



**GPA RESOLUTION NO.: FY2024-23**

**RELATIVE TO AUTHORIZING THE ISSUANCE AND SALE OF GUAM POWER  
AUTHORITY REVENUE REFUNDING BONDS, APPROVING FORMS OF  
RELATED DOCUMENTS, AGREEMENTS AND ACTIONS, AND AUTHORIZING  
THE EXECUTION AND DELIVERY THEREOF**

**WHEREAS, WHEREAS,** the Consolidated Commission on Utilities (the “Commission”), has determined that there exists an opportunity to refund and retire certain indebtedness of the Guam Power Authority (“GPA”) to achieve debt service savings, and has determined that it is in the public interest for GPA to issue bonds pursuant to Chapter 8, Title 12, Guam Code Annotated (§8101 et seq.), as amended (the “Act”) for such purposes; and

**WHEREAS,** GPA has previously made and entered into an Indenture dated as of December 1, 1992 (the “Senior Indenture”), by and between GPA, the Bank of Guam, as trustee (the “Trustee”) and U.S. Bank Trust Company, National Association, as successor co-trustee (the “Co-Trustee”), which authorized one or more series of Guam Power Authority Revenue Bonds (the “Bonds”); and

**WHEREAS,** GPA has determined it is necessary and desirable to issue one or more additional series of Guam Power Authority Revenue Bonds to refinance all or a portion of its remaining outstanding Guam Power Authority Revenue Bonds, 2014 Series A (the “Prior Bonds”); and

**WHEREAS,** there has been presented to this meeting the form of a Ninth Supplemental Indenture, among GPA, the Trustee and the Co-Trustee (the “Ninth Supplemental Indenture”) pursuant to which GPA proposes to issue one or more series of additional Bonds (the “Refunding Bonds”) expected to be designated Guam Power Authority Revenue Refunding Bonds, 2024 Series A; and

1  
2           **WHEREAS**, there has been presented to this meeting the form of a Supplemental  
3 Continuing Disclosure Agreement, by and among GPA, the Trustee and the Co-Trustee, in  
4 connection with the Refunding Bonds (the “Supplemental Continuing Disclosure Agreement”);  
5 and

6  
7           **WHEREAS**, there has been presented to this meeting the form of a Bond Purchase  
8 Agreement (the “Bond Purchase Agreement”), among GPA, GEDA and BofA Securities, Inc.  
9 and Wells Fargo Securities LLC as underwriters (the “Underwriters”), relating to the sale of the  
10 Refunding Bonds; and

11  
12           **WHEREAS**, there has been presented to this meeting the form of an Escrow Agreement  
13 between GPA and the Co-Trustee (the “Escrow Agreement”), relating to the refunding and  
14 retirement of the Prior Bonds; and

15  
16           **WHEREAS**, the Ninth Supplemental Indenture, the Supplemental Continuing Disclosure  
17 Agreement and the Escrow Agreement are collectively referred to herein as the “Bond  
18 Documents”; and

19  
20           **WHEREAS**, there has been presented to this meeting the form of a Preliminary Official  
21 Statement; and

22  
23           **WHEREAS**, the issuance of the Refunding Bonds is subject to the approval of I  
24 Liheslaturan Guåhan (the “Legislature”), which issuance of the Refunding Bonds has been  
25 approved by I Liheslaturan Guåhan as Public Law 37-95, and signed by the Governor on May 8,  
26 2024; and

27  
28           **WHEREAS**, the approval of Guam Economic Development Authority (“GEDA”) is  
29 required for the issuance and sale of the Refunding Bonds, and the Board of GEDA is expected  
30 to consider for approval, among other things, the issuance and sale of the Refunding Bonds at its  
31 meeting to be held on May 30, 2024; and

1           **WHEREAS**, the approval of the Public Utilities Commission of Guam (“PUC”) is  
2 required for the issuance and sale of the Refunding Bonds;

3  
4  
5           **NOW, THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on  
6 Utilities, as follows:

7  
8           Section 1. The foregoing recitals are true and correct.

9  
10           Section 2. The issuance and sale of the Refunding Bonds for the purpose of refunding the  
11 Prior Bonds, to pay costs of issuance and of such refunding, to pay for credit enhancement, if any,  
12 and to fund all or a portion of a deposit to the debt service reserve fund, if any, is hereby approved.  
13 The Refunding Bonds shall be issued in an aggregate principal amount sufficient to provide funds  
14 for the payment of the Prior Bonds and for the payment of all expenses incident to such issuance  
15 and refunding, as set forth in §8229 of the Act.

16           The Bonds are limited obligations of GPA and the principal thereof and interest thereon  
17 may be made payable solely from revenues (as defined in the Act) of GPA available for such  
18 purpose and shall not be a debt or liability of the Government of Guam.

19           The Chair of the Commission, the Vice Chair/Secretary of the Commission or the General  
20 Manager of GPA (the “Designated Officers”) are hereby individually and collectively authorized  
21 and directed to execute and countersign, for and on behalf and in the name of GPA and under its  
22 seal, the Refunding Bonds, in an aggregate principal amount determined as set forth herein and  
23 in the Act, in accordance with the Ninth Supplemental Indenture, and in substantially the form  
24 set forth in the Ninth Supplemental Indenture.

25           The Refunding Bonds, when so executed, shall be delivered to the Co-Trustee to be  
26 authenticated by, or caused to be authenticated by, the Co-Trustee. The Co-Trustee is hereby  
27 requested and directed to authenticate, or cause to be authenticated, the Refunding Bonds by  
28 executing the certificate of authentication appearing thereon, and to hold the Refunding Bonds in  
29 safekeeping in accordance with the book-entry procedures applicable to the Refunding Bonds  
30 until the issuance thereof from time to time in accordance with the Ninth Supplemental Indenture.

31  
32           Section 3.     The form of Preliminary Official Statement presented to this meeting is  
33 hereby approved, with such additions, changes and modifications as the Designated Officers may  
34 approve upon consultation with legal counsel, such approval to be conclusively evidenced by the

1 execution of a certificate deeming final the Preliminary Official Statement for purposes of Rule  
2 15c2-12 of the Securities and Exchange Commission by the Designated Officers. Each of the  
3 Designated Officers is hereby authorized to execute and deliver such certificate, to authorize the  
4 Underwriters to distribute such Preliminary Official Statement to potential purchasers of the  
5 Refunding Bonds and other interested parties, and to execute and cause to be delivered a final  
6 Official Statement to purchasers of the Refunding Bonds and other interested parties, with such  
7 additions, changes and modifications from the Preliminary Official Statement as the Designated  
8 Officers may approve upon consultation with staff and legal counsel, such approval to be  
9 conclusively evidenced by the execution and delivery of the final Official Statement by one or  
10 more of the Designated Officers. The Underwriters are hereby authorized to cause the Official  
11 Statement to be delivered to the purchasers of the Refunding Bonds and to be distributed in  
12 preliminary form in connection with the marketing and sale of the Refunding Bonds.

13  
14 Section 4. The Bond Purchase Agreement presented to this meeting is hereby  
15 approved, with such additions, changes and modifications as the Designated Officers executing  
16 the same may approve upon consultation with legal counsel, such approval to be conclusively  
17 evidenced by the Bond Purchase Agreement executed by the Designated Officers, who are each  
18 hereby severally authorized and directed to execute the same.

19  
20 Section 5. The Bond Documents presented to this meeting are hereby approved, with  
21 such additions, changes and modifications as the Designated Officers may approve upon  
22 consultation with legal counsel, such approval to be conclusively evidenced by the Bond  
23 Documents executed by such Designated Officers, who are each hereby severally authorized and  
24 directed to execute the same.

25  
26 Section 6. The Designated Officers are hereby authorized to approve such bond  
27 insurance or other supplemental security arrangements for the Refunding Bonds as are approved  
28 by the Designated Officers, and to approve any other similar agreements deemed by the  
29 Designated Officers to be necessary or appropriate in connection therewith.

30  
31 Section 7. The Designated Officers and other appropriate officials of GPA are hereby  
32 authorized and directed to do any and all things and to execute and deliver any and all documents  
33 and agreements which they may deem necessary or advisable in order to effectuate the purposes  
34 of this Resolution, including, without limitation, closing documents and certificates, including a

1 tax certificate, amendments to any existing agreements and any documents or agreements  
2 necessary to obtain liquidity or credit enhancement for the Refunding Bonds or the obligations of  
3 GPA with respect thereto.

4  
5 Section 8. Any documents authorized hereby to be executed by the Designated  
6 Officers may bear the seal of GPA and be attested by a Designated Officer or other appropriate  
7 official of GPA.

8  
9 Section 9. The Refunding Bonds shall not be issued without, and shall be in all  
10 respects subject to the terms and conditions of, the approval of the Legislature, of the PUC and  
11 of GEDA, in accordance with the Act.

12  
13 Section 10. All actions heretofore taken by the officers, representatives or agents of  
14 GPA in connection with the issuance and sale of the Refunding Bonds are hereby ratified,  
15 confirmed and approved.

16  
17 Section 11. This Resolution shall take effect from and after its adoption.

18  
19  
20 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the  
21 Commission attests the adoption of this Resolution.

22  
23 **DULY AND REGULARLY ADOPTED**, this 28<sup>th</sup> day of May, 2024.

24  
25  
26 Certified by:

Attested by:

27  
28 

29 

30 **JOSEPH T. DUENAS**

**PEDRO ROY MARTINEZ**

31 Chairperson

Secretary

32 Consolidated Commission on Utilities

Consolidated Commission on Utilities

1 **SECRETARY'S CERTIFICATE**

2  
3 I, **Pedro Roy Martinez**, Secretary of the Consolidated Commission on Utilities  
4 (CCU), as evidenced by my signature above, do hereby certify as follows:

5  
6 The foregoing is a full, true and accurate copy of the resolution duly adopted at a  
7 regular meeting by the members of the Guam CCU, duly and legally held at a place properly  
8 noticed and advertised at which meeting a quorum was present and the members who were  
9 present voted as follows:

10  
11 Ayes: 5  
12 Nays: 0  
13 Abstentions: 0  
14 Absent: 0



15  
16  
17  
18 This Resolution is hereby APPROVED for purposes of Article 2 of Chapter 8  
19 of Title 12 of the Guam Code Annotated.

20  
21  
22  
23 **LOURDES A. LEON GUERRERO**  
24 Maga'hågan Guåhan  
25 Governor of Guam

26  
27 ///

28  
29  
30 ///

31  
32  
33 ///

GUAM POWER AUTHORITY

and

BANK OF GUAM,  
as Trustee and Depositary

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Co-Trustee

NINTH SUPPLEMENTAL INDENTURE

Dated as of [July 1, 2024]

Relating to \$[2024 PAR] Principal Amount  
of Guam Power Authority  
Revenue Refunding Bonds, 2024 Series A

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THIS NINTH SUPPLEMENTAL INDENTURE, made and entered into and dated as of the first day of [July] 2024 (the “Ninth Supplemental Indenture” or this “Supplemental Indenture”), by and among GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (the “Authority”), BANK OF GUAM, a banking corporation organized under the laws of Guam, authorized to do business within Guam, and being qualified to accept and administer the trusts hereby created, as trustee (the “Trustee” or the “Depositary”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created, as successor co-trustee (the “Co-Trustee”),

W I T N E S S E T H

WHEREAS, pursuant to the Guam Power Authority Act of 1968, being Chapter 8, Title 12, Guam Code Annotated, as amended (the “Act”), the Board of Directors of the Authority (the “Board”) is authorized to incur indebtedness by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the electric power system of the Authority (the “System”), or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes;

WHEREAS, the Authority has determined to issue revenue bonds for such purposes and to that end has duly authorized the execution and delivery of that certain Indenture, dated as of December 1, 1992, as previously supplemented and amended, among the Authority, the Trustee and the Co-Trustee (the “Indenture”), to secure the payment of the principal thereof and the interest and premium, if any, thereon, and the observance of the covenants and conditions therein contained;

WHEREAS, no Event of Default has occurred and is now occurring;

WHEREAS, revenue bonds may be issued pursuant to the Indenture and one or more indentures supplemental thereto, from time to time, in an aggregate principal amount not limited except as therein provided, and said revenue bonds are to be designated as the “Guam Power Authority Revenue Bonds” (the “Bonds”);

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1992 Series A (the “1992 Bonds”) in the original aggregate principal amount of \$158,000,000 to refund certain indebtedness of the Authority and to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1993 Series A (the “1993 Series A Bonds”) in the original aggregate principal amount of \$100,000,000 to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1994 Series A pursuant to the Indenture in the original aggregate principal amount of \$102,900,000 to pay for costs of certain improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 1999 Series A (the “1999 Series A Bonds”) in the original aggregate principal amount of \$349,178,601 to finance and refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2010 Series A (the “2010 Series A Bonds”) in the original aggregate principal amount of \$150,440,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2012 Series A (the “2012 Series A Bonds”) in the original aggregate principal amount of \$340,620,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the redemption in full of the remaining outstanding aggregate principal amount of the Authority’s 1993 Series A Bonds and 1999 Series A Bonds;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Bonds, 2014 Series A (the “2014 Series A Bonds”) in the original aggregate principal amount of \$76,470,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Refunding Bonds, 2017 Series A in the original aggregate principal amount of \$148,670,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of the Authority’s 2010 Series A Bonds;

WHEREAS, pursuant to the Indenture, the Authority previously issued its Revenue Refunding Bonds, 2022 Series A (Forward Delivery) in the original aggregate principal amount of \$257,570,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of the Authority’s 2012 Series A Bonds;

WHEREAS, the Authority has determined that it is necessary to refund certain outstanding Bonds of the Authority originally issued to undertake certain capital improvements to the System, and Section 8203(d) and Section 8228, Title 12, Guam Code Annotated, authorizes the issuance of revenue bonds of the Authority to refinance the costs of such capital improvements;

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$[2024 PAR] aggregate principal amount of Bonds further designated as “2024 Series A” (the “2024 Series A Bonds”) in order to provide money to be used to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of [a portion of] the remaining outstanding aggregate principal amount of the Authority’s 2014 Series A Bonds;

WHEREAS, as required by Section 50103(k), Title 12, Guam Code Annotated, the Legislature of Guam has, by P.L. No. 37-[\_\_\_], approved the terms and conditions of the issuance of revenue bonds to be issued by the Authority for the purposes described therein;

WHEREAS, as provided by Section 50103(k), Title 12, Guam Code Annotated, the Guam Economic Development Authority has approved the issuance and sale of the 2024 Series A Bonds;

WHEREAS, Section 9.01(B) of the Indenture permits the modification of the Indenture without the consent of any Bondowners to, among other things, cure or correct any defective provision as the Authority may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Credit Provider;

WHEREAS, a typographical error was discovered in the interest rate shown for one maturity of such 2014 Series A Bonds in a section of the Sixth Supplemental Indenture;

WHEREAS, by this Supplemental Indenture it is desirable to effect an amendment to the Sixth Supplemental Indenture to make the correction;

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the Government of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of the 2024 Series A Bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said Bonds for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2024 Series A Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, the Depositary and the Co-Trustee as follows:

## ARTICLE XLV

### DEFINITIONS

Section 45.01. [Definitions](#). Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in the Indenture.

In addition, unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Bond Year” means, with respect to the 2024 Series A Bonds, the period of twelve consecutive months ending on September 30 of each year if 2024 Series A Bonds are or will be

Outstanding in such twelve-month period, provided the first Bond Year shall commence on the Closing Date of the 2024 Series A Bonds and end on September 30, 2024.

“Closing Date” means, with respect to the 2024 Series A Bonds, [July 31, 2024], the date of original issuance and delivery of such 2024 Series A Bonds.

“Continuing Disclosure Agreement” means the Master Continuing Disclosure Agreement, dated as of May 1, 1999, among the Authority, the Trustee and the Co-Trustee, and all agreements supplemental thereto, including the Supplemental Continuing Disclosure Agreement, dated as of [July 1, 2024], relating to the 2024 Series A Bonds.

“Current Interest Bonds” means the 2024 Series A Bonds the interest on which is payable on each interest payment date to the maturity or redemption date thereof as set forth in Section 46.02.

“DTC” means The Depository Trust Company, New York, New York, or any successor thereto.

“Escrow Agent” means, with respect to the 2024 Series A Bonds, the Co-Trustee in its capacity as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means, with respect to the 2024 Series A Bonds, that certain Escrow Agreement, dated as of [July 1, 2024], by and between the Authority and the Co-Trustee, as escrow agent thereunder, relating to the refunding of the Refunded Bonds.

“Bond Purchase Agreement” means, in respect of the 2024 Series A Bonds and for purposes of this Ninth Supplemental Indenture, that certain Bond Purchase Agreement, dated [Pricing Date], between the Authority, Guam Economic Development Authority and the underwriters named therein, relating to the purchase and sale of the 2024 Series A Bonds.

“Principal Payment Period” means, with respect to the 2024 Series A Bonds, the period beginning on the Closing Date in respect of such Bonds and ending October 1, 2025, and thereafter each period of twelve months ending on October 1.

“Refunded Bonds” for purposes of this Ninth Supplemental Indenture, means the 2014 Series A Bonds identified in Exhibit B hereto.

“2024 Series A Bonds” means the Guam Power Authority Revenue Refunding Bonds, 2024 Series A, authorized to be issued and Outstanding hereunder.

## ARTICLE XLVI

### AUTHORIZATION AND TERMS OF THE 2024 SERIES A BONDS

Section 46.01. [Authorization of 2024 Series A Bonds](#). A Series of Bonds to be issued under the Indenture is hereby created for the purpose of providing moneys for deposit into the 2024 Series A Proceeds Account and withdrawal therefrom in accordance with law. The Bonds of such Series are designated as the “Guam Power Authority Revenue Refunding Bonds, 2024

Series A.” The Authority intends that interest on the 2024 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2024 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia. The aggregate principal amount of 2024 Series A Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]).

Section 46.02. Terms of 2024 Series A Bonds; Appointments.

The 2024 Series A Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The 2024 Series A Bonds shall be dated as of their date of issuance (*i.e.*, the Closing Date), and interest thereon shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable on April 1 and October 1 of each year, commencing October 1, 2024 (each, an “Interest Payment Date” for the 2024 Series A Bonds). Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of authentication of any 2024 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding 2024 Series A Bonds.

The Principal Payment Period for the 2024 Series A Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

The Record Date for all scheduled payments of principal of and interest on the 2024 Series A Bonds shall be the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

The Co-Trustee is hereby appointed Paying Agent for the 2024 Series A Bonds. The Principal Office of the Paying Agent shall be in Los Angeles, California, except that for surrender and payment of 2024 Series A Bonds, the Principal Office of the Paying Agent shall be in St. Paul, Minnesota.

Payment of the interest on any 2024 Series A Bond shall be made to the person whose name appears on the bond registration books of the Co-Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check mailed by first class mail to such registered owner at such registered owner’s address as it appears on such registration books. The principal, Accreted Value or Redemption Price of the 2024 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Paying Agent. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 2024 Series A Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Paying Agent to the registered owner of such Bonds to an account within the

United States. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 2024 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 2024 Series A Bonds, whether by check or wire transfer, shall be accompanied by information specifying, for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The following 2024 Series A Bonds are Current Interest Bonds and shall mature on the dates and in the amounts and shall bear interest at the rates per annum as set forth below:

Maturity  
Date  
(October 1)

Principal  
Amount

Interest  
Rate

[The 2024 Series A Bonds maturing on October 1, 20[\_\_\_] are Term Bonds.]

The 2024 Series A Bonds shall be subject to redemption as provided in Section 46.03.

The 2024 Series A Bonds, the Co-Trustee's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture. The 2024 Series A Bonds of each maturity shall be assigned the letters "RA" and shall be numbered in consecutive numerical order from 1 upwards.

Section 46.03. [Redemption of the 2024 Series A Bonds.](#)

(A) Optional Redemption. The 2024 Series A Bonds maturing on or before October 1, 20[\_\_\_] are not subject to optional redemption prior to their respective stated maturities. The 2024 Series A Bonds maturing on or after October 1, 20[\_\_\_] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[\_\_\_], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

The Authority shall notify the Trustee and the Co-Trustee in writing at least 60 days (or such lesser number of days acceptable to the Trustee and the Co-Trustee in the sole discretion of the Trustee and the Co-Trustee) prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B) Mandatory Sinking Account Redemption. The 2024 Series A Bonds maturing on October 1, 20[\_\_\_] are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

Mandatory Sinking Account Payments  
for Bonds Due October 1, 20[ ]

<u>Year</u>	<u>Amount</u>
_____*	\$ _____

\_\_\_\_\_  
\* Maturity

Upon the redemption of 2024 Series A Bonds pursuant to subsection (A) or other retirement of 2024 Series A Term Bonds in excess of any Mandatory Sinking Account Payments in any year, the principal amount of such 2024 Series A Bonds shall be credited against such remaining Mandatory Sinking Account Payments as are designated by the Authority, in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized Bond denomination).

(C) Extraordinary Optional Redemption. The 2024 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective stated maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service for the 2024 Series A Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in Section 6.14, at the principal amount thereof plus interest accrued thereon, without premium.

(D) Notice of Redemption; Conditional Notice of Redemption; Rescission. In accordance with Section 4.03, notice of the redemption of the 2024 Series A Bonds shall be given at the times and in the manner set forth in this Section 46.03(D) in lieu of said Section 4.03. Notice of redemption shall be given (except as provided below) by the Co-Trustee, not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption, by first class mail to each of the registered owners of the 2024 Series A Bonds designated for redemption at their addresses appearing on the bond registration books of the Co-Trustee on the date the 2024 Series A Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the 2024 Series A Bonds of such maturity to be redeemed and, in the case of 2024 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said 2024 Series A Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2024 Series A Bonds then be surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the



redemption of such 2024 Series A Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each 2024 Series A Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any 2024 Series A Bonds.

A copy of any notice of redemption given pursuant to the foregoing paragraph shall also be sent by first class mail to each Owner of \$1,000,000 or more in aggregate principal amount of 2024 Series A Bonds to be redeemed and to each of the Fiduciaries in respect of the 2024 Series A Bonds, each of the Credit Providers in respect of the 2024 Series A Bonds, the Securities Depositories (as defined below) and at least one of the Information Services (as defined below); provided, however, that failure to give notice pursuant to this sentence by certified mail to any 2024 Series A Bondowners, to any Fiduciaries in respect of the 2024 Series A Bonds, to any Credit Providers in respect of the 2024 Series A Bonds or to any Securities Depositories or Information Services, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any 2024 Series A Bonds. A second notice shall be sent by first class mail to the registered owner of any 2024 Series A Bond which has been called for redemption in whole or in part, and is not surrendered for payment within sixty (60) days after the date fixed for redemption; provided, however, that failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bonds.

As used in this Section 46.03(D), the term “Information Services” means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website at [www.emma.msrb.org](http://www.emma.msrb.org), or its successor, or any other recognized repository in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a Certificate delivered to the Co-Trustee; and the term “Securities Depositories” means The Depository Trust Company, 18301 Bermuda Green Drive, Tampa, Florida, 33647, and/or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other nationally recognized securities depositories, or no such depositories, as the Authority may designate in a Certificate delivered to the Co-Trustee.

Notice of redemption of Bonds shall be given by the Co-Trustee for and on behalf of the Authority.

Any notice of optional redemption of the 2024 Series A Bonds delivered in accordance with this Section 46.03(D) may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2024 Series A Bonds thereby called for redemption, and the redemption shall be cancelled and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2024 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2024 Series A Bonds and notice thereof shall be

rescinded and cancelled and the Co-Trustee shall give (in the same manner as notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

Section 46.04. [Special Provisions as to Book-Entry Only System for 2024 Series A Bonds](#). (A) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the 2024 Series A Bonds initially shall be issued in the form of a single, authenticated, fully registered bond for each stated maturity of such 2024 Series A Bonds, representing the aggregate principal amount of such maturity; and the 2024 Series A Bonds shall be governed by the provisions of this Section 46.04.

(B) All of the Outstanding 2024 Series A Bonds shall, except as provided in this paragraph (B) and in paragraph (D) of this Section 46.04, be registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, and the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 2024 Series A Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2024 Series A Bonds, (ii) the delivery to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any notice with respect to the 2024 Series A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any amount with respect to principal of or premium if any, or interest on the 2024 Series A Bonds or any consent given or action taken by DTC as registered owner of the 2024 Series A Bonds. The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat and consider the person in whose name each 2024 Series A Bond is registered in the registration books kept by the Co-Trustee as the holder and absolute owner of such 2024 Series A Bond for the purpose of payment of principal, premium and interest with respect to such 2024 Series A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2024 Series A Bond, for the purpose of registering transfers with respect to such 2024 Series A Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the 2024 Series A Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Co-Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of and premium, if any, and interest on the 2024 Series A Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Co-Trustee, shall receive a definitive 2024 Series A Bond pursuant to the Indenture. Upon delivery by DTC to the Authority or the Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(C) The delivery by the Authority of the Representation Letter relating to the 2024 Series A Bonds shall not in any way limit the provisions of paragraph (B) of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the 2024 Series A Bonds other than the Holders, as shown on the

registration books kept by the Co-Trustee. The Co-Trustee shall take all action necessary for all representations of the Co-Trustee in the Representation Letter with respect to the Co-Trustee to be complied with at all times.

(D) DTC may determine to discontinue providing its services with respect to the 2024 Series A Bonds at any time by giving reasonable written notice to the Authority and the Co-Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2024 Series A Bonds. Upon the discontinuance or termination of the services of DTC with respect to the 2024 Series A Bonds, unless a substitute securities Depository is appointed to undertake the functions of DTC hereunder, the Authority is obligated to deliver 2024 Series A Bonds at the expense of the beneficial owners of the 2024 Series A Bonds, as described in the Indenture, and the 2024 Series A Bonds shall no longer be restricted to being registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Holders shall designate, in accordance with the provisions of the Indenture.

(E) Notwithstanding any other provision of the Indenture (including this Supplemental Indenture) to the contrary, so long as any 2024 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such 2024 Series A Bond and all notices with respect thereto shall be made and given, respectively, in accordance with the Representation Letter or otherwise in accordance with the prevailing practices or requirements of DTC. Furthermore, so long as any 2024 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, notices of redemption may be made available on EMMA in lieu of any other manner of distribution to beneficial owners set forth in Section 46.03(D). Holders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal or interest on the 2024 Series A Bonds in immediately available funds to DTC.

(F) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter relating to the 2024 Series A Bonds and, in connection with any successor nominee for DTC or any successor Depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Supplemental Indenture.

## ARTICLE XLVII

### ISSUANCE OF 2024 SERIES A BONDS; APPLICATION OF PROCEEDS

Section 47.01. [Issuance of 2024 Series A Bonds](#). At any time after the execution and delivery of this Supplemental Indenture, the Authority may sell and execute and the Co-Trustee shall authenticate and, upon the Order of the Authority, deliver the 2024 Series A Bonds in an aggregate principal amount not to exceed [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]).

Section 47.02. [Application of Proceeds of 2024 Series A Bonds](#). The proceeds in the amount of \$[\_\_\_\_\_] received by the Authority from the sale of the 2024 Series A Bonds shall be deposited with the Co-Trustee, who shall forthwith apply such proceeds in the following manner, as directed by a Request of the Authority:

(A) The Co-Trustee shall transfer to the Trustee, as Depository for the 2024 Series A Proceeds Account, the amount of \$[\_\_\_\_\_] for deposit in the 2024 Series A Proceeds Account for payment of Costs of Issuance relating to the 2024 Series A Bonds.

(B) The Co-Trustee, as Escrow Agent, shall deposit \$[\_\_\_\_\_] of such proceeds in the Escrow Fund established pursuant to the Escrow Agreement for purposes of refunding and redeeming the Refunded Bonds as described in the Escrow Agreement.

To the extent required, the foregoing deposits shall be deemed to have been made to the Construction Fund for purposes of compliance with Section 8236 of the Act.

On the Closing Date, the amount on deposit in the Bond Reserve Fund is at least \$[\_\_\_\_\_], in satisfaction of the Bond Reserve Fund Requirement determined as of such date, taking into account the issuance of the 2024 Series A Bonds and the refunding of the Refunded Bonds. [Therefore, no deposit shall be made to the Bond Reserve Fund on the Closing Date.][to be confirmed]

Section 47.03. [Creation of 2024 Series A Proceeds Account; Application](#). The Trustee, as Depository, shall create within the Construction Fund a separate account called the “2024 Series A Proceeds Account” (the “2024 Series A Proceeds Account”). Moneys in the 2024 Series A Proceeds Account shall be applied in accordance with Section 3.03 for the purpose of paying, or reimbursing the Authority for the payment of, Costs of Issuance with respect to the 2024 Series A Bonds. Any amounts remaining on deposit in the 2024 Series A Proceeds Account shall be transferred to the Revenue Fund no later than [\_\_\_\_\_], and thereafter the 2024 Series A Proceeds Account shall be closed.

## ARTICLE XLVIII

### TAX COVENANTS

#### Section 48.01. [2024 Series A Rebate Account](#).

(A) The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the “2024 Series A Rebate Account.” There shall be deposited in the 2024 Series A Rebate Account from amounts in the Revenue Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 2024 Series A Bonds. All money at any time deposited in the 2024 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the 2024 Series A Bonds (as defined in the Tax Certificate with respect to the 2024 Series A Bonds), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 2024 Series A Rebate Account shall be governed

exclusively by this Section and by the Tax Certificate with respect to the 2024 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 2024 Series A Rebate Account exceeds the Rebate Requirement for the 2024 Series A Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 2024 Series A Rebate Account to the Revenue Fund.

(B) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX of the Indenture, the covenants hereunder shall be deemed to be modified to that extent.

Section 48.02. [Tax Covenants for 2024 Series A Bonds.](#)

(A) The Authority intends that interest on the 2024 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2024 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia.

(B) The Authority shall not use or permit the use of any proceeds of the 2024 Series A Bonds or any other funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(C) The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 2024 Series A Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

## ARTICLE XLIX

### CONTINUING DISCLOSURE; AMENDMENT OF SIXTH SUPPLEMENTAL INDENTURE; MISCELLANEOUS

Section 49.01. [Continuing Disclosure](#). The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Supplemental Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of Outstanding 2024 Series A Bonds (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction for its payment or incurrence of any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Owner or Beneficial Owner of any 2024 Series A Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Co-Trustee, as the case may be, to comply with their respective obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2024 Series A Bonds (including persons holding 2024 Series A Bonds through nominees, depositories or other intermediaries).

Section 49.02. [Amendment of Sixth Supplemental Indenture](#). Section 33.02 of the Sixth Supplemental Indenture is hereby amended to correct the interest rate shown in the table for the 2014 Series A Bonds maturing October 1, 2044 in the aggregate principal amount of \$5,000,000 to reflect the interest rate of 4.0%, not 5.0% as shown.

Section 49.03. [Waiver of Brokerage Confirmations](#). The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Co-Trustee will furnish the Authority and the Trustee periodic cash transaction statements which shall include detail for all investment transactions made by the Co-Trustee.

IN WITNESS WHEREOF and in acceptance of the duties herein, the GUAM POWER AUTHORITY has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, under its seal; BANK OF GUAM, as Trustee and as a Depositary, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed; and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Co-Trustee and as Paying Agent, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

GUAM POWER AUTHORITY

By: \_\_\_\_\_  
Chairperson

[SEAL]

By: \_\_\_\_\_  
Secretary

[Signature page – Ninth Supplemental Indenture – GPA 2024]

BANK OF GUAM, as Trustee and  
Depositary

By: \_\_\_\_\_  
Authorized Officer

[Signature page – Ninth Supplemental Indenture – GPA 2024]



U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Co-Trustee and Paying Agent

By: \_\_\_\_\_  
Authorized Officer

[Signature page – Ninth Supplemental Indenture – GPA 2024]

The foregoing Supplemental Indenture of Guam Power Authority providing for the issuance of revenue bonds for the purposes authorized by Sections 8203(d), Title 12, Guam Code Annotated, is hereby approved as of the first day of [July] 2024.

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Governor of Guam

Approved as to form:

By \_\_\_\_\_  
Attorney General

The foregoing Supplemental Indenture of Guam Power Authority, and the appointment of the Trustee, the Co-Trustee, the Paying Agent and the Depositary and the exercise of their respective powers and functions as set forth in such Supplemental Indenture, is hereby approved as of the first day of [July] 2024.

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Director of Administration  
Department of Administration  
Government of Guam

[Signature page – Ninth Supplemental Indenture – GPA 2024]

EXHIBIT A

[FORM OF 2024 SERIES A BOND]

No. RA - \_\_\_\_\_

\$\_\_\_\_\_

GUAM POWER AUTHORITY  
REVENUE REFUNDING BOND,  
2024 SERIES A  
(Current Interest Bond)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED</u>	<u>CUSIP</u>
[__]%	October 1, 20__	[Closing Date]	400653__

Registered Holder:

Principal Sum:

Dollars

GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (herein called the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or its registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before September 15, 2024, in which event it shall bear interest from its date) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable on April 1 and October 1 in each year, commencing October 1, 2024. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association (herein called the “Co-Trustee” or the “Paying Agent”), in St. Paul, Minnesota, or other office specified by the Paying Agent, and the interest hereon is payable by check mailed by first class mail to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person’s address as it appears on the Bond registration books of the Co-Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of 2024 Series A Bonds (hereinafter mentioned), payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or redemption

payment shall nevertheless be subject to the prior surrender of the 2024 Series A Bonds with respect to which such payment is made.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Guam Power Authority Revenue Bonds” (herein called the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Chapter 8, Title 12, Guam Code Annotated, as amended, and pursuant to that certain Indenture, dated as of December 1, 1992, as previously supplemented and as supplemented by a Ninth Supplemental Indenture, dated as of [July 1, 2024] (herein collectively called the “Indenture”), each by and among the Authority, the Co-Trustee and Bank of Guam, as Trustee and Depositary (herein called the “Trustee” or the “Depositary”). This Bond is also one of a duly authorized series of Bonds additionally designated “Revenue Refunding Bonds, 2024 Series A” (herein called the “2024 Series A Bonds”), in the aggregate principal amount of [PRINCIPAL WRITTEN OUT] Dollars (\$[2024 PAR]) all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing moneys to raise funds for the purpose of establishing the electric power system of the Authority, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such Bonds, or for any combination of such purposes. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Co-Trustee in Los Angeles, California and at the office of the Trustee in Guam) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee, the Co-Trustee and the Depositary and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as that term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the pledge and assignment hereinafter described. Neither the payment of the principal of this Bond nor any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Government of Guam.

[The 2024 Series A Bonds maturing on or before October 1, 20[\_\_\_] are not subject to optional redemption prior to their respective stated maturities. The 2024 Series A Bonds maturing on or after October 1, 20[\_\_\_] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[\_\_\_], as a whole, or in part by such maturity or maturities as may be specified

by the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.]

[The 2024 Series A Bonds maturing on October 1, 20[\_\_\_] are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, 20[\_\_\_] [other maturities as applicable], at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.]

The 2024 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective state maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service (as that term is defined in the Indenture) for the 2024 Series A Bonds for each Bond Year (as that term is defined in the Indenture) after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in the Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

Notice of any redemption, identifying the 2024 Series A Bonds or portions thereof to be redeemed, shall be given by the Co-Trustee in the manner set forth in the Indenture. Receipt of such notice by the registered owners shall not be a condition precedent to such redemption.

Any notice of optional redemption of the 2024 Series A Bonds may be conditional, and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2024 Series A Bonds thereby called for redemption, and the redemption shall be cancelled, and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2024 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2024 Series A Bonds and notice thereof shall be rescinded and cancelled, and the Trustee shall give (in the manner in which notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in Accreted Value of the Bonds then outstanding.

The 2024 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Co-Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Co-Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding will be issued to the transferee in exchange therefor. The Co-Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Co-Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat the registered owner hereof as the absolute owner hereof for all purposes, and none of the Authority, the Trustee, the Co-Trustee and the Depository shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the registered owners of the Bonds, the Trustee, the Co-Trustee and the Depository may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Co-Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Co-Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO

ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, GUAM POWER AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman of the Board of Directors and the Secretary of the Board of Directors of the Authority and its seal to be reproduced hereon by facsimile, all as of the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
Chairman of the Board of  
Directors of the Guam Power  
Authority

(SEAL)

Countersigned:

By \_\_\_\_\_  
Secretary of the Board of  
Directors of the Guam Power  
Authority



CERTIFICATE OF AUTHENTICATION

This is one the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Co-Trustee

By \_\_\_\_\_  
Authorized Officer

[FORM OF]  
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were set out in full according to applicable laws or regulations.

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with  
right of survivorship and  
not as tenants in common

UNIF GIFT MIN ACT - \_\_ Custodian \_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act  
\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to register the transfer the same on the books of the Co-Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: \_\_\_\_\_  
The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

\_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

REFUNDED BONDS

Guam Power Authority  
Revenue Bonds, 2014 Series A

[refunding candidates subject to revision]

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount to be</u> <u>Redeemed</u>	<u>Coupon</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u>
2025	\$1,935,000	5.00%	October 1, 2024	400653HC8
2026	2,035,000	5.00	October 1, 2024	400653HD6
2027	2,135,000	5.00	October 1, 2024	400653HE4
2028	2,245,000	5.00	October 1, 2024	400653HF1
2029	2,355,000	5.00	October 1, 2024	400653HG9
2030	2,470,000	5.00	October 1, 2024	400653HH7
2031	2,595,000	5.00	October 1, 2024	400653HJ3
2032	2,725,000	5.00	October 1, 2024	400653HK0
2033	2,860,000	5.00	October 1, 2024	400653HL8
2034	3,005,000	5.00	October 1, 2024	400653HM6
2039	17,440,000	5.00	October 1, 2024	400653HN4
2044	5,000,000	4.00	October 1, 2024	400653HQ7
2044	17,150,000	5.00	October 1, 2024	400653HP9

\$[\_\_\_\_\_]  
**Guam Power Authority**  
**Revenue Refunding Bonds, 2024 Series A**

**BOND PURCHASE AGREEMENT**

July [ ], 2024

Guam Power Authority  
Gloria B. Nelson  
Public Service Building  
688 Route 15  
Mangilao, Guam 96913

Guam Economic Development Authority  
ITC Building, Suite 511  
590 S Marine Corps Drive  
Tamuning, Guam 96913

Ladies and Gentlemen:

Wells Fargo Bank, National Association (the “Representative”) on behalf of itself and BofA Securities, Inc. (collectively, the “Underwriters”), offers to enter into this bond purchase agreement (this “Bond Purchase Agreement”) with the Guam Power Authority (the “Authority”) and Guam Economic Development Authority (“GEDA”), which upon the Authority’s acceptance hereof will be binding upon the Authority and upon the Underwriters. This offer is made subject to acceptance of this Bond Purchase Agreement today by the Authority and GEDA at or before 11:59 P.M., New York time, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) delivered to the Authority by the Representative at any time prior to the acceptance hereof by the Authority. Upon acceptance hereof, evidenced by the signatures of the respective duly authorized officers of the Authority and GEDA in the space provided below, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Authority and the Underwriters.

