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

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

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

WHEREAS, the indenture further requires GPA to carry insurance “of a scope and nature as that usually carried in the industry”; and

WHEREAS, GPA’s current Property Insurance policy is set to expire on November 1, 2016; and

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

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

WHEREAS, the insurance broking team has configured, with the goal in mind of improving, to the greatest extent possible, the terms and conditions of GPA’s property insurance policy for the next two years; and
WHEREAS, assuming that GPA is now in a position to confirm agreement to these two years, and accordingly will commit to keeping the current policy in place until November 1, 2018, underwriters are prepared to offer the following:

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

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

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

1. The GPA General Manager is authorized to accept the terms of the annual renewal premiums offered by the insurance underwriters at a cost of $6,450,000.00 for each of the next two policy periods covered between November 1, 2016 and November 1, 2018.

2. The GPA General Manager is authorized to pay each annual premium as it becomes due without any financing arrangements.

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

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

Certified by:  

JOSEPH T. Duenas  
Chairperson  
Consolidated Commission on Utilities

Attested by:   

J. GEORGE Bamba  
Secretary  
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 25th day of October, 2016

[Signature]
J. George Bamba
Secretary
Consolidated Commission on Utilities