



**CONSOLIDATED  
COMMISSION ON UTILITIES**

Guam Power Authority • Guam Waterworks Authority  
P.O. BOX 2977 • Agana, Guam 96932

**RESOLUTION NO. 2016-60**

**RELATIVE TO THE AUTHORIZATION OF THE GUAM POWER  
AUTHORITY TO RENEW THE CURRENT PROPERTY INSURANCE  
FOR TWO ONE-YEAR POLICY PERIODS**

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8       **WHEREAS**, the Consolidated Commission on Utilities has determined that it is a  
9 prudent and reasonable business practice to maintain insurance coverage on GPA's assets to  
10 the extent practical; and

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12       **WHEREAS**, the Guam Power Authority's Bond Indenture agreement requires GPA to  
13 "secure and maintain property insurance on all facilities constituting the system against risks of  
14 loss or damage to the extent that such insurance is obtainable at reasonable cost"; and

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16       **WHEREAS**, the indenture further requires GPA to carry insurance "of a scope and  
17 nature as that usually carried in the industry"; and

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19       **WHEREAS**, GPA's current Property Insurance policy is set to expire on November 1,  
20 2016; and

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22       **WHEREAS**, in light of the incident on August 31, 2015 that left the Cabras 3 & 4  
23 Power Plants heavily damaged and inoperable; and

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25       **WHEREAS**, GPA management has been in close communication with its insurance  
26 adjuster, broker and underwriters regarding the claim on its property insurance policy for the  
27 incident and the effect it has on future premiums; and

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29       **WHEREAS**, the insurance broking team has configured, with the goal in mind of  
30 improving, to the greatest extent possible, the terms and conditions of GPA's property  
31 insurance policy for the next two years; and

1           **WHEREAS**, assuming that GPA is now in a position to confirm agreement to these  
2 two years, and accordingly will commit to keeping the current policy in place until November  
3 1, 2018, underwriters are prepared to offer the following:

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5           1. The next two annual installment premiums will be billed at \$6,450,000.00 representing  
6 a cost reduction of \$212,309.

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8           **WHEREAS**, GPA now brings these matters before the Consolidated Commission on  
9 Utilities.

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11           **NOW THEREFORE, BE IT RESOLVED BY THE CONSOLIDATED**  
12 **COMMISSION ON UTILITIES, SUBJECT TO THE APPROVAL OF THE GUAM**  
13 **PUBLIC UTILITES COMMISSION, AS THE GOVERNING BODY OF THE GUAM**  
14 **POWER AUTHORITY, AS FOLLOWS:**

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16           1.           The GPA General Manager is authorized to accept the terms of the annual  
17 renewal premiums offered by the insurance underwriters at a cost of  
18 \$6,450,000.00 for each of the next two policy periods covered between  
19 November 1, 2016 and November 1, 2018.  
20           2.           The GPA General Manager is authorized to pay each annual premium as it  
21 becomes due without any financing arrangements.

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23 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption of  
24 this Resolution.

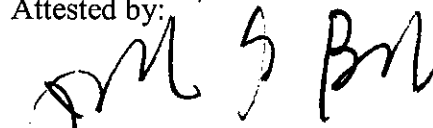
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26           **DULY AND REGULARLY ADOPTED AND APPROVED THIS 25th DAY OF**  
27 **October, 2016.**

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29           Certified by:

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32 **JOSEPH T. DUENAS**  
33 Chairperson  
34 Consolidated Commission on Utilities

35           Attested by:



36 **J. GEORGE BAMBA**  
37 Secretary  
38 Consolidated Commission on Utilities

SECRETARY'S CERTIFICATE

I, **J. George Bamba**, Secretary for the CCU do hereby certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's CCU, duly and legally held at the meeting place thereof on October 25, 2016 at which meeting of all said members had due notice and at which at least a majority thereof were present, and

At said meeting said resolution was adopted by the following vote:

Ayes: 4

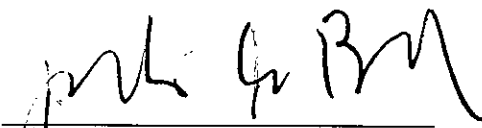
Nays: 0

Absent: 1

Abstain: 0

As of the date of this certification, said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

**SO CERTIFIED** this 25<sup>th</sup> day of October, 2016

  
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**J. GEORGE BAMBA**  
Secretary  
Consolidated Commission on Utilities