Any authority, discretion or other power conferred upon the Underwriters by this Bond Purchase Agreement may be exercised by the Representative alone.

Capitalized terms used in this Bond Purchase Agreement and not otherwise defined herein shall have the meanings given to such terms in the Official Statement (defined below).

DEFINITIONS. As used in this Bond Purchase Agreement, the following terms shall have the indicated meanings:

“DTC” means The Depository Trust Company, New York, New York, or any successor thereto, which maintains a book-entry only system for the 2024 Bonds.

“1933 Act” shall mean the federal Securities Act of 1933, as amended or supplemented.

“1934 Act” shall mean the federal Securities Exchange Act of 1934, as amended or supplemented.

“1939 Act” shall mean the federal Trust Indenture Act of 1939, as amended or supplemented.

“Rule 15c2-12” shall mean Rule 15c2-12 (17 CFR 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as amended or supplemented.

“SEC” shall mean the United States Securities and Exchange Commission.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[\_\_\_\_\_] aggregate principal amount of Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the “2024 Bonds”). The 2024 Bonds will be dated their date of delivery, and will mature in the amounts, and on the dates, and shall bear interest at the rates, that are set forth in Exhibit A hereto. The aggregate purchase price for the 2024 Bonds will be \$[\_\_\_\_\_] (consisting of the aggregate principal amount of the 2024 Bonds less an Underwriters’ discount of \$[\_\_\_\_\_] and [plus/less] [net] original issue [premium/discount] of \$[\_\_\_\_\_]). The payment and delivery of the 2024 Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the “Closing.”

The 2024 Bonds are authorized to be issued pursuant to Chapter 8 of Title 12 of the Guam Code Annotated (the “Act”), and by Public Law No. [\_\_\_], approved by the [\_\_\_]th Guam Legislature on [\_\_\_\_\_], 2024 and signed by the Governor of Guam on [\_\_\_\_\_], 2024 (the “Authorizing Legislation”). The issuance and sale of the 2024 Bonds has been approved by the Consolidated Commission on Utilities (the “CCU”) by Resolution No. FY2024-[\_\_\_] adopted on [\_\_\_\_\_], 2024 (the “CCU Resolution”), by the Board of Directors of GEDA by Resolution No. 24-[\_\_\_] adopted on [\_\_\_\_\_], 2024 (the “GEDA Resolution”) and by the Guam Public Utilities Commission (the “PUC”) on [\_\_\_\_\_], 2024 pursuant to GPA Docket No. 24-[\_\_\_] (collectively, the “PUC Order”).

The 2024 Bonds are issued pursuant to an Indenture, dated as of December 1, 1992, as supplemented by Supplemental Indentures dated as of October 1, 1993, October 1, 1994, May 1, 1999, June 1, 2010, October 1, 2012, September 1, 2014, December 1, 2017 and April 1, 2022 and as further supplemented by the Ninth Supplemental Indenture, dated as of July 1, 2024 (the “Ninth Supplemental Indenture” and, together with said Indenture and all supplemental indentures, collectively, the “Indenture”), each by and among the Authority, Bank of Guam, as trustee (the “Trustee”), and U.S. Bank Trust Company, National Association, as successor co-trustee (the “Co-Trustee”).

The Authority acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the 1934 Act, (ii) the primary role of the

Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the Authority; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Authority and have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); (iv) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (v) the Authority has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate

2. Delivery of Official Statement and Other Documents. The Authority shall deliver to the Underwriters, as promptly as practical but in no event later than the earlier to occur of: (a) the seventh (7<sup>th</sup>) business day after the date hereof or (b) the third (3<sup>rd</sup>) calendar day prior to the Closing, and, in any event, in sufficient time to accompany any customer confirmations requesting payment, copies of an official statement, dated the date hereof, relating to the 2024 Bonds executed on behalf of and approved for distribution by the Authority in the form of the Preliminary Official Statement (hereinafter mentioned), as amended to conform to the terms of this Bond Purchase Agreement and to reflect the terms of the 2024 Bonds and with such other changes as shall have been consented to by the Authority and the Representative (the "Official Statement"). The Authority shall deliver the Official Statement in electronic form to the Underwriters in order for the Underwriters to comply with the provisions of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

3. Public Offering. Regarding the offering and sale of the 2024 Bonds:

(a) The Underwriters agree to make an initial public offering of all the 2024 Bonds at not in excess of the initial public offering prices or less than the yields set forth or derived from information set forth on the inside cover page of the Official Statement, plus interest accrued thereon, if applicable, from the date of the 2024 Bonds; provided, that subject to Section 9 (Establishment of Issue Price), the Underwriters reserve the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriters reasonably deem necessary in connection with the marketing of the 2024 Bonds. The Underwriters also reserve the right, subject to Section 9, (i) to over-allot or effect transactions that stabilize or maintain the market prices of the 2024 Bonds at levels above those which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(b) The Authority hereby authorizes the Underwriters to use the Official Statement and other documents referred to or incorporated by reference therein in connection with the offering and sale of the 2024 Bonds and ratifies and confirms its authorization of the use by the Underwriters prior to the date hereof of the Preliminary Official Statement, dated June [ ], 2024, including any supplements (the "Preliminary Official Statement"), furnished to the Underwriters by the Authority in connection with such offering and sale. The Authority acknowledges, represents, and agrees that it has

deemed the Preliminary Official Statement to be final as of its date solely for the purposes of Rule 15c2-12, except for the omission of information which is permitted to be omitted therefrom under Rule 15c2-12.

4. Continuing Disclosure. The Authority agrees to comply with any and all rules and regulations applicable to the Authority and the 2024 Bonds currently in effect and which may be adopted by the MSRB and the SEC, including, but not limited to, Rule 15c2-12. To that end, the Authority will undertake, when required by such rules and regulations, to provide annual reports and notices of certain events pursuant to the Indenture and the Master Continuing Disclosure Agreement, dated as of May 1, 1999 (the “MCDA”), by and among the Authority, the Trustee and the Co-Trustee, as supplemented by Supplemental Continuing Disclosure Agreements dated as of May 1, 1999, June 1, 2010, October 1, 2012, September 1, 2014, December 1, 2017, April 1, 2022 and as further supplemented by the Supplemental Continuing Disclosure Agreement dated as of July 1, 2024 (the “Supplemental Continuing Disclosure Agreement” and, together with the MCDA, as so supplemented, collectively, the “Continuing Disclosure Agreement”). The form of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The Authority has not failed in any material respect in the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

5. Representations and Warranties of the Authority. The Authority represents and warrants to, and agrees with, each of the Underwriters that:

(a) The Authority is a public corporation of the Government of Guam.

(b) The Authority will execute and deliver on the Closing Date the Ninth Supplemental Indenture, the Escrow Agreement and the Supplemental Continuing Disclosure Agreement, has authorized and approved the Preliminary Official Statement, and has authorized and approved the execution and delivery of and the performance by the Authority of its obligations pursuant to the terms of the 2024 Bonds, this Bond Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement and the consummation of all other transactions contemplated hereby, thereby and by the Official Statement.

(c) The Authority has full legal right, power and authority: (i) to enter into this Bond Purchase Agreement, (ii) to issue, sell and deliver the 2024 Bonds to the Underwriters pursuant to the Indenture or otherwise, and (iii) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement and the Official Statement, and the execution (as applicable) and delivery of such documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order or consent decree of the Government of Guam or any department, division, agency or instrumentality thereof or of the United States or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the Authority is a party or may be otherwise subject.

(d) The Authority is not in breach of or default under any applicable constitutional provision, law, administrative regulation, court order or consent decree of the Government of Guam or of the United States, or any agency or instrumentality of either of them relating to the issuance of the 2024 Bonds or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture and this Bond Purchase Agreement) or other instrument to which the Authority is a party, or to which the Authority or any of its property or assets are otherwise subject, which breaches or defaults have or may have, in the aggregate, a material and adverse effect on the ability of the Authority to perform its obligations under the 2024 Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instruments.

(e) The execution and delivery of the 2024 Bonds, the Ninth Supplemental Indenture, the Escrow Agreement, the Supplemental Continuing Disclosure Agreement and this Bond Purchase Agreement, and compliance with the provisions thereof on the Authority's part, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, court order or consent decree of the Government of Guam or of the United States, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture or this Bond Purchase Agreement) or other instrument to which the Authority is a party, or to which the Authority is or which any of its property or assets are otherwise subject, to the extent that such conflicts, in the aggregate, would have a material and adverse effect on the ability of the Authority to perform its obligations under the 2024 Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority to be pledged to secure the 2024 Bonds or under the terms of any such law, regulation, or instrument, except as provided by the 2024 Bonds, the Indenture, and the Authorizing Legislation.

(f) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the 2024 Bonds, (ii) the approval, execution and delivery of, and the performance by the Authority of the obligations on its part, contained in the 2024 Bonds, this Bond Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement by the Underwriters in connection with the public offering of the 2024 Bonds, and (iv) the consummation by it of all other transactions described in the Official Statement, this Bond Purchase Agreement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Authority in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.



(g) All authorizations, opinions, certifications, approvals, consents, licenses, permits or orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of this Bond Purchase Agreement, the Indenture, the Escrow Agreement or the Continuing Disclosure Agreement, the issuance of the 2024 Bonds or the due performance by the Authority of its obligations under the this Bond Purchase Agreement, the Indenture or the Continuing Disclosure Agreement, and the 2024 Bonds, have been duly obtained.

(h) This Bond Purchase Agreement has been duly authorized, executed and delivered, and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

(i) When duly executed and delivered, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

(j) The Continuing Disclosure Agreement, the Indenture, the Escrow Agreement, the 2024 Bonds and the application of the proceeds thereof conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement; and the 2024 Bonds, when issued, authenticated and delivered in accordance with the Indenture, will have been duly authorized, executed, issued and delivered by the Authority and will constitute the valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the 2024 Bonds as aforesaid, the Indenture will provide, for the benefit of the holders, from time to time, of the 2024 Bonds, the legally valid and binding pledge of and lien it purports to create.

(k) The financial statements of, and other financial information regarding, the Authority contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operation of the Authority as of the dates and for the periods therein set forth. The financial statements of the Authority have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the Authority's audited financial statements included in the Preliminary Official Statement and in the Official Statement.

(l) Except for omissions permitted by Rule 15c2-12 and certain terms of the 2024 Bonds marked preliminary, subject to change, the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the caption “UNDERWRITING”; and “APPENDIX F – BOOK ENTRY SYSTEM”, as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(n) If during the period from the date hereof to and including the date which is 25 days from the “end of the underwriting period” (as hereinafter defined), any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Representative of any such event of which it has knowledge, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall promptly prepare and furnish (at the expense of the Authority) an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative. For purposes of this Bond Purchase Agreement, the “end of the underwriting period” shall mean the Closing Date, unless the Authority has been notified by the Representative in writing, on or prior to the Closing Date, that the “end of the underwriting period” (within the meaning of Rule 15c2-12) will not occur on the Closing Date, in which case “end of the underwriting period” shall mean such later date on which the “end of the underwriting period” (within the meaning of Rule 15c2-12) occurs. In the event the Authority has been given notice pursuant to the preceding sentence that the “end of the underwriting period” will not occur on the Closing Date, the Representative agrees to notify the Authority of the date it does occur for all purposes of Rule 15c2-12 and this Bond Purchase Agreement.

(o) Prior to the Closing Date, the Authority will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Authority.

(p) At the time of the Authority’s acceptance hereof and (unless an event occurs of the nature described in subsection (n) of this Section 5) at all times subsequent thereto during the period up to and including the date of the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(q) If the Official Statement is supplemented or amended pursuant to subsection (n) of this Section 5, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto up to and including the date that is 25 days from the “end of the underwriting period” (as defined in subsection (n) of this Section 5), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(r) Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body is pending or, to the knowledge of the Authority, threatened in any way: (i) affecting the existence of the Authority or the title of any official of the Authority to such official’s office, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the 2024 Bonds, (iii) contesting the collection of revenues or the status of the assets of the Authority pledged or to be pledged to pay the principal of and interest or premium, if any, on the 2024 Bonds, or the pledge thereof, (iv) in any way contesting or affecting the validity or enforceability of the Act, the Authorizing Legislation, the CCU Resolution, the GEDA Resolution, the PUC Order, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement, this Bond Purchase Agreement or the 2024 Bonds, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, (vi) contesting the power of the Authority or its authority with respect to the execution and delivery of the 2024 Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement, or (vii) contesting the exclusion of interest on the 2024 Bonds from gross income for federal income tax purposes, nor, to the best knowledge of the Authority, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Act (as to the Authority), the Authorizing Legislation, the CCU Resolution, the GEDA Resolution, the PUC Order, or the authorization, execution, delivery or performance by the Authority of the 2024 Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement.

(s) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to: (i) qualify the 2024 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions as the Representative may designate and (ii) determine the eligibility of the 2024 Bonds for investment under the laws of such States and other jurisdictions, and the Authority agrees to use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the 2024 Bonds; provided, however, that the Authority shall not be obligated to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction or to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction. During the period from the date hereof to and

including the date which is 25 days following the end of the underwriting period for the 2024 Bonds (as determined in accordance with Subsection (n) of this Section 5), the Authority will advise the Underwriters promptly of receipt by the Authority of any written notification with respect to the suspension of the qualification of the 2024 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(t) The Authority will comply with the requirements of the Tax Certificate executed by the Authority in connection with the delivery of the 2024 Bonds.

(u) The Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the 2024 Bonds as provided in and subject to all of the terms and provisions of the Indenture, including for payment or reimbursement of Authority expenses incurred in connection with the negotiation, marketing, issuance and delivery of the 2024 Bonds to the extent required by Section 11 (Expenses) hereof, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2024 Bonds.

(v) Any certificate signed by any officer of the Authority and delivered to the Underwriters pursuant to the Indenture or this Bond Purchase Agreement or any document contemplated thereby shall be deemed a representation by the Authority to the Underwriters as to the statements made therein and the Underwriters shall be protected in assuming that such officer shall have been duly authorized to execute the same.

(w) To the knowledge of the Authority, there is no public vote or referendum pending or proposed, the results of which could in any way adversely affect the transactions contemplated by this Bond Purchase Agreement, the Act, the Authorizing Legislation, the GEDA Resolution, the CCU Resolution, the PUC Order, the 2024 Bonds, the Continuing Disclosure Agreement or the Indenture or the validity or enforceability of the 2024 Bonds.

(x) The Indenture creates a valid pledge of and grant of a security interest in the Revenues (as defined in the Indenture) purported to be pledged and granted thereby, subject to no prior pledges or security interests, but subject to the application of such Revenues as provided in the Indenture.

(y) Between the date hereof and the Closing Date, the Authority will not, without the prior written consent of the Underwriters or as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business; and, subsequent to the respective dates as of which information is given in the Official Statement and to and including the Closing Date, the Authority has not incurred and will not incur with respect to the operations of the Authority any material liabilities (direct or contingent) other than those occurring in the ordinary course of operating the electrical system of the Authority, nor will there be any action, or any failure to act, on the part of the Authority which would result in an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Authority, except as contemplated by the Official Statement.

6. Closing.

At or about 11.45 P.M., Guam Time, on [\_\_\_\_\_], 2024, (9:45 A.M., New York time, on [\_\_\_\_\_], 2024) or at such other time or date as the Representative and the Authority may mutually agree as the date and time of the Closing (the “Closing Date”), the Authority will deliver or cause to be delivered to the Underwriters at the offices of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), or at such other place as the Representative and the Authority may mutually agree, the certificates, opinions and other documents required by Section 7(b) below. On the Closing Date (a) the Authority will issue the 2024 Bonds and deliver the 2024 Bonds to the Underwriters (or cause the 2024 Bonds to be delivered to the Underwriters) through the facilities of DTC, duly executed by the Authority and authenticated by the Trustee, and (b) the Underwriters shall accept the delivery of the 2024 Bonds and pay the purchase price therefor by wire transfer in immediately available federal funds, payable to the order of the Trustee for the account of the Authority. The 2024 Bonds (or an electronic/PDF copy thereof) shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.

7. Conditions to Closing.

The obligations of the Underwriters to purchase and accept delivery of the 2024 Bonds under this Bond Purchase Agreement are and shall be subject to the following conditions:

(a) On the Closing Date, (1) the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement shall all be in full force and effect and shall not have been amended, modified or supplemented in any material respect except as may have been agreed to in writing by the Representative, and the Official Statement shall not have been supplemented or amended, except as may have been agreed to in writing by the Representative, and the Authority shall have duly adopted or approved; (2) the 2024 Bonds shall have been rated “[\_\_\_\_\_]” ([\_\_\_\_\_] outlook) by Moody’s, “[\_\_\_\_\_]” ([\_\_\_\_\_] outlook) by S&P and “[\_\_\_\_\_]” ([\_\_\_\_\_] outlook) by Fitch; (3) the representations and warranties of the Authority herein shall be true and accurate in all material respects as if made on the Closing Date; (4) the Authority shall perform or have performed all obligations required under or specified in this Bond Purchase Agreement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Official Statement to be performed at or prior to the Closing Date; (5) no litigation shall be threatened or pending in any court (i) to restrain or enjoin the issuance or delivery of the 2024 Bonds or the payment, collection or application of the proceeds thereof or the Revenues or any other monies assigned, pledged or to be pledged under the Indenture, or (ii) in any way questioning or affecting the validity of the 2024 Bonds or any provisions of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, or any proceedings taken by the Authority with respect to the foregoing, or (iii) questioning the Authority’s creation, organization or existence or the titles to office of any of its officers; and (6) there shall not have occurred any adverse change or any development involving a prospective adverse change, in the financial condition of the Authority, in the Revenues or other earnings or operations of the Authority from those set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the 2024 Bonds on the terms, at the prices and in the manner contemplated in the Official Statement.

(b) At or prior to the Closing, the Representative on behalf of the Underwriters shall receive the following (in each case with only such changes as the Representative shall approve):

- i. The approving opinion of Bond Counsel relating to the 2024 Bonds, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement;
- ii. A supplemental opinion, dated the Closing Date and addressed to the Underwriters, of Bond Counsel in the form attached as Exhibit C;
- iii. The opinion of counsel to the Trustee, addressed to the Underwriters and the Authority dated the Closing Date to the effect that: (1) the Trustee has been duly organized and is validly existing and in good standing under the laws of Guam with full corporate power to undertake the trusts of the Indenture; (2) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trusts of the Indenture; (3) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the other parties thereto of the Indenture, the Indenture constitutes a valid and binding agreement of the Trustee enforceable against the Trustee in accordance with the terms thereof, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally; (4) no authorization, approval, consent or other order of any governmental agency or, to such counsel's knowledge, after due investigation, any other person or corporation is required for the valid authorization, execution and delivery of the Indenture by the Trustee (except that such counsel need express no view as to Federal or state securities laws); and (5) to the best of such counsel's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to counsel to the Trustee to be pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to, the transactions contemplated by the 2024 Bonds, the Indenture or any other agreement, document, or certificate related to such transactions;
- iv. The opinion of counsel to the Co-Trustee, addressed to the Underwriters and the Authority dated the Closing Date to the effect that: (1) the Co-Trustee has been duly organized as a national banking association and is validly existing and in good standing under the laws of the United States of America with all requisite corporate power to undertake the trusts of the Indenture; (2) the Co-Trustee has duly authorized, executed and delivered the Indenture and the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trusts of the Indenture; (3) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the other parties thereto of the Indenture and the

Escrow Agreement, the Indenture and the Escrow Agreement constitute valid and binding agreements of the Co-Trustee enforceable against the Co-Trustee in accordance with the terms thereof, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally; (4) the 2024 Bonds have been validly authenticated by the Co-Trustee; (5) no authorization, approval, consent or other order of any governmental agency or, to such counsel's knowledge, after due investigation, any other person or corporation is required for the valid authorization, execution and delivery of the Indenture by the Co-Trustee or the authentication of the 2024 Bonds (except that such counsel need express no view as to Federal or state securities laws); and (6) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to counsel to the Co-Trustee to be pending or threatened against or affecting the Co-Trustee to restrain or enjoin the Co-Trustee's participation in, or in any way contesting the powers of the Co-Trustee with respect to, the transactions contemplated by the 2024 Bonds, the Indenture, the Escrow Agreement or any other agreement, document, or certificate related to such transactions;

- v. One or more opinions of counsel to the Authority, dated the Closing Date and addressed to the Underwriters, to the effect, singularly or together, that: (1) the Authority is at the date of the Closing a public corporation of the Government of Guam and has full legal right, power and authority to enter into and perform its obligations under the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, to authorize, issue and sell the 2024 Bonds and to collect and enforce the collection of Revenues, as defined in the Indenture, and to carry out, give effect to and consummate all transactions required of it as contemplated by this Bond Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement; (2) the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement were duly approved and authorized by the Authority and each has been duly executed and is in full force and effect as of the date of the Closing; (3) this Bond Purchase Agreement has been duly authorized, executed and delivered by and constitutes a valid and legal obligation of the Authority enforceable in accordance with its terms (but such opinion as to enforceability may be qualified with respect to standard exceptions as to bankruptcy, insolvency and other laws affecting creditors' rights or remedies); (4) the adoption of the CCU Resolution and the execution and delivery of this Bond Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, and the consummation of the transactions contemplated thereby and hereby, and compliance with the provisions thereof and hereof, will not conflict with or constitute on the part of the Authority a breach of or a default under any existing law, administrative regulation, court order or consent decree of the Government of Guam or any department, division, agency or instrumentality of the United States, to which the Authority is subject, or

any agreement, resolution or instrument to which the Authority is a party or may otherwise be subject; (5) all approvals, consents or orders of any governmental authority, board, agency or commission having jurisdiction the obtaining of which would constitute a condition precedent to the performance by the Authority of its obligations under this Bond Purchase Agreement, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or the 2024 Bonds and which can reasonably be obtained by the time of the Closing have been obtained; (6) there is no litigation or proceeding, pending or threatened (either in Guam, state or Federal courts), (a) to restrain or enjoin the execution or delivery of the 2024 Bonds or the collection or payment of Revenues that are the source of security for such 2024 Bonds, (b) in any way contesting or affecting the existence of the Authority or the title of any official of the Authority to such official's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2024 Bonds, or the collection of Revenues of the Authority pledged or to be pledged to pay the principal of and interest or premium, if any, on the 2024 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2024 Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Authority or its authority with respect to the 2024 Bonds, the Indenture, the Continuing Disclosure Agreement or this Bond Purchase Agreement; (7) the statements contained in the Preliminary Official Statement and the Official Statement under the captions ["INTRODUCTION — Authorization," and "Purposes of the 2024A Senior Bonds," "REFUNDING PLAN," "THE 2024A SENIOR BONDS – Authority for the 2024A Senior Bonds," "THE GUAM POWER AUTHORITY "POWER SUPPLY," "FUEL SUPPLY," "TRANSMISSION AND DISTRIBUTION SYSTEM," "AUTHORITY CUSTOMERS," "RATES," "FINANCIAL MATTERS," "OTHER MATTERS" and "LITIGATION,"] are accurate in all material respects; (8) such counsel has no reason to believe that (i) the Preliminary Official Statement, as of its date and as of the time immediately prior to the execution and delivery of this Bond Purchase Agreement, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information in Appendix F and the financial statements and other financial and statistical data included or incorporated by reference in the Preliminary Official Statement, as to which no view need be expressed), and (ii) the Official Statement, as of its date and as of the date of the Closing contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except in each case for the information in Appendix F and the financial statements and



other financial and statistical data included or incorporated by reference in the Preliminary Official Statement and Official Statement, as to which no view need be expressed); and (9) Resolution No. FY2024-[\_\_] was duly adopted on [\_\_\_\_\_], 2024, at a regular or special meeting of the CCU, duly called for such purpose and has not been amended or repealed;

- vi. An opinion, dated the Closing Date and addressed to the Underwriters and the Authority, of counsel to the GEDA, to the effect that: (1) GEDA Resolution No. 24-[\_\_] approving, among other things, the issuance of the 2024 Bonds was duly adopted on [\_\_\_\_\_], 2024, at a regular or special meeting of GEDA, duly called for such purpose and has not been amended or repealed; (2) there is no litigation or proceeding, pending (with service of process having been received by GEDA or otherwise known to counsel) or to the knowledge of counsel, threatened, in any way affecting the existence of GEDA the title of any official of GEDA to such official's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2024 Bonds or in any way contesting or affecting the validity or enforceability of the 2024 Bonds or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of GEDA or its authority with respect to the 2024 Bonds;
- vii. An opinion of counsel to the PUC, dated the Closing Date and addressed to the Underwriters and the Authority, to the effect that: (1) the PUC Order was duly adopted at a regular or special meeting of the PUC duly called for such purpose and has not been amended or repealed; (2) to such counsel's knowledge there is no litigation or proceeding, pending or threatened, in any way affecting the existence of the PUC or the title of any official of the PUC to such official's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2024 Bonds or in any way contesting or affecting the validity or enforceability of the 2024 Bonds or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the PUC or its authority with respect to the 2024 Bonds; and (3) the form of the Ninth Supplemental Indenture referred to in said PUC Order executed and delivered by the Authority does not contain any material modification or amendment from the proposed forms approved by PUC.
- viii. An opinion, dated the Closing Date and addressed to the Underwriters, of the Office of the Attorney General of the Government of Guam to the effect that: (1) Public Law No. [\_\_] was duly passed by the Guam Legislature on [\_\_\_\_\_], 2024 and signed by the Governor of Guam on [\_\_\_\_\_], 2024 and has not been amended or repealed and is now in full force and effect, and (2) in accordance with Chapter 8 of Title 12 of Guam Code Annotated, the Governor of Guam has duly executed and delivered the Ninth Supplemental Indenture, which execution and delivery indicate her approval thereof and of the issuance of the 2024 Bonds in accordance

therewith, and that such approval has not been amended or rescinded and is in full force and effect;

- ix. An opinion, dated the Closing Date and addressed to the Underwriters, of Katten Muchin Rosenman LLP, Counsel for the Underwriters, in substantially the form attached hereto as Exhibit D;
- x. A certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriters, to the effect that:

(1) The Trustee is a domestic banking corporation duly organized and validly existing under the laws of Guam, has all requisite power, including trust powers, and authority to accept, execute, deliver, and perform all of its obligations as Trustee under and pursuant to the Indenture and to take all actions required of it under the Indenture and the 2024 Bonds.

(2) The Indenture has been duly executed and delivered by an officer of the Trustee duly authorized to execute and deliver such documents as evidenced by the excerpts from its Bylaws, attached thereto as Exhibit A, and the execution, delivery and performance of the Indenture has been duly authorized by all necessary action of the Trustee.

(3) The Trustee has duly accepted the trusts created pursuant to the Indenture, and such acceptance and performance by the Trustee of its obligations in accordance with the Indenture and the 2024 Bonds will not contravene the Bylaws of the Trustee or conflict with or constitute a breach of or a default under any law, administrative or governmental regulation, consent, decree, order, indenture, contract or other agreement or instrument to which the Trustee is subject or bound or by which any of its assets is bound, and the performance of the obligations of the Trustee under the Indenture has been duly authorized by all necessary corporate action.

(4) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, receipt of which would constitute a condition precedent to the performance by the Trustee of its obligations under the Indenture and the 2024 Bonds, have been obtained and are in full force and effect (said certificate need not include a certification as to compliance with federal and state securities laws).

(5) No litigation is pending or threatened (either in Guam or federal courts): (a) in any way contesting the existence or trust powers of the Trustee, or the Trustee's ability to fulfill its obligations under the Indenture; (b) to restrain or enjoin the execution or delivery of the Indenture by the Trustee; or (c) in any way contesting or affecting any authority for the execution and delivery of the Indenture.

xi. A certificate of the Co-Trustee dated the Closing Date, signed by a duly authorized officer of the Co-Trustee, and in form and substance satisfactory to the Underwriters, to the effect that:

(1) The Co-Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, has all requisite power, including trust powers, and authority to accept, execute, deliver, and perform all of its obligations as Co-Trustee under and pursuant to the Indenture and to take all actions required of it under the Indenture.

(2) The Indenture and the Escrow Agreement have been duly executed and delivered by an officer of the Co-Trustee duly authorized to execute and deliver such documents as evidenced by the excerpts from its Bylaws, attached thereto as Exhibit A, and the execution, delivery and performance of the Indenture and the Escrow Agreement have been duly authorized by all necessary action of the Co-Trustee.

(3) The 2024 Bonds were examined by the Co-Trustee and found to be in the form required by the Indenture. Pursuant to the provisions of the Indenture, the 2024 Bonds were authenticated in the name of and on behalf of the undersigned by authorized signatories of the Co-Trustee, duly authorized to so authenticate the 2024 Bonds, as evidenced by the excerpts from its Bylaws referred to in subsection (B) hereof, were registered and delivered by the Co-Trustee pursuant to the Indenture, and as directed by the Underwriters for the 2024 Bonds.

(4) The Co-Trustee has duly accepted the trusts created pursuant to the Indenture, and such acceptance and performance by the Co-Trustee of its obligations in accordance with the Indenture and the 2024 Bonds will not contravene the Bylaws of the Co-Trustee or conflict with or constitute a breach of or a default under any law, administrative or governmental regulation, consent, decree, order, indenture, contract or other agreement or instrument to which the Co-Trustee is subject or bound or by which any of its assets is bound, and the performance of the obligations of the Co-Trustee under the Indenture and the Indenture has been duly authorized by all necessary corporate action.

(5) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, receipt of which would constitute a condition precedent to the performance by the Co-Trustee of its obligations under the Indenture have been obtained and are in full force and effect (said certificate need not include a certification as to compliance with federal and state securities laws).

(6) No litigation is pending or threatened (either in Guam or federal courts): (a) in any way contesting the existence or trust powers of

the Co-Trustee, or the Co-Trustee's ability to fulfill its obligations under the Indenture; (b) to restrain or enjoin the execution or delivery of the Indenture or any of the 2024 Bonds by the Co-Trustee; or (c) in any way contesting or affecting any authority for the execution and delivery of the Indenture or any of the 2024 Bonds.

- xii. A certificate, dated the Closing Date and signed by an authorized official of the Authority, to the effect that: (1) the representations and warranties of the Authority contained in this Bond Purchase Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; (2) no event materially adversely affecting the Authority has occurred since the date of the Official Statement; (3) the Preliminary Official Statement, as of its date and as of the time immediately preceding the execution and delivery of this Bond Purchase Agreement did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Official Statement did not as of its date and does not as of the date of the Closing contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (4) the Authority has complied with all requirements contained in this Bond Purchase Agreement and has satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing (unless otherwise expressly waived by the Underwriters); and (5) there is no litigation or proceeding, pending with service of process having been completed or, to the knowledge of the Authority, threatened (either in territorial, state or Federal courts) (a) to restrain or enjoin the execution or delivery of the 2024 Bonds or the collection or payment of revenues that are the source of security for such 2024 Bonds, or (b) in any way contesting or affecting the existence of the Authority or the title of any official of the Authority to such official's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2024 Bonds, or the collection of revenues of the Authority pledged or to be pledged to pay the principal of and interest or premium, if any, on the 2024 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2024 Bonds, the Indenture, the Escrow Agreement, the Authorizing Legislation, the Continuing Disclosure Agreement or this Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Authority or its authority with respect to the 2024 Bonds, the Authorizing Legislation, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or this Bond Purchase Agreement;
- xiii. A defeasance opinion of Bond Counsel, dated the Closing Date;

- xiv. A letter of Deloitte & Touche LLP, dated the date hereof and addressed to the Underwriters and the Authority, to the effect that: (1) they are independent certified public accountants with respect to the Authority, within the meaning of the Rules of Conduct of the Code of Professional Ethics of the American Institute of Certified Public Accountants, and (2) they consent to the inclusion of their audit report in the financial statements of the Authority for the fiscal years ended September 30, 2023 and September 30, 2022, and to all references to their firm included in the Preliminary Official Statement and the Official Statement;
- xv. Certified copies of the CCU Resolution and GEDA Resolution, the Act, the Authorizing Legislation and the PUC Order authorizing, as applicable, the execution and delivery of the 2024 Bonds, the Ninth Supplemental Indenture, the Escrow Agreement, the Supplemental Continuing Disclosure Agreement and this Bond Purchase Agreement and the distribution of the Preliminary Official Statement and the Official Statement;
- xvi. A tax certificate, dated the Closing Date and signed by an authorized official of the Authority, in the form satisfactory to Bond Counsel;
- xvii. A certificate, dated the Closing Date and signed by an authorized official of the Authority, to the effect that the financial statements of the Authority contained in the Official Statement fairly present the financial positions and results of operations of the Authority as of the respective dates and for the respective periods therein set forth, and such officer has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied;
- xviii. A certificate, dated the Closing Date and signed by an authorized official of GEDA to the effect that Appendix A to the Preliminary Official Statement, as of its date and as of the date hereof, and Appendix A to the Official Statement, as of its date and as of the Closing Date, did not and does not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- xix. Executed or certified copies of the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement;
- xx. A written report (the “Verification Report”) prepared by [\_\_\_\_\_] (the “Verification Agent”), verifying the mathematical accuracy of the mathematical computations relating to the sufficiency of the cash, and maturing principal of and interest on the escrow investments, if any, to pay the principal of and interest on the Refunded Bonds through and including their redemption dates;
- xxi. A copy of the Blue Sky Survey with respect to the 2024 Bonds; and

xxii. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Authority herein contained and the due performance or satisfaction by the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority.

8. Rights of Termination at or Prior to Closing. The Underwriters have the right to terminate the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the 2024 Bonds by notifying the Authority of their election to do so if, after the execution hereof and prior to the Closing, the market price or marketability of the 2024 Bonds or the ability of the Underwriters to enforce contracts for the sale of the 2024 Bonds shall be materially adversely affected in the reasonable judgment of the Underwriters by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the Government of Guam or the United States Tax Court shall be rendered, or an order, ruling, or regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the 2024 Bonds for which the interest thereupon would otherwise be excludable from the gross income of the recipient thereof for federal income tax purposes, or the interest on such 2024 Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) any legislation, resolution, rule or regulation shall be introduced in, considered by or be enacted by any governmental body, department or political subdivision of Guam, or a decision by any court of competent jurisdiction within Guam shall be rendered which, in the reasonable judgment of the Representative, does or will materially adversely affect the market prices of the 2024 Bonds;

(c) legislation introduced in or enacted (or resolution passed) by the Congress of the United States or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2024 Bonds are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other

requirements of the 1939 Act, or that the issuance, offering, or sale of obligations of the general character of the 2024 Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(d) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable judgment of the Representative, will materially adversely affect the market prices of the 2024 Bonds;

(e) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters);

(f) a general banking moratorium shall have been declared by Federal, State of New York, or Guam officials;

(g) the minimum or maximum prices for securities, similar to the 2024 Bonds, shall have been fixed and be in force, or maximum ranges for prices for securities, similar to the 2024 Bonds, shall have been required and be in force on the New York Stock Exchange or other national securities exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(h) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the 2024 Bonds, any material restrictions not now in force, or increase materially those now in force or being enforced, with respect to the charges to the net capital requirements of the Underwriters;

(i) a material disruption in securities settlement, payment or clearance services shall have occurred;

(j) there shall have occurred: (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism) (ii) the escalation of hostilities existing prior to the date hereof or (iii) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States or the Authority;

(k) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published a rating (or has been asked to furnish a rating on the 2024 Bonds) on any of the Authority's debt obligations, which actions reflects a change or possible change, in the ratings accorded any such obligations of the Authority (including any rating to be accorded the 2024 Bonds);

(l) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and in either such event, the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement, or the Official Statement, as supplemented, in the reasonable judgment of the Representative, would materially adversely affect the market for the 2024 Bonds or the sale, at the contemplated offering prices, to the purchasers of the 2024 Bonds; or

(m) there shall have occurred since the date hereof any materially adverse change in the affairs or financial condition of the Authority, except for changes which the Preliminary Official Statement and the Official Statement discloses are expected to occur.

In the event of termination of this Bond Purchase Agreement, under this Section 8 or otherwise, all obligations of the Authority and the Underwriters hereunder shall terminate, without further liability, except for the indemnification provisions of Section 10 hereof and the Authority and the Underwriters obligations to pay their respective expenses as set forth in Section 11 hereof.

9. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the 2024 Bonds and shall execute and deliver to the Authority on the date of the Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2024 Bonds.

(b) Except for the Hold-the-Price Maturities described in subsection (c) below and Exhibit B attached hereto, the Authority will treat the first price at which 10% of each maturity of the 2024 Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Exhibit B attached hereto sets forth the maturities of the 2024 Bonds for which the 10% test has been satisfied as of the date of this Bond Purchase Agreement (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public.

(c) With respect to the maturities of the 2024 Bonds that are not 10% Test Maturities, as described in Exhibit B attached hereto (the “Hold-the-Price Maturities”), the Representative confirms that the Underwriters have offered such maturities of the 2024 Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit B attached hereto. The Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the



Hold-the-Price Maturities, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters shall neither offer nor sell unsold 2024 Bonds of such maturity of the Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the 2024 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold 2024 Bonds of each maturity allocated to it, until either all 2024 Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the 2024 Bonds of that maturity, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of 2024 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2024 Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the 2024 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2024 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (1) report the prices at which it sells to the public the unsold 2024 Bonds of each maturity allocated to it, until either all 2024 Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the 2024 Bonds of that maturity, and (2) comply with the hold-the-offering-price rule, if applicable, if and

for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this subsection, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2024 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2024 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2024 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2024 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2024 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2024 Bonds.

