may not be the appropriate source of funding since not all taxpayers would benefit from this use of their funds. For example, the General Fund contains tax payments from small businesses who would not benefit from a subsidy that will only go to the residential class of customers.

In summary, GPA would support this bill if this price aberration is to be for a short or intermediate term, but if it is to be a permanent change, then the market forces which affect GPA's planning process should be allowed to function so that we may realistically assess our position.

Sincerely,



DAVID SABLAN
CHAIRMAN

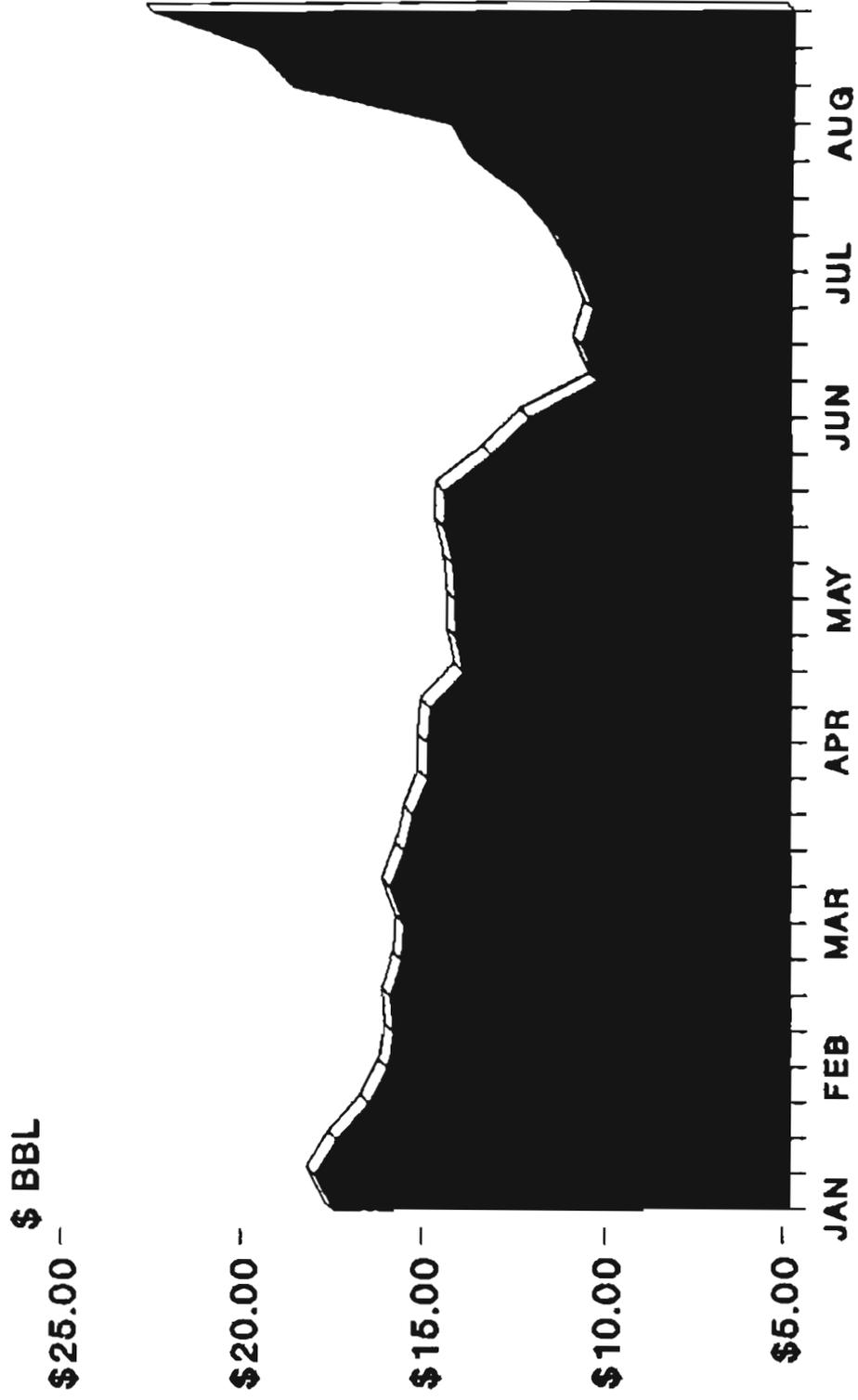
ATTACHMENT

RESIDENTIAL KWH IN JULY BILLINGS

RANGE OF KWH USAGE	NO. OF CUSTOMERS	TOTAL KWH USAGE
<u>UNDER 800 KWH</u>		
0 - 200	2,816	168,032
201 - 400	3,984	1,224,197
401 - 600	4,577	2,271,104
601 - 800	<u>3,687</u>	<u>2,565,742</u>
TOTAL	15,064	6,229,075
800 - END	<u>13,186</u> (X 800 KWH =)	<u>10,548,800</u>
TOTAL	<u>28,250</u>	<u>16,777,875</u>

WEEKLY FUEL INVOICES

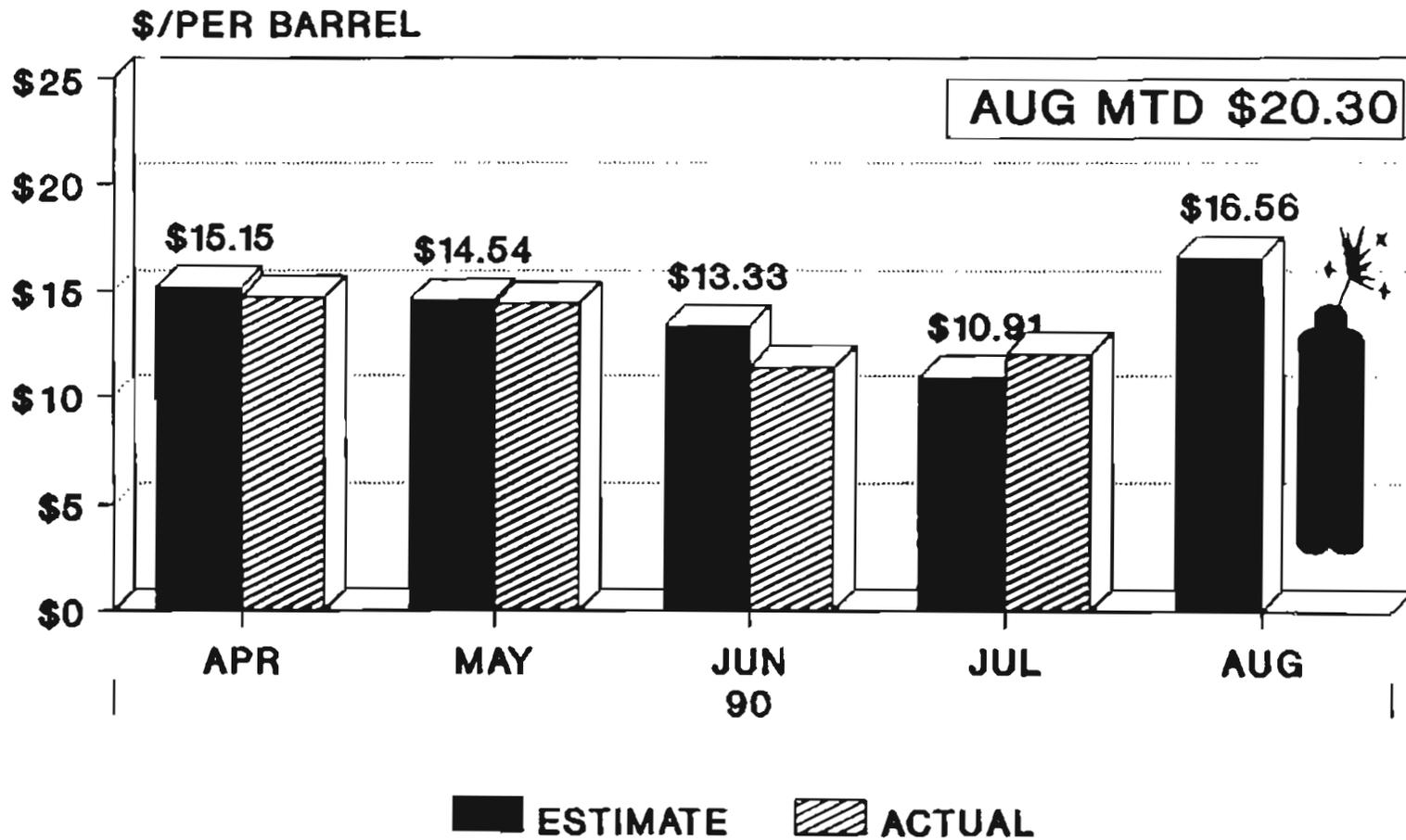
JAN 4,'90 TO AUG 23,'90



WEELYOIL

Exhibit "E"