(f) The Underwriters acknowledge that sales of any 2024 Bonds to any person that is a related party to an underwriter participating in the initial sale of the 2024 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (1) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Bonds to the public and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) to participate in the initial sale of the 2024 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2024 Bonds to the public);

(iii) a purchaser of any of the 2024 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (1) more than 50% common ownership of the voting power or the total value of

their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) “Sale Date” means the date of execution of this Bond Purchase Agreement by all parties.

10. Indemnification.

(a) The Authority agrees to indemnify and hold harmless the Underwriters and each person, if any, who controls (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act) the Underwriters and their directors, officers, agents, and employees against any and all losses, claims, damages, liabilities, and expenses arising out of a breach of any of the Authority’s representations included in this Bond Purchase Agreement (including a breach the result of which would require in connection with a public offering of the 2024 Bonds any security to be registered under the Securities Act or the Indenture to be qualified under the Trust Indenture Act), or a breach of the Continuing Disclosure Agreement, or any statement or information in the Preliminary Official Statement or in the Official Statement under the headings [“INTRODUCTION,” “REFUNDING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “THE 2024A SENIOR BONDS,” “DEBT SERVICE REQUIREMENTS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS,” “THE GUAM POWER AUTHORITY,” “POWER SUPPLY,” “FUEL SUPPLY,” “TRANSMISSION AND DISTRIBUTION SYSTEM,” “AUTHORITY CUSTOMERS,” “RATES,” “FINANCIAL MATTERS” “OTHER MATTERS” and “LITIGATION,”] that is or is alleged to be untrue or incorrect in any material respect, or any omission or alleged omission of any statement under the foregoing headings in the Preliminary Official Statement or the Official Statement which is required to be stated therein or is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing indemnity agreement shall be in addition to any liability that the Authority may otherwise have.

(b) The Underwriters will indemnify and hold harmless the Authority, each of its members, officers, agents, and employees against any and all losses, claims, damages, liabilities, and expenses arising out of any statement or information in the Preliminary Official Statement or in the Official Statement contained under the heading “UNDERWRITING” that is or is alleged to be untrue or incorrect in any material respect, or any omission or alleged omission of any statement under the foregoing paragraph in the Preliminary Official Statement or the Official Statement which is required to be stated therein or is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each Underwriter shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by

said indemnity in such proportions that each Underwriter shall be responsible for the statement, information or omission which gave rise to such losses, claims, damages, liabilities, and expenses.

(c) In case any claim shall be made or action brought against an indemnified party for which indemnity may be sought against any indemnifying party, as provided above, the indemnified party shall promptly notify the indemnifying party in writing setting forth the particulars of such claim or action and the indemnifying party shall assume the defense thereof, including the retaining of counsel acceptable to such indemnified party and the payment of all expenses and shall have the right to negotiate and consent to settlement. An indemnified party shall have the right to retain separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel has been specifically authorized by the indemnifying party or the indemnifying party shall not have employed counsel reasonably acceptable to the indemnified party to have charge of the defense of such action or proceeding or the indemnified party shall have reasonably concluded that there may be defenses available to it which are different form or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to direct the defense of such action or proceeding on behalf of the indemnified party), in any of which events, such legal or other expenses shall be borne by the indemnifying party. No party shall be liable for any settlement of any action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any action with or without written consent of the indemnifying party, the indemnifying party agrees to indemnify and hold harmless the indemnified parties to the extent of the indemnities set forth above from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 10 is unenforceable, or is unavailable to an indemnified party in respect of any losses, claims, damages, or liabilities (or actions in respect thereof) of the type subject to indemnification herein, then the indemnifying party shall, in lieu of indemnifying such person, contribute to the amount paid or payable by such person as a result of such losses, claims, damages, or liabilities (or actions in respect thereof). In the case of the Authority and the Underwriters, contribution shall be in such proportion as is appropriate to reflect the relative benefits received by the Authority, on the one hand, and the Underwriters, on the other, from the sale of the 2024 Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law then the indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Authority, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims damages or liabilities (or action in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Authority on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds of sale of the 2024 Bonds paid to the Authority pursuant to Section 1 hereof (before deducting expenses) bear to the underwriting discount received by the Underwriters (the difference between the aggregate initial public offering price for the 2024 Bonds appearing or derived from information appearing on the inside

cover page of the Official Statement and the price to be paid therefor by the Underwriters as set forth therein under the caption “UNDERWRITING”). The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Authority or the Underwriters and the parties’ relative intent, knowledge, access to information, and opportunity to correct or prevent such untrue statement or omission. The Authority and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. The amount paid or payable by any person as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, however, the Underwriters shall not be required to contribute an amount in excess of the amount by which such initial public offering price exceeds the Underwriter’s discount of purchase of the 2024 Bonds pursuant to this Bond Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The provisions of this Section 10 shall survive any termination hereunder.

11. Expenses.

(a) The Underwriters will be under no obligation to pay, and the Authority shall pay, all expenses incident to the performance of the obligations of the Authority hereunder including but not limited to: (i) the cost of the reproduction of the Indenture and the Continuing Disclosure Agreement and the typesetting, printing and reproduction of the Preliminary Official Statement (including any amendments or supplements thereto) and the Official Statement (including, to the extent specified in this Bond Purchase Agreement, any amendments or supplements thereto); (ii) the cost of the preparation and printing of the 2024 Bonds; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of the accountants and advisors of the Authority and of any other experts, counsel or consultants retained by the Authority or providing letters, opinions or reports to the Authority or the Underwriters pursuant to this Bond Purchase Agreement; and (v) the fees for bond ratings. In addition, the Authority shall reimburse the Underwriters for any expenses (which may be included in the expense component of the Underwriters spread) incurred by or on behalf of the Authority and its representatives in connection with the negotiation, marketing, issuance and delivery of the 2024 Bonds, including meals, transportation and lodging of Authority representatives. The Underwriters agree to provide the Authority with a detailed itemization of any such expenses incurred on behalf of the Authority employees prior to the date of the Closing. In the event that the Underwriters incur or advance the cost of any expense for which the Authority is responsible hereunder, the Authority shall reimburse the Underwriter at or prior to the Closing; if at the Closing, reimbursement may be included in the expense component of the Underwriters spread.

(b) The Authority has agreed to pay the Underwriters' discount set forth in Section 1 of this Bond Purchase Agreement, and inclusive in the expense component of the Underwriters' discount are expenses incurred or paid for by the Underwriters on behalf of the Authority in connection with the marketing, issuance, and delivery of the 2024 Bonds, including, but not limited to, (i) the cost of preparation and printing of the Agreement Among Underwriters, this Bond Purchase Agreement and the Blue Sky Survey; (ii) all advertising expenses in connection with the public offering of the 2024 Bonds; and (iii) all other expenses incurred by the Underwriters in connection with their public offering and distribution of the 2024 Bonds, including the fees and disbursements of counsel retained by the Underwriters.

(c) The Authority and the Underwriters acknowledge that expenses included in the expense component of the Underwriters' discount are based upon estimates. The Authority and the Underwriters agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount equal to or greater than \$2,000 (the "Reimbursement Threshold"), the Underwriters shall reimburse to the Authority the aggregate amount of expenses equal to or greater than the Reimbursement Threshold. For the avoidance of doubt, the Authority acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriters. The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the 2024 Bonds.

12. Notices. Any notice or other communication to be given to the Authority under this Bond Purchase Agreement must be given by delivering the same in writing at the address of the Authority set forth above and any notice or other communication to be given to the Underwriters under this Bond Purchase Agreement must be given by delivering the same in writing to the Representative, Wells Fargo Bank, National Association, 30 Hudson Yards, 15th Floor New York, New York 10001, Attention: Julie Burger.

13. Benefit of Agreement. This Bond Purchase Agreement is made solely for the benefit of the Authority and the Underwriters (including the successors or assigns of any Underwriter, other than Bondholders), and no other person may acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and covenants of the Authority contained in this Bond Purchase Agreement will remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of any of the Underwriters or (b) delivery of and payment for the 2024 Bonds pursuant to this Bond Purchase Agreement.

14. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

15. Choice of Law. The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of New York except that the authority of the Authority to enter into this Bond Purchase Agreement and the obligations of the Authority hereunder shall be governed by the laws of Guam.

16. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution and delivery by the Authority and the Representative and shall be valid and enforceable from and after the time of such execution and delivery.

17. Severability. In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

18. Entire Agreement. This Bond Purchase Agreement, when accepted by the Authority in writing as heretofore specified, shall constitute the entire agreement between the Authority and the Underwriters and supersedes all prior agreements and understandings between the parties. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by the parties hereto.

19. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Bond Purchase Agreement as of the day and year first above written.

WELLS FARGO BANK, NATIONAL  
ASSOCIATION.  
as Representative of the Underwriters

By: \_\_\_\_\_  
Julie Burger, Managing Director

Accepted as of the date first above written.

GUAM POWER AUTHORITY

By: \_\_\_\_\_  
John M. Benavente, P.E., General Manager

GUAM ECONOMIC  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Melanie R. Mendiola CEO/Administrator



**EXHIBIT A**

**SCHEDULE OF MATURITIES AND INTEREST RATES**

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
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\*Priced to first optional redemption date of October 1, 20[\_] at par.

**Redemption Provisions**

Optional Redemption. The 2024 Bonds maturing on or before October 1, 20[\_] are not subject to optional redemption prior to their respective stated maturities. The 2024 Bonds maturing on or after October 1, 20[\_] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 20[\_], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

Extraordinary Optional Redemption. The 2024 Bonds are subject to redemption on any date prior to their respective stated maturities, at the option of the Authority, as a whole, or in part (by lot), and if in part so that the reduction in Annual Debt Service for the 2024 Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or any portion thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, as provided in the related Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

**EXHIBIT B**

\$\_[\_\_\_\_\_]

**GUAM POWER AUTHORITY  
REVENUE REFUNDING BONDS, 2024 SERIES A**

**FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE**

The undersigned, on behalf of Wells Fargo Bank, National Association. (the “Representative”), on behalf of itself and BofA Securities, Inc. (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”):

1. ***Sale of the 10% Test Maturities.*** As of the date of this certificate, for each Maturity of the Bonds listed as a “10% Test Maturity” in Schedule A attached hereto, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

2. ***Initial Offering Price of the Hold-the-Price Maturities.***

(a) The Underwriting Group offered the “Hold-the-Price Maturities” (as listed in Schedule A attached hereto) to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the “Initial Offering Prices”) on or before the Sale Date.

(b) With respect to the Hold-the-Price Maturities, as set forth in the Bond Purchase Agreement, dated July [ ], 2024, among the Representative, the Guam Power Authority (the “Authority”) and the Guam Economic Development Authority, the Representative, on behalf of the Underwriting Group, has agreed in writing that (i) unsold Bonds of the Hold-the-Price Maturities would be retained by the Representative and not allocated to any other Underwriter, (ii) for each Hold-the-Price Maturity, the Representative would neither offer nor sell unsold Bonds of any Maturity of the Hold-the-Price Maturities to any person at a price that is higher than the Initial Offering Price for such Maturity (the “hold-the-price rule”), and (iii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-price rule.

(c) Neither the Representative, nor any broker-dealer who is a party to a retail distribution agreement with the Representative (if any), has offered or sold any unsold bonds of any Maturity of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for that Maturity of the Hold-the-Price Maturities during the Holding Period.

3. ***Pricing Wire or Equivalent Communication.*** A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

4. ***Defined Terms.***

(a) ***10% Test Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) *Hold-the-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the Public at a price that is no higher than the Initial Offering Price to the Public.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(f) *Related Party*—a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July [ ], 2024.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate, dated [ ], 2024, executed and delivered by the Authority with respect to the Bonds, and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the Authority, in connection with rendering their opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the Authority from time to time relating to the Bonds.

Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Dated: [\_\_\_\_\_], 2024.

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION**

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE A**  
**SALE PRICES OF THE 10% TEST MATURITIES AND**  
**INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES**

<i>Maturity Date</i> <i>(October 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
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\* 10% Test Maturities.

\*\* Hold-the-Price Maturities.

<sup>C</sup> Priced to first optional redemption date of October 1, 20[\_] at par.

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
**(Attached)**

## EXHIBIT C

### Form of Supplemental Opinion of Bond Counsel

*[To be reviewed by Bond Counsel]*

[Closing Date]

Wells Fargo Bank, National Association  
New York, New York

BofA Securities, Inc.  
Los Angeles, California

Guam Power Authority  
Revenue Refunding Bonds,  
2024 Series A  

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*(Supplemental Opinion)*

Ladies and Gentlemen:

This letter is addressed to you, as Underwriters, pursuant to Section 7(b)(ii) of the Bond Purchase Agreement, dated July [ ], 2024 (the “Purchase Contract”), between you and the Guam Power Authority (the “Authority”), and approved by the Guam Economic Development Authority (“GEDA”), providing for the purchase of \$[ ] principal amount of Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the “Bonds”). The Bonds are being issued pursuant to an indenture, dated as of December 1, 1992, as amended and supplemented, including by the Ninth Supplemental Indenture, dated as of July 1, 2024 (collectively, the “Indenture”), among the Authority, Bank of Guam, as trustee (the “Trustee”) and U.S. Bank Trust Company, National Association, as co-trustee (the “Co-Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Contract.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Authority (“Bond Counsel”) concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on the Bond Opinion as though the same were addressed to you.

In connection with our role as Bond Counsel, we have reviewed the Purchase Contract, the Indenture, the Tax Certificate, certain portions of the posted preliminary official statement of the Authority, dated June [ ], 2024, with respect to the Bonds (the “Preliminary Official Statement”) and of the posted official statement of the Authority, dated July [ ], 2024, with respect to the Bonds (the “Official Statement”), the Continuing Disclosure Agreement, opinions of counsel to GEDA, the Trustee and the Co-Trustee, an opinion of the Attorney General of Guam, certificates of the



Authority, GEDA, the Trustee, the Co-Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate, the Continuing Disclosure Agreement and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public corporations of the Government of Guam. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 4 below, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view or opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.
2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding agreement of, the Authority.
3. The Continuing Disclosure Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Authority. No opinion or conclusion is expressed regarding the adequacy of the Continuing Disclosure Agreement for purposes of Securities and Exchange Commission Rule 15c2-12.

4. The statements contained in the Official Statement under the captions “THE 2024A SENIOR BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS,” “TAX MATTERS” and in Appendix C — “Summary of Certain Provisions of the Senior Indenture” and Appendix D — “Proposed Form of Bond Counsel Opinion,” excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture, or set out the form and content of our Bond Opinion, are accurate in all material respects.

5. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or (except as explicitly stated in paragraph 4 above) in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to the Authority in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Authority and GEDA, their respective counsel, and others, during which the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract, and with respect to the Official Statement did not extend beyond its date), and in reliance thereon, on oral and written statements and representations of the Authority and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to the Authority, and assuming the Bonds are issued in accordance with the terms of the Indenture, we advise you as a matter of fact and not opinion that (a) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of the date of the Preliminary Official Statement and the date of the Purchase Contract, based on the documents, drafts and facts in existence and reviewed as of those dates that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts had come to the attention of the attorneys in our firm rendering legal service with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, we expressly exclude from the scope of this paragraph and express no view or opinion, with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about real estate or environmental matters, Litigation, any management discussion and analysis, any statements about compliance with prior continuing disclosure undertakings, Appendices A, B and F, or any information about book-entry, DTC, Cede & Co., ratings, rating agencies, underwriters, underwriting, any investment agreement or any investment agreement provider included or referred to therein or omitted therefrom. No responsibility is undertaken or view expressed with respect to any other disclosure document,

materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as the Underwriters of the Bonds, is solely for your benefit as such Underwriters in connection with the purchase of the Bonds pursuant to the Purchase Contract, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by prospective owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## EXHIBIT D

### Form of Opinion of Underwriters' Counsel

[\_\_\_\_\_], 2024

Wells Fargo Bank, National Association  
New York, New York

BofA Securities, Inc.  
Los Angeles, California

Subject: \$[\_\_\_\_\_] Guam Power Authority Revenue Refunding Bonds,  
2024 Series A

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase of the above-referenced bonds (the “Bonds”) pursuant to a Bond Purchase Agreement dated July [ ], 2024 (the “Agreement”) by and among the Guam Power Authority (the “Authority”), the Guam Economic Development Authority (“GEDA”) and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

In connection with such representation, we have participated in the preparation of or have reviewed the agreements, legal opinions, certificates and other documents delivered to you pursuant to Section 7 of the Agreement. We have conferred with your representatives, and representatives of the Authority, GEDA, and Bond Counsel. We also have examined originals, executed counterparts or copies of such other agreements, legal opinions, documents, proceedings, records, instruments, certificates, certificates of public authorities and have reviewed such matters of law as we have deemed necessary for the purpose of providing this letter.

In rendering the opinions in the paragraph immediately below and providing the limited assurances hereinafter expressed, we have relied upon and assumed, with your permission and without independent investigation or verification, (i) the genuineness of all signatures on documents reviewed by us, (ii) the legal capacity of all natural persons, (iii) the authenticity and accuracy of all documents whether originals or copies, (iv) the due authorization, execution and validity of the agreements, documents, certificates executed and delivered in connection with the Bonds, and their enforceability in accordance with their terms against the other parties thereto, and (v) the correctness of the legal opinions executed and delivered in connection with the Bonds. We have also relied without further verification or confirmation upon the representations contained in agreements, documents, certificates and other communications from officials, employees or agents of the Authority, GEDA, and other public officials.

Based on the foregoing and subject to the assumptions, qualifications, limitations and expectations set forth in this letter, we are of the opinion that, under existing law, the Bonds are exempt from registration under the Securities Act of 1933, as amended, and that the Indenture, including as supplemented by the Ninth Supplemental Indenture dated as of July 1, 2024, is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are also of the opinion that the Continuing Disclosure Agreement meets with the requirements of paragraph (b)(5) of Rule 15c2-12 in effect as of the date hereof.

Without having undertaken to determine independently, or to assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement dated as of June [ ], 2024 (the "Preliminary Official Statement") and the Official Statement dated as of July [ ], 2024 (the "Official Statement") and subject to the foregoing, during the course of our work on this matter, we advise you as a matter of fact and not opinion that no facts have come to the attention of the attorneys in our firm rendering legal services in connection with this matter that cause them to believe that the Preliminary Official Statement contained as of its date and as of the date of the Agreement (excluding any information permitted to be omitted pursuant to Rule 15c2-12), and the Official Statement contained as of its date and contains as of the date hereof, any untrue statement of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, we do not assume responsibility for the accuracy, completeness, or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nor do we express any belief with respect to any financial and statistical data and forecasts, projections, numbers, estimates, assumptions, and expressions of opinion, CUSIP numbers, demographic information, information concerning The Depository Trust Company and the book-entry system, ratings, and statements contained under the caption "TAX MATTERS" contained or incorporated by reference in the Preliminary Official Statement or the Official Statement, and their Appendices, which we expressly exclude from the scope of this paragraph. Please be advised that with respect to the "CONTINUING DISCLOSURE" section of the Preliminary Official Statement and the Official Statement, our negative assurance is based solely on discussion with your representatives related to third-party compliance reports, without our having undertaken to either review applicable undertakings or the actual filings that were made.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

Very truly yours,

ESCROW AGREEMENT

By and Between

GUAM POWER AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
as Co-Trustee and Escrow Agent

Relating to

GUAM POWER AUTHORITY  
Revenue Bonds, 2014 Series A,

and

Dated as of [July] 1, 2024

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of [July] 1, 2024 (this “Escrow Agreement”), is by and between GUAM POWER AUTHORITY (the “Authority”), a public corporation and autonomous instrumentality of the Government of Guam duly organized and validly existing under and by virtue of the laws of Guam, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, co-trustee under the Indenture hereinafter identified (the “Co-Trustee”), and acting as escrow agent hereunder (in such capacity, the “Escrow Agent”).

### WITNESSETH:

WHEREAS, the Authority has heretofore issued its Revenue Bonds, 2014 Series A (the “2014 Series A Bonds”) pursuant to an Indenture, dated as of December 1, 1992 (the “General Indenture”), among the Authority, the Bank of Guam, as trustee (the “Trustee”) and the Co-Trustee, as supplemented by the Sixth Supplemental Indenture, dated as of September 1, 2014, among the Authority, the Trustee and the Co-Trustee; and

WHEREAS, the Authority has determined that it is now desirable to refund [a portion of] the remaining outstanding principal amount of the 2014 Series A Bonds (the “Refunded Bonds”); and

WHEREAS, the Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the “2024 Series A Bonds”), are being issued pursuant to the General Indenture, as heretofore amended and supplemented, and as further amended and supplemented by the Ninth Supplemental Indenture, dated as of [July] 1, 2024 (as so amended and supplemented, the “Indenture”) among the Authority, the Trustee and the Co-Trustee, among other things, to refund the Refunded Bonds; and

WHEREAS, to accomplish the defeasance of the Refunded Bonds in accordance with Article X of the Indenture, the Authority will deposit, or cause to be deposited, a portion of the proceeds of the 2024 Series A Bonds [and other available funds] with the Escrow Agent in accordance with this Escrow Agreement; and

WHEREAS, the Authority has approved the issuance, sale and delivery of the 2024 Series A Bonds and the deposit and use of the proceeds thereof in accordance with this Escrow Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION 1. Creation of Escrow Fund.** There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated as the “Guam Power Authority Revenue Bond Escrow Fund” (the “Escrow Fund”) to be held in the custody of the Escrow Agent in trust under this Escrow Agreement for the benefit of the owners of the Refunded Bonds. All securities, investments and moneys in the Escrow Fund are hereby



irrevocably pledged, and the Escrow Agent is hereby irrevocably instructed to apply such securities, investments and moneys, to meet the payment requirements set forth in SCHEDULE I attached hereto and made a part hereof, subject to the provisions of Sections 5 and 7 hereof.

**SECTION 2. Deposits to the Escrow Fund.** Concurrently with the effectiveness of this Escrow Agreement on [CLOSING DATE] (the “Closing Date”), the Authority shall deposit, or cause to be deposited, irrevocably, in trust, \$[\_\_\_\_\_], with the Escrow Agent, from the proceeds of the 2024 Series A Bonds [together with other moneys released from the Bond Fund in respect of the Refunded Bonds]. Consistent with the direction provided by the Authority in that certain subscription direction letter dated [\_\_\_\_\_, 2024], the Escrow Agent shall, on the same date, apply \$[\_\_\_\_\_] of such amount to purchase certain noncallable and non-prepayable securities and investments, all as set forth in SCHEDULE II attached hereto and made a part hereof, which securities the Authority represents are Eligible Securities (as hereinafter defined), maturing on the dates and in the amounts necessary (with any other moneys then to the credit of the Escrow Fund) to make the payments described in Section 5, and shall retain in the Escrow Fund \$[\_\_\_\_\_] in cash uninvested, which Eligible Securities and cash shall be held in trust, in or to the credit of the Escrow Fund.

For purposes of this Escrow Agreement, the term “Escrowed Securities” means the securities listed in SCHEDULE II hereto.

For purposes of this Escrow Agreement, the term “Eligible Securities” with respect to the Refunded Bonds, means (1) noncallable and nonprepayable direct obligations of the United States of America for which the full faith and credit of the United States of America are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or (2) cash (insured at all times by federal deposit insurance or otherwise collateralized with obligations listed in (1) above).

**SECTION 3. Investment of Escrow Fund.** The Escrow Agent will purchase the Escrowed Securities in its name as provided in Section 2 and will hold such Escrowed Securities and any earnings received thereon in the related Escrow Fund as set forth herein and disburse such amounts as provided herein. The Escrow Agent shall collect amounts due and shall apply such amounts as needed to make the payments and transfers required by this Escrow Agreement and may substitute, upon the written direction of the Authority, Eligible Securities subject to the terms and limitations of Section 7, but otherwise shall have no power or duty to sell, transfer or otherwise dispose of the Escrowed Securities or cash held under the terms of this Escrow Agreement.

In the event that at any time the Authority is of the opinion that for purposes of Section 13 it is necessary to restrict or limit the yield on the investment of any moneys held by the Escrow Agent pursuant to this Escrow Agreement, the Authority shall instruct the Escrow Agent in writing, and the Escrow Agent shall take such action as may be directed in accordance with such instructions; but no such action shall impair the ability of the Escrow Agent to apply necessary amounts in the Escrow Fund for the purposes set forth in Section 5 below.

**SECTION 4. Creation of Lien on Escrow Fund.** The Escrow Fund created hereby shall be and hereby declared by the Authority to be and is irrevocable, and the Escrow Agent is hereby appointed to act for the benefit of the holders of the Refunded Bonds, which holders are hereby granted an exclusive lien on the Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 5(a) below. The Escrow Agent shall hold such moneys and investments for the sole benefit of the holders of the Refunded Bonds separate and apart from, and not commingled with, any other moneys or investments.

**SECTION 5. Use of Escrow Fund.** (a) The Escrow Agent, in its capacity as Co-Trustee, is hereby irrevocably instructed by the Authority to, and shall, apply amounts in the Escrow Fund at such times and in such amounts as are necessary to redeem the Refunded Bonds on the date set forth in, and shall pay all interest due thereon, all according to SCHEDULE I attached hereto. This Section 5(a) shall constitute the Request of the Authority referred to in Section 10.03 of the Indenture.

(b) [subject to change depending upon final flow of funds] As soon as practicable following the application of amounts in the Escrow Fund in accordance with SCHEDULE I, but in any event not later than [October 2, 2024], the Escrow Agent shall transfer \$[\_\_\_\_\_] of the remaining balance of moneys in the Escrow Fund to the Co-Trustee. The Co-Trustee is hereby directed by the Authority to deposit such amounts in the Bond Fund for application in accordance with the Indenture. Following such transfer, the Escrow Agent shall apply any remaining balance of moneys in the Bond Escrow Account in accordance with Section 10.04 of the Indenture.

**SECTION 6. Notices of Redemption.** The Authority hereby irrevocably instructs the Escrow Agent, in its capacity as Co-Trustee, to give notice of redemption of the Refunded Bonds on the Closing Date, in the manner required by Section 4.03 of the Indenture, which notices shall be in the forms set forth in Appendix A attached hereto and made a part hereof.

**SECTION 7. Reinvestment; Substitution; Transfer of Excess Funds.**

(a) Interest income and other amounts received by the Escrow Agent as payments on the Escrowed Securities shall be held as part of the Escrow Fund to be used for the purposes set forth in Section 5 of this Escrow Agreement and shall be held uninvested, except as set forth in Section 2 of this Escrow Agreement.

(b) At the written request of the Authority, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell or otherwise dispose of all or a portion of the cash or Escrowed Securities held in the Escrow Fund hereunder and substitute therefor other Eligible Securities (the “Substituted Investments”). The Escrow Agent shall purchase such Substituted Investments with the proceeds derived from the sale, other disposition or redemption of such investments. The substitution of investments described above may be effected only if: (i) the Authority delivers to the Escrow Agent a certificate from a firm of independent certified public accountants (an “Accountant”), verifying that the maturing principal amount of the proposed Substituted Investments, and the interest to be earned thereon, together with the

moneys and other Escrowed Securities held by such Escrow Agent, if any, will be sufficient without regard to subsequent reinvestments to pay the principal of and premium, if any, and interest on the Refunded Bonds to their redemption date upon completion of such substitution (the “Accountant Certificate”); (ii) the Authority shall furnish the Escrow Agent with an opinion of nationally recognized bond counsel to the effect that the substitution is then permitted by law and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on any 2024 Series A Bonds or on any Refunded Bonds (the “No Adverse Effect Opinion”) and (iii) the Authority shall furnish to the Escrow Agent the written consent of each Credit Provider (as defined in the Indenture) for the Refunded Bonds to the substitution.

(c) In addition to the transfer set forth in Section 5(b), if the Escrow Agent receives a report of an Accountant acceptable to the Authority to the effect that the moneys and investments in the Escrow Fund, including earnings thereon, will be in excess of the amount necessary to pay all of the obligations, when due, for which such Escrow Fund shall have been established, and a No Adverse Effect Opinion to its satisfaction, then the Escrow Agent shall transfer the amount of any excess to the Trustee. The Trustee is hereby directed by the Authority to deposit such amounts in the Revenue Fund for application in accordance with the Indenture.

#### **SECTION 8. Liability of Escrow Agent.**

(a) The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on the Escrow Fund or moneys on deposit therein for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Escrow Fund or Escrowed Securities purchased at the direction of the Authority to pay the principal of and premium, if any, and interest on the Refunded Bonds.

(c) In the event of the Escrow Agent’s failure to account for the Escrow Fund or moneys received by it, the Escrow Fund or said moneys shall, nevertheless, be and remain in trust for the holders of the Refunded Bonds, or portions thereof, as herein provided.

(d) The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.

(e) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected as stated in this Escrow Agreement, in acting, or refraining from acting, upon written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(f) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent is not required to resolve conflicting demands to moneys or property in its possession under this Escrow Agreement.

(g) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(h) The Escrow Agent shall not be responsible for the correctness of any of the recitals or representations contained herein, in the Indenture, or in the 2024 Series A Bonds.

(i) The Escrow Agent may become the owner of, or acquire any interest in, any of the 2024 Series A Bonds and the Refunded Bonds with the same rights that it would have if it were not the Escrow Agent and may engage or be interested in any financial or other transaction with the Authority.

(j) The Escrow Agent shall be afforded the same rights and protections afforded the Co-Trustee under the Indenture.

(k) The Escrow Agent shall not be liable for any action or omission of the Authority under this Escrow Agreement, the Indenture, or otherwise.

(l) No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

**SECTION 9. Records and Reports.** The Escrow Agent shall keep books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocations and application of the moneys and Escrow Securities deposited to the Escrow Fund and all proceeds thereof. With respect to each investment of the proceeds of Escrow Securities, the Escrow Agent shall record, to the extent applicable, the purchase price of such investment, its fair market value, its coupon rate, its yield to maturity, the frequency of its interest payment, its disposition price, the accrued interest due on its disposition date and its disposition date. Such books shall be available for inspection at reasonable hours and under reasonable conditions upon reasonable prior notice by the Authority and the owners of the Refunded Bonds.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, if any, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Authority and the Trustee periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent.

**SECTION 10.** *Successor Escrow Agent.* Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business (so long as such company meets the requirements set forth below), shall be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

The Escrow Agent may resign by notifying the Authority at least 45 days before the effective date of such resignation. The Authority may remove the Escrow Agent and appoint a successor by notifying the Escrow Agent. No such resignation or removal shall be effective until a successor Escrow Agent meeting the requirements set forth in the next paragraph has delivered an acceptance to the Authority and the Escrow Agent of (a) its appointment and (b) the cash and securities held under the terms of this Escrow Agreement. If the Authority does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent.

Each Escrow Agent appointed under the provisions of this Section 10 in succession to the initial Escrow Agent shall be a trust company or bank having the powers of a trust company which either (i) has a combined capital and surplus of at least fifty million dollars (\$50,000,000), and is subject to supervision or examination by federal or state authority or (ii) is a wholly owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests in clause (i). If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Escrow Agent shall cease to be eligible in accordance with the provisions of this paragraph, the Escrow Agent shall resign immediately in the manner and with the effect specified in this Section 10.

**SECTION 11.** *Termination.* This Escrow Agreement shall terminate when all payments and transfers required to be made by the Escrow Agent under the provisions of Section 5 hereof shall have been made and any moneys and investments remaining in the Escrow Fund at the time of such termination shall have been transferred as required by subsection 5(b), and the Escrow Agent has made a final account statement to the Authority.

**SECTION 12.** *Tax Status of Interest on Bonds.* The Authority covenants and agrees for the benefit of the holders of the Refunded Bonds that it will not perform or permit to be performed any thing or act in such manner as would cause interest on the Refunded Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”). None of the proceeds received from the sale of the 2024 Series A Bonds will be used, directly or indirectly, in any manner which would result in

such 2024 Series A Bonds being classified as “arbitrage bonds” within the meaning of Section 148(a) of the Code.

**SECTION 13.** *Severability.* If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

**SECTION 14.** *Successors and Assigns.* All of the covenants and agreements in this Escrow Agreement contained to be performed by or on behalf of the Authority or the Escrow Agent shall bind and inure to the benefit of their respective successors and permitted assigns, whether or not so expressed.

**SECTION 15.** *Compensation of Escrow Agent.* The Escrow Agent shall be entitled to payment of fees for its services and reimbursement of reasonable disbursements and advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Escrow Agent in connection with its services under this Escrow Agreement in accordance with the Escrow Agent’s fee schedule as agreed to with the Authority; provided, however, that such amount shall never be deducted or payable from, or constitute a lien or charge against or upon the Escrow Fund.

**SECTION 16.** *Governing Law.* This Escrow Agreement shall be governed by the applicable laws of Guam.

**SECTION 17.** *Business Day.* Whenever under the terms of this Escrow Agreement the performance date of any act to be done hereunder shall fall on a day which is a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close, the performance thereof on the next succeeding day which is not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close shall be deemed to be in full compliance with this Escrow Agreement.

**SECTION 18.** *Headings.* Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, are for convenience of reference only and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 19.** *Counterparts.* This Escrow Agreement may be executed in any number of counterparts, each of which for all purposes shall be deemed to be one original and all of which shall together constitute but one and the same instrument.

**SECTION 20.** *Amendment.*

(a) The parties hereto may, without the consent of or notice to the holders of the Refunded Bonds, but subject to subsection (b), below, enter into such amendments to this Escrow Agreement as shall not adversely affect the rights of such holders hereunder and shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in this Escrow Agreement;

(ii) to grant to, or confer upon the Escrow Agent, for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon the Escrow Agent;

(iii) to subject to this Escrow Agreement additional funds, revenues, securities or properties;

(iv) to conform this Escrow Agreement to the provisions of any law or regulation governing the exclusion from gross income of interest on the Refunded Bonds or the 2024 Series A Bonds for federal income tax purposes to maintain their such exclusion; and

(v) to make any other change determined by the Authority to be not materially adverse to the holders of the unpaid Refunded Bonds. In making such determination, the Authority and the Escrow Agent may rely on the opinion of legal counsel.

(b) Notwithstanding anything to the contrary herein, there shall be no amendment of this Escrow Agreement in any way relating to or otherwise affecting the Refunded Bonds which are 2014 Insured Bonds (as such term is defined in the Indenture) or the Escrow Fund without first giving notice to and obtaining the prior written consent of the 2014 Series A Credit Provider (as such term is defined in the Indenture). For purposes hereof, notices to the 2014 Series A Credit Provider shall be provided to: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 216282-N, Telephone: (212) 974-0100, Telecopier: (212) 339-3556.

IN WITNESS WHEREOF, GUAM POWER AUTHORITY and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
Authorized Officer

[Signature page – Escrow Agreement for GPA 2014 Series A (2024)]



U. S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Co-Trustee and Escrow  
Agent

By \_\_\_\_\_  
Authorized Officer

[Signature page – Escrow Agreement for GPA 2014 Series A (2024)]

*Accepted and Agreed to, Solely as to the  
Directions in Section 7(c):*

BANK OF GUAM, as Trustee and Depositary

By \_\_\_\_\_  
Authorized Officer

[Acceptance page – Escrow Agreement for GPA 2014 Series A (2024)]

]

SCHEDULE I—Required Payments for Refunded Bonds

Guam Power Authority  
Revenue Bonds, 2014 Series A

[See Exhibit [\_\_] of Verification Report attached as Exhibit B]

SCHEDULE II—Investments and Securities Relating to the Refunded Bonds

[See Exhibit [ ] of Verification Report attached as Exhibit B]

**Appendix A**  
**Forms of Redemption Notices for Refunded Bonds**

[FORM OF]

**NOTICE OF OPTIONAL REDEMPTION  
GUAM POWER AUTHORITY  
REVENUE BONDS, 2014 SERIES A**

NOTICE is hereby given to the owners of the Guam Power Authority Revenue Bonds, 2014 Series A, maturing on the dates and in the amounts identified below, and to the other parties listed on Exhibit A hereto, that the Guam Power Authority (the “Authority”) has duly called for redemption and on October 1, 2024 (the “Redemption Date”), prior to the stated maturity, will redeem:

\$[REFUNDED PAR] aggregate principal amount of Guam Power Authority Revenue Bonds, 2014 Series A, dated September 30, 2014, and maturing after October 1, 2024 (the “Redeemed 2014 Series A Bonds”), at a redemption price equal to 100% of the principal amount redeemed, plus accrued and unpaid interest to the Redemption Date, without premium.

The Redeemed 2014 Series A Bonds to be redeemed mature on the dates, are in the amounts, bear interest at the rates, and have the CUSIP numbers, as set forth below:

<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>CUSIP Numbers</u>
October 1, 20[ ]	[ ]%	\$[ ]	[ ]

All of the above-designated Redeemed 2014 Series A Bonds are to be redeemed on the Redemption Date, at the redemption price, plus accrued interest, without premium, as set forth above, from moneys irrevocably deposited in trust with U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”) pursuant to an Escrow Agreement, dated as of [July] 1, 2024, by and between the Authority and the Escrow Agent. From and after the Redemption Date interest shall cease to accrue, and the Redeemed 2014 Series A Bonds shall thereupon be surrendered.

Upon presentation and surrender of such Redeemed 2014 Series A Bonds, on and after the Redemption Date, payment of the aforesaid redemption price, will be made, at the option of the holder thereof, at the office of U.S. Bank Trust Company, National Association, to holders upon such presentation and surrender at the following addresses:

If by Mail (Registered Bonds):

U.S. Bank Trust Company, National Association  
Corporate Trust Services  
P.O. Box 64111  
St. Paul, MN 55154-0111

If by Hand or Overnight Mail:

U.S. Bank Trust Company, National Association  
Corporate Trust Services  
60 Livingston Avenue  
1<sup>st</sup> Floor Bond Drop Window  
St. Paul, MN 55107

Bondholders presenting their Redeemed 2014 Series A Bonds in person for same day payment must surrender their Redeemed 2014 Series A Bond(s) by 1:00 P.M. CST on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Redeemed 2014 Series A Bond, you are not required to endorse the Redeemed 2014 Series A Bond to collect the Redemption Price.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if tax identification number is not properly certified.

CUSIP numbers are provided for convenience only, and neither the Authority nor the Co-Trustee bears any responsibility for the accuracy thereof.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2024.

Guam Power Authority

By: U.S. Bank Trust Company, National  
Association  
as Co-Trustee

Exhibit A

Other Notice Parties – 2014 Series A Bonds

The Depository Trust Company  
711 Stewart Avenue  
Garden City, NY 11530

Bank of America, N.A.  
One Bryant Park, NY1-100-09-01  
New York, NY 10036  
Attention: Municipal Derivative Trading  
Telephone: (212) 449-5413  
Telecopy: (212) 449-0748

Bank of America, N.A.  
540 West Madison, 9th Floor  
Chicago, IL 60661  
Attention: Municipal Derivatives Middle Office  
Telephone: (312) 234-3450  
Telecopy: (312) 453-2115

Bank of America, N.A.  
50 Rockefeller Plaza, NY1-050-10-01  
New York, New York 10020-1605  
Attention: Client Integration and Documentation  
Facsimile No.: 212-548-8622

Standard & Poor's  
55 Water Street  
New York, New York 10041

Moody's Investors Service, Inc.  
7 World Trade Center at 250 Greenwich Street  
New York, New York 10007

Fitch Ratings  
One State Street Plaza  
New York, NY 10004  
Attention: Public Finance Surveillance

[At least two "Information Services" as defined in the Indenture]



**Appendix B**  
**Verification Report**

[attach final Verification Report]

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2024****NEW ISSUE – BOOK-ENTRY-ONLY****RATINGS: (See “RATINGS” herein)**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Guam Power Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). In the further opinion of Bond Counsel, interest on the 2024A Senior Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that, under 48 U.S.C. Section 1423a, interest on the 2024A Senior Bonds is exempt from taxation by the Government of Guam, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. Bond Counsel observes that interest on the 2024A Senior Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024A Senior Bonds. See “TAX MATTERS” herein.*

\$ \_\_\_\_\_ \*

**Guam Power Authority  
Revenue Refunding Bonds, 2024 Series A**

**Dated: Date of Delivery**

Due: October 1, as shown on the inside front cover

*This cover page contains certain information for general reference only. It is not a summary of the security for or terms of the 2024A Senior Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.*

The Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the “**2024A Senior Bonds**”), will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository of the 2024A Senior Bonds. Individual purchases of the 2024A Senior Bonds will be made in book-entry form only. Interest on the 2024A Senior Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2024. The 2024A Senior Bonds will be issued only in book-entry form in denominations of \$5,000 or any integral multiple thereof. Payments of principal, redemption price of, if applicable, and interest on the 2024A Senior Bonds are required to be made to purchasers by DTC through the DTC participants. See APPENDIX F—BOOK-ENTRY SYSTEM herein. Purchasers will not receive physical delivery of 2024A Senior Bonds purchased by them.

The 2024A Senior Bonds are subject to redemption prior to maturity, as described herein.

The 2024A Senior Bonds are being issued pursuant to an Indenture, dated as of December 1, 1992, as subsequently amended and supplemented by supplemental indentures, including by the Ninth Supplemental Indenture, dated as of \_\_\_\_\_ 1, 2024 (collectively, the “**Senior Indenture**”), each by and among the Guam Power Authority (the “**Authority**”), the Bank of Guam, as Trustee (the “**Senior Trustee**”) and Depository (the “**Senior Depository**”), and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Co-Trustee (the “**Senior Co-Trustee**”).

The 2024A Senior Bonds are being issued for the purposes of (i) refunding all or a portion of the Authority’s outstanding 2014 Senior Bonds (as defined herein), and (ii) paying expenses incurred in connection with the issuance of the 2024A Senior Bonds and the refunding of such 2014 Senior Bonds. See “REFUNDING PLAN” herein.

The 2024A Senior Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues, subject to the prior application of such Revenues for the payment of Maintenance and Operation Expenses, all of the proceeds of the 2024A Senior Bonds (except proceeds allocated to refund the 2014 Senior Bonds) and any other amounts held in any Fund or Account established pursuant to the Senior Indenture (except amounts held in the Rebate Fund), on a parity with any outstanding and future Senior Bonds. “**Revenues**” generally consist of any and all rates and charges received in connection with the operation of the electric power system of the Authority (the “**System**”).

Neither the Government of Guam nor any political subdivision thereof is obligated to pay the principal or redemption price of, if applicable, or interest on the 2024A Senior Bonds, except from such Revenues, and neither the Authority, the Government of Guam nor any political subdivision thereof has pledged its faith or credit to the payment of such principal, redemption price, if applicable, and interest.

AN INVESTMENT IN THE 2024A SENIOR BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED HEREIN UNDER THE HEADINGS “INTRODUCTION,” “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS,” “THE GUAM POWER AUTHORITY,” “FINANCIAL MATTERS,” AND “BONDHOLDER RISKS,” AND ELSEWHERE IN THIS OFFICIAL STATEMENT.

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\* Preliminary, subject to change.

*The 2024A Senior Bonds will be offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel to the Authority. It is expected that the 2024A Senior Bonds, in book-entry form will be available for delivery through the DTC book-entry system in New York, New York on or about \_\_\_\_\_, 2024\*.*

**Wells Fargo Securities**

**BofA Securities**

\_\_\_\_\_, 2024

**MATURITY SCHEDULE**

\$ \_\_\_\_\_\*

**Guam Power Authority  
Revenue Refunding Bonds, 2024 Series A**

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP† No.</u> <u>400653</u>
	\$	%	%	

\$ \_\_\_\_\_\* \_\_\_\_% 2024A Term Bonds due October 1, \_\_\_\_, Yield \_\_\_\_%, CUSIP† No. \_\_\_\_\_

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with either the Authority or the Guam Economic Development Authority (“GEDA”) and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity or maturities are subject to change after the issuance of the 2024A Senior Bonds. None of the Authority, GEDA or the Underwriters take responsibility for the accuracy of the CUSIP numbers, and no representation is made as to their correctness on the applicable 2024A Senior Bond certificates or in this Official Statement.

**CONSOLIDATED COMMISSION ON UTILITIES**

Joseph T. Duenas  
Chairman

Francis E. Santos  
Vice Chairman and  
Chairman of Finance and Budget Committee

Pedro Roy Martinez  
Secretary

Michael Limtiaco  
Commissioner

Simon A. Sanchez II  
Commissioner

**GUAM POWER AUTHORITY**

John M. Benavente, P.E.  
General Manager

John J.E. Kim  
Chief Financial Officer

Jennifer G. Sablan, P.E., CEA, CEM  
Assistant General Manager, Operations

John J. Cruz, Jr., P.E.  
Assistant General Manager,  
Engineering & Technical Services

Beatrice P. Limtiaco  
Assistant General Manager, Administration

Marianne Woloschuk  
General Counsel

**GOVERNMENT OF GUAM**

Lourdes A. Leon Guerrero  
Governor

Joshua F. Tenorio  
Lieutenant Governor

**GUAM ECONOMIC DEVELOPMENT AUTHORITY**

Melanie Mendiola  
Chief Executive Officer/Administrator

Carlos Bordallo  
Deputy Administrator

Christina D. Garcia  
Public Finance Manager

**SPECIAL SERVICES**

*Bond Counsel and Disclosure Counsel*  
Orrick, Herrington & Sutcliffe LLP

*Trustee and Depositary*  
Bank of Guam  
Hagåtña, Guam

*Independent Auditors*  
Ernst & Young LLP

*Co-Trustee and Paying Agent*  
U.S. Bank Trust Company, National Association  
Los Angeles, California

*Dissemination Agent*  
Digital Assurance Certification, L.L.C.  
Winter Park, Florida

*Verification Agent*  
\_\_\_\_\_  
\_\_\_\_\_

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024A Senior Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2024A Senior Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

CAUTIONARY STATEMENTS REGARDING  
FORWARD LOOKING STATEMENTS IN  
THIS OFFICIAL STATEMENT

Certain statements contained or incorporated by reference in this Official Statement are not intended to reflect historical facts but are estimates and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the expectations or forecasts described herein. In this respect, the words “estimate,” “project,” “forecast,” “anticipate,” “expect,” “assume,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements described herein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority does not plan to issue any updates or revisions to such forward-looking statements whether or not its expectations, or any events, conditions or circumstances on which such statements are based, do or do not occur.

The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions stated herein or in the affairs of the Authority since the date hereof.

The 2024A Senior Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2024A Senior Bonds have not been registered or qualified under the securities laws of any state.

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\$ \_\_\_\_\_ \*

**Guam Power Authority  
Revenue Refunding Bonds,  
2024 Series A**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, inside cover page, table of contents and appendices hereto (collectively, the “**Official Statement**”), is to provide information in connection with the offering by the Guam Power Authority (the “**Authority**”) of its \$ \_\_\_\_\_\* Revenue Refunding Bonds, 2024 Series A (the “**2024A Senior Bonds**”). All capitalized terms used in this Official Statement and not otherwise defined in this Official Statement shall have the respective meanings given to them in the Senior Indenture hereinafter mentioned.

This Introduction is not a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in this entire Official Statement, including the cover and inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement. Brief descriptions of the 2024A Senior Bonds, the Authority and the Territory of Guam (“**Guam**”) are provided herein. Such descriptions do not purport to be comprehensive or definitive. All references to the 2024A Senior Bonds and the Indenture are qualified in their entirety by reference to the complete forms thereof. The summaries and descriptions of other documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each such document, statute and constitutional provision. The offering of the 2024A Senior Bonds to potential investors is made only by means of this entire Official Statement.

**Authorization**

The 2024A Senior Bonds are authorized to be issued pursuant to Chapter 8 of Title 12 of the Guam Code Annotated (the “**Act**”), and by Public Law No. 37-95, approved by the 37<sup>th</sup> Guam Legislature on April 26, 2024, and signed by the Governor of Guam on May 8, 2024 (the “**Authorizing Legislation**”). The Consolidated Commission on Utilities (the “**CCU**”) has approved the issuance, sale and delivery of the 2024A Senior Bonds pursuant to Resolution No. 2024-23, adopted on May 28, 2024 (the “**2024A Senior Bond Resolution**”). The issuance and sale of the 2024A Senior Bonds have also been approved by Guam Economic Development Authority (“**GEDA**”) pursuant to Resolution No. 24-\_\_\_, adopted on May 30, 2024 (the “**2024 GEDA Resolution**”). The terms of the 2024A Supplemental Senior Indenture (as defined herein) and the respective amounts and certain terms of the 2024A Senior Bonds were approved by the Guam Public Utilities Commission (the “**PUC**”) on May 30, 2024 pursuant to GPA Docket No. 24-19 (the “**PUC 2024 Bond Docket**”).

The 2024A Senior Bonds are being issued pursuant to an Indenture, dated as of December 1, 1992 (the “**General Indenture**”), as subsequently amended and supplemented, including as supplemented by the Ninth Supplemental Indenture, dated as of \_\_\_\_\_ 1, 2024 (the “**2024A Supplemental Senior Indenture**” and together with the General Indenture as previously amended and supplemented, the “**Senior Indenture**”), each by and among the Authority, Bank of Guam, as trustee (the “**Senior Trustee**”), and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Co-Trustee (the “**Senior Co-Trustee**”).

As of July 1, 2024, the Authority had outstanding pursuant to the Senior Indenture \$442,740,000 aggregate principal amount of Senior Bonds (as defined herein), consisting of \$232,955,000 aggregate principal amount of its Revenue Refunding Bonds, 2022 Series A (Tax-Exempt Forward Delivery) (the “**2022 Senior Bonds**”), \$143,990,000 aggregate principal amount of its Revenue Refunding Bonds, 2017 Series A (the “**2017 Senior Bonds**”), and \$65,795,000 aggregate principal amount of its Revenue Bonds, 2014 Series A (the “**2014 Senior Bonds**”), all or a portion of which will be refunded with the proceeds of the 2024A Senior Bonds. The 2014 Senior Bonds, the 2017

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\* Preliminary, subject to change.



Senior Bonds and the 2022 Senior Bonds are collectively referred to herein as the “**Prior Senior Bonds**”. The Prior Senior Bonds, the 2024A Senior Bonds and any additional revenue bonds that may be issued under the Senior Indenture on a parity therewith are collectively referred to herein as the “**Senior Bonds**.” The 2024A Senior Bonds, when issued, will be secured on a parity with all other Senior Bonds that have been and may be issued and outstanding under the Senior Indenture.

No Subordinate Bonds are currently outstanding under the Subordinate Indenture, dated as of June 1, 2010 (the “**Subordinate Indenture**”), by and among the Authority, the Bank of Guam as trustee, and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as co-trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS—Subordinate Obligations.”

### **Purposes of the 2024A Senior Bonds**

The 2024A Senior Bonds are being issued for the purposes of (i) refunding all or a portion of the outstanding 2014 Senior Bonds and (ii) paying expenses incurred in connection with the issuance of the 2024A Senior Bonds and the refunding of the 2014 Senior Bonds. See “REFUNDING PLAN.”

### **Security for the 2024A Senior Bonds**

The 2024A Senior Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues (as defined herein), subject to the prior application of such Revenues for the payment of Maintenance and Operation Expenses (as defined herein), all of the proceeds of the 2024A Senior Bonds (except proceeds allocated to refund the 2014 Senior Bonds) and any other amounts held in any Fund (as defined herein) or Account (as defined herein) established pursuant to the Senior Indenture (except amounts held in the Rebate Fund), on a parity with any outstanding and future Senior Bonds. “**Revenues**” generally consist of any and all rates and charges received in connection with the operation of the electric power system of the Authority (the “**System**”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS.”

### **Senior Bond Reserve Fund**

The Senior Bonds, including the 2024A Senior Bonds, are secured by a Bond Reserve Fund established under the Senior Indenture (the “**Senior Bond Reserve Fund**”), the balance in which is required to be maintained in an amount equal to the maximum annual debt service on the outstanding Senior Bonds (the “**Senior Bond Reserve Fund Requirement**”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS.”

### **Additional Senior Bonds**

The Senior Indenture provides that the Authority may issue additional bonds payable from the Revenues on a parity basis with the then outstanding Senior Bonds, subject to the terms and conditions of the Senior Indenture, as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS—Additional Senior Bonds.”

### **Rate Covenant**

The Authority has covenanted in the Senior Indenture to at all times that any Senior Bonds remain Outstanding under the Senior Indenture to establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the System so as to yield Net Revenues, with respect to the then immediately ensuing 12 months, which are equal to at least 1.30 times the Annual Debt Service on Outstanding Senior Bonds to be paid from Net Revenues during such 12-month period. “**Net Revenues**” are defined in the Senior Indenture to mean, for any particular period, all of the Revenues received during such period less all Maintenance and Operation Expenses incurred during such period. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS—Senior Rate Covenant.”

## **Investment Considerations**

The purchase of the 2024A Senior Bonds involves certain investment risks that are described throughout this Official Statement. In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider the risks associated with the 2024A Senior Bonds. For a summary of certain risk factors associated with an investment in the 2024A Senior Bonds, see “BONDHOLDER RISKS.”

## **Continuing Disclosure**

Pursuant to a Master Continuing Disclosure Agreement, as supplemented by a supplemental Continuing Disclosure Agreement, the forms of which is attached hereto as APPENDIX E, the Authority will covenant for the benefit of the holders and beneficial owners of the 2024A Senior Bonds to provide annually certain financial information and operating data relating to the System by not later than 240 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends September 30) (the “**Annual Report**”), commencing with the report for Fiscal Year 2024, and to provide notices of the occurrence of certain events listed in Rule 15c2-12 of the Securities Exchange Commission (“**Rule 15c2-12**”). Each Annual Report, and any notices of specified events, will be filed by the Authority with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“**EMMA**”) system website. The specific nature of the information to be contained in the Annual Reports and the specified events of which the Authority is to provide notice are set forth in APPENDIX E— MASTER CONTINUING DISCLOSURE AGREEMENT AND PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12.

## **Forward-Looking Statements**

Certain statements contained or incorporated by reference in this Official Statement are not intended to reflect historical facts but are estimates and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the expectations or forecasts described herein. In this respect, the words “estimate,” “project,” “forecast,” “anticipate,” “expect,” “assume,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority does not plan to issue any updates or revisions to such forward-looking statements whether or not its expectations, or any events, conditions or circumstances on which such statements are based, do or do not occur.

## **Miscellaneous**

Certain demographic, economic and financial information regarding Guam is included in APPENDIX A. The basic financial statements of the Authority for the Fiscal Years ended September 30, 2023 and 2022 have been audited by Ernst & Young LLP, independent auditors and contained an emphasis of matters. Reference should be made to the audited financial statements included in APPENDIX B for a complete understanding of the information provided therein.

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made with respect hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the System since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the 2024A Senior Bonds.

## REFUNDING PLAN\*

Subject to market conditions, the Authority is issuing the 2024A Senior Bonds (i) to refund all or a portion of the Authority's outstanding 2014 Senior Bonds and (ii) to pay costs of issuing the 2024A Senior Bonds and of refunding such 2014 Senior Bonds.

The 2014 Senior Bonds which may be selected to be refunded are shown in the table below (the "**Refunding Candidates**") and, as selected on the day of pricing based on market conditions, the "**Refunded Bonds**") will be defeased and refunded to the redemption date with a portion of the proceeds of the 2024A Senior Bonds and other available funds of the Authority.

### REFUNDING CANDIDATES

*Guam Power Authority  
Revenue Bonds, 2014 Series A*

<u>Maturity Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No. (400653)<sup>†</sup></u>
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<sup>†</sup> Term Bond

The refunding of the Refunded Bonds is expected to be effected by depositing a portion of the proceeds of the 2024A Senior Bonds, together with other available funds of the Authority, in an escrow fund (the "**Escrow Fund**"). The moneys in the Escrow Fund will be applied to the purchase of non-callable and non-prepayable obligations of the United States of America (the "**Escrow Securities**") or held uninvested as cash. The Escrow Securities, if any, will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their terms, such amounts, and/or any amounts held as cash in the Escrow Fund, will provide sufficient available moneys to pay the redemption price (*i.e.*, 100% of the principal amount) of and accrued interest on the Refunded Bonds on the redemption date. The Escrow Fund will be held by the Senior Co-Trustee, as escrow agent, in an irrevocable trust, and used for the payment of the principal of and interest on the Refunded Bonds when due.

Upon the making of the deposit described in the immediately preceding paragraph, the pledge of the Revenues and other moneys and securities securing the Refunded Bonds (other than amounts in the Escrow Fund) will be discharged, and the Refunded Bonds will no longer be deemed to be Outstanding under the Senior Indenture.

Not later than the date of delivery of the 2024A Senior Bonds, the Authority will receive a report from \_\_\_\_\_, a firm of independent certified public accountants (the "**Verification Agent**"), verifying the adequacy of the maturing principal amounts of the Escrow Securities and/or cash on deposit in the Escrow Fund to pay the redemption price of and accrued interest on the Refunded Bonds on the Redemption Date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

\* Preliminary, subject to change.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the 2024A Senior Bonds are expected to be applied as shown below:

	<b>2024A Senior Bonds</b>
<b>Sources:</b>	
Principal Amount	\$
[Plus/Less] Original Issue [Premium/Discount]	
Funds released from Senior Bond Reserve Fund	
Funds released from Bond Fund	
Total Sources	
 <b>Uses:</b>	
Deposit to Escrow Fund	
Costs of Issuance <sup>(1)</sup>	
Total Uses	

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<sup>(1)</sup>Includes Underwriters’ discount, Senior Trustee and Senior Co-Trustee fees, escrow and verification fees, legal fees and expenses, rating agency fees, printing costs and other miscellaneous costs of issuing the 2024A Senior Bonds and of refunding the Refunded Bonds.

**THE 2024A SENIOR BONDS**

**Authority for the 2024A Senior Bonds**

The 2024A Senior Bonds are authorized to be issued pursuant to the Act, the Authorizing Legislation and by the 2024A Senior Bond Resolution. Section 50103(k) of the Act provides that agencies and instrumentalities of the Government of Guam (the “**Government**”), including public corporations, shall issue bonds only through the agency of GEDA, and the Act requires the terms of the Senior Indenture and the amount and certain terms of the 2024A Senior Bonds to be approved by the PUC. The issuance and sale of the 2024A Senior Bonds have been approved by the Board of Directors of GEDA pursuant to the 2024 GEDA Resolution. The terms of the 2024A Supplemental Senior Indenture and the respective amounts and certain terms of the 2024A Senior Bonds were approved by the PUC pursuant to the PUC 2024 Bond Docket.

For a summary of certain provisions of the Senior Indenture, see APPENDIX C hereto. For a description of the pledged Revenues and the existing liens on the Revenues, see “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS.”

**Description of the 2024A Senior Bonds**

The 2024A Senior Bonds are being issued in the aggregate principal amounts and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover of this Official Statement.

The 2024A Senior Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). So long as DTC, or its nominee, is the registered owner of all 2024A Senior Bonds, all payments of principal and Redemption Price, if applicable, of and interest on the 2024A Senior Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the 2024A Senior Bonds will be the responsibility of the DTC Participants as more fully described herein. If the book-entry system is discontinued, interest on and principal (including Redemption Price) of the 2024A Senior Bonds will be payable by check mailed by first-class mail to the persons in whose names the 2024A Senior Bonds are registered on the 15<sup>th</sup> day of the calendar month immediately preceding each such Interest Payment Date (each, a “**Record Date**”), or, upon the written request of a registered owner of \$1,000,000 or more in aggregate

principal amount of 2024A Senior Bonds of a Series received prior to the applicable Record Date, by wire transfer. See APPENDIX F—BOOK-ENTRY SYSTEM herein.

The 2024A Senior Bonds will be dated their date of issuance, and bear interest from that date, payable semiannually on April 1 and October 1 of each year (each an “**Interest Payment Date**”), commencing October 1, 2024. Interest will be calculated on the basis of a 360-day year comprised of 12 30-day months.

**Redemption of the 2024A Senior Bonds\***

**Optional Redemption.** The 2024A Senior Bonds maturing on or before October 1, \_\_\_ are not subject to optional redemption prior to their respective stated maturities. The 2024A Senior Bonds maturing on or after October 1, \_\_\_ are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, \_\_\_, as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

**Mandatory Sinking Account Redemption.** The 2024A Senior Bonds maturing on October 1, \_\_\_ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments, upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in the Senior Indenture, such Senior Bonds shall be redeemed (or paid at maturity, as the case may be) by application of the Mandatory Sinking Account Payments for such 2024A Senior Bonds, in the amounts and on October 1 in the years set forth below:

**Mandatory Sinking Account Payments  
for 2024A Senior Bonds Due \_\_\_**

Year	Amount
†	\$
† Final maturity	

Upon any optional redemption of term 2024A Senior Bonds or other retirement of 2024A Senior Bonds in excess of any Mandatory Sinking Account Payments in any year, the principal amount of such 2024A Senior Bonds shall be credited against the remaining Mandatory Sinking Account Payments of such 2024A Senior Bonds as are designated by the Authority, in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized denomination for such 2024A Senior Bonds).

**Extraordinary Optional Redemption.** The 2024A Senior Bonds are subject to redemption on any date prior to their respective stated maturities, at the option of the Authority, as a whole, or in part (by lot), and if in part so that the reduction in Annual Debt Service for the 2024A Senior Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or any portion thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, as provided in the Senior Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

**Selection of 2024A Senior Bonds to Be Redeemed**

For purposes of selecting 2024A Senior Bonds for redemption, such 2024A Senior Bonds will be deemed to be composed of \$5,000 portions, and any such portion may be separately redeemed. If less than all of the 2024A

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\* Preliminary, subject to change.

Senior Bonds of any maturity are called for redemption at any one time, the Senior Co-Trustee will select the particular 2024A Senior Bonds or portions thereof to be redeemed within such maturity by lot.

### **Notice of Redemption**

The Senior Co-Trustee is to give notice of redemption of any 2024A Senior Bonds not less than 20 nor more than 60 days prior to the date fixed for redemption, by first class mail to each of the registered owners of the 2024A Senior Bonds designated for redemption at their addresses appearing on the bond registration books of the Senior Co-Trustee on the date the 2024A Senior Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the 2024A Senior Bonds of such maturity to be redeemed and, in the case of 2024A Senior Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said 2024A Senior Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2024A Senior Bonds then be surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of such 2024A Senior Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each 2024A Senior Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any 2024A Senior Bonds. See also APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Redemption of Senior Bonds.

Any notice of optional redemption of the 2024A Senior Bonds may be conditional, and if any condition stated in such notice is not satisfied on or prior to the applicable redemption date, such notice shall be of no force and effect, and the Authority shall not be required to redeem the 2024A Senior Bonds thereby called for optional redemption, the optional redemption shall be cancelled and the Senior Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of optional redemption was given, that such condition or conditions were not met and that the optional redemption is cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in such notice of optional redemption, rescind and cancel such notice and corresponding optional redemption, and the Senior Co-Trustee shall thereupon give notice of such cancellation to the recipients of the notice of the redemption being cancelled.

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## DEBT SERVICE REQUIREMENTS

Table 1 below sets forth the amounts required by the Authority during each year ending September 30 of the years shown for the payment of debt service on the Authority's outstanding Senior Bonds, including the 2024A Senior Bonds.

**Table 1**  
**Debt Service Schedule**

Fiscal Year Ending September 30	Prior Senior Bonds Debt Service <sup>(1)</sup>	2024A Senior Bonds		Total Senior Bonds Debt Service <sup>(2)</sup>
	\$	Principal	Interest	\$
	\$	\$	\$	\$
Total <sup>(2)</sup>	\$	\$	\$	\$

<sup>(1)</sup> Includes the Refunding Candidates, excludes the 2024A Senior Bonds.

<sup>(2)</sup> Totals may not add due to rounding.

## SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS

The ability of the Authority to pay principal of and interest on the 2024A Senior Bonds will depend upon the receipt by the Authority of sufficient Revenues from the sale of power and energy generated by the resources available to the Authority. For information regarding the Authority's financial condition, see "FINANCIAL MATTERS." Rates for electric service are established by the CCU and regulated by the PUC. The Act provides that rates established by the PUC must be at least adequate to cover the full cost of its service to its customers, subject to any contractual agreements of the Authority with the holders of any bonds, and that the PUC shall increase rates from time to time as may be necessary pursuant to any such contractual obligations. All future rate increases of the Authority are subject to the approval of the PUC. The Authority has no taxing power. For additional information regarding the CCU and the Authority's electric rates and charges, see "THE GUAM POWER AUTHORITY—Governance" and "RATES—General Rate Setting."

### Security for the Senior Bonds

The Senior Bonds, including the 2024A Senior Bonds, are limited obligations of the Authority payable solely from, and secured solely by a lien on and pledge of, the Revenues. As defined in the Senior Indenture, "Revenues" consist of any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the System (but not including refundable deposits made by customers of the System to establish the creditworthiness of such customers, customer advances for construction or contributions in aid of construction), any moneys received or receivable by the Authority pursuant to contract and designated as Revenues in such contract and all earnings on any investment of any Revenues. No obligations may be issued that have a lien on the Revenues prior to the lien of the Senior Bonds, and the Senior Bonds have a parity lien on Revenues.

The Senior Indenture requires the Authority to transfer all Revenues upon receipt to the Depositary for deposit in the Revenue Fund (except that all interest and other profit from the investment of moneys in the Construction Fund will be retained therein). Amounts in the Revenue Fund are used to pay budgeted Maintenance and Operation Expenses as such expenses become due and payable. Amounts in the Revenue Fund are also transferred to the Rebate Fund as required by the Senior Indenture and to the Bond Fund to satisfy any deficiency in either such Fund in accordance with the Senior Indenture.

Pursuant to the Senior Indenture, on or before the fifth day of each calendar month, the Depositary shall transfer moneys in the Revenue Fund remaining after payment of Maintenance and Operation Expenses for deposit in the following funds, in the amounts (including making up any deficiencies in any such fund or account resulting from a lack of Revenues sufficient to make any earlier required deposit) and in the following order of priority:

- (1) into the Bond Fund held by the Senior Co-Trustee an amount equal to (a) the amount of interest payable on each Senior Bond on a current un compounded basis on any interest payment date in equal monthly amounts over the Interest Accrual Period for each such Senior Bond ending on such interest payment date (or in the case of a variable rate Senior Bond, the amount of interest that would have accrued during the next preceding calendar month if such Senior Bond had borne interest at the maximum rate, less any excess deposited for the next preceding calendar month), and the amount of interest payable on each Senior Bond on a deferred compounded basis on any interest payment date in equal monthly amounts over the Principal Payment Period for each such Senior Bond ending on the maturity date for such Senior Bond, plus (b) during the Principal Payment Period for each Senior Bond, an amount which, if paid in equal monthly amounts in each month during such Principal Payment Period, would yield moneys sufficient to pay the principal or Mandatory Sinking Account Payment due and payable on the next succeeding principal payment or mandatory sinking account payment date for each such Senior Bond;
- (2) into the Senior Bond Reserve Fund, held by the Senior Co-Trustee, the amount, if any, necessary to increase the balance in such Fund to the Bond Reserve Fund Requirement;
- (3) into the Working Capital Fund, held by the Depositary, the lesser of (i) the amount, if any, necessary to increase the amount in the Working Capital Fund to the Working Capital Requirement (as



defined in the Senior Indenture), and (ii) an amount equal to one-sixth of the Working Capital Requirement; and

(4) into the Surplus Fund, held by the Depository, the balance remaining in the Revenue Fund after the foregoing deposits for application as provided in the Senior Indenture.

If, on the fifth day before any interest payment date, the amount in the Bond Fund is insufficient to pay the principal of, mandatory sinking account payments for and interest on the Senior Bonds due on such next interest payment date, such deficiency is required to be funded by transfers to the Bond Fund from the following funds in the following order of priority: (1) the Revenue Fund, (2) the Surplus Fund, (3) the Working Capital Fund, (4) the Senior Bond Reserve Fund, and (5) any other fund or account established pursuant to the Senior Indenture (except the Rebate Fund).

The Senior Indenture provides that all amounts in the Surplus Fund on the fifth day of each month after the deposits required under the Senior Indenture have been made shall be paid by the Depository to the Authority, free and clear of the pledge and lien of the Senior Indenture, subject to the satisfaction of any deposits required under the Subordinate Indenture described below. No Subordinate Bonds are currently outstanding under the Subordinate Indenture; however, the Authority may in the future issue additional subordinate bonds under the Subordinate Indenture or under a separate indenture. See “—Subordinate Obligations” below.

See APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE for definitions of the capitalized terms used above and descriptions of certain of the Funds and Accounts referenced above.

### **Senior Rate Covenant**

The Authority has covenanted in the Senior Indenture at all times that any Senior Bonds remain Outstanding under the Senior Indenture to establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the System so as to yield, with respect to the then immediately ensuing 12 months, Net Revenues equal to at least 1.30 times the sum of (1) the interest falling due on then outstanding Senior Bonds (assuming that all then outstanding Serial Senior Bonds are retired on their respective maturity dates and that all then outstanding Term Senior Bonds are retired at the times of and in amounts provided for by the Mandatory Sinking Account Payments applicable to such Term Senior Bonds), but not including Capitalized Interest, (2) the principal amount of then outstanding Serial Senior Bonds falling due by their terms, and (3) the aggregate amount of all required Mandatory Sinking Account Payments (all as calculated for the applicable Bond Year) on the Outstanding Senior Bonds to be paid from Net Revenues during such 12-month period. For the purpose of determining the interest payable on Variable Rate Senior Bonds, the interest rate used in such calculation shall be the actual interest rate for periods prior to the date of calculation and the maximum rate then permitted on such Variable Rate Senior Bonds for periods subsequent to the date of calculation. “**Net Revenues**” means, for any particular period, all of the Revenues received during such period less all Maintenance and Operation Expenses incurred during such period. See APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Sources of Payment; Rate Covenant; Use and Allocation of Revenues. Currently, none of the Authority’s Outstanding Senior Bonds are Variable Rate Senior Bonds.

### **Additional Senior Bonds**

The Senior Indenture permits the Authority to issue additional Senior Bonds (“**Additional Senior Bonds**”) secured on a parity with all then-Outstanding Senior Bonds upon the satisfaction of the conditions and requirements set forth in the Senior Indenture, including, among others, the following:

(1) No Event of Default (as defined herein) shall have occurred and be continuing under the Senior Indenture;

(2) The Supplemental Indenture providing for the issuance of such Additional Senior Bonds (A) specifies the purposes for which such Additional Senior Bonds are being issued, which shall be one or both of the following: (i) to provide moneys for deposit into the Construction Fund and withdrawal therefrom in accordance with

law for purposes other than the refunding of Outstanding Senior Bonds; or (ii) to refund all or any part of the Senior Bonds of any one or more Series outstanding under the Senior Indenture by depositing with the Senior Co-Trustee, in trust, cash and noncallable Federal Securities in the necessary amount to discharge all liability of the Authority with respect to such Senior Bonds to be refunded as provided in the Senior Indenture; and (B) provides for a deposit to be made to the Senior Bond Reserve Fund on the date such Additional Senior Bonds are issued in an amount necessary to make the balance in that Fund at least equal to the Bond Reserve Fund Requirement with respect to all Senior Bonds outstanding under the Senior Indenture, including the Additional Senior Bonds;

(3) The aggregate principal amount of Senior Bonds issued under the Senior Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture;

(4) Unless the requirement described in paragraph (6) is satisfied, Net Revenues for the last Fiscal Year or last recorded 12-month period preceding the date of the Supplemental Indenture providing for the issuance of such Additional Senior Bonds, as shown by a certificate of an independent consultant, plus

(i) An allowance for Net Revenues from any Projects to be financed with the proceeds of such Additional Senior Bonds or with the proceeds of Senior Bonds previously issued under the Senior Indenture, and for Net Revenues from any improvements to the System which have been made from moneys from any source, but which, during all or any part of such Fiscal Year or last recorded 12-month period, were not in service, all in an amount equal to 75% of the estimated additional average annual Net Revenues to be derived from such Projects or such other improvements for the first 36 months in which each Project or improvement is, respectively, to be in operation, all as shown by such certificate, and

(ii) An allowance for additional Revenues arising from any increase in rates for services provided by the System which has become effective prior to the issuance of such additional Series of Senior Bonds but which, during all or any part of such Fiscal Year or last recorded 12-month period, was not in effect, in an amount equal to 75% of the amount by which the Net Revenues would have been increased if such increase in rates had been in effect during the whole of such Fiscal Year or last recorded 12-month period, as shown by such certificate,

shall have produced a sum equal to at least 1.30 times the Maximum Annual Debt Service on the Senior Bonds then Outstanding under the Senior Indenture and on such Additional Senior Bonds;

(5) Unless the requirement described in paragraph (5) is satisfied, (i) the Authority shall have complied with the rate covenant requirements of the Senior Indenture for the most recent Fiscal Year for which audited financial statements are available; and (ii) for each of the five full Fiscal Years beginning with the first full Fiscal Year following the issuance of such additional Series of Senior Bonds (or, if later, the first full Fiscal Year in which less than 10% of the interest coming due on such Series is Capitalized Interest), Net Revenues are projected to equal at least 1.30 times the Maximum Annual Debt Service on the aggregate of the Senior Bonds then Outstanding under the Senior Indenture and on such Additional Senior Bonds, all as shown by a certificate of an independent consultant. Pursuant to the Senior Indenture, the independent consultant's projection shall be made subject to the following assumptions and limitations:

(i) Net Revenues from new Projects and from any other projected improvements to the System may be taken into account only if such Projects and improvements are expected to be completed with moneys then set aside for such purpose or with the proceeds of Senior Bonds previously issued or the proceeds of such additional Series of Senior Bonds (i.e., without additional borrowing after the issuance of such Additional Senior Bonds); and

(ii) Load growth may only be projected to occur if and to the extent that it represents the expected electric power requirements of:

(a) major developments (whether commercial, residential, industrial or military) already physically in process (e.g., facilities that are under construction, as opposed to facilities that are planned but not yet under construction);

(b) major developments (whether commercial, residential, industrial or military) that have been fully approved by the Territorial Land Use Commission (or its successor) or, in the case of military developments, by the appropriate military authority, but only to the extent that such major developments (whether commercial, residential, industrial or military) are expected to be constructed;

(c) residential and small commercial development expected to occur as a result of the developments referred to in (i) and (ii) above; and

(d) residential and small commercial development expected to occur other than as a result of the developments referred to in (i) and (ii) above; and

(6) If any of the Senior Bonds of such Series of Additional Senior Bonds are Variable Rate Senior Bonds, Maximum Annual Debt Service on such Variable Rate Senior Bonds shall, for purposes of these provisions, be calculated using the greater of the maximum rate permitted on such Variable Rate Senior Bonds and the maximum rate payable to any Credit Provider for such Additional Senior Bonds (whether or not the obligation to such Credit Provider is subordinate to the Senior Bonds).

### **Senior Bond Reserve Fund**

The 2024A Senior Bonds are secured by the Senior Bond Reserve Fund, established pursuant to the Senior Indenture and required to be funded and maintained in an amount equal to the Senior Bond Reserve Fund Requirement.

All amounts in the Senior Bond Reserve Fund are required to be used and withdrawn by the Senior Co-Trustee solely for the purpose of making up any deficiency in the Bond Fund in the manner and to the extent set forth in the Senior Indenture. The Senior Bond Reserve Fund is not available to secure payment of principal of or interest on any Subordinate Bonds.

“**Senior Bond Reserve Fund Requirement**” is defined in the Senior Indenture to mean, on any date of calculation, an amount equal to Maximum Annual Debt Service on all then Outstanding Senior Bonds, or such higher amount as may be specified by Supplemental Indenture. As of the date of issuance of the 2024A Senior Bonds, the Senior Bond Reserve Fund Requirement is expected to be approximately \$\_\_\_\_\*. See “REFUNDING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS” and “FINANCIAL MATTERS—Financial Contracts and Investments.”

Upon the Request of the Authority, any amount in the Senior Bond Reserve Fund on any October 5 in excess of the Senior Bond Reserve Fund Requirement may be transferred to the Senior Trustee for deposit into the Revenue Fund on such date. The Senior Bond Reserve Fund Requirement may be wholly or partially satisfied by a Credit Facility, provided such Credit Facility is provided by a Credit Provider rated, at the time of deposit of such Credit Facility, in the highest rating category by Moody’s Investors Service (“**Moody’s**”) and S&P Global Ratings (“**S&P**”). For purposes of the Senior Bond Reserve Fund, “**Credit Facility**” is defined in the Senior Indenture to mean any instrument designated by a Supplemental Indenture as providing supplemental credit support for a series of Senior Bonds substituting for a deposit in the Senior Bond Reserve Fund which is approved as to form and issuer by each Credit Provider for each series of Senior Bonds so long as the Credit Facility for such series of Senior Bonds is in effect.