OIL PRICE MOVEMENTS ESTIMATED VS. ACTUAL



Estimated fuel oil consumption is One Million Eight Hundred Fifty
Thousand (1,850,000) barrels per year. Minimum purchase under
the Contract shall be One Million (1,000,000) barrels per year.
The first delivery of fuel oil pursuant to the Contract is
anticipated to be on or about July 1, 1986.

Section 1.02. Term. The Contract shall be for five (5)
years and shall commence on July 1, 1986, and shall continue to
midnight June 30, 1991 unless sooner terminated in accordance
with the provisions hereof or cancelled due to unavailability of
funds in succeeding fiscal periods. The contractual obligation
of GPA and Contractor in each fiscal period succeeding the first
is subject to the availability of funds. In the event funds are
not available for any succeeding fiscal period, the remainder of
such contract shall be cancelled and the Contractor shall be
reimbursed for the reasonable value of any non-recurring costs
incurred but not amortized in the price of the fuel oil delivered
under the contract. GPA shall notify Contractor within ninety
(90) days prior to each succeeding fiscal year whether or not
funds are available.

Section 1.03. Contract Price.

The total Contract Price per 42 gallon barrel
delivered pursuant to Section 1.04 to GPA is \$ 14.09
United States Dollars, inclusive of all ~~costs~~ and liabilities
incurred prior to delivery. A

The contract price shall increase or decrease on a cent-for-cent basis by the amount per barrel that the mean Waterborne Spot Market price for Singapore cargoes for High Sulfur Fuel Oil (H.S.F.O.) 180 Cst Singapore (Conversion Factor: 6.6 bbls. per M ton) exceeds or is less than the above mean calculated as of April 1, 1986. The above Waterborne Spot Market prices are those reported by the Platts Oilgram price report.

The following is a sample calculation of the average price effective with the December 27, 1985 prices published in the Platt's Oilgram price report. The conversion factor used is 6.6 barrels per M ton.

$$\begin{aligned} \text{Mean Waterborne Spot (MWS)} &= \frac{\text{High} + \text{Low}}{2} \div 6.6 \\ &= \frac{152.00 + 150.00}{2} \div 6.6 \\ &= \$22.88/\text{BBL} \end{aligned}$$

Section 1.04. Fuel Oil Delivery. Title to the fuel oil and custody thereof shall pass from Contractor to GPA when the fuel oil has passed the transfer pump flange connecting the Fuel Tanks referred to in Section 2.01 to GPA's fuel oil storage or fuel oil consuming facility.

Section 1.05. Fuel Oil Inventory. Contractor shall maintain at all times a minimum inventory of One Hundred Fifty Thousand (150,000) barrels. The Contractor, shall purchase at the beginning of Contract the existing inventory, in the Fuel Tanks referred to in Section 2.01 and estimated at about 150,000 barrels, from the present fuel oil supplier at the supplier's then contract price.

Spot Price Assessments

An assessment of cargo and barge prices made by the Oilgram staff based on transactions and market information from sources deemed reliable and active in the marketplace.

REI DT
16

European Bulk	Cargoes FOB Med Basis Italy	Cargoes CIF Med Basis Genoa/Lavera	Cargoes CIF NWE Basis APA	Barges FOB Rotterdam	Cargoes FOB NWE
\$/MT	Prem 0.25%		-223-228	-224-226	-216-221-
	Prem 0.25%	202-204	-210-212-	-222-224	
	Prem 0.4%	202-204	-210-212-		
	Reg Unl		-203-205-	-202-204-	
	Naphtha	131-132	141-142	+143-145	
	Jet Kerosene	+147-149 +		161-163 +	+160-161 +
	Gasoil	130-131	134-137		155-157 +
	Gasoil(1)		144-145		
	Gasoil(2)		+141-143 +	+145-146 +	+135-137 +
	1% Fuel Oil	81-82	88-89	83-84	79-80
	3% Fuel Oil			+64-65 +	+58-59 +
	3.5% Fuel Oil	48-49	55-56	+61-62 +	+55-56 +
	B4 Feedstock		17-18	13-15	

(1) Non-EEC cargoes, represents .2% S. (2) EEC cargoes, represents .3% S on the low and .2% on the high.