### **Events of Default; Remedies**

The Senior Indenture specifies a number of Events of Default and remedies. For descriptions of the Events of Default and various remedies under the Senior Indenture, see APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Events of Default.

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\* Preliminary, subject to change.

## Subordinate Obligations

The Senior Indenture does not prevent the Authority from issuing or incurring any indebtedness secured by a lien or charge on Revenues that is junior and subordinate to the lien and charge of the Senior Bonds; however, the Authority does not currently have any such subordinate indebtedness outstanding.

## THE GUAM POWER AUTHORITY

### General

The Authority is a retail electric utility that provides electric generation, transmission and distribution service throughout Guam, as well as wholesale power to the United States (“U.S.”) military bases on Guam, and is currently the only retail provider of electricity in Guam. The Authority serves a population of approximately 160,000 with a power supply portfolio that consists of various fuel-oil based generating units with a combined net capacity of over 400 MW (approximately 128 MW of which constitutes capacity reserves). The Authority’s electric system also includes 29 substations, 204 miles of transmission lines and over 1,650 miles of distribution lines. Table 2 below presents selected statistics regarding Authority operations for Fiscal Year 2023 based on audited financial information.

**Table 2**  
**Selected Fiscal Year Ended September 30, 2023 Statistics**

Total Number of Customers	52,642
Peak Load (kW)	257,000
Megawatt-hour Sales	1,447,602
Operating Revenues <sup>(1)</sup>	\$ 554,012,942
Gross Investment in Utility Plant	\$1,235,841,509
Net Utility Plant Investment	\$ 467,564,981
Total Assets and Deferred Outflows	\$ 924,639,639
Total Liabilities and Deferred Inflows	\$ 894,346,410
Total Net Position	\$ 30,293,229

<sup>(1)</sup> Does not include bad debt expense of \$1,197,996.

Source: *Guam Power Authority*

### History

Electric utility operations on Guam date back to the post-World War II period when electric power production facilities consisted of individual diesel plants located at the then-existing principal military load centers. Government electric operations were originally undertaken by the Government, and subsequently by Public Utility Agency of Guam (“PUAG”). In 1968, the Authority was established by an act of the Legislature of Guam, and subsequent laws have affirmed the continuation of its status as a public corporation of the Government.

Over the years, the U.S. Navy (the “Navy”) has transferred a number of electric facilities to the Government, PUAG and the Authority. As described herein, the Navy is a significant customer of the Authority and distributes electricity purchased from the Authority throughout the military bases on Guam.

### Governance

In 2001, by virtue of the passage of Public Law 26-76, oversight of the Authority was delegated to the newly created CCU. The CCU, a five-member board elected in a general election to staggered four-year terms, is charged with oversight of both the Authority and Guam Waterworks Authority (“GWA”). The enabling legislation empowers the CCU with contracting authority, as well as the authority to make decisions regarding service policies, management, budgeting, and financing of the Authority’s operations. Certain actions, such as issuing bonds for financing utility capital projects, also require legislative and PUC approval. The CCU also has responsibility for the setting of rates of the Authority, subject to the regulatory review and approval of the PUC. The original CCU members took office on January 3, 2003.

In addition, pursuant to statutory requirements, the Guam legislature, the Governor of Guam, GEDA, and the PUC are required to approve the issuance of bonds by the Authority, and each has approved the issuance of the 2024A Senior Bonds.

The current members of the CCU are:

Joseph T. Duenas, Chairman. Mr. Duenas was elected as Chairman of the CCU in January 2015. Elected to the CCU and member since January 2009, Mr. Duenas's government and community service has included serving as Finance Officer for the Archdiocese of Hagåtña, Director of the Guam Department of Revenue & Taxation, President of the Guam Housing Corporation, Vice Chairman of the Guam Election Commission, PUC Chairman, Board of Directors Chairman for the American Red Cross, Vice Chairman of the Board of Trustees for Guam Community College, and former President of the Rotary Club of Guam. Mr. Duenas has a B.A. in Business Management from the Chaminade University of Honolulu.

Francis E. Santos, Vice Chairman. Mr. Santos is serving his third term as an elected CCU Commissioner. He has over 25 years of experience in the private and public sectors, specializing in healthcare and business management. Mr. Santos currently serves as the Corporate Business Development Director for Tan Holdings and TakeCare Insurance. His extensive healthcare experience includes positions as Senior Vice President for Strategic Planning and Business Development for Guam Regional Medical City, Guam's only private accredited hospital, Plan Administrator for StayWell Health Plan, President/Chief Executive Officer of Island Home Insurance Company, and member/director of Global Health Systems, which specializes in wound care and hyperbaric medicine. His public sector service has included an acting appointment as Superintendent of Guam's Department of Education and chairman of the Guam Education Policy Board. Mr. Santos also served as chairman of the board of iLearn Academy Charter School, Guam's second public charter school. Mr. Santos served three terms as a Senator in the Guam Legislature. Mr. Santos' educational background includes an M.B.A. in Health Care Administration from Loma Linda University and a Bachelor's Degree in Business Management from Seattle University. He is a graduate of Father Duenas Memorial School, Guam.

Pedro Roy Martinez, Secretary. Mr. Martinez was sworn into the CCU in March 2021. He currently holds the Secretary position on the board. Mr. Martinez has a 27-year tenure in the government of Guam including roles as the Deputy Executive Manager of the A. B. Won Pat International Airport Authority and the Director of Development and Alumni Affairs at the University of Guam. Prior to his government service, Mr. Martinez gained entrepreneurship experience through his family-owned business, Pedro's, which encompassed an ice plant, cold storage, building rentals, and a retail and wholesale business. Mr. Martinez has also served as Chairman and Treasurer of the Guam Telephone Authority Board of Directors. Beyond his professional endeavors, he currently holds positions as Vice Chairman on the Board of Directors at Coast360 Federal Credit Union, member of the Father Duenas Memorial School Alumni Association, and, at St. Jude Thaddeus Catholic Church, President of the Parish Council and member of the Finance Council and Knights of Columbus. Mr. Martinez has a Master of Public Administration and a B.B.A. in Management from the University of Guam.

Michael Limtiaco, Commissioner. Mr. Limtiaco was elected to the CCU in 2019. He is currently the Executive Vice President of Pacific Unlimited Inc., and has 25 years of experience in strategic planning, business development, contract administration and operations. Mr. Limtiaco was elected as a Senator and served in the 32nd Guam Legislature. He served as a director on the Guam Memorial Hospital Board and as a transition team member for incoming Executive branch leadership. Mr. Limtiaco holds a B.A. in Business Administration and Business Economics from the University of San Diego.

Simon A. Sanchez II, Commissioner. Mr. Sanchez has served on the CCU since its inception in January 2003, including as chairman from January 2003 until January 2015. He is a former Senator and former Vice Chairman, Public Utilities Commission 1988-1994. Mr. Sanchez has served as Vice President/General Manager of Guam Dry Cleaners since 1988. He has served on numerous government and civic organization boards including the Guam Chamber of Commerce, the Guam Visitors Bureau, the Guam Hotel and Restaurant Association and the Guam Memorial Hospital. Mr. Sanchez graduated from Harvard University in 1980 with an M.A. in City and Regional Planning and from Stanford University in 1978 with a B.A. in history.

## Key Management Personnel

Following are brief résumés of key management personnel of the Authority:

John M. Benavente, P.E., General Manager. Mr. Benavente has served as General Manager of the Authority since October 2014, and previously served as General Manager of the Authority from 1987 to 1993. Mr. Benavente previously served as General Manager of Consolidated Utility Services from 2005 to 2014 where he oversaw the Authority and the GWA. Mr. Benavente has over 35 years of technical, engineering and management experience in the power and water related field both in the government and private sectors. Mr. Benavente is experienced in management, operations and maintenance in both water and power utilities and his experience includes work on negotiating a customer supplier agreement with the U.S. Military, negotiating energy conversion agreements with private power providers, and is further experienced in strategic planning, succession planning, rate proceedings, legislative hearings, environmental permitting, power plant construction, transmission and distribution construction, energy management system, budgeting, collections, typhoon and earthquake recoveries. Mr. Benavente holds a Master of Science in Engineering Management degree from the University of Missouri (Rolla) and a Bachelor of Science Mechanical Engineering degree from the University of Dayton. He is also a registered Professional Mechanical Engineer in Guam.

John J.E. Kim, Chief Financial Officer. Mr. Kim joined the Authority as Chief Financial Officer in 2015. Prior to joining the Authority, Mr. Kim spent 11 years working in the telecommunications field. His projects included privatization of the last government-owned telecommunication company, merger and acquisition and financing. Mr. Kim also worked at Deloitte & Touche LLP for eight years and has industry audit experience in utilities, construction, hospitality, retail, wholesale and government. Mr. Kim holds a Bachelor of Science degree in Accounting from the University of Southern California. He is a certified public accountant.

Jennifer G. Sablan, P.E., CEA, CEM, Assistant General Manager, Operations. Ms. Sablan was appointed to her current position in May 2023 and manages the Authority's generation, transmission and distribution, SCADA/dispatching, facilities, and transportation divisions. Ms. Sablan has over 29 years of electric utility experience spanning technical, engineering, utility planning, project development and management, generation operations and management. Her experience includes procurement and negotiations of large contracts including fuel, performance management contracts, renewable energy purchase agreements and energy conversion agreements; integrated resource planning; renewable projects; efficiency programs; and smart grid. Ms. Sablan holds a Bachelor of Science Degree in Mechanical Engineering from Marquette University. She is a licensed professional mechanical engineer in Guam. Ms. Sablan also holds a Certified Energy Auditor (CEA) and Certified Energy Manager (CEM) designation with the Association of Energy Engineers (AEE).

John J. Cruz, Jr., P.E., CEA, CEM, MBA, Assistant General Manager, Engineering & Technical Services. Mr. Cruz has over 33 years of experience with the Authority. Prior to joining the Authority, Mr. Cruz worked for Hughes Aircraft Company for seven years. Mr. Cruz has expertise in radar systems engineering, systems engineering, SCADA, communications/networking engineering, software programming, solar PV design and installation, renewable energy, energy storage, system planning, statistical testing and project management. Mr. Cruz also holds a Certified Energy Manager and Certified Energy Auditor designation from the Association of Energy Engineers. Mr. Cruz graduated from Gonzaga University. He holds a Bachelor of Science degree in Electrical Engineering, a Bachelor of Arts degree in Mathematics, a minor degree in business, and a Master in Business Administration degree. He is a registered Professional Electrical Engineer in Guam. From time to time, Mr. Cruz serves as an adjunct instructor at Guam Community College.

Beatrice P. Limtiaco, Assistant General Manager, Administration. Ms. Limtiaco joined the Authority in March 2017 to manage its customer service, human resources, safety and procurement divisions. Ms. Limtiaco has over 20 years of private sector administrative management experience in various industries including specialty chemicals and building material manufacturing. Prior to joining the Authority, she served as Special Assistant to the Governor of Guam and was directly involved with various local, regional and federal issues. Ms. Limtiaco holds a Juris Doctor degree from California Western School of Law and a Bachelor of Arts degree from Boston University.

Marianne Woloschuk, General Counsel. Ms. Woloschuk has served as General Counsel of the Authority since October 2023. Mr. Woloschuk has 27 years of legal experience, primarily in the public sector. She represents the Authority in practice before the Public Utilities Commission and local courts. Prior to joining the Authority, she worked at the Office of the Attorney General of Guam, representing the government in criminal and civil litigation in the Superior Court of Guam and the District Court of Guam, as well as civil and criminal appeals before the Supreme Court of Guam and the Ninth Circuit Court of Appeals. Ms. Woloschuk holds a Bachelor of Arts degree from the University of Saskatchewan, a Master of Science degree from the American University, and a Juris Doctor from the Georgetown University Law Center.

## **Typhoon Mawar**

On May 24, 2023, Typhoon Mawar made landfall on Guam with sustained winds of approximately 150+ mph. Typhon Mawar is the first major typhoon in over two decades to hit Guam that caused significant damages to the island's infrastructure, including the Authority's electrical grid system. The northern sector of the island, primarily the villages of Yigo and Dededo, suffered significant damages from the destructive wind and rain of Typhoon Mawar. The northern sector area of the island's power system infrastructure was the most heavily damaged.

The Authority's pre-storm preparations included tree-trimming and vegetation control, assessing water systems generators, pre-staging emergency response equipment and supplies, securing facilities and activating staff for duty at the emergency operations center. The Authority continued to run the island wide power system and kept the power on for as long as possible. Power plants were operational as long as it was capable and safe. Typhoon Mawar left 98% of customers with no power.

As part of its recovery efforts, the Authority coordinated with other utilities, through its mutual agreements, and its federal counterparts. Integrated line crews from the Commonwealth of Northern Mariana Islands Commonwealth Utilities Corporation ("CUC"), Pohnpei Utilities Corporation ("PUC"), and Snohomish PUD Washington state, led by the Authority's teams, worked for about 50 days to restore service to all customers. The Snohomish crew worked on the main transmission line while GPA crews, CUC, PUC, and contracted crews worked on lines in the villages. The Authority also coordinated with the NAVFAC & COMNAVMAR and temporarily used their bucket trucks for line recovery. The Federal Emergency Management Agency ("FEMA") provided bucket trucks and emergency generators.

The recovery from about Typhoon Mawar is the fastest it has been compared to other similar typhoons in the past. Recoveries from similar typhoons has historically taken months; for example, Typhoon Pongsona in 2002 took approximately three months to recover from. By July 15, 2023, the Authority restored power service to nearly 99% of pre-Typhoon Mawar customers. Although nearly 99% restoration has been achieved, crews continue to make necessary repairs in the heavily damaged areas to restore customers without power, and close out emergency work clearance requiring customer-side repair. The Authority received more than 1,500 emergency work clearances for customer related damages such as weather heads.

Significant damages to the Authority's assets included the Yigo 20 MW Combustion Turbine, Ukudu Power Plant's ULSD and treated water tanks, and streetlights. During the year ended September 30, 2023, the Authority incurred approximately \$17 million in repair and other costs due to damages. The Authority is working with FEMA to recover reimbursable costs and expects to be able to pay for other costs through revenues and the self-insurance fund.

See also "BONDHOLDER RISKS – Events of Force Majeure; Typhoons and Earthquakes."

## **POWER SUPPLY**

### **General**

The Authority's power supply includes various fuel-oil based generating units that have an aggregate available capacity of 412.7 MW, as well as approximately 85.3 MW of net capacity from renewables. Except for the 85.3 MW of capacity from renewables, all of the Authority's power resources are powered by fuel oil. The Authority's

power supply resources include generation units owned by the Authority, generation units owned and operated by third parties, and renewable resources. For brief descriptions of these current power supply resources, see “—Primary Power Supply Resources.”

As described further below, Authority’s current Integrated Resource Plan (also referred to as the Clean Energy Master Plan), most recently updated in March 2022, is focused on (1) transitioning the Authority’s fuel supply from residual fuel oils to ultralow sulfur diesel (“**ULSD**”) and liquefied natural gas (“**LNG**”) by building new facilities fueled by ULSD and/or LNG and retrofitting existing facilities to be fueled by ULSD, and (2) retiring facilities that are operating beyond their expected useful life. The Authority has also procured the Ukudu Power Plant, a 198 MW combined cycle facility to be dual-fueled by ULSD and natural gas. In addition, the Authority converted two oil-fired, slow speed reciprocating engines, with a combined capacity of 86.4 MW, to ULSD. The Authority expects to retire two oil-fired steam generating units, totaling 84 MW, by March 31, 2026.

Table 3 below summarizes the electric generating resources currently available to the Authority for dispatch. However, going forward, a significant portion of the Authority’s power supply will be coming from the development of the Ukudu Power Plant and further renewable resource. See “Power Supply Development” below.

**Table 3**  
**Power Supply Resources**

	<b>Year Installed</b>	<b>Owner</b>	<b>Operator</b>	<b>Available Capacity<sup>(1)</sup> (MW)</b>
<b>Baseload</b>				
Cabras Unit 1	1974	Authority	TEMES	42.0
Cabras Unit 2	1975	Authority	TEMES	42.0
Piti Unit 8	1999	Authority	MEC	43.2
Piti Unit 9	1999	Authority	MEC	43.2
<b>Intermediate</b>				
Macheche CT	1993	Authority	TEMES	20.0
Yigo CT	1993	Authority	TEMES	20.0
Piti Unit 7	1997	Authority	Authority	40.0
Dededo CT	1993	Authority	TEMES	40.0
Yigo Diesel Power Plant	2016	Authority	Authority	8.0
<b>Peaking</b>				
Diesel Units (10 Units)	1993	Authority	Authority	33.0
Aggreko Diesel Units (24 Units) <sup>(2)</sup>	2024	Aggreko	Aggreko	20.0
<b>Total</b>				<b>351.4</b>
<b>Renewable Resources</b>				
Dandan Solar Project	2015	GPS Solar Dandan	CleanCapital Operations LLC	25.0
Marbo Solar Project	2022	KEPCO Mangilao Solar	KEPCO Mangilao Solar	60.0
Wind Turbine	2016	Authority	Authority	0.3
<b>Total</b>				<b>85.3</b>

<sup>(1)</sup> Available capacity as of July 1, 2024.

<sup>(2)</sup> Expected to be online in July 2024.

Source: Guam Power Authority.



## **Primary Power Supply Resources**

### ***Baseload Power Supply Resources***

The Authority's baseload generating units are comprised of (i) Cabras Units 1 and 2, two oil-fired steam generating units, which have combined available capacity of 84 MW, and (ii) Piti Units 8 and 9, two oil-fired, slow speed reciprocating engines, which have combined available capacity of 86.4 MW.

Cabras Units 1 and 2 are owned by the Authority and operated and maintained, using Authority employees, by Taiwan Electrical and Mechanical Engineering Services, Inc. ("**TEMES**") pursuant to a performance management contract entered into on October 1, 2020, with a term of three years with an option to extend two additional years. The contract currently expires September 30, 2025. For Fiscal Year 2023, Cabras Units 1 and 2 provided 29% of the Authority's power supply.

Piti Units 8 and 9 are owned by the Authority and operated by an Independent Power Producer, Marianas Energy Company. The ownership of Piti Units 8 and 9 was transferred from Marianas Energy Company ("**MEC**") to the Authority, effective January 29, 2019. For Fiscal Year 2023, Piti Units 8 and 9 provided 36% of the Authority's power supply.

### ***Intermediate Load Power Supply Resources***

The Authority's intermediate load generating units are comprised of (i) Macheche CT, a combustion turbine generator ("**CTG**") with available capacity of 20.0 MW, which is owned by the Authority and operated by TEMES (the "**Macheche CT**"); (ii) Yigo CT, a CTG unit with available capacity of 20.0 MW, which is owned by the Authority and operated by TEMES (the "**Yigo CT**"); (iii) Piti Unit 7, a CTG unit with available capacity of 40.0 MW, which is owned and operated by the Authority (the "**Piti Unit 7**"); (iv) the Dededo CT, with two CTG units having combined available capacity of 40.0 MW, which is owned by the Authority and operated by TEMES (the "**Dededo CT**"); and (v) a diesel power unit at the Yigo substation site (the "**Yigo Diesel Unit**"), with available capacity of 8.0 MW, which is owned and operated by the Authority ("**Yigo Diesel**").

### ***Peaking Power Supply Resources***

The Authority's peak load generating units include 10 diesel units owned and operated by the Authority, which have a combined available capacity of 33.0 MW.

In April 2024, the Authority commissioned Aggreko ("**Aggreko**") to supply the Authority with 24 diesel units owned and operated by Aggreko that will provide 20 MW of additional power for two years, beginning July 2024. Aggreko will supply, install, operate and maintain the temporary power services at the Yigo CT site. The CCU and PUC approved the temporary power purchase in January 2024 and February 2024, respectively. The temporary power is anticipated to address energy shortfalls when existing generators are down for maintenance or repair and to address renewable shortfalls during cloudy or rainy weather. The operating lease for the Aggreko generating units is for two years, with an estimated total cost of \$19 million. Such operating lease payments to Aggreko will constitute Maintenance and Operation Expenses of the Authority.

### ***Existing Renewable Resources***

Public Law 29-62, signed into law on April 4, 2008, requires the Authority to establish a preliminary renewables portfolio standard goal of providing 5% of its net electricity sales from renewable generation by December 31, 2015, 8% by December 31, 2020, 10% by December 31, 2025, 15% by December 31, 2030 and 25% by December 31, 2035, the amount of renewable capacity to be subject to engineering and economic analysis by the Authority. Public Law 29-62 also provides that 10% of any traditional power supply that is constructed be furnished from a renewable resource. The Authority has established a program to acquire and integrate renewable generation resources into the System in order to comply with Guam Public Law 29-62 and Public Law 35-46 and with the Authority's 2022 IRP.

In 2019, Guam Public Law 35-46 revised the goal to 50% renewable energy portfolio by 2035 and 100% renewable energy by 2045.

The Authority has approximately 85.3 MW of available capacity from renewable resources.

The Authority has a 25-year power purchase agreement with respect to the 25 MW Dandan Solar Project, pursuant to which NRG Solar guarantees delivery of a minimum of 51,944 MWh in the aggregate for the first contract year, with the guaranteed minimal amount decreasing slightly each contract year thereafter. The Authority's obligation to purchase power under these agreements is contingent upon delivery. The Dandan Solar Project was commissioned in October 2015. GlidePath Power Solutions LLC ("**GlidePath**") acquired Dandan Solar Project from NRG Solar in April 2019. In July 2022, CleanCapital Operations LLC and GlidePath reached an agreement to serve as a new equity investor in GlidPath's Guam business. CleanCapital assumed the roles and responsibilities of an operator.

The Authority also has a 25-year power purchase agreement with respect to the 60 MW Marbo Solar Project, pursuant to which KEPCO Mangilao Solar guarantees delivery of a minimum of 141,630 MWh in the aggregate for the first contract year, with the guaranteed minimal amount decreasing slightly each contract year thereafter. The Authority's obligation to purchase power under these agreements is contingent upon delivery. The Marbo Solar Project was commissioned in June 2022. The project includes batteries to smooth out the fluctuation of voltage for a stable grid.

In addition, the Authority has a 0.275 MW wind turbine pilot project (the "**Wind Turbine Project**") that was funded with a grant from the U.S. Department of the Interior, Office of Insular Affairs. The Wind Turbine Project was commissioned in January 2016.

On September 22, 2015, the Authority issued its bid for the 40 MW Energy Storage System ("**ESS**") (24 MW at the Agana substation and 16 MW at the Talofofu substation). The 24 MW ESS provides spinning reserve ancillary services. The 16 MW ESS mitigates the intermittency of the Dandan Solar Project and net metering customer systems. The ESS became fully operational in March 2021.

## **Power Supply Development**

### ***Ukudu Power Plant***

As a part of the Authority's efforts to meet future demand and reliability requirements and to comply with current and upcoming environmental regulations, the CCU and PUC have approved the contract for the new Ukudu Power Plant, a 198 MW of dual-fueled, combined cycle combustion turbine power plant to run as baseload units.

The Ukudu Power Plant is expected to be dual-fired and have the ability to use ULSD and LNG to provide the Authority with greater fuel diversity. The plant is expected to be more fuel-efficient than the Authority's existing baseload units, thereby helping to offset the higher costs of ULSD compared to the residual fuel oil currently used by the Authority in its baseload facilities. The Ukudu Power Plant is also expected to have fast-reacting units, allowing them to better respond to the Authority's power-supply fluctuations caused by the intermittent nature of the Authority's existing and proposed renewable power facilities.

In 2017, the Authority purchased land for the construction of the Ukudu Power Plant. The site is proximate to GWA's Northern District Wastewater Treatment Plant, which will allow the Ukudu Power Plant to use treated water for plant cooling instead of extracting up to three million gallons of fresh water from Guam's water aquifer on a daily basis. The site is also adjacent to the Harmon Substation, which the Authority expects will reduce costs of transmission line construction, operations and maintenance, and maximize reliability. On November 5, 2019, a build-operate-transfer contract was awarded to GUP for the Ukudu Power Plant. The Authority has committed \$40 million from its insurance claim funds from the Cabras Units 3 and 4 fire in 2015 to pay for the cost of the ULSD and natural gas fuel pipelines that will connect the Ukudu Power Plant to the Authority's fuel tanks. Construction commenced in 2021; however, the commissioning of the Ukudu Power Plant was delayed to September 30, 2025, due to damage caused by Typhoon Mawar in May 2023. The Authority and GUP agreed on an accelerated time with \$5 million

compensation. The overall project is 85.7% completed as of April 30, 2024. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – “GUP Energy Conversion Agreement” herein.

The Ukudu Power Plant project also includes two pipelines for ULSD and natural gas. Initially, the Ukudu Power Plant will be fueled by ULSD but will also have the capability of firing natural gas as an alternative fuel in the future. The Authority considers LNG as part of its future energy plan for fuel diversity and energy security. In November 2023, the PUC approved the Authority’s petition to conduct an LNG pre-development study for the Ukudu Power Plant. The Authority is currently working with a consultant on the study, which includes four phases. Phase I includes site evaluation, volume requirements, supply and shipping options, and risk development. Phases II and III will include infrastructure bid development, execution, and implementation. Phase IV will evaluate transshipment within the region supporting neighboring islands. Project development is still in its preliminary stages; however, the Authority anticipates a long series of information and collaboration with the CCU and PUC in order to obtain approvals for LNG infrastructure investments. No assurance can be given that the Authority will proceed with the development of the LNG conversion program or construction of LNG facilities.

### ***Future Renewable Generations***

In 2018, the Authority and Hanwha Energy Corp. (“**Hanwha**”) entered into a contract to build a 60 MW solar PV plant in Talofofu. However, significant increases in interconnection costs, as well as construction issues and the COVID-19 pandemic significantly delayed the project. As a result, Hanwha proposed amending the contract in October 2023 to reduce the facility’s total capacity to 41 MW to address interconnection issues, in exchange for 22 MW of energy storage capabilities. The CCU and the PUC have approved the contract amendment; however, Hanwha is currently performing a feasibility study and the project is still under development.

### ***Distributive Generation***

Customers may develop self-generation options, such as by installing individual solar panels. As of March 31, 2024, approximately 2,645 customers have installed individual solar panels, providing approximately 35.0 MW, with an annual estimated revenue impact of approximately \$5.2 million. In 2008, at the direction of the Legislature, the Authority implemented a “net metering” program under which net metering customers are credited on a “one-for-one” basis (customers are reimbursed for energy fed into the System at the same retail rate they pay for power). As a result, net metering customers are not paying all of their allocable portions of certain transmission and distribution costs. The existing net metering tariff requires that the PUC may revisit the program once the number of net metering customers exceeds 1,000, which it did in 2016. The Authority and the PUC have continued discussions regarding the Authority’s rate structure to more accurately reflect the cost of distribution services. The Authority has been involved in discussions on issues involving net metering, avoided costs, and billing and the impact of renewables with stakeholders.

### ***2022 Integrated Resource Plan***

In March 2022, the Authority filed its updated 2022 Integrated Resource Plan (the “**2022 IRP**”) with the PUC. The goal of the 2022 IRP is to ensure compliance with the United States Environmental Protection Agency (“**USEPA**”) by April 30, 2024, and to provide greater unit reliability at the lowest cost option. The 2022 IRP is focused on (1) transitioning the Authority’s fuel supply from residual fuel oils to ULSD and LNG by building new facilities fueled by ULSD and/or LNG and retrofitting existing facilities to be fueled by ULSD and (2) retiring facilities that are operating beyond their expected useful life.

As described above, the Authority has procured the Ukudu Power Plant, a 198 MW combined cycle facility to be dual-fueled by ULSD and natural gas. See “POWER SUPPLY—Power Supply Development—*Ukudu Power Plant.*”

### **GUP Energy Conversion Agreement**

The Authority has entered into an Energy Conversion Agreement dated November 5, 2019 (the “**GUP Energy Conversion Agreement**”) with Guam Ukudu Power LLC (“**GUP**”), a limited liability company affiliated

with Korea Electric Power Corporation (“**KEPCO**”), for the Ukudu Power Plant. Pursuant to the GUP Energy Conversion Agreement, GUP will construct and own and operate the Ukudu Power Plant and the Authority will provide fuel and pay fees to GUP until ownership of the facilities is transferred to the Authority, which is expected to occur in September 2050. Under the GUP Energy Conversion Agreement, the Authority’s payments will include both an operating and maintenance component and a capital component. The operating and maintenance components will be payable as Maintenance and Operation Expenses of the Authority, and the capital components will be payable from Revenues, subordinate to the prior payment of Senior Bonds and any subordinate bonds, including any subordinate bonds issued under the Subordinate Indenture, and to the deposits and transfers described above under “—Security for the Senior Bonds.” The Ukudu Power Plant is anticipated to be commissioned in September 2025. Capital lease payments under the GUP Energy Conversion Agreement are expected to begin in Fiscal Year 2026 in the amount of \$38,079,000 and gradually increase thereafter until 2050, unless terminated earlier in accordance with its terms. See “FINANCIAL MATTERS—Outstanding Indebtedness—Certain Payments Pursuant to Energy Capital Leases” and APPENDIX B—FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS’ REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 9. See also “POWER SUPPLY – Power Supply Development.”

## **FUEL SUPPLY**

### **General**

The Authority is responsible for providing fuel for all of its generating resources, including those owned and operated by private contractors. In Fiscal Year 2023, the Authority purchased three million barrels of oil products, 30% of those classified as 0.2% ultra-low sulfur fuel oil (“**ULSFO**”) and 70% diesel. The Authority has a program to adjust rates quarterly to address changes in fuel costs known as the Levelized Energy Adjustment Clause (the “**LEAC**”). Fuel cost is the most significant element of the Authority’s costs. See “**RATES—Levelized Energy Adjustment Clause.**”

### **Fuel Oil Supply Contracts**

The Authority receives approximately one tanker per month of residual fuel oil for generation. The Authority has approximately 90 days’ storage capacity for both diesel and ULSFO. As a result, between its two fuels, the Authority generally has from 45 to 90 days’ fuel supply on hand at any given time. The price paid by the Authority for its fuel is variable, based on a published index reflecting the then prevailing price of oil, plus a fixed premium. The Authority’s cost of fuel is, therefore, subject to volatility, as world oil prices fluctuate.

The Authority has entered into four contracts for the purchase of fuel for its generation facilities, each described below.

In 2020, the Authority originally entered into a purchase contract with Hyundai Corporation, a South Korea-based company (“**Hyundai**”), for the period of September 1, 2020 through August 31, 2023 for the purchase of residual fuel oil No. 6 which included low sulfur fuel oil (LSFO) with a sulfur content limit of 1.19% by weight and high sulfur fuel oil (HSFO) with a sulfur content limit of 2.00% by weight for the Authority’s baseload plants. In May 2022, this contract was amended to exercise the first year extension of the contract and to add the supply of ultra-low sulfur fuel oil (ULSFO) with a sulfur content limit of 0.20% by weight. In March 2024, this contract was further amended to exercise the second year extension of the contract due to the delay of Ukudu Power Plant from damages from Typhoon Mawar. The contract is set to expire on August 31, 2026. For Fiscal Year 2023, the Authority took delivery of approximately 861 thousand barrels of oil under the contract at a cost of approximately \$123 million. Residual fuel oil represents approximately 30% of the Authority’s usage in terms of barrels consumed.

In 2019, the Authority entered into purchase contracts with Isla Petroleum and Energy Holdings, LLC Guam (“**IP&E**”), and with Mobil Oil Guam, Inc. (“**Mobil**”), for diesel fuel oil to supply the Authority’s peaking units and emergency standby generators by road tanker deliveries. The contracts will expire on December 31, 2024. The Authority issued a bid for this diesel fuel oil supply in April 2024 and procurement is ongoing. The new contract will be for an initial period of three years and is anticipated to commence on January 1, 2025 and to expire on December 31, 2027, with two one-year extension options.

In 2022, the Authority entered into a second contract with Mobil for the bulk supply of diesel fuel oil delivered by ocean tankers directly via pipeline to the bulk storage tanks that supply to the Piti Units 8 and 9 and a peaking unit, Tenjo Vista power plants. This contract expired on January 31, 2024. As such, the Authority entered into a new contract with Hyundai for the bulk supply of diesel fuel oil in February 2024 for Piti Units 8 and 9, and Tenjo Vista. Hyundai will also be providing bulk fuel for Ukudu Power plants during testing of the equipment and upon commissioning. This contract is for an initial period of three years and is set to expire on January 31, 2027, with two one-year extension options.

For Fiscal Year 2023, the Authority took delivery of approximately 2 million barrels of diesel fuel from IP&E and Mobil at a collective cost of approximately \$238.3 million. Diesel fuel oil represents approximately 70% of the Authority's usage in terms of barrels consumed.

### **Fuel Price Risk Management Program**

The Authority previously established, with PUC approval, a fuel hedging program utilizing financial derivative transactions to mitigate a portion of its exposure to fuel price fluctuations. The Authority last updated the fuel hedging program in January 2012 with the assistance of Leidos to base its hedging decisions on a statistical model that estimates volatility of the fuel markets and recommends changes in hedging position. However, the Authority has not entered into a hedging transaction under this program since 2009, and, as of July 1, 2024, is not a party to any fuel hedging transaction, and has no plans to execute a new hedge under the program.

## **TRANSMISSION AND DISTRIBUTION SYSTEM**

### **General**

The Authority is responsible for the transmission, distribution, metering and accounting of electrical power to consumers on Guam. The Authority operates and maintains overhead and underground power lines and associated hardware, substation equipment, energy/revenue meters and relay protective devices. In addition, the Authority provides new power installations, line extensions, work clearances and miscellaneous power-related services to its customers. The Authority's power delivery system includes 29 substations connected through approximately 204 miles of 115 kV and 34.5-kV transmission lines. The substations supply 67 distribution feeders with approximately 1,650 miles of distribution primary and secondary lines, more than 42% of which is rated 13.8 kV. Power delivery is controlled from the Power System Control Center (the "PSCC"). The power delivery system also includes other buildings, equipment, stores and related facilities.

### **System Resilience**

Over the last 15 years, the Authority has undertaken several comprehensive steps to strengthen the resilience of its System. In 2002, the Authority received funding from FEMA to undertake projects designed to reduce the Authority's vulnerability to natural disasters. The Authority utilized FEMA funding to pay 90% of the cost of undergrounding major power lines which connected certain significant generating facilities and substations and others which served certain significant customers of the Authority, including major hotels, Guam Memorial Hospital, Guam International Airport and certain major malls and shops. In addition to these projects, the U.S. military constructed an underground line between Andersen Air Force Base and the Dededo CT.

The Authority has an ongoing program to replace wooden electric utility poles with concrete poles that are more resistant to high winds. Currently, over 31,600 of Guam's 33,650 power line poles are steel or concrete. This program is ongoing as 511 concrete poles were installed in Fiscal Year 2023 and 110 have been installed in Fiscal Year 2024 to date.

In addition to more resistant electric poles, the Authority has expanded the undergrounding of certain transmission and distribution lines; the use of concrete buildings to house its permanently installed generating units; and the installation of 220 standby diesel generators (of which 160 are currently operational, including 15 portable diesel generators to provide backup power for GWA's municipal water pumps, sewer lift pumps and two large sewer treatment plants. As of April 1, 2024, approximately 39% of the System's load (in key business areas and high-density

residential regions) is served through underground infrastructure; 137 miles (19%) of primary lines are underground; and approximately 94% of distribution poles are made of concrete or steel.

As part of these efforts, the Authority is continuing implementation of its village underground hybrid system, which involves placing secondary lines underground.

The Authority maintains inventory of essential transmission and distribution equipment on the island.

Although the Authority believes these undergrounding projects and other projects will provide for improved service to those customers served and will mitigate revenue losses due to typhoons and other natural disasters, no assurance can be given that natural disasters will not materially adversely affect the operations and/or financial condition of the Authority. To mitigate any sudden financial burden to the Authority that may result from any natural calamity, the Authority maintains a self-insurance fund. See “RATES—Surcharges—*Self-Insurance Fund Surcharge*” and “OTHER MATTERS—Insurance; Self-Insurance Fund.”

### **Smart Grid Projects**

The Authority has installed new smart meters for customers in its System. Since 2010, the Authority has completed several “smart grid” projects, including advanced meter infrastructure, electric smart meters, network communications, meter data management system, geographical information system, substation automation, broadband communication, outage management system, back-office infrastructure, improved cybersecurity and an e-portal. These improvements have resulted in reducing the duration of outages, increasing efficiency in delivering power, as well as in increased customer satisfaction. In 2018, the Authority installed and commissioned a new supervisory control and data acquisition (“SCADA”) system. The SCADA system provides remote telemetry and control to the substations and power plants.

## **AUTHORITY CUSTOMERS**

### **General**

The Authority serves a population of approximately 160,000 people in 2023 with a 2023 peak demand of 257 MW and 2023 energy sales of 1.4 million MWh. The Authority’s larger customers include the Navy, various components of the Government and the shopping and hotel industry. For Fiscal Year 2023, small commercial and government customers purchased 379,558 MWh of power, accounting for \$156,137,000 (or 28.5%) of revenue; large commercial and government customers (including Independent Power Producers) purchased 275,798 MWh of power, accounting for \$107,348,000 (or 19.6%) of revenue; residential customers purchased 495,408 MWh of power, accounting for \$188,415,000 (or 4.3%) of revenue; the Government and private outdoor lighting customers purchased 5,531 MWh of power, accounting for \$5,914,000 (or 1.1%) of revenue, and the Navy purchased 291,308 MWh of power, accounting for \$90,867,000 (or 16.6%) of revenue.

### **Historical Energy Requirements**

Table 4 below shows historical customers, energy sales, peak demand and Revenues for Fiscal Years 2019 through 2023.

From Fiscal Year 2019 to Fiscal Year 2023, the Authority’s peak demand load increased from 255 MW to 257 MW, or by a compounded annual rate of 0.2%. During the same period, the Authority’s energy sales decreased from 1,568,286 MWh to 1,447,602 MWh, or by a compounded annual rate of -1.6%. The average number of total customers during this same period increased from 51,977 in Fiscal Year 2019 to 52,642 in Fiscal Year 2023, or by a compounded annual rate of 0.3%. In the aggregate, the usage per customer has decreased during this same period; however, usage in Fiscal Year 2023 was significantly impacted by Typhoon Mawar. Specifically, the usage per residential customer decreased from approximately 931 kWh/month in Fiscal Year 2019 to approximately 919 kWh/month in Fiscal Year 2023; usage per customer (excluding the Navy and outdoor lighting) decreased from 2,041 kWh/month in Fiscal Year 2019 to approximately 1,863 kWh/month in Fiscal Year 2023; and usage per customer

(including the Navy and outdoor lighting) decreased from approximately 2,514 kWh/month in Fiscal Year 2019 to approximately 2,292 kWh/month in Fiscal Year 2023.

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**Table 4**  
**Historical Customers, Energy Sales, Peak Demand and Revenues**  
**Fiscal Years 2019-2023**

<b>Fiscal Year Ending September 30:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Number of Customers</b>					
Residential	44,479	44,191	45,292	45,364	44,943
Small Commercial/Government	6,193	6,283	6,294	6,364	6,421
Large Commercial/Government	164	162	105	101	111
Independent Power Producer	2	2	2	3	3
Government/Private Streetlight & Outdoor Lighting	1,138	1,132	1,131	1,172	1,163
Navy	1	1	1	1	1
<b>Total Customers</b>	<b>51,977</b>	<b>51,771</b>	<b>52,825</b>	<b>53,005</b>	<b>52,642 <sup>(4)</sup></b>
<b>Energy Requirements (MWh):</b>					
<b>Energy Sales</b>					
Residential	496,773	532,239	584,344	555,558	495,407
Small Commercial/Government	374,412	349,235	377,533	399,533	379,558
Large Commercial/Government	373,266	324,747	273,456	265,185	274,695
Independent Power Producers	398	385	420	775	1,103
Government/Private Streetlight & Outdoor Lighting	9,638	7,440	7,472	5,668	5,531
Navy	313,798	309,352	311,743	313,441	291,308
<b>Total Energy Sales</b>	<b>1,568,286</b>	<b>1,523,398</b>	<b>1,554,967</b>	<b>1,540,160</b>	<b>1,447,602</b>
System Losses <sup>(1)</sup>	88,398	93,682	90,945	89,245	91,502
<b>Total System Energy Requirements <sup>(2)</sup></b>	<b>1,656,684</b>	<b>1,617,080</b>	<b>1,645,913</b>	<b>1,629,404</b>	<b>1,539,104</b>
<b>Peak Demand (kW) <sup>(3)</sup></b>	<b>255,000</b>	<b>247,000</b>	<b>257,000</b>	<b>260,000</b>	<b>257,000</b>
<b>Base Rate and LEAC Revenues (000's)</b>					
Residential	\$124,466	\$111,984	\$116,590	\$167,564	\$188,415
Small Commercial/Government	105,824	87,165	86,759	131,316	156,137
Large Commercial/Government	97,507	76,220	57,793	81,698	106,920
Independent Power Producers	110	92	88	253	428
Government/Private Streetlight & Outdoor Lighting	6,119	5,255	5,126	5,430	5,914
Navy	65,707	52,852	57,879	87,300	90,867
<b>Total Base Rate and LEAC Revenues</b>	<b>\$399,733</b>	<b>\$333,567</b>	<b>\$324,234</b>	<b>\$473,561</b>	<b>\$548,681</b>
Usage/Customer-w/ Navy and Lighting/Annum (kWh)	30,173	29,426	29,436	29,057	27,499
Usage/Customer-w/o Navy and Lighting/Annum (kWh)	24,487	23,828	23,906	23,558	22,354
Usage/Residential Customer/Month (kWh)	931	1,004	1,075	1,021	919 <sup>(4)</sup>
Customer Growth	--	-0.2%	0.5%	0.5%	-0.3%
Energy Growth	--	-1.4%	-0.1%	-0.5%	-1.6%
Demand Growth	--	-1.6%	0.3%	0.5%	0.2%
Navy	--	-0.7%	-0.2%	0.0%	-1.5%

<sup>(1)</sup> Includes transmission losses and distribution losses.

<sup>(2)</sup> Reflects total net generation of the System excluding station use.

<sup>(3)</sup> Reflects total gross peak demand of the System.

<sup>(4)</sup> Reflects no services due to damage of residential homes from Typhoon Mawar in Fiscal Year 2023. See "THE AUTHORITY – Typhoon Mawar."

Source: Guam Power Authority.



## **Civilian Energy Sales**

From Fiscal Years 2019 through 2023, civilian energy sales, including the residential, small commercial and government and large commercial and government (including Independent Power Producers) customer classes, constituted approximately 80% and 83% (5-year averages) of the Authority's total energy sales and revenues, respectively. During the same period, civilian energy sales decreased at a compounded annual rate of -1.6% and revenues from civilian energy sale increase at a compounded annual rate of 6.6%.

## **Power Sales to the U.S. Military**

***U.S. Military Energy Sales.*** Energy sales to the Navy for Fiscal Years 2019 through 2023 accounted for approximately 20% (5-year average) of the Authority's total annual energy sales during such period, and Revenues generated from sales to the Navy during the same period accounted for 17% (5-year average) of the Authority's total annual revenues during such period. Energy sales to the Navy decreased from 313,798 MWh in Fiscal Year 2019 to 291,308 MWh in Fiscal Year 2023, at a compounded annual rate of -1.5%. Total revenues from the Navy increased from \$65,706,812 in Fiscal Year 2019 to \$90,867,260 in Fiscal Year 2023, at a compounded annual rate of 6.7%. For the Fiscal Year 2023, the Navy was the Authority's largest customer, accounting for approximately 17% of the Authority's energy sales revenues.

***Agreements with the Navy.*** Historically, the Authority's power supply requirements have been supplied from generating facilities owned and operated by the Authority, generating facilities owned and operated by the Navy and generating facilities owned by the Navy and operated by the Authority. In July 2012, the Authority, the Department of Defense ("DoD"), the Navy and other interested parties finalized a Utility Services Contract (the "**2012 Utility Services Contract**") to replace an expiring customer services agreement. The 2012 Utility Services Contract went into effect on August 1, 2012 and expired on July 31, 2022. The CCU and the PUC approved the Authority's renewal of its 2012 Utility Services Contract with the Navy on January 25, 2022 and February 24, 2022, respectively. The renewed contract (the "**2022 Utility Services Contract**") is similar to the 2012 Utility Services Contract, and is scheduled to expire on July 31, 2032, subject to early termination in accordance with its terms. Under the 2022 Utility Services Contract, the Authority continues as the Navy's only power provider (with the Navy continuing to act as a transmission-level cost-of-service customer at rates approved by the PUC). The 2022 Utility Services Contract continues the asset transfers under the terms and conditions previously set forth in the original customer services agreement, retains the Authority's use of Navy assets and real property and allows for Navy easements and facilities to serve the Authority's customers when necessary. The 2022 Utility Services Contract also covers the proposed U.S. military build-up on Guam, providing that any capital additions to the Authority's System that are necessary to support the expected military build-up are not to be paid for by the Authority. If necessary, the Authority may finance such improvements, so long as any associated debt service is paid for only by military ratepayers. See "– Impact of New Development on Customer Base – Potential Impact of U.S. Military Build-Up."

The 2022 Utility Services Contract requires the Navy to continue to make weekly fuel payments, maintaining a minimum contract demand (but eliminating maximum limits), and requires that the Navy pay within 15 days of invoice presentation and be subject to late payment charges. The termination liability includes debt incurred during the previous contract period and adds the ability for the Authority to seek additional compensation from the Navy subject to PUC approval.

## Top Ten Customers

Table 5 below sets forth the Authority’s ten largest customers by energy sales revenues for Fiscal Year 2023.

**Table 5**  
**Largest Customers by Energy Sales Revenues**  
**Fiscal Year 2023**

Customer	Industry	Energy Sales (kWh)	Energy Sales Revenues
U.S. Navy Public Works Center	Military	291,307,631	\$ 90,867,260
Guam Waterworks Authority	Utilities	57,986,454	24,389,710
Department of Education	Government Agency	38,887,081	17,032,119
Guam Int’l Airport Authority	Transportation	22,626,234	8,777,811
Pacific Islands Club	Hotel	11,414,664	4,193,039
Guam Healthcare Dev. Inc.	Hospital	9,858,398	3,763,857
Hyatt Regency Guam	Hotel	9,831,472	3,601,229
GTA Teleguam Holdings LLC	Telecommunications	8,404,939	3,330,229
The Tsubaki Tower & Nikko Hotel	Hotel	7,608,154	2,870,989
Guam Memorial Hospital	Hospital	7,607,992	2,962,399
		<u>465,533,020</u>	<u>\$161,788,641</u>
Total			
% of Authority Total (Annual Basis)		32.2%	29.5%
Total Revenues			\$548,681,198

Source: Guam Power Authority.

## Conservation Programs

**Demand-Side Management Program.** The Authority launched its Demand-Side Management program on December 1, 2015. The program includes rebates to government, residential and commercial customers who purchase energy efficient appliances, including energy efficient ductless split air conditioning, central air conditioning and washers and dryers. The program is funded from LEAC charges upon approval by the PUC. Since the beginning of the program, the Authority has provided approximately \$10 million in rebates to residential and commercial customers. The Authority anticipates providing approximately \$3 million in rebates in Fiscal Year 2024. The program’s fund balance as of April 30, 2024 is approximately \$6.7 million.

## Impact of New Development on Customer Base

**Civilian Development.** In the past five years, the Authority has added several large customers, including the Guam Regional Medical Facility, several large hotels and resorts, such as the Dusit Thani Hotel and the Tsubaki Tower, and a major retailer, the Village Donki, a subsidiary of Don Don Donki, which opened in April 2024. As development in the tourism and retail sectors increases, the number of commercial customers will also increase. See APPENDIX A—GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM.

**Potential Impact of U.S. Military Build-Up.** The U.S. military has a significant impact on the economy of Guam through the employment of civilian personnel, construction contracts and purchasing of material and services, and Federal income taxes paid by military personnel which are remitted to the Government. In 2010, the Authority, the CCU, the Navy and the DoD entered into a Memorandum of Understanding in connection with the expected increase in Navy power requirements resulting from the relocation to Guam of a portion of the U.S. military base on Okinawa, Japan. In September 2010, the Navy signed a Record of Decision (the “**2010 ROD**”) regarding the 2010 Final Environmental Impact Statement (the “**EIS**”) for Guam and the Commonwealth of the Northern Mariana Islands

Military Relocation, among other things. In the months and years following issuance of the 2010 ROD, the Navy and the DoD made various decisions that caused the Navy to supplement the EIS. In July 2015, the DoD released the Supplemental Environmental Impact Statement (the “SEIS”) for the purpose of supplementing the portions of the EIS regarding the establishment on Guam of a cantonment (main base) area, family housing, a live-fire training range complex, and associated infrastructure to support the relocation of a substantially reduced number of marines and dependents than was previously analyzed. On August 29, 2015, a record of decision based on the SEIS (the “2015 ROD”) was released, which identifies the final locations for additional bases and facilities to accommodate the relocation of approximately 4,700 marines from Okinawa and Iwakuni to Guam. The proposed U.S. military build-up has been underway, with an anticipated construction period of approximately 13 years. In 2017, the DoD awarded and completed a \$28,000,000 contract for the construction of a 34.5 kV underground electrical transmission line and related system to Camp Blaz and the Anderson Air Force Base. Camp Blaz officially opened on January 23, 2023, however the base will not be fully operational until 2028. The marine facilities, which are largely complete, include hangers for aircraft, fitness centers, live-fire complex and headquarters building. As a result of the proposed military build-up, the Authority expects that revenues will increase. See also APPENDIX A—GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM—Military Personnel.

## RATES

### General Rate Setting

Rates for electric service are established by the CCU, which acts as the Authority’s Board of Directors, and are regulated by the PUC. The PUC must also approve all contracts to be entered by the Authority that could increase rates and charges.

The PUC is required by its governing statute to set rates and charges for services that are reasonable and sufficient to enable the Authority to meet its financial obligations, operating expenses, debt service and capital improvement needs. The statute also provides that rates established by the PUC must be at least adequate to cover the full cost of its service to customers, subject to any contractual agreements of the Authority with the holders of any bonds and that the PUC shall increase rates from time to time as may be necessary pursuant to any such contractual obligations. The PUC may require the Authority’s rates to be adjusted upwards or downwards at any time in order to meet these conditions; however, rates must always be sufficient to satisfy the rate covenants set forth in the Senior Indenture.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS—Senior Rate Covenant.”

The Authority rate structures consists of a base rate, which includes fixed costs and non-fuel related operating and maintenance expenses, and a charge permitting the Authority to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC component. The Authority has also from time to time charged, and may in the future charge, various surcharges to address certain costs.

Table 6 below sets forth the various components of the charges for a residential customer using 1,000 kilowatt hours (kWh) of energy in a month, in effect as of April 1, 2024. The average residential customer uses approximately 931 kWh per month.

**Table 6**  
**Representative Monthly Charges for Residential Customer**  
**As of April 1, 2024**

	<u>Unit Cost</u>	<u>Monthly Cost</u>
kWh 1,000		
Fixed Monthly Charge	\$ 15.00	\$ 15.00
Non-Fuel Energy Charge		
First 500 kWh (per kWh)	0.06955	34.78
Over 500 kWh (per kWh)	0.08687	43.44
Emergency Water-Well Charge <sup>(1)</sup>	0.00279	1.40
Self-Insurance Surcharge (per kWh) <sup>(2)</sup>	0.00290	2.90
Subtotal (not including LEAC)		<u>\$ 97.51</u>
LEAC (per kWh) <sup>(3)</sup>	0.261995	<u>\$ 262.00</u>
Total		<u><u>\$ 359.50</u></u>

<sup>(1)</sup> A charge approved by PUC to recover the cost associated with the financing, operation and maintenance of standby electric generators dedicated to GWA's water and wastewater facilities.

<sup>(2)</sup> Implemented until self-insurance funding is restored to authorized minimum level; \$20 million cap. See "RATES—Surcharges—Self-Insurance Fund Surcharge" and "OTHER MATTERS—Insurance; Self-Insurance Fund."

<sup>(3)</sup> New LEAC rate effective February 1, 2024 approved by PUC under GPA Docket 24-08 on January 25, 2024. See "—Levelized Energy Adjustment Clause."

Source: Guam Power Authority.

### Base Rates

Since 2008, the Authority has petitioned the PUC five times for base rate increases. Since then, the PUC has granted at least a portion of the Authority's requests and enabled the Authority to satisfy the rate covenants and debt service coverage requirements required under the Senior Indenture. Although the PUC has historically granted at least a portion of the Authority's requests since 2008, no assurance can be given that the PUC will grant future requests by the Authority. Table 7 below shows, for Fiscal Years 2008 through 2023, the effective date of base rate increases, the requested base rate increase, the approved base rate increase and the principal reasons for such base rate increases.

**Table 7**  
**Historical Base Rate Increases**  
**Fiscal Years 2008-2023**

<b>Effective Date of Base Rate Increases</b>	<b>Requested Base Rate Increase</b>	<b>Approved Base Rate Increase</b>	<b>Principal Reason for Base Rate Increase</b>
March 1, 2008 <sup>(1)</sup>	13.10%	8.53%	Phase I of updated revenue requirements and cost of service study performed in 2008.
March 1, 2010	11.20%	7.44%	Phase II of updated revenue requirements and cost of service study performed in 2008.
May 1, 2012	11.80%	6.00%	Revenue requirements and cost of service study performed in 2011.
December 1, 2012	-6.00%	-6.00%	"Rollback" of base rate increase received in May 2012, totaling \$9.1 million, to compensate ratepayers for the debt service savings gained from 2012 refunding bond issuance. The "rollback" was in effect for 10 months.
October 1, 2013	7.30%	6.00%	Base rate increase to cover reductions in load and rising costs.

<sup>(1)</sup> Initially applied to Navy customer class; applied to other customer classes effective March 1, 2009.

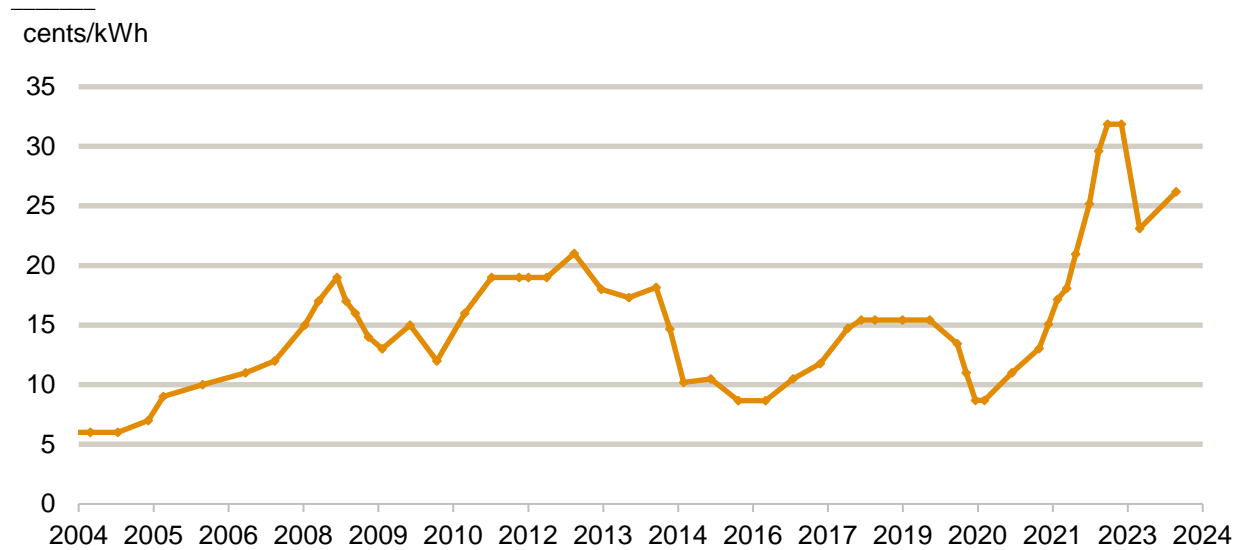
Source: Guam Power Authority.

**Cost of Service Study.** In December 2023, the Authority engaged Utility Financial Solutions to prepare a cost of service study to determine the revenue required to render the utility service including a return on invested capital, operational and maintenance costs, depreciation, debt service costs, and administrative cost and expenses. The cost of service study is expected to be completed by August 2024.

**Levelized Energy Adjustment Clause**

The Authority is entitled to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC. LEAC adjustments to rates generally go into effect in February and August and are structured and set to recover costs within six months. The Authority is generally required to file before the PUC any proposed adjustments 45 days prior to the effective date of the proposed LEAC adjustment. The Authority can petition for an interim LEAC adjustment prior to the next scheduled biannual adjustment if the Authority’s projected over/under recovery amount of fuel costs exceeds \$2 million. The most recent LEAC adjustment was instituted by the PUC on January 25, 2024 and took effect February 1, 2024. As of April 1, 2024, the LEAC charge is \$0.261995/kWh. Prior to the most recent increase, the LEAC charge was \$0.231144/kWh. The following chart shows the adjustments to the LEAC since 2004. The Authority will petition the PUC to maintain the current LEAC rate of \$0.261995 for LEAC period from August 1, 2024 to January 31, 2025 once the CCU approves the docket to maintain its existing LEAC rate. The PUC is anticipated to consider the docket at its July 25, 2024 meeting.

**LEAC Adjustments  
Fiscal Years 2001-2024**



Source: Guam Power Authority.

**Surcharges**

**Self-Insurance Fund Surcharge.** The rates charged by the Authority include a surcharge to fund the Authority’s Self-Insurance Fund. The Self-Insurance Fund is replenished by a surcharge reflected in customer billings. The surcharge is automatically discontinued once the balance in the Self-Insurance Fund reaches the maximum level approved by the PUC (currently \$20 million) and is reinstated if the amount in the Self-Insurance Fund drops below \$18 million. As of April 2024, the balance in the Self-Insurance Fund was approximately \$13 million. See “OTHER MATTERS—Insurance; Self-Insurance Fund.” The Authority estimates the current Self-Insurance Fund Surcharge to be in effect until approximately June 2025.

**Water Well Surcharge.** The rates charged by the Authority include an “Emergency Water Well and Wastewater” surcharge to recover the cost associated with the financing, operation and maintenance of standby electric

generators dedicated to the water wells and wastewater facilities of the Guam Water Authority. As of April 2024, the Emergency Water Well and Wastewater surcharge is \$0.00279 per kWh over 500 kWh.

**Other Surcharges.** The Authority has from time to time, and may in the future, petition the PUC to permit it to charge surcharges to address other costs. For example, in March 2011, the Authority received an invoice from the Government of Guam Department of Administration for \$12.25 million, representing annual assessments for Fiscal Years 1998 through 2011 relating to certain requested revenue transfers. In September 2013, the Authority received another invoice for \$875,000 from the Chamorro Land Trust Commission relating to the same annual assessment. The Authority obtained approval from the CCU to offer the Department of Administration a settlement amount of \$2.6 million, conditioned upon PUC approval of a surcharge to recover the assessment from ratepayers. As of April 2024, the PUC has not approved such an assessment. See APPENDIX B—FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS’ REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 9.

### Comparative Rates

Table 8 below shows a comparison of average monthly electric bills for selected residential, commercial and large customer loads to bills charged by certain other public and private electric utilities, which are island-based (and therefore not interconnected with other electric utilities) and dependent primarily on oil-fired generation.

**Table 8**  
**Average Monthly Electric Bills**  
**As of April 1, 2024 (U.S. Dollars)**

	<b>Residential (1,000 kWh)</b>	<b>Commercial (25 kW, 16,000 kWh)</b>	<b>Large Customer/ Industrial (300 kW, 200,000 kWh)</b>
<b>Guam Power Authority</b> <sup>(1)</sup>	<b>\$359.50</b>	<b>\$ 6,951.78</b>	<b>\$ 72,610.95</b>
Commonwealth Utility Corp. (Saipan)	342.09	6,053.04	75,548.00
Hawaii Electric Light Co., Inc.	452.08	10,996.90	132,077.82
Kauai Island Utility Cooperative	425.97	5,923.89	71,958.63
Maui Electric Company, Ltd.	403.13	10,119.70	124,581.61
Virgin Islands Water & Power Authority <sup>(2)</sup>	432.99	7,589.55	80,649.18

<sup>(1)</sup> Rates effective February 1, 2024.

<sup>(2)</sup> Rates effective March 1, 2022.

Source: Guam Power Authority.

## FINANCIAL MATTERS

### Historical Operating Results

Table 9 below sets forth the Authority's historical operating results and debt service coverages for Fiscal Years 2019 through 2023.

**Table 9**  
**Historical Operating Results and Debt Service Coverage**  
**(\$000)**

Fiscal Year Ending September 30:	2019	2020	2021	2022	2023
Operating Revenues:					
Energy Sales Revenues	\$399,733	\$333,567	\$324,234	\$473,561	\$548,681
Additional Revenue from Future Rate Increases	0	0	0	0	0
Other Electric Revenues	3,219	3,067	6,160	6,215	6,530
Total Operating Revenues	<u>\$402,952</u>	<u>\$336,634</u>	<u>\$330,394</u>	<u>\$479,776</u>	<u>\$555,211</u>
Operating Expenses:					
Power Supply Costs <sup>(1)</sup>	\$269,650	\$207,529	\$210,470	\$344,879	\$427,918
Transmission and Distribution Expenses	12,746	12,962	12,333	13,690	11,038
Customer Accounting <sup>(2)</sup>	6,215	7,134	7,792	8,563	7,840
Administrative and General	38,289	43,662	44,244	38,937	33,790
Total Operating Expenses	<u>\$326,900</u>	<u>\$271,286</u>	<u>\$274,839</u>	<u>\$406,069</u>	<u>\$480,586</u>
Amounts Available for Debt Service					
Net Operating Revenues	\$76,052	\$65,348	\$55,555	\$73,707	\$74,625
Interest/Other Income (Expense) <sup>(3)</sup>	2,746	2,377	15,341	(430)	(8,923)
Balance Available for Debt Service	<u>\$78,798</u>	<u>\$67,725</u>	<u>\$70,896</u>	<u>\$73,277</u>	<u>\$65,702</u>
Senior Lien Debt Service	\$44,158	\$47,737	\$47,736	\$43,210	\$48,001
Senior Lien Coverage Pursuant to Senior Indenture <sup>(4)</sup>	1.78	1.42	1.49	1.70	1.37
IPP Operated Resources – Lease Payments Capital <sup>(5)</sup>	\$14,538	\$8,930	\$2,245	\$0	\$0
Balance Available for Debt Service	<u>\$64,260</u>	<u>\$58,795</u>	<u>\$68,651</u>	<u>\$73,277</u>	<u>\$65,702</u>
Coverage of Senior Lien Debt by Balance Available for Debt Service after paying IPP Capital <sup>(6)</sup>	1.46	1.23	1.44	1.70	1.37

<sup>(1)</sup> Excludes capital component of lease payments under prior capital lease with Aggreko, which expired in Fiscal Year 2021. These amounts are reflected in IPP Operated Resources – Lease Payment Capital.

<sup>(2)</sup> Includes bad debt recovery or expense.

<sup>(3)</sup> Includes interest earned on investment less construction fund interest/deferred interest earned. For Fiscal Year 2023, FEMA recovery from Typhoon Mawar is not recorded.

<sup>(4)</sup> Calculated based on a net revenue basis. Excludes capital component of lease payments under the Energy Capital Leases. These amounts are reflected on IPP Operated Resources – Lease Payments Capital.

<sup>(5)</sup> Constitutes prior capital lease with Aggreko, which expired in Fiscal Year 2021.

<sup>(6)</sup> There are currently no Subordinate Lien Bonds outstanding.

Source: Guam Power Authority.

## Outstanding Indebtedness

As of the date of delivery of the 2024A Senior Bonds (and taking into account the defeasance of the Refunded Bonds), the Senior Bonds will be outstanding in the aggregate principal amount of \$\_\_\_\_\_. The debt service requirements with respect to the Senior Bonds are set forth in “DEBT SERVICE REQUIREMENTS.”

No Subordinate Bonds are currently outstanding under the Subordinate Indenture; however, the Authority may in the future issue additional subordinate bonds under the Subordinate Indenture or under a separate indenture.

The Authority does not currently have any outstanding capital leases, direct placements or other financial contracts payable on a parity with or prior to the lien of the Senior Bonds.

## Financial Contracts and Investments

Approximately \$13.7 million of the Senior Bond Reserve Fund allocable to the Series 2012 Senior Bonds is invested pursuant to a forward delivery agreement, dated as of September 28, 2000, as amended as of October 1, 2012 (collectively, the “**BofA Forward Delivery Agreement**”), by and among the Senior Co-Trustee, the Authority and Bank of America, N.A. (“**BofA**”). The BofA Forward Delivery Agreement is currently scheduled to terminate on October 1, 2034. In connection with the execution and delivery of the BofA Forward Delivery Agreement, the Authority received an up-front payment in the approximate amount of \$13.5 million, representing the then-present value of the interest the Authority would otherwise have received over the term of the BofA Forward Delivery Agreement. BofA may at its option, but is not obligated, to cause a qualified dealer to deliver investment securities of one of the types listed in the BofA Forward Delivery Agreement, with a maturity value equal to the scheduled invested amount.

The Authority has also entered into an investment agreement (as amended, the “**BLB Investment Agreement**”) with the Senior Co-Trustee and Bayerische Landesbank Girozentrale, acting through its New York Branch (“**BLB**”), providing for the investment of a portion of the amounts on deposit in the Senior Bond Fund allocable to debt service on the 2012 Senior Bonds. The BLB Investment Agreement has a rate of earnings of 6.02% per annum and is scheduled to terminate on October 1, 2034. Pursuant to the BLB Investment Agreement, under certain circumstances following the down-grade of BLB’s credit rating to below the required rating levels, BLB may be required to post collateral.

The Authority expects the BofA Forward Delivery Agreement and the BLB Investment Agreement to remain in effect following the issuance of the 2024A Senior Bonds.

## Liquidity and Working Capital Fund

For Fiscal Year 2024, the amount required to be on deposit in the Working Capital Fund was \$39.8 million. As of May 31, 2024, the Authority had approximately \$60.7 million of unrestricted reserves, including \$19.9 million in the Working Capital Fund.

In addition to using amounts on deposit in the Working Capital Fund to address fluctuations in working capital and cash resources, the Authority may also use amounts on deposit in the Operating Fund, the Surplus Fund and the Revenue Fund (in each case, after making required transfers and deposits), as well as under certain, limited circumstances, amounts on deposit in the Self-Insurance Fund to pay unexpected expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS,” “FUEL SUPPLY,” “RATES—Surcharges—*Self-Insurance Fund Surcharge*” and “OTHER MATTERS—Insurance; Self-Insurance Fund.” The Authority maintains a Working Capital Fund pursuant to the Senior Indenture, which is required to be funded in an amount equal to 1/12<sup>th</sup> of the aggregate amount of Maintenance and Operation Expenses, including fuel costs, budgeted to be paid from Revenues during the then-current Fiscal Year.

As discussed above, the Authority is generally entitled to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC. Although LEAC adjustments are generally made on a biannual basis, the Authority



is authorized, and the PUC encourages the Authority, to seek interim LEAC adjustments under certain conditions. See “RATES—Levelized Energy Adjustment Clause” and “BONDHOLDER RISKS—Risks Relating to Fuel.”

### **Capital Improvement Program**

As part of its planning process, the Authority has prepared a projection of the capital requirements and related costs for its electric system. The Authority’s capital improvement program (the “**Capital Improvement Program**”) consists largely of ongoing improvements and upgrades to existing generating and transmission and distribution facilities, extension of transmission lines and the construction of associated substations, as well as new generation resources. The Authority believes that these additions will help it to meet recent and projected System demand requirements while maintaining overall System reliability.

The Authority currently projects the expenditure of approximately \$115 million on its Capital Improvement Program from Fiscal Year 2024 through Fiscal Year 2028. Table 10 below sets forth the allocation of projected Capital Improvement Program project costs. The Capital Improvement Program projects and projected costs remain subject to change, as the Authority continues to evaluate, develop and refine the projects included in the Capital Improvement Program. The Authority currently expects to fund the Capital Improvement Program from a combination of operating revenues, remaining proceeds of Senior Bonds previously issued by the Authority, amounts released from the Self-Insurance Fund, grants, developer contributions and other outside contributions. The Authority does not currently expect to issue Additional Senior Bonds to finance the Capital Improvement Program during this projection period.

The Authority’s current Capital Improvement Plan does not include costs related to the Ukudu Power Plant, which is currently under construction and anticipated to be commissioned in September 2025. Pursuant to the GUP Energy Conversion Agreement with respect to the Ukudu Power Plant, GUP will construct, own and operate the Ukudu Power Plant and such costs are, therefore, not reflected in the current Capital Improvement Program. See “POWER SUPPLY – GUP Energy Conversion Agreement.” However, the current Capital Improvement Plan does include a fuel pipeline that will be connected to the Ukudu Power Plant and the Authority’s fuel tanks. The cost of the ULSD and natural gas fuel pipelines is approximately \$40 million and is expected to be paid from insurance settlement proceeds from Cabras Units 3 and 4 claim. See also “POWER SUPPLY – Power Supply Development – *Ukudu Power Plant*.”

The Authority’s current Capital Improvement Plan also does not include the cost of capital improvements directly related to increasing U.S. military presence resulting from the relocation of certain naval facilities to Guam. The Authority currently intends that any such capital improvement costs would be paid by the U.S. military (whether through direct capital contributions or through energy price increases sufficient to pay debt service on any bonds issued by or on behalf of the Authority to fund such costs), and such costs are, therefore, not reflected in the current Capital Improvement Program.

**Table 10**  
**Projected Capital Improvement Program**  
**Fiscal Years 2022-2028**  
**(\$000)**

<b>Fiscal Year Ending September 30:</b>	<b>Historical</b>		<b>Projected <sup>(1)</sup></b>					<b>Five-Year Total</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	
<b>Capital Improvements:</b>								
Transmission System Additions and Improvements	\$466	\$150	\$38	\$1,450	\$1,110	\$1,110	\$1,110	\$4,788
Distribution System Additions and Improvements	4,117	2,983	2,348	2,300	2,300	2,300	2,300	11,548
Substation System Additions and Improvements	-	113	821	400	500	500	500	2,721
Generation Plant Additions and Improvements	13,964	14,489	12,902	11,420	45,000	5,000	5,000	79,322
General Plant Improvements and Replacements	9,220	10,008	9,220	5,400	1,250	350	700	16,920
<b>Total Capital Improvement Program</b>	<b>\$28,149</b>	<b>\$27,743</b>	<b>\$25,329</b>	<b>\$20,970</b>	<b>\$50,150</b>	<b>\$9,250</b>	<b>\$9,600</b>	<b>\$115,299</b>
<b>Amounts Funded from:</b>								
Prior Bond Proceeds <sup>(2)</sup>	\$1,222	\$22	-	-	-	-	-	-
Current Revenues <sup>(3)</sup>	13,915	21,026	\$18,338	\$15,970	\$10,150	\$9,250	\$9,600	\$63,308
Self-Insurance, Grants, Contributions from Outside Sources <sup>(4)</sup>	13,012	6,695	6,991	5,000	40,000	-	-	51,991
<b>Total</b>	<b>\$28,149</b>	<b>\$27,743</b>	<b>\$25,329</b>	<b>\$20,970</b>	<b>\$50,150</b>	<b>\$9,250</b>	<b>\$9,600</b>	<b>\$115,299</b>

<sup>(1)</sup> Projected amounts are based on capital planning as of May 2024.

<sup>(2)</sup> Reflects remaining bond proceeds from the Authority's prior bond issues.

<sup>(3)</sup> Revenues available for capital improvements after payment of Maintenance and Operation Expenses, debt service on the Authority's Senior Bonds, and other uses of cash.

<sup>(4)</sup> Includes \$40 million payment in Fiscal Year 2026 for ULSD and natural gas fuel pipelines from insurance settlement fund.

Source: Guam Power Authority.

## **Collections**

As of September 30, 2023, accounts receivable were approximately \$52.9 million, approximately \$6.7 million or about 11% of which are doubtful for collection. Substantially all of the Authority's customer accounts receivable are from individuals, companies and government agencies based in Guam. Concentrations largely result from accounts receivable from GovGuam agencies and the U.S. Navy.

With the implementation of smart grid including smart meters for all customers, substation automation, advanced metering infrastructure automation, and broadband communications, the Authority is able to remotely activate and de-activate accounts. Accounts over 45 days due are disconnected and reconnected remotely upon payment.

Individuals who are having difficulty managing their accounts are placed in debt recovery plan and the accounts are changed from postpaid service to prepaid service. With prepaid services, customers can manage the consumption of energy and debt recovery is automatically done when the account is recharged.

## **OTHER MATTERS**

### **Operational Initiatives**

The Authority has initiated several programs intended to improve customer service and experience, focusing on improving its online customer platform and interface and online payment systems. The Authority has improved the management of web payment and its payment gateway, including introducing a new utility credit card rate, a new bill print system and new billing software, and mobile payments. The Authority also has improved its social media presence for customer-communications and outage notifications. Furthermore, the Authority has implemented an online application process for its Demand-Side Management Program for customer rebates.

The Authority has made additional investments to improve system operations. These efforts include investment in additional smart grids and electric vehicles and other electrical infrastructure. The Authority continued its ongoing system hardening and underground village hybrid system programs. As of April 1, 2024, the Authority has also completed approximately 98% of its conversion of Guam's streetlights to LED lights.

### **Employment and Labor Relations**

As of September 30, 2023, the Authority had approximately 408 employees. The Authority's employees are not represented by labor unions. Management of the Authority believes relations with its employees remain positive. The Authority provides employees with a range of benefits, including health insurance, life insurance and a retirement plan.

In 2022, a market study of U.S. power utility salaries and pay scale in comparison to the Authority's 2017 pay scale recommended an adjustment and update to the Authority's pay scale to bolster the Authority's ability to reduce attrition, retain top-performing employees, attract employees with the necessary knowledge, skills and abilities to effectively plan, manage and maintain the Authority's System and safeguard its assets and customers, particularly in light of anticipated retirement of 32% of the Authority's current employees within the next five years. The Authority has petitioned the CCU to approve the 2022 market study and to implement incremental structural pay adjustments using the 2022 pay scale and market data to the 30<sup>th</sup> market percentile in Fiscal Year 2024, and incrementally thereafter to reach the 50<sup>th</sup> market percentile by Fiscal Year 2028. The CCU is expected to consider the matter on or about May 28, 2024.

### **Employees' Retirement Plan and Other Post-Employment Benefits**

**General.** The Government of Guam Retirement Fund (the "GGRF") provides retirement annuities and other payments to retired Government employees and their dependents, including Authority employees and their dependents. Employees hired on or before September 30, 1995, are members of the Government of Guam Employees Retirement System (the "DB Plan"). Employees hired after September 30, 1995, became members of the Defined

Contribution Retirement System (the “**DC Plan**”). From April 1, 2017 to December 31, 2017 and from June 1, 2023 to December 31, 2023, eligible, active DC Plan members could elect to become members of the Defined Benefit 1.75 Retirement System (the “**DB 1.75 Plan**”). In addition, new employees hired on or after January 1, 2024 will become members of the DC Plan and eligible, active DC Plan members may elect to become a member of the DB 1.75 Plan. The DB Plan, DC Plan, and DB 1.75 Plan are further described below.

**DB Plan.** The DB Plan is a single-employer defined benefit pension plan administered by the GGRF to which the Authority contributes based upon a fixed percentage of the payroll for those employees of the DB Plan. A single actuarial valuation is performed annually covering all DB Plan members, and the same contribution rate applies to each employer, including the Authority. Members of the DB Plan are required to contribute a certain percentage of their annual covered salary, which is currently 9.5%. The DB Plan member and employer contribution requirements are established by statute. According to the Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2022 (the “**2022 GGRF Valuation Report**”), the most recent valuation report as of the date of this Official Statement, there were a total of 1,070 active members (including 59 Authority employees), 7,283 retired members and 3,087 inactive members under the DB Plan as of September 30, 2022.