Singapore/Japan Cargoes	C&F Japan	Singapore
\$/Bbl	Mogas Unl	22.60-23.00
	Mogas .15%	+25.30-25.60 +
	Naphtha	-146.00-148.00
	Kerosene	+22.10-22.40 +
	Gasoil	21.20-21.50
	Gasoil LoPr	21.90-22.20
	LSWR .3%	11.80-12.20
\$/MT	HSPO 180cut	75.00-76.00
	HSPO 380cut	57.00-58.00

U.S. Gulf Coast	Waterborne	Pipeline
c/Gal	Unl 87	+56.00-56.75
	Unl Midgrade 89	+59.75-61.25 +
	Prem Unl 92	+66.75-67.75 +
	Naphtha	-43.50-44.75
	Jet Kerosene	-48.25-48.75-
	No. 2	45.75-46.25-
\$/Bbl	No. 6 0.7% S	14.25-14.50
	No. 6 1.0% S	13.00-13.25
	No. 6 3.0% S	9.50-9.75

Arab Gulf, FOB	
\$/MT	Naphtha
	HSPO 180 cut
\$/Bbl	Kerosene
	Gasoil

West Coast Pipeline	Los Angeles	San Fran
California		
c/Gal	Regular	-62.00-62.50-
	Unl	-62.00-62.50-
	Prem Unl	-71.50-72.50-
	Jet Fuel	-57.00-58.00-
\$/Bbl	No. 2	44.50-45.00
	LSNo. 2	48.00-49.00
	HS Resid	10.00-10.50

Caribbean Cargoes, FOB	\$/MT	c/Gal
	Naphtha	152.50-156.00
	Jet Kerosene	152.75-156.00
	Gasoil	136.50-139.50
\$/Bbl	No. 6 2.0%	+10.25-10.50 +
	No. 6 2.8%	9.50-9.75

Northwest	Portland	Seattle
c/Gal	Regular	-69.00-70.00-
	Unl	-69.00-70.00-
	Prem Unl	-79.00-80.00-
	Jet Fuel	56.00-57.00
\$/Bbl	No. 2	52.00-53.00
	HS Resid	11.00-11.50

Group Three	
c/Gal	Regular
	Unleaded
	Premium Unleaded
	No. 2

West Coast Waterborne	
c/Gal	Regular
	Unl
	Jet Fuel
	Gasoil
\$/Bbl	No. 6 0.5% S
	No. 6 1.0% S
	No. 6 1.8% S
	180cut
	380cut

New York/Boston	Cargo	Barge
c/Gal	Unl 87	+58.00-59.00 +
	Unl 87 (Boston)	+58.00-61.50 +
	Unl Midgrade 89	+62.00-64.25 +
	Prem Unl 92	+68.00-72.00 +
	Super Unl 93	+71.00-75.00 +
	Jet Fuel	-51.00-51.25-
\$/Bbl	No. 2	48.00-48.25
	No. 2 (Boston)	+48.75-49.00 +
	No. 6 3% S HiPr	+15.25-15.50 +
	No. 6 3% S LoPr	+15.25-15.50 +
	No. 6 .7% S Max	14.10-14.35
	No. 6 1% S Max	13.70-13.95
	No. 6 2.2% S Max	11.15-11.40
	No. 6 3.0% S Max	10.50-10.75

Gas Liquids	Mont Belvieu	Conway
c/Gal	Ethane	15.25-15.50
	Propane	26.00-26.25
	Normal Butane	-29.25-29.75-
	Isobutane	37.00-37.25
	Natural Gasoline	+35.50-36.00 +

\$ 11.51

GPA shall reimburse to Contractor the difference between the supplier's price and his contract price.