**DC Plan.** The DC Plan is a single-employer defined contribution pension plan administered by the GGRF. Contributions to the DC Plan by members are based on an automatic deduction of 6.2% of the member’s regular base pay starting on January 1, 2018. Contributions are deposited into each individual employees’ 401(a) account with the DC Plan. The default plan for all new Government employees, including Authority employees, is the DC Plan. According to the 2022 GGRF Valuation Report, there were a total of 7,571 active members (including 191 Authority employees) under the DC Plan as of September 30, 2022.

**DB 1.75 Plan.** The DB 1.75 Plan is a governmental defined benefit pension plan administered by the GGRF with an effective date of January 1, 2018. The DB 1.75 Plan members are required to contribute 9.5% of their base salary to the DB 1.75 Plan and 1% of their base salary to a Government deferred compensation plan. As described above under “– General,” certain existing employees and members of the DC Plan were provided an opportunity to participate in the DB 1.75 Plan in 2017. According to the 2022 GGRF Valuation Report, there were a total of 2,906 active members (including 168 Authority employees, 249 retired members and 18 inactive members under the DB 1.75 Plan as of September 30, 2022.

As further described above under “– General,” certain existing employees and members of the DC Plan currently have, and certain new employees and members of the DC Plan will have, an opportunity to participate in the DB 1.75 Plan.

**DB Plan and DB 1.75 Plan Annual Valuation Results.** The DB Plan’s unfunded actuarial accrued liability (“**UAAL**”) and funded ratio for Fiscal Years 2018-2022 are shown in the following table. The UAAL and funded ratio includes the DB 1.75 Plan.

**Table 11**  
**Unfunded Actuarial Accrued Liability and Funded Ratio of Defined Benefit Plans<sup>(1)</sup>**  
**Fiscal Years 2018 through 2023**  
**(in \$ millions)**

<b>Fiscal Year</b>	<b>Accrued Liability</b>	<b>Actuarial Assets</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>
2018	\$ 3,197.1	\$ 2,021.9	\$ 1,175.2	63.24%
2019	3,221.3	2,066.0	1,155.4	64.13
2020	3,228.1	2,053.9	1,174.2	63.62
2021	3,267.5	2,125.3	1,142.2	65.04
2022	3,236.6	2,063.6	1,173.0	63.76

<sup>(1)</sup> Does not include Cost-of-Living Allowance and Supplemental Annuity Liability.  
Source: Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2022.

Significant actuarial assumptions and methods used in the 2022 GGRF Valuation included: (a) the interest rate used to discount future benefit payments to the present and long term expected rate of return on plan assets of 7.0%; (b) the Entry Age Normal method; (c) total payroll growth of 2.50% per year; (d) 3-year phase-in of gains/losses relative to interest rate assumption; (e) amortization of UAAL to an end date of May 1, 2033. According to the 2022 GGRF Valuation Report, and based on the GGRF 2022 Audited Financial Statements, the GGRF actuary calculated an investment return on the total market value of assets of -17.7% for the fiscal year ending September 30, 2022. The average annual return on the market value of assets has been 2.1% for the last five fiscal years. The investment return on the actuarial value of assets (recognizing investment gains and losses over a 3-year period) was 1.6% for the Fiscal Year ended September 30, 2022.

The GGRF is subject to GASB Statement No. 67; each participating employer, including the Authority, is subject to GASB Statement No. 68 (“**GASB 68**”). GASB 68 was incorporated into the Authority’s financial statements beginning in Fiscal Year 2015. For the Authority’s proportionate share of the GGRF’s net pension liability and pension expense for Fiscal Year 2020, see APPENDIX B—FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS’ REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 4.

**Contribution Rates.** Under Title 4, Chapter 8, Section 8137 of the Guam Code Annotated, as amended, the Government is required to completely fund the unfunded actuarial accrued liability by May 1, 2033. The actuarial employer contributions rates set forth in the annual valuations apply to the Fiscal Year beginning one year after the valuation date. Components of the actuarial employer contribution rates include percentages towards (1) the UAAL of the DB Plan and DB 1.75 Plan, (2) normal cost of the DB Plan and DB 1.75 Plan, and (3) contributions and expenses for the DC Plan.

Although the actuarial contributions rates are provided to the Guam Legislature by the GGRF in advance of each Fiscal Year and used for budget preparation, the Guam Legislature is not required to adopt such rates but has done so in recent years. The Government applies the same employer statutory contribution rate to all employees (i.e., DB Plan members, DC Plan members, etc.). Of the amounts contributed by the employers under the DC Plan, an amount equal to 6.2% of the DC Plan member’s regular base pay starting on January 1, 2018, is deposited into the member’s individual annuity account; the remaining amount in excess of 6.2% starting on January 1, 2018, of the DC Plan member’s regular base pay is contributed towards the UAAL of the DB Plan. The following table sets forth the actuarial employer contribution rates and the statutory employer contribution rates for Fiscal Years 2018-2022:

**Table 12**  
**Employer Contribution Rates – Actuarial and Statutory<sup>(1)</sup>**  
**Fiscal Years 2018 through 2022**

<u>Fiscal Year</u>	<u>Actuarial Rate</u>	<u>Statutory Rate</u>
2018	26.28%	27.83%
2019	26.97	26.56
2020	28.32	26.28
2021	28.43	26.97
2022	29.43	28.32

<sup>(1)</sup> The actuarial employer contributions rates set forth in the annual valuations apply to the Fiscal Year beginning one year after the valuation date. For example, the actuarial contribution rate determined in the valuation report as of September 30, 2020 (Fiscal Year 2020) is applied for the Fiscal Year beginning October 1, 2022 (Fiscal Year 2022).

Source: Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2022.

In addition, the statutory rates for Fiscal Years 2023 and 2024 are 28.43% and 29.43%, respectively.

The following table sets forth the actual contributions made by the Authority to the DB Plan during Fiscal Years 2019 through 2023. Such amounts were equal to the required contributions for those years.

**Table 13**  
**Authority's Contributions to DB Plan**  
**Fiscal Years 2018 through 2023**

Fiscal Year	Amount
2019	\$5,147,076
2020	4,882,056
2021	4,854,376
2022	4,757,986
2023	4,440,890

*Source: Guam Power Authority.*

The following table sets forth the actual contributions made by the Authority to the DC Plan, as well as the portion of such contributions that are applied to the unfunded liability of the DB Plan during Fiscal Years 2019 through 2023. Such amounts were equal to the required contributions for those years.

**Table 14**  
**Authority's Contributions to DC Plan and DB Plan toward Unfunded Liability**  
**Fiscal Years 2019 through 2023**

Fiscal Year	DC Plan Amount	Portion of DC Plan Amount to DB Plan
2019	2,264,343	1,735,770
2020	2,312,780	1,767,360
2021	2,397,280	1,845,643
2022	2,716,497	2,121,703
2023	2,971,836	2,323,635

*Source: Guam Power Authority.*

**COLA and Supplemental Annuity Payments.** Public Law 25-72, passed in 1999, requires the payment of supplemental annuity and cost-of-living-allowance (“COLA”) benefits to retirees and specifies that these payments are to be vested, limited-duration benefits to be provided by the GGRF. Public Law 36-107 increased ad hoc COLA payments of \$2,000 per year to \$2,200 per year to retired DB Plan and DC Plan members and spouse survivors. In addition, supplemental annuity payments of \$4,238 (subject to an aggregate limitation of \$40,000 per year when combined with the member’s regular retirement annuity) have been provided to retired DB Plan members and survivors whose benefits commenced prior to October 1, 1995. These payments have been made outside of the GGRF trusts through annual allocations, and are anticipated to continue in future years. Effective Fiscal Year 2017 and pursuant to GASB Statement No. 73, the resultant actuarial liability relating to these payments have been included in the government-wide financial statements.

**Other Post-Employment Benefits.** The Government makes annual expenditures for certain postretirement healthcare benefits (“OPEB”) to retirees who are members of the GGRF. The Government provides medical, dental, and life insurance coverage. Prior to Fiscal Year 2020, the retiree medical and dental plans were fully-insured products provided through insurance companies. Starting in Fiscal Year 2020, the Government began to phase in policy self-insurance: dental in Fiscal Year 2020, pharmaceuticals in Fiscal Year 2022 and medical in Fiscal Year 2024. Benefits under the dental plan are capped at \$1,000 per subscriber. The Government shares in the cost of these plans, with its contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, the Government contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, the Government provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not contribute to the cost of this coverage. The OPEB unfunded actuarial accrued liability for the Government, including fiduciary funds and component units such as the Authority, was approximately \$2.77 billion for Fiscal Year 2022, \$2.60 billion for Fiscal Year 2021, and \$2.52 billion for Fiscal Year 2020. The OPEB unfunded actuarial accrued liability allocated to the Authority was

approximately \$164.0 million for Fiscal Year 2022, \$160.4 million for Fiscal Year 2021, and \$162.0 million for Fiscal Year 2020.

The OPEB plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due. The Authority is then required to reimburse the General Fund for the OPEB costs of the Authority’s retirees.

The following table sets forth the Government’s contributions from the General Fund for OPEB for Fiscal Years 2018-2022, as well as the Authority’s contributions to reimburse the Government for the OPEB costs of the Authority’s retirees (i.e., medical, dental and life insurance).

**Table 15**  
**Government Contributions from General Fund for OPEB and**  
**Authority’s Contribution to Reimburse OPEB**  
**Fiscal Years 2018 through 2023**

<u>Fiscal Year</u>	<u>Government Contributions</u>	<u>Authority’s Contribution to Reimburse OPEB</u>
2018	\$31,348,666	\$4,253,779
2019	30,569,444	4,220,213
2020	27,920,521	4,027,373
2021	32,565,557	4,278,161
2022	N/A <sup>(1)</sup>	4,780,666

<sup>(1)</sup> The Government contribution amount for Fiscal Year 2022 is not yet available.

*Sources: Extracted from Government of Guam Financial Statements for Fiscal Year 2022 and Guam Power Authority Audited Financial Statements for Fiscal Years 2023 and 2022.*

**Insurance; Self-Insurance Fund**

The Authority maintains all risk insurance, directors’ and officers’ liability insurance, general liability insurance, pollution liability insurance, vehicle and marine cargo insurance and a blanket crime policy covering employee dishonesty. All policies provide coverage, with applicable deductibles, that the Authority believes to be standard, provided through qualified insurance companies. The estimated aggregate of the premiums for the current year is \$7.1 million.

The Authority maintains a self-insurance fund (the “**Self-Insurance Fund**”) upon which the Authority is authorized to draw for any transmission and distribution and generation losses or property losses in excess of \$200,000, as well as for other purposes, subject to PUC approval. The Self-Insurance Fund is replenished by a surcharge reflected in customer billings. The surcharge is automatically discontinued once the balance in the Self-Insurance Fund reaches the maximum level approved by the PUC (currently \$20 million) and is reinstated if the amount in the Self-Insurance Fund drops below \$18 million. The General Manager is allowed to draw up to \$5 million in the aggregate using self-certifications, but any draws in excess of \$5 million require CCU approval.

On January 28, 2021, PUC authorized the Authority to withdraw \$10 million from the Self-Insurance Fund to offset against the LEAC **Under-Recovery**. As a result, the Self-Insurance Fund dropped below \$18 million and the Self-Insurance Fund surcharge was reactivated on August 1, 2021. The surcharge has remained in effect since then. As of April 30, 2024, the balance in the Self-Insurance Fund was approximately \$13.0 million. See “RATES—Surcharges—*Self-Insurance Fund Surcharge*.”

## REGULATORY MATTERS

### Energy Policy Act of 2005

The Energy Policy Act of 2005 (“**EPAct 2005**”) addresses a wide array of energy matters that affect the entire electric utility industry, including the Authority.

The EPAct 2005 expands FERC’s jurisdiction to require open access transmission of municipal utilities that sell more than four million megawatt hours of energy and to order refunds under certain circumstances for municipal utilities that sell more than eight million megawatt hours of energy. The Authority’s aggregate electricity sales for Fiscal Year 2023 were 1,447,602 MWh. The Authority is not able to predict when, if ever, its sales of electricity would reach eight million megawatt hours. Additionally, the EPAct 2005 authorizes FERC to require nondiscriminatory access to transmission facilities owned by large municipal, cooperative and other transmission companies not currently regulated by FERC (which includes the Authority), unless exercising this authority would violate a private activity bond rule for purposes of Section 141 of the Code (as defined below). FERC is prohibited from requiring municipal cooperatives or other transmission companies not currently regulated by FERC (which includes the Authority) to join regional transmission organizations (“**RTOs**”).

The EPAct 2005 provides for criminal penalties for manipulative energy trading practices and repeal of the Public Utility Holding Company Act of 1935, which prohibited certain mergers and consolidations involving electric utilities. The EPAct 2005 also requires the creation of an electric reliability organization to establish and enforce, under FERC supervision, mandatory reliability standards to increase system reliability and to minimize blackouts. FERC has designated the North American Electric Reliability Corporation as such an electric reliability organization. Failure to comply with such mandatory reliability standards exposes a utility such as the Authority to significant fines and penalties by the North American Electric Reliability Corporation.

Under the EPAct 2005, electric utilities are required to offer each of their customer classes a time-based rate schedule to enable customers to manage energy use through advanced metering and communications technology. It also authorizes FERC to exercise eminent domain powers to construct and operate transmission lines if FERC determines a state or territory has unreasonably withheld approval. The EPAct 2005 contains provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies. The EPAct 2005 also extends for 20 years the Price-Anderson Act, which concerns nuclear power liability protection and provides incentives for the construction of new nuclear plants.

The Authority does not believe that the EPAct 2005 will have an adverse impact on its operations.

### Air Quality Compliance

The Clean Air Act (the “**CAA**”) is a comprehensive federal law that addresses the nation’s air quality and the stratospheric ozone layer, and authorizes the USEPA to implement and enforce regulations reducing air pollutant emissions. Under the CAA, the USEPA is authorized to establish and enforce limits on certain air pollutants from various sources, including utilities. Pursuant to the CAA, the USEPA promulgated primary and secondary national ambient air quality standards (“**NAAQS**”) with respect to certain air pollutants, including particulate matter (“**PM**”), sulfur dioxide (“**SO<sub>2</sub>**”), and nitrogen oxide (“**NO<sub>x</sub>**”). These standards are to be achieved by the application of control strategies developed by the states (including Guam) and included in implementation plans that must be approved by the USEPA to be effective. The Guam Environmental Protection Agency (“**Guam EPA**”) has adopted a State Implementation Plan, which was approved by the USEPA, generally designed to achieve the NAAQS.

The CAA requires new major stationary sources of air pollution and certain modifications to existing sources to obtain an air permit before commencing construction. This permitting process is known as the New Source Review (“**NSR**”). The NSR program applies to sources that are located in areas that meet the NAAQS (“**Attainment Areas**”), areas that do not meet the NAAQS (“**Nonattainment Areas**”) and areas that are unclassifiable with respect to the NAAQS. Permits for sources in attainment or unclassifiable areas are issued under the Prevention of Significant Deterioration (“**PSD**”) permit program, and permits for sources in Nonattainment Areas are issued under the Non-attainment New Source Review permit program. The purpose of the PSD program is to prevent the development of



new Nonattainment Areas, among other things. As part of the one-hour SO<sub>2</sub> NAAQS set in June 2010, the 1971 annual and 24-hour standards were revoked. In a July 2013 update, the USEPA indicated that it was not yet designating any areas outside of the continental U.S. as Nonattainment Areas and that the 2010 SO<sub>2</sub> NAAQS Nonattainment Area designations for Guam would be addressed in a separate future action. In an August 2017 letter to the Governor, the USEPA stated that they intended to designate a 6 km radius Nonattainment Area centered in the Cabras-Piti area and to designate the rest of Guam as unclassifiable/Attainment Area. The official declaration was made on April 9, 2018.

The CAA also establishes a permit program (the “**Title V Operating Permit Program**”) for large industrial and commercial sources that release pollutants into the air above a specified threshold, (known as “**major sources**”). Title V operating permits include information on which pollutants are being released, how much may be released, and what kinds of steps the source’s owner or operator is required to take to reduce pollution. Responsibility for the Title V Operating Permit Program in Guam was delegated to the Guam EPA.

The Authority’s power plants are subject to the Title V Operating Permit Program under the CAA. The Title V operating permits for the Authority’s generating plants at Cabras Power Plant, Dededo CT, Macheche CT, Manenggon, Tenjo, Talofoto and Yigo CT were issued in March 2009 in accordance with the Guam Air Pollution Control Standards Regulations and expired on March 1, 2014. The Authority submitted renewal applications for the Title V operating permits for these plants (other than the plants the Authority expected to retire from service) to the Guam EPA on September 4, 2013. Although the Authority has not received any formal notification from the Guam EPA that the expired Title V operating permits have been extended, the Authority is continuing to operate under the 2009 Title V operating permits. The Authority does not anticipate more stringent requirements under the new Title V operating permits and does not expect any issues with renewal of the Title V operating permits.

The Title V operating permits for the Tanguisson Power Plant and Piti Units 8 and 9 have been obtained by the Independent Power Producers. The Tanguisson Power Plant was officially retired on January 1, 2015, and the Title V operating permit was cancelled.

The 40 MW Diesel Generating Units at Yigo substation site (the “**Yigo Diesel Units**”) was issued a Title V Permit in January 2017. The Yigo Diesel Units have Selective Catalytic Reduction Units (“**SCRs**”) to control NO<sub>x</sub> emissions to keep them under the 250 tons per year threshold, thereby making them minor sources and not be subject to the PSD permit program. The SCR installation was completed in 2017. The Yigo Diesel Units are currently operating under the 2017 Title V operating permit.

A new permit application is in the process that will include the new 24 diesel units owned by Aggreko. See “*POWER SUPPLY – Primary Power Supply Resources – Peaking Power Supply Resources.*”

### **Maximum Achievable Control Technology**

USEPA has issued new regulations related to the requirements of Sections 111 and 112 of the CAA. Section 111 of the CAA requires USEPA to set emissions limits for major new stationary sources referred to as New Source Performance Standards or NSPS regulations. Section 112 of the CAA requires the USEPA to issue technology-based standards for major sources and certain area sources for hazardous air pollutants (“**HAPs**”). The categories and subcategories of sources to be regulated under these provisions are listed in Section 112(c) of the CAA. For these sources, the USEPA is required to establish emissions standards that require the maximum degree of reduction in emissions of HAPs. These emissions standards are commonly referred to as maximum achievable control technology (“**MACT**”) standards. Section 112(b) of the CAA contains a list of those pollutants that must be regulated as HAPs pursuant to CAA Section 112, and requires the USEPA Administrator to periodically review this list and, where appropriate, revise the list by adding pollutants which present or may present a threat of adverse human health effects or adverse environmental effects.

In connection with the Section 111 standards, on February 27, 2006, the USEPA promulgated amendments to the NSPS for PM, SO<sub>2</sub>, and NO<sub>x</sub> contained in the standards of performance for coal- and oil-fired electric utility steam generating units (“**EGUs**”). Subsequently, a lawsuit was filed against the USEPA in connection with these amendments, and on September 2, 2009, USEPA was granted a voluntary remand without vacatur of these amendments. The final revisions to these amendments were approved on December 16, 2011.

In 2008, in response to a U.S. federal court decision and a related consent decree, the USEPA decided to regulate coal- and oil-fired EGUs, under Section 112(c) of the CAA. The USEPA also subsequently proposed Section 112 air toxic standards for these EGUs that reflect the application of MACT consistent with the requirements of the CAA. This proposal was also made final (with minor modifications) on December 16, 2011.

In March 2010, the USEPA published in the Federal Register established requirements applicable to diesel engine generators, referred to as “**RICE MACT**.” The new regulations include emission standards, mechanical modifications, operating limitations, compliance testing, scheduled testing, operating and record-keeping requirements. The RICE MACT rules require that standard slow speed and small diesel units meet carbon monoxide standards. These requirements are applicable to ten units at Manenggon, Talofoto and Tenjo, Cabras Units 3 and 4 and Piti Units 8 and 9. The USEPA approved a one-year extension for the Authority’s ten smaller diesel peaking units, and the Authority achieved compliance with respect to these units in May 2014. In April 2013, the Authority initiated discussions with the USEPA to negotiate a consent decree for Cabras Units 3 and 4 and Piti Units 8 and 9 to allow continued use of diesel without installing emission controls until LNG and/or combined cycle unit(s) are in place.

On February 16, 2012, USEPA published in the Federal Register the final CAA Section 112 rule and the new CAA Section 111 standards. With respect to Section 112, the USEPA established HAP standards (known as “**National Emission Standards for Hazardous Air Pollutants**” or “**NESHAP**”) for coal and oil-fired EGUs, including diesel engine generators, to meet standards for toxic air pollutants reflecting the application of the MACT. These standards, known as mercury and air toxics standards (“**MATS**”), are geared at reducing these types of emissions from new and existing coal and oil-fired EGUs. At the same time the MATS were promulgated, revised standards for new coal and oil-fired power plants, called New Source Performance Standards (“**NSPS**”), were also promulgated imposing more stringent numerical limits on PM, SO<sub>2</sub> and NO<sub>x</sub>. The MATS became effective on April 16, 2012 and require the reduction of emissions of mercury, arsenic, chromium, nickel, and acid gases, including hydrochloric acid (“**HCl**”) and hydrofluoric acid (“**HF**”) by the imposition of more stringent emissions limits that reflect the application of MACT.

The MATS apply to EGU’s larger than 25 MW that burn coal or oil for the purpose of generating electricity for sale and distribution to the public. Existing EGU’s generally will have up to four years if they need it to comply with the MATS, which includes three years provided to all sources by the CAA, and an additional year that may be granted by the Guam EPA, as needed, for technology installation. In essence, the rule establishes: (i) numerical emission limits for mercury, PM, and HCl for all existing coal-fired EGUs; (ii) numerical emission limits for PM, HCl and HF for existing and new oil-fired EGUs, but compliance for HCl and HF may also be achieved by limiting the moisture content of the oil; (iii) alternative numeric emission standards, including SO<sub>2</sub> (as an alternate to HCl), individual, non-mercury metal air toxics (as an alternate to PM), and total, non-mercury metal air toxics (as an alternate to PM) for certain subcategories of power plants; and (iv) work practices, instead of numerical limits, to limit emissions of organic air toxics, including dioxin/furan, from existing and new coal and oil-fired power plants, which require annual performance test program for each unit to ensure optimal combustion.

As for Section 111, USEPA revised the NSPS for fossil-fuel-fired EGU’s. The NSPS revised the standards that new coal and oil-fired power plants must meet for PM, SO<sub>2</sub>, and NO<sub>x</sub>, by establishing revised numerical emission limits for these. These standards apply to EGUs that burn fossil fuel to produce steam.

The Authority’s Cabras Power Plant and the Tanguisson Power Plant were subject to the MATS, and the deadline for compliance by the Authority was April 2015. The Authority’s Tanguisson Power Plant was officially retired on January 1, 2015. The Authority expects to comply with these ongoing requirements and the consent decree through installing new units, the retirement of certain units and the conversion to ULSD and/or LNG as the Authority’s primary fuel source. The Cabras Power Plant is burning 0.2% ultra-low sulfur fuel oil to comply with the Clean Air Act until the Ukudu Power Plant is operational, which is anticipated to be in September 2025.

### **Consent Decree with USEPA and DOJ**

On April 20, 2020, the District Court of Guam approved a consent decree (“**2020 Consent Decree**”) with the Authority and Marianas Energy Company (the current operator of Piti Units 8 and 9) in resolution of a complaint filed by USEPA under the CAA. Due to delays in permitting because of closures related to the COVID-19 pandemic, the Government’s restrictions in travel and quarantine, and the Government’s limited operations, including permitting

and historic preservation work, the Authority began negotiating with USEPA and DOJ for a delay in compliance dates under the 2020 Consent Decree. On January 14, 2022, the District Court of Guam issued an Order Approving Modification to the 2020 Consent Decree (the “**2022 Modified Order**”). Certain penalties associated with non-compliance were modified by the 2022 Modified Order, but all other terms and conditions of the 2020 Consent Decree remained unchanged.

The 2020 Consent Decree, as modified by the 2022 Modified Order, as applicable, sets forth, among other things, the following compliance requirements: (i) with respect to the fuel delivery system, complete construction of a new ULSD pipeline by December 31, 2021, and enter into a contract for the purchase and delivery of ULSD to Guam by January 1, 2021; (ii) with respect to Piti Units 8 and 9, complete installation of oxidation catalysts and use only ULSD as fuel to power Piti Units 8 and 9 by July 1, 2022; (iii) with respect to Ukudu Power Plant, enter into a contract to construct and operate of 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by May 20, 2020, complete on-site construction activities such as (a) pouring concrete foundations and pads by July 31, 2022, (b) completing an engineering report by January 31, 2021, and (c) installing the new generation units by November 1, 2022, and operate 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by April 30, 2024; (iv) with respect to Cabras Units 1 and 2, use a blended fuel with no greater than 0.2% sulfur by weight to power Cabras Units 1 and 2 by December 31, 2022, and permanently retire Cabras Units 1 and 2 by October 31, 2024; (v) with respect to Cabras Units 3 and 4 and Tanguisson Units 1 and 2, permanently retire by May 20, 2020; and (vi) with respect to solar and energy storage system, award a contract for at least 100 MW of solar power by May 20, 2020, complete construction by December 31, 2023 (in addition to 25 MW of solar power already installed at the Dandan facility), and complete installation and operation of a 40 MW energy storage system by March 1, 2021.

The operation of 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by April 30, 2024 at Ukudu Power Plant, and the construction of 100 MW of solar power by December 31, 2023 are currently delayed. The Authority has met all other deadlines in the 2020 Consent Decree, as modified by the 2022 Modified Order, to date.

See also APPENDIX B—FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS’ REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 9.

### **Greenhouse Gas Regulations**

On April 2, 2007, the U.S. Supreme Court (the “**Supreme Court**”) issued a CAA decision in *Massachusetts v. Environmental Protection Agency*, 549 U.S. 497 (2007) concluding that greenhouse gases (“**GHG**”) meet the CAA definition of an air pollutant and are subject to regulation under the CAA. More specifically, the Supreme Court found that the CAA authorizes the USEPA to regulate tailpipe GHG emissions if the USEPA determines they cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. The Supreme Court remanded the case to the USEPA to make such an “endangerment determination,” which is the statutory prerequisite to authorizing regulations. On April 17, 2009, in response to the decision and after receiving public comments, the USEPA issued proposed “endangerment” and “cause or contribute” findings for GHGs under Section 202(a) of the CAA. On May 19, 2009, the USEPA issued a notice of intent to regulate GHG emissions for cars and trucks under Section 202 of the CAA, following up on the *Massachusetts* decision.

On September 30, 2009, the USEPA proposed new thresholds for GHG emissions that define when CAA permits under the NSR and Title V operating permits programs would be required. According to the USEPA, the proposed thresholds would “tailor” these permit programs to limit which facilities would be required to obtain permits and would cover nearly 70% of the nation’s largest stationary source GHG emitters, including power plants, refineries, and cement production facilities, while shielding small businesses and farms from permitting requirements. Subsequently, the USEPA issued a number of rulemakings and announcements to lay a potential framework for GHG regulation under the CAA and future legislation. On October 30, 2009, the USEPA issued a final rule requiring mandatory monitoring in 2010 and reporting of GHGs emissions beginning in 2011 for virtually all industrial source categories across the country. This rule requires that sources above certain threshold levels monitor and report emissions, but does not require the sources to control GHGs. In connection with the issuance of the final rule, the USEPA stated that the rule did not indicate that the USEPA had made any final decisions on pending actions. The USEPA stated also that the mandatory GHG reporting program would provide the USEPA, other government

agencies, and outside stakeholders with economy-wide data on facility-level (and in some cases corporate-level) GHG emissions, which should assist in future policy development. As required by the USEPA rule requiring GHG reporting, the Authority submitted its first report on GHG emissions in September 2011 and has timely submitted subsequent reports in accordance with the program requirements.

On December 7, 2009, the USEPA issued the final “endangerment” and “cause or contribute” findings regarding GHGs under Section 202(a) of the CAA. The USEPA received several Petitions for Reconsideration of the Endangerment and Cause or Contribute Findings. Although the findings did not themselves impose any requirements on industry or other entities, this action was a prerequisite to finalizing the USEPA’s proposed GHGs emission standards for vehicles.

On May 13, 2010, the USEPA issued a final rule (the “**Tailoring Rule**”) setting thresholds for GHG emissions from stationary sources that define when permits under the PSD and Title V Operating Permit Programs are required for new and existing industrial facilities. The Tailoring Rule tailors the requirements of these CAA permitting programs to limit which facilities will be required to obtain PSD and Title V operating permits, and established a schedule for implementing the Tailoring Rule. The first two steps of the Tailoring Rule are as follows:

*Step 1 (January 2, 2011 through June 30, 2011):* Only sources subject to the PSD permitting program at the time the Tailoring Rule was adopted would be subject to permitting requirements for GHGs under the PSD. For these projects, only those undertaking projects that would increase GHG emissions by 75,000 tons per year or more would be required to determine the Best Available Control Technology (“**BACT**”) for their GHG emissions. Similarly, sources then currently subject to the Title V Operating Permit Program would be subject to Title V Operating Permit Program requirements for GHGs.

*Step 2 (July 1, 2011 through June 30, 2013):* In addition to Step 1 described above, any source that undertakes a new project that exceeds 100,000 tons per year of GHG emissions will be subject to PSD and Title V Operating Permit Program requirements.

On May 29, 2010, the USEPA completed its reconsideration of a memorandum of December 18, 2009, entitled “EPA’s interpretation of regulations that determine pollutants covered by the federal PSD program.” In this action, the USEPA confirmed that any new pollutant that the USEPA may regulate becomes covered under the PSD program on the date when the USEPA rule regulating that new pollutant takes effect. Accordingly, USEPA clarified that the compliance date for GHGs would be January 2, 2011, when the rule applicable to mobile sources took effect.

On June 29, 2012, the USEPA issued a final rule setting forth Step 3 of the Tailoring Rule, which continued to focus on larger sources and, among other things, retained the permit standards set forth in Steps 1 and 2.

On June 23, 2014, the Supreme Court issued its decision *Utility Air Regulatory Group v. EPA*, in which the Supreme Court held that the USEPA may not treat GHGs as an air pollutant for purposes of determining whether a source is a major source required to obtain a PSD or Title V operating permit. The Supreme Court also said that the USEPA could continue to require that PSD permits otherwise required based on emissions of conventional pollutants may continue to require limitations on GHG emissions based on BACT.

The Authority believes that the Tailoring Rule is not applicable to the Authority, as it does not specifically address U.S. Territories. Even if the Tailoring Rule were determined to be applicable to U.S. Territories, the Authority does not believe that the Tailoring Rule will impact the Authority’s operations, as all of the Authority’s generators are below the 73 MW minimum under the Tailoring Rule. The Authority is continuing to monitor developments with respect to the Tailoring Rule, as well as with respect to other potential legislation and regulation regarding GHGs. The U.S. Congress may in the future enact legislation and the USEPA may adopt additional rules and regulations addressing GHGs, and no assurance can be given as to the potential impact of any such future legislation or regulations on the Authority or its operations.

## Clean Power Plan

On June 2, 2014, USEPA proposed regulations to establish guidelines for cutting carbon pollution generated by existing power plants, known as the “Clean Power Plan,” which proposed guidelines were published in the Federal Register on June 18, 2014. The proposed regulations were intended to help reduce carbon emissions from the power sector by 30% from 2005 levels. Under those proposed regulations, USEPA was proposing state-specific goals for reducing CO<sub>2</sub> emissions from fossil fuel-fired power plants based on the “best system of emission reduction” provisions under Section 111(d) of the CAA, as well as various options for states to achieve these goals. On October 28, 2014, USEPA issued a supplemental proposal to the Clean Power Plan to address carbon pollution from affected power plants in Indian Country and U.S. territories, including Guam. On February 6, 2016, the Supreme Court put a stay on the Clean Power Plan. On October 16, 2017, the USEPA proposed to repeal the Clean Power Plan, contending that the Clean Power Plan was not consistent with the Clean Air Act. On June 19, 2019, USEPA repealed the Clean Power Plan and issued the Affordable Clean Energy Rule (“**ACE Rule**”). In January 2021, the United States Court of Appeals for the District of Columbia Circuit vacated the ACE Rule and remanded it to the USEPA for further proceedings consistent with its opinion.

## Water Quality Compliance

The Clean Water Act (the “**CWA**”) is comprehensive federal law governing water pollution. Section 301 of the CWA prohibits the discharge of pollutants, including thermal discharges, from point sources (which include any discrete conveyances from industrial facilities) into waters of the U.S. (which includes bodies of water in Guam), except as authorized under the National Pollutant Discharge Elimination System (“**NPDES**”) permit program. Although USEPA may delegate the NPDES permitting authority to states (including Guam), the Guam EPA has retained this authority.

With respect to thermal discharges, Section 316(a) of the CWA authorizes USEPA to establish effluent limitations for these types of discharges. In addition, Section 316(b) of the CWA requires that NPDES permits for cooling water intake structures ensure that the location, design, construction, and capacity of these structures reflect the best technology available to minimize adverse environmental impacts, which include the impingement and entrainment of fish and egg larvae. Impingement refers to the killing of these aquatic organisms by being pinned against intake screens and other parts of the facility, and entrainment refers to the killing of these aquatic organisms by being sucked into the cooling water structures.

The Authority’s power plants have discharges associated with their process water systems, cooling water systems and storm water discharges. For these discharges, the Authority’s power plants have to comply with NPDES permits under the CWA. Renewed NPDES permits were issued to the Authority for the Cabras Power Plant effective February 1, 2020 and expire on January 31, 2025. The Tanguisson Power Plant was officially retired on January 1, 2015. As requested by the Authority, the USEPA terminated NPDES Permit GU0000027 for the Tanguisson Power Plant effective September 1, 2015.

Section 316(a) of the CWA allows the USEPA to impose alternative effluent limitations for the control of the thermal component of a discharge (i.e., a thermal variance from the otherwise applicable effluent limit). According to USEPA regulations, in order to get a thermal variance, a permit holder must demonstrate that the otherwise applicable thermal discharge effluent limit is more stringent than necessary to assure the protection and propagation of the water body’s balanced, indigenous population of shellfish, fish and wildlife.

Pursuant to a consent decree with environmental organizations, the USEPA has issued past rulemaking under Section 316(b) of the CWA in three phases. In pertinent part, existing large electric-generating facilities were addressed in Phase II rulemaking finalized in February 2004, and existing small electric-generating and all manufacturing facilities were addressed in Phase III rulemaking finalized in June 2006. However, the Phase II rulemaking and a portion of the Phase III rulemaking were subject to a legal challenge and were remanded to the USEPA for reconsideration. As a result, on April 20, 2011, the USEPA published a new draft rule pertaining to Section 316(b) of the CWA. On May 19, 2014, the USEPA finalized standards under the rule. Compliance with this rule is established in reference to the date of issuance of the final rule.

This regulation has three components. First, existing facilities that withdraw at least 25% of their water from an adjacent water body exclusively for cooling purposes and have a design intake flow of greater than 2 million gallons per day are required to reduce fish impingement. To comply with this requirement, the owner/operator of the facility will be able to choose from one of seven options for meeting best technology available (“**BTA**”) requirements for reducing impingement. Second, existing facilities that withdraw very large amounts of water (at least 125 million gallons per day) are required to conduct studies to help their permitting authority determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms sucked into (entrained by) cooling water systems, which process will include public input. Third, new units that add electrical generation capacity at an existing facility would be required to add technology that achieves one of two alternatives under the national BTA standards for entrainment for new units at existing facilities: (i) the owner or operator of a facility must reduce actual intake flow at the new unit, at a minimum, to a level commensurate with that which can be attained by the use of a closed-cycle recirculating system or (ii) the owner or operator of a facility must demonstrate that it has installed, and will operate and maintain, technological or other control measures for each intake at the new unit that achieves a prescribed reduction in entrainment mortality of all states of fish and shellfish that pass through a sieve with a maximum opening dimension of 0.56 inches.

The most recent NPDES permit for the Cabras Power Plant was issued in January 2019. The permit is set to expire in January 2025.

Other than as described above, the Authority is in compliance with CWA regulations (NPDES permits, Drinking Water Act program, Oil Pollution Act (FRP and operations manual), and Spill Prevention, Control, and Countermeasure (“**SPCC**”) regulations).

### **Spill Prevention Control and Countermeasures Plan**

Under the authority of Section 311 of the CWA, the USEPA has issued regulations setting forth requirements for prevention of, preparedness for, and response to oil discharges at specific non-transportation-related facilities. To prevent oil from reaching navigable waters and adjoining shorelines, and to contain discharges of oil, the regulation requires these facilities to develop and implement SPCC plans (“**SPCC Plans**”) and establishes procedures, methods and equipment requirements. Some facilities are also required to implement Facility Response Plans (“**FRP**”) depending on the fuel storage capacity and risk of harm to navigable waters and extent of risk they present with respect to an oil spill to a body of water.

The Authority has a program to comply with SPCC requirements that became effective in November 2011, which addressed the containment of potential leakage from oil containing electrical equipment in its distribution substations. The Authority has implemented the monitoring and inspection requirements under these regulations (40 C.F.R. §112.7(k)).

All of the Authority’s required SPCC Plans are up-to-date, all of the Authority’s required FRPs are in place and all of the Authority’s plans are being implemented in accordance with USEPA regulations.

### **Hazardous Substances and Wastes**

The Authority’s operations may be regulated or impacted by various federal laws, including those described below, and their Guam counterparts, related to the handling of hazardous substances and wastes, including petroleum and related substances.

The Oil Pollution Act (“**OPA**”) imposes substantial penalties for spills of oil or USEPA listed hazardous substances into bodies of water and for the failure to report such spills. In addition, OPA imposes strict liability on certain responsible parties for the cleanup of oil spills in bodies of water. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“**CERCLA**”), on the other hand, also imposes strict liability and joint and several liability to certain potentially responsible parties for damages and remedial action related to contamination caused by hazardous substances. Under CERCLA, liability can be imposed on any generator of hazardous substances that arranged for disposal or treatment at the affected facility. As such, potentially responsible parties can be held liable for cleanup costs associated with superfund actions.