GPA shall have the option to purchase the inventory mentioned above and take over the operations and maintenance of the fuel tanks referred to in Section 2.01 at anytime during the term of the Contract by giving the Contractor one hundred twenty (120) days notice. If GPA exercises this option, the price of the fuel oil shall be adjusted by decreasing the fuel price by the amount of the operation and maintenance, and inventory cost. The determination of fair and reasonable cost for the operation and maintenance, and for the inventory, shall be made by a mutually acceptable independent consultant retained by GPA for such specific purpose. Title of this fuel oil and custody thereof would then pass from contractor to GPA as the fuel oil passes the vessel's permanent flange hose connection at the discharge port.

Section 1.06. Terms of Payment. Invoices for fuel oil delivered pursuant to the quantity and quality prescribed in Article III and other provisions of this Contract shall be submitted on ~~a weekly~~ basis based on the amount of barrels delivered by Contractor to GPA, during the week ending Thursday. The invoice price shall be the contract price in effect on the ~~date of~~ of the weekly delivery period. GPA shall promptly make payments within a reasonable time not to exceed a period of fifteen (15) days from the date of receipt of invoice. All invoices shall be based upon quantity and quality delivered according to the measurements made pursuant to Sections 3.02 and 3.05, infra.

03.87

PER BARREL COST

INPUTS

HSFO CONTRACT PRICE	\$14.09 /BBL	(INCLUDES ALL COSTS PRIOR TO DELIVERY)
HSFO BASE PRICE (PLATT'S 4/1/86)	\$12.50 /BBL	
PLATTS OILGRAM QUOTE PER BBL (MEAN WATERBORNE SPOT MARKET PRICE FOR SINGAPORE CARGOES FOR HSFO - 180 CST)		
HI MEAN COST/MT	\$114.00	(JAN '87)
LO MEAN COST/MT	\$109.00	(JAN '87)
CONVERSION FACTOR 180 CST TO BBL	6.6	

PER BBL CALCULATION

PLATT'S HI	\$114.00
PLATT'S LO	+ 109.00

	\$223.00
	+ 2

AVERAGE PRICE PER PLATT'S CONVERSION FACTOR	\$111.50
	+ 6.6

COST PER BBL	\$16.89
HSFO BASE PRICE	(12.50)

DIFF	\$4.39
HSFO CONTRACT PRICE	+ 14.09

GPA CONTRACT PRICE	\$18.48
	=====

In case you weren't paying attention, here is how we got into Middle East mess

MOVEMENT IN OIL PRICES

Cost/Bbl. \$	Date (effective)
10.91	7.01.90
11.51	7.06.90
12.35	7.13.90
13.71	7.20.90
14.32	7.27.90
18.79	8.02.90
19.77	8.09.90
22.65	8.16.90

By MIKE FEINBERG
The Associated Press

Late July: George Steinbrenner is still running the Yankees, the governor of Louisiana is deciding whether to veto an abortion bill and the first tropical disturbance of summer, a storm named Arthur, makes its appearance in the Caribbean.

The American press seems bent on finding out who David Souter is and what his thoughts are about abortion. President Bush has just nominated him to the Supreme Court.

Few Americans much notice that Saddam Hussein of Iraq is accusing his small neighbors of harboring an "imperialist-Zionist plan" to drive down the price of oil.

Don't blame yourself if you missed the reminders that were to suddenly put the United States on war footing and lead a vast military force on the scorching Saudi desert, where American troops had never before been stationed.

What led to that, the quarrel between Iraq and its little neighbor, Kuwait, just seemed like another of those struggles over oil production and pricing that occur before the meetings of OPEC chiefs and state-
men?
Oil? Wasn't there a glut?
War? Wasn't this the era of the peace dividend?

The oil glut was the problem for Saddam Hussein of Iraq. After eight years of war with Iran, ended by a cease-fire, his country was powerful but broke. Oil prices and oil revenues were falling.

Saddam found a pair of villains — Kuwait, his wartime supporter and financier, and the United Arab Emirates. Kuwait is just across the border; the UAE is tucked away on the other side of Saudi Arabia.

Kuwait and the UAE were in fact, as Saddam Hussein charged, exceeding their OPEC oil production quotas by over a million barrels a day and thus helping to keep oil prices depressed. Oil was bringing \$14 a barrel, 35 percent lower than the year before.

That was the background to the events that brought out the battleships, the troops — and the gas masks.

July 17: Saddam uses the 22nd anniversary of the coup that brought his Baath Party to power to lay out his demands. He wants Kuwait to forgive \$13 billion in loans extended during the Iraq-Iran war. And he wants Kuwait and the United Arab Emirates to pay \$14 billion to compensate for what he says Iraq lost due to low oil prices.

"If words fail to protect Iraq, something effective must be done to return things to their natural course and return usurped rights to their owners," he says. "Iraqis will not forget the maxim that cutting the means of living, Oh, God Almighty, be witness that we have earned them."

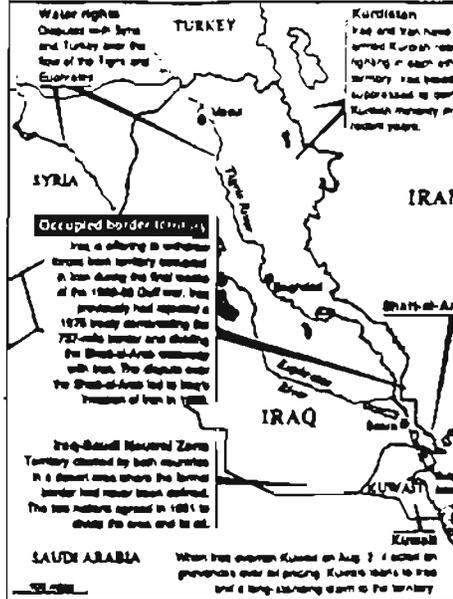
July 18: A letter from Saddam's foreign minister to the Arab League accuses Kuwait of having stolen \$2.4 billion worth of petroleum over the past decade from an Iraqi oil field along the two nations' disputed border.

Kuwait puts its 20,000-man army on alert.

July 19: Kuwait cancels its state of alert. "It was all a

Unneighborly Iraq

In the past 12 years the Gulf has overtaken the headlines repeatedly in 1985 Iraq had a dispute with neighboring countries on oil sales. Some have been to be peacefully done by treaty, and some remain unresolved.



When Iraq overran Kuwait on Aug. 2, it cut off production over oil pricing. Kuwait starts to lose and a long-standing storm in the territory.

summer cloud that has been blown away," says an unidentified Kuwaiti source who turns out to be monumentally wrong.

July 20: Thousands of Kuwaiti workers in Iraq, sensing trouble, head home.

July 21: A pro-government newspaper in Iran, in a surprise show of support for a former enemy, says a "means of punishment against quota violators seems a necessity."

July 22: Unconfirmed reports say that Iraq has massed 20,000 troops to its border and that the Pentagon has put its warships in the Persian Gulf on alert.

July 24: Iraq accuses Kuwait of stealing Iraqi oil. Kuwait renounces its alert. The Pentagon announces naval exercises in the Persian Gulf.

July 25: President Hosni Mubarak of Egypt, seeking to carve out a peacemaker's role, says Iraq and Kuwait have agreed to send delegations to the Saudi Arabian summer capital of Jiddah to discuss their differences.

July 27: At a tense meeting in Geneva, OPEC agrees to limit oil production and raise its target price by \$3 to \$21 a barrel. Kuwait and the United Arab Emirates promise to abide by the new production quotas.

Because of Iraq's threats to use force against countries that ignore the limits, industry observers expect the measure, this time, to stick.

In Washington, the House and Senate defy Bush administration opposition and vote for economic sanctions against Iraq. These reflect an accumulation of complaints over Iraq's attempt to intimidate neighbors, its human rights record, its use of poison gas during the Iraq-Iran war against its Kurdish minority, its drive to build nuclear weapons. The State Department says the votes will not be helpful in diplomatic efforts to modify Saddam's behavior.

President Bush reacts swiftly. First he condemns Saddam's "naked aggression." Then he engineers a UN Nations-sanctioned embargo on Iraq. Finally, he commits massive American force, the largest dispatched since Vietnam war, to protect Saudi Arabia from Kuwait's fate. By now the story has captured America's attention. Latest developments are a target on the front pages.



OFFICE OF THE MAYOR

DISTRICT OF PITI
P.O. Box 786
Agana, Guam 96910

August 23, 1990

ISABEL S. HAGGARD

Mayor
472-1232/3

Honorable Senator Don Parkinson
Chairman, Committee on Energy, Utilities
and Consumer Protection
Twentieth Guam Legislature
Perez Building, 2nd Floor
192 Archbishop Flores Street
Agana, Guam 96910

Dear Mr. Chairman:

In behalf of myself and the residents of the District of Piti, I am here today to testify in favor of Bill No. 1592 **AN ACT TO APPROPRIATE THE SUM OF \$6,000,000 FROM THE 1990 AND FY 1991 GENERAL FUND TO SUBSIDIZE ESSENTIAL POWER USAGE FOR RESIDENTIAL USE DURING THE CURRENT CRISIS IN IRAQ AND THE MIDDLE EAST.**

With the present Government surplus of funds, it is only appropriate that the residents and customers of the Guam Power Authority be the primary benefactors. The fuel crisis is already reflected in the price increases of gasoline and other petroleum products here and on the mainland. However temporary the subsidy of \$6,000,000, it is gratifying to know that leaders such as yourself, Speaker San Agustin and the other co-sponsors of Bill No. 1592, are deeply concerned of the welfare of our island residents.

Thank you for giving me this opportunity to testify in favor of Bill No. 1592.

Sincerely,

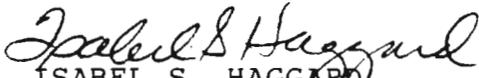

ISABEL S. HAGGARD

Exhibit 1 = "

Introduced

TWENTIETH GUAM LEGISLATURE
SECOND REGULAR SESSION

AUG 28 '90

1
2
3
4
5
6 Bill No. 1592 (LS)
7

8 Introduced by:

Don Parkinson

Don Parkinson
Joe T. San Agustin
J. P. Aguon
Miguel Cardallo

9
10
11
12
13
14
15 An act to appropriate the sum of \$6,000,000 from the FY
16 1990 and FY 1991 General Fund to subsidize essential
17 power usage for residential use during the current
18 crisis in Iraq and the Middle East
19
20

21 Section 1. The Legislature finds that the Guam Power
22 Authority is going to suffer greater oil costs due to the
23 current crisis in Iraq and the Middle East. GPA's consumers
24 are going to greatly suffer because of massive fuel oil
25 costs. Because of the unexpected nature of the increase, it
26 is appropriate to have a temporary subsidy of power bills for
27 residential users for oil charge increases over the costs of
28 oil for power bills sent out for power meters read during
29 the first week of June, 1990. The Legislature also finds
30 that 800 Kilowatt Hours per month useage is a reasonable but
31 not extravegant level of essential electrical useage.

32 Section 2. Subsidy of essential residential power.
33 There shall be a subsidy on all residential power bills on
34 the first eight hundred kilowatt hours per monthly billing
35 cycle in an amount equal to the increase in cost per
36 kilowatt hour for the cycle over the cost per kilowatt hour
37 for meters read during the first billing cycle of June,

1 1990. This amount of increase per kilowatt hour shall be
2 multiplied times the number of kilowatt hours used during
3 the cycle to be subsidized, not to exceed 800 kilowatt
4 hours. The resulting amount of subsidy shall then be
5 deducted from the power bill in question as a 'Temporary
6 Legislative Subsidy during the period of hostility in the
7 Middle East".

8 Section 3. The subsidy contained in this act shall be
9 retroactive as to all bills based on meter readings on or
10 after July 1, 1990.

11 Section 4. This subsidy shall expire effective with
12 bills based on meter readings made on or after February 1,
13 1991, unless further extended by law.

14 Section 5. The sum of Three Million Dollars
15 (\$3,000,000) is hereby appropriated from the General Fund
16 for Fiscal Year 1990 to the Guam Power Authority for the
17 residential power subsidy contained in this act. Any funds
18 unexpended in Fiscal Year 1990 shall carry over into Fiscal
19 Year 1991 for use as a residential subsidy.

20 Section 6. The sum of Three Million Dollars
21 (\$3,000,000) is hereby appropriated from the General Fund
22 for Fiscal Year 1991 to the Guam Power Authority for the
23 residential power subsidy contained in this act.

24
25
26