CERCLA provides for reporting requirements to cover the release of hazardous substances generally into the environment, including water, land and air. When these substances are processed, stored, or handled, reasonable and prudent measures must be employed to prevent a release to the environment. In addition, pursuant to the TSCA, USEPA has issued regulations imposing stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (“PCB”) and associated equipment. There are regulations governing PCB notification and manifesting, restrictions on disposal of drained electrical equipment, spill cleanup, recordkeeping requirements, among other things.

Moreover, under the Emergency Planning and Community Right-to-Know Act of 1986 (the “EPCRA”), which forms part of CERCLA, entities that store or manage hazardous chemicals in specified quantities must comply with a program of emergency planning and a community right-to-know designed to inform the public about routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. Among other things, EPCRA requires reporting of hazardous chemicals by means of specified reports that are filed with USEPA and other public entities.

Furthermore, pursuant to the Resource Conservation and Recovery Act (“RCRA”), the USEPA has the authority to control hazardous waste from the “cradle-to-grave.” This includes the generation, transportation, treatment, storage, and disposal of hazardous waste. RCRA also set forth a framework for the management of non-hazardous solid wastes, and includes provisions that enable USEPA to address environmental problems that could result from underground tanks storing petroleum and other hazardous substances. Certain waste, including spent boiler cleaning solutions, waste solvents and certain waste oils generated by the Authority may be considered hazardous wastes under RCRA.

### **Future Legislative Actions**

Numerous bills have been under consideration in the U.S. Congress concerning U.S. energy policies and various environmental matters, including those related to energy supplies, global warming and water quality. Many of these bills, if enacted into law, could have a material impact on the Authority.

### **Environmental Matters**

All of the Authority’s generating plants and associated facilities must comply with Guam and federal environmental laws and regulations. Certain legal and financial liabilities may be associated with regulatory requirements. The Federal Clean Water Act and Clean Air Act are the two most significant environmental statutes affecting the Authority’s operations. Some aspects of these programs are administered by the USEPA and some are administered by the Guam EPA. The USEPA administers permits for wastewater discharges and new sources of air emissions relative to the Authority. The acid rain provision of the Federal Clean Air Act (Title IV), which provision established an allowance program for sulfur dioxide and nitrous oxide emissions, affects only electric utilities in the continental U.S. and, consequently, does not apply to Guam. Guam EPA is responsible for administration of the island’s operating permit program for air pollution sources including all of the Authority’s power plants. The Authority must also comply with the provisions of the Oil Pollution Act of 1990 and the Toxic Substances Control Act (“TSCA”) as well as other laws and regulations.

For a discussion of various federal and territorial environmental regulation requirements and the Authority’s compliance therewith, as well as potential issues and regulatory hurdles relating to the future development or repowering of Authority resources, see “REGULATORY MATTERS—Air Quality Compliance,” “—Maximum Achievable Control Technology,” “—Greenhouse Gas Regulations,” “—Clean Power Plan,” “—Water Quality Compliance,” “—Spill Prevention Control and Countermeasures Plan” and “—Hazardous Substances and Wastes.” See also “BONDHOLDERS RISKS—Environmental Issues.”

## **BONDHOLDER RISKS**

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain risks associated with the 2024A Senior Bonds. There follows a discussion of some, but not necessarily all, of the possible considerations and risks that should be carefully evaluated by prospective purchasers of the 2024A Senior Bonds prior to purchasing any 2024A Senior Bonds. The following discussion of investment considerations does not necessarily reflect the relative importance of the various topics discussed. The 2024A Senior Bonds may not be suitable investments for all persons. Prospective purchasers should be able to evaluate the risks and merits of an investment in the 2024A Senior Bonds and should confer with their legal and financial advisors before considering a purchase of the 2024A Senior Bonds. Prospective purchasers of the 2024A Senior Bonds are advised to consider the following factors, among others, and to review the other information in this Official Statement, including the Appendices hereto, in evaluating the 2024A Senior Bonds. Any one or more of the considerations discussed and others could lead to a decrease in the market value and/or the liquidity of the 2024A Senior Bonds.

### **General**

The principal of and interest on the 2024A Senior Bonds are payable pursuant to the Senior Indenture solely from the Revenues. The ability to pay debt service on the 2024A Senior Bonds will depend on the receipt of sufficient Revenues, pledged as payment for the 2024A Senior Bonds, subject to the provisions of the Senior Indenture.

The Authority's ability to generate Revenues depends in large measure on the local economy, which is heavily dependent on tourism, as well as the U.S. military presence. A decrease in tourism results in reduced revenues from hotels and other related tourist facilities. In addition, lower levels of employment tend to reduce the revenue available to the Authority. The COVID-19 pandemic has had, and is expected to continue to have, a negative effect on Guam's economy. A weak economy, future epidemics or pandemics, natural disasters and war or the threat of terrorist activity, among other influences which are beyond the Authority's control, can adversely affect the tourism industry. To the extent the Authority is unable to make up for revenue shortfalls, the ability to pay debt service on the 2024A Senior Bonds may be adversely affected. See APPENDIX A—GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM for more information about the tourism industry and the U.S. military presence.

### **Limitations on Remedies**

Under certain circumstances, Holders of the 2024A Senior Bonds may not be able to pursue certain remedies or enforce covenants contained in the Senior Indenture. The remedies available to the Holders of the 2024A Senior Bonds upon an Event of Default under the Senior Indenture are in many respects dependent upon judicial actions which are often subject to discretion, delay and substantial costs or that otherwise may not be readily available or may be limited. Under existing law, the remedies specified by the Senior Indenture and the 2024A Senior Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2024A Senior Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by insolvency or other laws affecting the rights of creditors generally.

The federal Bankruptcy Code dictates which entities are eligible to seek relief as debtors under each chapter of that federal law. Neither the Government nor the Authority are legally able to seek bankruptcy relief under current federal law. No proposed debt restructuring legislation has been introduced in the Legislature of Guam, nor to the Authority's knowledge is any such legislation being contemplated or discussed, and the Governor is opposed to enacting any such legislation. The Authority can neither predict nor provide any assurances regarding any future changes in law or legislative proposals.

The various legal opinions to be delivered concurrently with the delivery of the 2024A Senior Bonds (including Bond Counsel's approving opinion) will be qualified, as to enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors. See APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION.



For a description of the various remedies and limitations thereon set forth in the senior Indenture, see APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE.

### **Uncertainties of Projections and Assumptions**

This Official Statement contains certain assumptions, estimates, projections and other forward-looking statements. Demonstration of compliance by the Authority with certain of the covenants contained in the Senior Indenture also may be based upon assumptions, estimates and projections. Actual results, however, may differ, perhaps materially, from those projected. In addition, certain assumptions with respect to future business and financing decisions, including the decision to undertake, or to postpone or cancel, future capital improvements of the System may not occur and are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the existence of any particular future set of facts or circumstances, and prospective purchasers of the 2024A Senior Bonds are cautioned not to place undue reliance upon any forecasts, estimates, plans or projections or requirements for forecasts or projections. If actual results are less favorable than the results projected or if the assumptions used in preparing projections prove to be incorrect, the ability of the Authority to make timely payment of the principal of and interest on the 2024A Senior Bonds may be materially and adversely affected.

This Official Statement contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “intend,” “expect,” “project” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements.

### **General Factors Affecting the Authority**

The future operations and financial condition of the Authority may be materially adversely affected by a number of factors or circumstances. Such factors or circumstances include, among others:

- (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, including the potential for significantly increased costs relating to such compliance;
- (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, including potential reductions in energy consumption, or increased Authority costs related thereto;
- (c) changes that might result from a national energy policy made applicable to Guam;
- (d) “self-generation” by certain industrial and commercial customers, which could reduce the electricity purchased from the Authority;
- (e) effects of inflation on the operating and maintenance costs of the Authority, as well as the unanticipated costs of construction of installation of any new facilities or improvements; and
- (f) deviations from projected future load requirements.

The Authority cannot predict what effects, if any, such factors will have on its business operations and financial condition. There can be no assurances that the financial condition of the Authority will not be materially adversely affected by the occurrence of one or more of the circumstances described above, or other factors.

### **Risks Relating to Fuel**

As described herein in “FUEL SUPPLY” fuel commodity and handling costs accounted for approximately 70% of the Authority’s total expenses in Fiscal Year 2023. The cost of fuel is volatile. Although the LEAC component of the Authority’s rates has been adjusted a number of times the last several years, the scheduled biannual LEAC rate adjustments generally lag behind fuel costs increases by as long as six months, which in the past has resulted in depletion of the Working Capital Fund and the Authority’s overall liquidity. Although the Authority is permitted in certain circumstances to petition the PUC for an interim LEAC adjustment prior to the next scheduled biannual

adjustment and the PUC has always granted these interim adjustments, no assurance can be given that the PUC will always approve such requests at the times and in the amounts requested by the Authority. Continued volatility in the cost of fuel could materially adversely affect the financial condition, including the liquidity, of the Authority. In addition, because of Guam's geographic location, all of the fuel used by the Authority is imported by tanker ship. Given recent geopolitical events, based on information from its fuel suppliers, the Authority does not expect disruptions to its fuel supply; however, disruptions in the delivery of fuel, whether due to shortages generally, or shipping or other delivery problems, which generally are outside the Authority's control, could materially adversely affect the operations and financial condition of the Authority.

### **Guam Economy; Impact of Tourism and Military Presence**

**General.** The Authority's ability to generate Revenues depends in large measure on the local economy, which is heavily dependent on tourism and the U.S. military presence, both of which are dependent on world economic, social and political events.

**Tourism.** Tourism represents a significant share of the economic activity on Guam. Historically, the tourism industry, both worldwide and on Guam, has correlated closely with the state of the world's economies and levels of real disposable income. A weak economy, war, epidemic outbreaks, natural disasters or the threat of terrorist activity, among other influences that are beyond the Authority's control, can adversely affect the tourism industry. For example, the outbreak of COVID-19 in calendar year 2020 had a material impact on the tourism industry. See APPENDIX A – "GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – COVID-19 Pandemic" and "– GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry." Currency exchange rates, trade balances, political relationships, and conflicts within and between countries are also increasingly important influences on tourism.

Economic, social and political conditions in South Korea, Japan and throughout the Pacific Rim, and the resulting effect on overseas travel from these countries, are a major determinant of tourism on Guam. For example, in response to the COVID-19 pandemic, many countries, including South Korea and Japan, issued shelter-in-place orders and travel warnings and restrictions. Total visitor arrivals decreased from a high of approximately 1.6 million in Fiscal Year 2019 to a low of approximately 61 thousand in Fiscal Year 2021. Total visitor arrivals in Fiscal Year 2023 were approximately 600 thousand. Any continued or future significant downturn in tourism, including a downturn related to South Korean or Japanese economic conditions or social policies, may result in reduced collection of Revenues. While the Guam Visitors Bureau expects visitor arrivals to rebound, no assurance can be given that Guam will not experience continued reductions in the number of visitors from South Korea, Japan and other visitor markets because of the COVID-19 pandemic or other economic, social or political conditions. See "– Worldwide Health Concerns" below and APPENDIX A – "GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry." In addition, lower levels of employment tend to reduce the revenue available to the Authority. To the extent the Authority is unable to make up for revenue shortfalls, the ability to pay debt service on the Bonds may be adversely affected.

**U.S. Military Presence.** Guam's economy and the Authority's level of Revenues are also affected by the U.S. military presence on Guam. The U.S. military presence affects economic activity on Guam in various ways, such as through individuals' demand for commercial, construction and other services. Expansions in the U.S. military presence, such as the expansions expected to occur over the next several years, can also have a direct, positive impact on the Guam economy and the Authority's level of Revenues by spurring new economic activity and attracting visitors to Guam. However, economic, geopolitical, and other influences that are beyond the Government and the Authority's control might result in a decision by the U.S. government to reduce the existing presence of the U.S. military on Guam or forego some or all of the planned enhancements to its presence on Guam.

Based on the 2015 SEIS and Record of Decision, which has not been updated since its initial publication, the DOD planned to relocate approximately 5,000 military personnel and 1,300 dependents to Guam over a 12-year period, which was expected to increase the military population on Guam by approximately 50% over levels at that time. The population increase was expected to peak at 9,721 people in calendar year 2023, including military personnel, dependents, construction and civilian personnel associated with the military realignment, and gradually reach a steady state of 7,411 people by calendar year 2028 as construction declines and construction personnel leave Guam. However, based on reports from the Defense Manpower Data Center, as of September 2023, there were

approximately 11,638 military personnel, an increase of 2,254 military personnel since December 2015. If the U.S. military changes its current plans with respect to staffing and other strategic improvements on Guam or if the planned population increase does not materialize, expected benefits may not be realized and the economy and the Authority's level of Revenues could be adversely affected. If the U.S. military elects to reduce or eliminate its presence on Guam, the economy and the Authority's level of Revenues could decline.

**H-2B Visas.** The anticipated relocation of U.S. Marines from Okinawa, Japan and other economic projects has generated a significant amount of additional construction activity on Guam. The construction industry is heavily dependent on skilled foreign workers that require H-2B visas to work on Guam. As of December 26, 2023, there were approximately 5,157 individuals with H-2B visas on Guam. From time to time, the U.S. Citizenship and Immigration Service ("USCIS") has changed, amended or modified its policies with respect to approval of H-2B visas. Future approval of new H-2B visas or extensions of existing H-2B visas is uncertain and could impact future military construction, public infrastructure and private sector projects on Guam. The National Defense Authorization Act for federal fiscal year 2021 included a new provision that specifically allows Guam to bring in H 2B workers for civilian projects, which had not been allowed in previous years. For more information regarding the status of H-2B visas, see "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – H-2B Visas."

In the past, the Authority has had success in working with the DOD to secure H-2B visas for contractors working on U.S. military realignment projects under the National Defense Authorization Act. However, the denial of H-2B visas or the decline of available skilled construction workers in the future could negatively impact the Authority's ability to construct its other capital projects by increasing construction timeframes and driving up costs.

### **Worldwide Health Concerns**

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies, including Guam. For example, the COVID-19 pandemic significantly impacted Guam and resulted in prolonged stay-at-home orders that impacted the System. In addition to certain direct impacts on the operations and finances of the Authority, the COVID-19 pandemic had significant and varied impacts on general economy activity at the local, national and global levels, including supply chain and labor market disruptions. Such disruptions, among other effects, resulted in increases in materials, labor and other costs across a wide number of sectors, as well as delays in delivery of projects and equipment. The Authority has experienced, and may in the future experience, increases in certain costs, such as for bulk chemical supplies, and delays in the delivery of equipment as a result of a disruption of supply chains from the COVID-19 pandemic. Additionally, such disruptions may result in schedule delays for the Authority's capital projects or increased costs for such projects. See "– Implementation of Capital Improvement Program" and APPENDIX A – "GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – COVID-19 Pandemic" and "– GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry."

### **Uncertainties Relating to Political and Military Actions**

Guam is approximately 3,800 miles west-southwest of Honolulu, Hawaii, the nearest major city of the U.S. The significant U.S. military presence on Guam, its distance from locations in the U.S. and its location in relation to potential sites of political and military conflict in Asia make Guam both a location of great value to the U.S. militarily and a potential site of military conflict. Political events in Asia may create the risk of conflict for the region in general and, in some cases, for Guam. For example, in response to threats in 2013 by North Korea to launch ballistic missile attacks against U.S. military targets, including targets on Guam, the U.S. military deployed a missile defense system to Guam. Threats by North Korea in 2017 contributed, in part, to the declining number of tourists visiting Guam in Fiscal Year 2018, which was approximately 2.0% below the total number of tourists in Fiscal Year 2017. No assurance can be given that these threats, any future military actions will not have an adverse effect on Guam tourist activity and, as a result, the availability of Revenues sufficient to pay debt service on the Bonds, including the 2024A Senior Bonds.

In addition, Russia's invasion of Ukraine beginning in February 2022 caused global fuel prices to increase. With the embargo of natural gas from Russia, many European nations started using diesel for power generation, causing a global shortage in diesel fuel, sudden increases in diesel prices, and disruptions in the supply chain for

chemicals. Moreover, the conflict between Hamas and Israel beginning in the fourth quarter of 2023 has also contributed to the increase of global fuel prices.

### **Events of Force Majeure; Typhoons and Earthquakes**

The occurrence of a force majeure event, including but not limited to damaging storms, typhoons, tsunamis, winds and floods, fires and explosions, outbreaks of disease, sabotage, wars, blockades and riots, may result in significant unanticipated costs which could have a significant adverse effect on the System and the Authority's ability to make payments under the 2024A Senior Bonds.

More specifically, because of its location on the southern end of the Mariana Island chain, Guam is exposed to periodic typhoons, tsunamis, floods and earthquakes. In the past, typhoons have caused flooding and significant damage to infrastructure on Guam, including the Authority's facilities. Most recently in 2023, Typhoon Mawar caused significant damage to the island's infrastructure, including the Authority's electrical grid system. See "THE GUAM POWER AUTHORITY – Typhoon Mawar." Guam's relatively small size, and the concentrated location of many of Guam's businesses in Tumon Bay, means that it is possible that a natural disaster could adversely affect numerous businesses at the same time. To counter this risk, Guam has taken numerous precautions to protect the island in the event of certain weather and seismic related events. Building codes in Guam are specifically designed to ensure that structures be able to sustain strong typhoon winds and earthquakes. To that end, the vast majority of the building structures on Guam are constructed of reinforced concrete or masonry and construction on Guam is governed by the International Building Code (the same standard used in most seismically active regions of the United States). Existing Authority structures were designed to satisfy the building codes as then in effect and new structures or existing structures undergoing structural rehabilitation are designed or upgraded to comply with Guam's current building codes. The Guam National Weather Service also monitors tropical storms, and warnings are generally issued in advance of any weather-related event. Businesses also typically have preparations in place for typhoon season, and most of the hotels in Guam have back-up generators in the event of a typhoon-related power outage. In addition, over the last ten years much of the power distribution system in the Tumon area has been "hardened" (e.g., replacement of wooden poles with concrete poles, relocating power lines underground and including back-up generators at all hotels) to avoid any major interruptions in business activity should a natural disaster hit.

In addition, in case of an emergency, the Authority maintains at least 60 days of fuel, collectively, in its fuel tanks, and maintains additional fuel in each of the Authority's power plants. Furthermore, the Authority is planning to maintain at least 30 days of fuel in the fuel tank at the Ukudu Power Plant, which is currently under construction and expected to be commissioned in September 2025.

Although the FEMA makes disaster relief assistance available after significant typhoon or earthquake damage, there can be no assurance that future typhoons and/or earthquakes will not cause significant damage to the System or business in Guam, or that FEMA will provide disaster relief assistance if significant damage is experienced. There can also be no assurance that, even with FEMA assistance, damage that results from future typhoons or earthquakes will not adversely affect business activity on Guam or the operation of the System for an extended period of time and, as a result, Revenues sufficient to pay debt service on the 2024A Senior Bonds.

### **Climate Change and Risk of Sea Level Rise and Flooding Damage**

Potential impacts of climate change, including rising sea levels, excessive rainfall, stronger tropical storms, drought, ocean acidification, coral bleaching, saltwater intrusion, storm surges, rising temperatures and increased migration, may threaten Guam's security and resources and have detrimental socioeconomic impacts to Guam. The Government has started system-wide coordination and long-range planning efforts to mitigate the potential adverse environmental and socioeconomic impacts. For more information regarding such efforts, see "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Climate Change and Risk of Sea-Level Rise and Flooding Damage."

The Authority's long-range planning efforts also take climate change and risk of sea level rise and flooding damage into consideration. For example, the location of the Ukudu Power Plant, which is currently under construction, was selected in large part because of its elevation at 300 feet above sea level. However, the Authority is unable to predict the level of damage, if any, to the System that may result from sea-level rise or other impacts of climate change.

There can be no assurance that any such damage will not adversely affect the operation of the System for an extended period of time and, as a result, Revenues sufficient to pay debt service on the Bonds, including the 2024A Senior Bonds.

## **Rates**

The Authority has covenanted in the Indenture to at all times, establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the System so as to yield Revenues sufficient to comply with the rate covenant in the Senior Indenture (the “**Rate Covenant**”). The ability of the Authority to increase rates is subject to limitation, including review and approval by the PUC.

## **Cybersecurity**

The Authority relies on a complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other networks and systems (collectively, the “**Systems Technology**”). As a recipient and provider of personal, private or sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to the Authority’s Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

Cybersecurity breaches could damage the Authority’s Systems Technology and cause material disruption to the Authority’s finances and operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Authority to litigation and other legal risks which could cause the Authority to incur significant costs related to such legal claims or proceedings.

To mitigate the risk of business operations impact and damage from cybersecurity incidents or cyber-attacks, the Authority invests in cybersecurity and operational safeguards, including multi-factor authentication, training and awareness programs and phishing simulations and has an in-house cybersecurity team that detects and responds to cybersecurity threats. The Authority and the Guam Water Authority have jointly initiated cybersecurity policies and protocols and conducted system testing and assessment to identify necessary security improvements. However, no assurance can be given by the Authority that such measures will ensure against cybersecurity threats and attacks. Cybersecurity breaches could damage the Authority’s finances and operations.

The Authority has developed an interim cybersecurity policy based on the “Framework for Improving Critical Infrastructure” prepared by the National Institute of Standards and Technology, and a cybersecurity awareness training program. In addition, the Authority has adopted new standard operating procedures on cybersecurity and continues to work to strengthen its capabilities to protect against cybersecurity threats and attacks. The Authority works closely with the Guam Homeland Security, the federal Cybersecurity and Infrastructure Security Agency (CISA), and the U.S. Department of Energy to increase its awareness in the cybersecurity sector. Furthermore, the Authority, in conjunction with the U.S. Department of Energy, joined the Cybersecurity Risk Information Sharing Program (CRISP).

Separate from the Authority, the Government has an in-house cybersecurity team that detects and responds to cybersecurity threats. The Government’s cybersecurity team reports to the Guam Homeland Security Advisor (the “**Guam HSA**”) and the Mariana Regional Fusion Center Director (the “**MRFC Director**”). The Guam HSA and MRFC Director oversee the management of a chief information security officer’s cybersecurity program and initiatives to ensure compliance and protection from cybersecurity threats. In addition, the Government is currently working with the National Governors Association on strategies to enhance cybersecurity.

## **Physical Security**

Certain physical security concerns present a risk to the Authority's facilities, such as sabotage, terrorist attacks and other crime. The Authority relies on comprehensive security systems and measures to ensure critical assets are protected. The Authority has carefully implemented a number of integrated security measures, including but not limited to, strategically placed security cameras, electronic access control, security lighting, restricted access areas, perimeter intrusion alarms, 24/7 monitoring, fencing, signage, policies, procedures and employee training programs.

## **Self-Insurance and Legal Proceedings**

The Authority has adopted a policy of self-insuring certain potential risks relative to its property, plant and equipment. The Authority is also self-insured as to general liabilities claims. However, a substantial casualty or claim could have a material adverse effect upon the financial affairs of the Authority.

## **Government Regulation**

The federal and local governments significantly regulate the operations of the Authority. Regulations and conditions affecting the acquisition, development, ownership and operation of the System could increase the operating expenses of the System or could otherwise have a material adverse effect on the operations and financial condition of the Authority.

## **Utility Regulation**

The Authority is subject to regulation at the federal and local level, either of which can have an impact on the Authority's financial condition or its operations. Regulatory changes have in the past and may in the future imposed significant new compliance costs (both capital and operating) on the Authority. For a discussion of local regulation, see "REGULATORY MATTERS."

## **Liquidity**

The Authority's working capital and available cash resources fluctuate (sometimes significantly), which the Authority generally attributes to frequent fuel price changes and the lag between incurring increased fuel costs and recovering of such increased costs through the LEAC. Over the past several years the Authority has taken several actions to help minimize the impact of such fuel price increases on the Authority's liquidity, including, among other things, increasing the frequency of petitions for interim LEAC adjustments and implementing a Working Capital Surcharge. The Authority maintains a Working Capital Fund pursuant to the Senior Indenture. As of May 31, 2024, the balance of the Working Capital Fund was \$19.9 million; however, the Authority held an additional \$60.7 million in unrestricted cash. In addition to the amount on the deposit in the Working Capital Fund, the Authority also holds certain other funds and accounts that are available to the Authority to pay unexpected costs. There can be no assurance, however, that the Authority will maintain sufficient working capital and liquidity to address fuel price volatility, unexpected increases in costs or declines in Revenues, or other demands on the Authority's cash resources. Insufficient liquidity and cash resources could materially adversely affect the financial condition of the Authority.

## **Changes in Federal Laws or Regulations**

The electric utility industry in the U.S. mainland has changed from a regulated monopoly business to a more deregulated, competitive industry. FERC has mandated wholesale wheeling and open access for transmission facilities owned by utilities that engage in interstate commerce. The requirements of FERC, including those regarding wholesale wheeling, are generally not applicable to the Authority because it is not engaged in transactions in interstate commerce. In addition, there are currently no wholesale clients in Guam, and the Authority is not required to offer a wheeling service. As a result, the Authority has operated as a monopoly in the sale of electricity which has allowed it to charge rates determined by reference to its costs of service rather than by competitive forces. Changes in Federal legislation, market development and other factors, however, could expose the Authority to competition.

## **Environmental Issues**

Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any Authority facility will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in penalties, additional capital expenditures to comply, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

The environmental aspects of the Authority's operations are heavily regulated under federal and Guam statutes and associated rules and regulations. In the past, there have been various instances of non-compliance by the Authority with U.S. federal and Guam environmental laws and regulations, which have resulted in monetary penalties and injunctive relief against the Authority.

There can be no assurance that the federal and Guam government agencies regulating environmental matters will not bring enforcement actions under existing statutes, which could require unexpected capital and/or operating expenditures. For more information regarding the Authority's compliance with environmental laws and regulations, see "REGULATORY MATTERS—Environmental Matters."

The Authority has budgeted for compliance with current, applicable environmental requirements, the actual cost of compliance and the Authority's total capital expenditures may vary substantially depending on, among other things, (i) the availability of an adequate pool of qualified contractors to carry out needed projects, (ii) the inflationary environment with respect to the costs of labor and supplies needed to implement the compliance program, (iii) weather conditions that could adversely affect construction schedules and consumption patterns, (iv) population trends and political and economic developments in Guam that could adversely affect the collection of operating revenues, (v) the willingness of the USEPA to cooperate with respect to various issues that may arise as the Authority implements its operating and capital plans, (vi) the possibility of new environmental legislation or regulations affecting the Authority's facilities and operations, and (vii) unanticipated costs or potential modifications to projects resulting from requirements and limitations imposed by environmental laws and regulations.

There can be no assurance that the actual cost of compliance will not be significantly higher than the Authority's current estimate (budgeted amount), nor can any assurance be given that the Authority will be able to avoid the imposition of additional monetary penalties. No assurance can be given that the Authority will be able to finance, through the issuance of bonds or otherwise, the estimated costs of the needed capital improvements during the next five years or of any additional capital improvement requirements that may be imposed on the Authority, or that rate increases will be implemented on a timely basis to support any such additional obligations.

In addition, although new or future environmental regulatory requirements may provide for a period of time to achieve compliance with, or provide a plan to comply, such regulatory requirements may also require additional capital and operating expenditures. For more information on these regulatory requirements, see "REGULATORY MATTERS—Environmental Matters." It is not possible for the Authority to determine at this point the magnitude of these expenditures.

For a more detailed description of the environmental matters affecting the Authority, see "REGULATORY MATTERS—Environmental Matters."

## **Implementation of Capital Improvement Program**

The costs of the Authority's Capital Improvement Program for Fiscal Year 2024 through Fiscal Year 2028 are currently estimated to total approximately \$115 million, which does not include the Ukudu Power Plant.

The estimated costs of, and the projected schedules for, the projects under Capital Improvement Program are subject to a number of uncertainties. The ability of the Authority to complete the Capital Improvement Program projects may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering

errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, earthquakes or other casualty events, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation and (xi) environmental issues. No assurance can be made that the Capital Improvement Program projects will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to issue Additional Senior Bonds.

The Authority expects to fund the Capital Improvement Program from a combination of existing funds, which may include remaining proceeds of Prior Senior Bonds, if any, operating revenues, grants, and other outside contributions. In the event one or more of these funding sources is not available to the Authority in the amount or on the schedule contemplated in the Capital Improvement Program, the implementation of some of the Capital Improvement Program projects may be delayed.

## LITIGATION

At the time of delivery of the 2024A Senior Bonds, an appropriate officer of the Authority will be required to certify and counsel to the Authority will be required to deliver an opinion to the effect that there is no litigation or proceeding pending with service of process accomplished or, to the knowledge of the Authority, threatened (either in Guam, state or Federal courts) seeking to restrain or enjoin the execution, issuance, sale or delivery of the 2024A Senior Bonds or the collection, pledge or payment of Revenues by the Authority under the Senior Indenture, or in any way contesting or affecting the legal existence of the Authority or the titles of certain relevant officials of the Authority to their offices or the validity or enforceability of the 2024A Senior Bonds or the Senior Indenture. The Attorney General will deliver an opinion to the effect that the legislation approving the issuance of the 2024A Senior Bonds has been duly enacted by the Guam Legislature and signed by the Governor, and that the Governor has duly executed and delivered the required approval with respect to the Senior Indenture.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”). Bond Counsel is of the further opinion that interest on the 2024A Senior Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that, under 48 U.S.C. Section 1423a, interest on the 2024A Senior Bonds is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. Bond Counsel observes that interest on the 2024A Senior Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024A Senior Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the 2024A Senior Bonds is less than the amount to be paid at maturity of such 2024A Senior Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2024A Senior Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2024A Senior Bonds which is excluded from gross income for federal income tax purposes and is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. For this purpose, the issue price of a particular maturity of the 2024A Senior Bonds is the first price at which a substantial amount of such maturity of the 2024A Senior Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2024A Senior Bonds accrues daily over the term to maturity of such 2024A Senior Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2024A Senior Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2024A Senior Bonds. Beneficial Owners of the 2024A Senior Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024A Senior Bonds with



original issue discount, including the treatment of Beneficial Owners who do not purchase such 2024A Senior Bonds in the original offering to the public at the first price at which a substantial amount of such 2024A Senior Bonds is sold to the public.

2024A Senior Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024A Senior Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024A Senior Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024A Senior Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024A Senior Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2024A Senior Bonds may adversely affect the value of, or the tax status of interest on, the 2024A Senior Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes and, under 48 U.S.C. 1423a, is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2024A Senior Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024A Senior Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2024A Senior Bonds. Prospective purchasers of the 2024A Senior Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the 2024A Senior Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“**IRS**”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2024A Senior Bonds ends with the issuance of the 2024A Senior Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the 2024A Senior Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may

not be practicable. Any action of the IRS, including but not limited to selection of the 2024A Senior Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2024A Senior Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments on the 2024A Senior Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2024A Senior Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2024A Senior Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2024A Senior Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### INDEPENDENT AUDITORS

The financial statements of the Authority for the Fiscal Years ended September 30, 2023 and 2022 have been audited by Ernst & Young LLP, Tamuning, Guam, independent auditors, as stated in their report, dated May 16, 2024, appearing in APPENDIX B to this Official Statement. Reference should be made to the audited financial statements included in APPENDIX B for a complete understanding of the information provided therein.

### UNDERWRITING

The 2024A Senior Bonds are to be purchased from the Authority by Wells Fargo Securities (the “**Representative**”) and BofA Securities, Inc. (collectively, the “**Underwriters**”) pursuant to the terms of the Bond Purchase Agreement between the Representative and the Authority. The purchase price of the 2024A Senior Bonds is \$\_\_\_\_\_, representing the aggregate principal amount of the 2024A Senior Bonds (\$\_\_\_\_\_), [plus/less] original issue [premium/discount] of \$\_\_\_\_\_ and less Underwriters’ discount of \$\_\_\_\_\_. The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2024A Senior Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Forward Delivery Bond Purchase Agreement, including the approval by counsel of certain legal matters.

The Underwriters reserve the right to join with dealers and other Underwriters in offering the 2024A Senior Bonds to the public. The Underwriters intend to offer the 2024A Senior Bonds for sale at the prices or yields set forth on the inside cover page hereof. Such initial public offering prices or yields may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the 2024A Senior Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside front cover page.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“**WFBNA**”), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the

Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the 2024A Senior Bonds, has entered into an agreement (the “**WFA Distribution Agreement**”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“**WFA**”), for the distribution of certain municipal securities offerings, including the 2024A Senior Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2024A Senior Bonds with WFA. WFBNA has also entered into an agreement (the “**WFSLLC Distribution Agreement**”) with its affiliate Wells Fargo Securities, LLC (“**WFSLLC**”), for the distribution of municipal securities offerings, including the 2024A Senior Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

BofA Securities, Inc., one of the Underwriters of the 2024A Senior Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2024A Senior Bonds.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

#### **CERTAIN LEGAL MATTERS**

The validity of the 2024A Senior Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

\_\_\_\_\_ (the “**Verification Agent**”) will verify from the information provided to them the mathematical accuracy as of the date of the closing on the 2024A Senior Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and/or cash deposits listed in the underwriters’ schedules, to be held in escrow, will be sufficient to pay, when due, the principal or redemption price of and interest on the Refunded Bonds. The Verification Agent will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the redemption price and principal of and interest on the Refunded Bonds will be paid as described in the accompanying schedules, nor as to the exemption from taxation of the interest on the 2024A Senior Bonds.

#### **CONTINUING DISCLOSURE**

Pursuant to a Master Continuing Disclosure Agreement, as supplemented by a supplemental Continuing Disclosure Agreement with the Senior Trustee and Senior Co-Trustee for the Senior Bonds, the Authority has agreed to provide annually to the Municipal Securities Rulemaking Board (“**MSRB**”), through its EMMA system, a copy of its annual audited financial statements, as well as certain financial information and operating data relating to the Authority and the System. Such audited financial statements are required to be prepared in accordance with generally

accepted accounting principles applicable to government utilities. The Authority has covenanted to provide to the MSRB such information and its audited financial statements within 240 days after the end of its Fiscal Year, which currently ends on September 30. In addition, the Authority has agreed to give timely notice to the MSRB of the occurrence of certain events listed in Rule 15c2-12. See APPENDIX E— MASTER CONTINUING DISCLOSURE AGREEMENT AND PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT. These agreements have been made in order to assist the Underwriters in complying with Rule 15c2-12. The Authority has engaged DAC (Digital Assurance Corporation) to act as dissemination agent.

## **RATINGS**

Moody's, S&P and Fitch Ratings ("**Fitch**") have assigned their ratings of "\_\_\_", "\_\_\_", and "\_\_\_", respectively, to the 2024A Senior Bonds. Such ratings reflect only the views of only the view of the rating agencies assigning such ratings at the time such ratings are given, and do not constitute a recommendation to buy, sell or hold the 2024A Senior Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at Moody's Investors Service, 7 World Trade Center, New York, New York 10007, S&P Global Ratings, 55 Water Street, New York, New York 10041, and Fitch Ratings, One State Street Plaza, New York, New York 10004. Certain information and materials not included in this Official Statement were furnished to the rating agencies by or on behalf of the Authority. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions made by the rating agencies. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of either such rating agency circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the 2024A Senior Bonds any proposed revision or withdrawal of the ratings of the 2024A Senior Bonds or to oppose any such proposed revision or withdrawal. The Authority has, however, undertaken, as part of its continuing disclosure obligation (see "CONTINUING DISCLOSURE"), to file with the MSRB all rating changes relating to the 2024A Senior Bonds, and S&P and Fitch have agreed with the MSRB to file all such rating changes they may adopt relating to the Authority directly with the MSRB. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market prices of the 2024A Senior Bonds.

## **MISCELLANEOUS**

The attached Appendices are integral parts of this Official Statement and should be read in their entirety. The capitalized terms used in this Official Statement in respect of the Senior Bonds shall have the meanings ascribed to them in the text or in the Senior Indenture (see APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE). The Authority has reviewed the information contained herein and has approved all such information for use in this Official Statement. Any statements in this Official Statement involving matters of opinion or estimates are intended hereby as expressions of opinion or as good faith estimates and no assurance can be given that facts will materialize in accordance with such opinions or estimates.

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The execution and delivery of this Official Statement have been duly authorized by the Authority.

GUAM POWER AUTHORITY

By: \_\_\_\_\_  
John M. Benavente, P.E.  
General Manager

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM**

**APPENDIX B**

**FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE**



**APPENDIX D**

**PROPOSED FORM OF BOND COUNSEL OPINION**

**APPENDIX E**

**MASTER CONTINUING DISCLOSURE AGREEMENT AND  
PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT**

## MASTER CONTINUING DISCLOSURE AGREEMENT

This Master Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of May 1, 1999, by and among the GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam (the “Issuer”), the BANK OF GUAM, as trustee (the “Trustee”) , and U.S. BANK TRUST NATIONAL ASSOCIATION, as successor in interest to U.S. Bank National Association, as co-trustee (the “Co-Trustee”), under that certain Indenture, dated as of December 1, 1992, as amended and supplemented by one or more Supplemental Indentures (the “Indenture”), among the Issuer, the Trustee and the Co-Trustee. The Issuer, the Trustee and the Co-Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Co-Trustee for the benefit of the Holders and Beneficial Owners of bonds issued under the Indenture to which the Issuer has elected to make this Disclosure Agreement applicable (collectively, the “Bonds”), and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

“Disclosure Representative” shall mean the General Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee and Co-Trustee from time to time.

“Dissemination Agent” shall mean the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Co-Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the Government of Guam as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

“Supplemental Disclosure Agreement” shall mean any supplemental disclosure agreement entered into among the Issuer, the Trustee and the Co-Trustee supplementing this Disclosure Agreement.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Issuer's Fiscal Year (which currently is September 30), commencing with the report for the 1998-1999 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is other than the Trustee), the Trustee (if the Trustee is not the Dissemination Agent) and the Co-Trustee. If by such date the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent (if the Dissemination Agent is other than the Trustee) to determine if the Issuer is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) upon providing the Annual Report to each Repository, file a report with the Issuer, the Trustee (if the Dissemination Agent is not the Trustee) and the Co-Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference, with respect to the Fiscal Year just concluded, the following:

(a) the audited financial statements of the Issuer for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to government entities; provided that if the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in appropriate form;

(b) the financial or operating data set forth with respect to historical data only in Table 1 titled "Historical and Projected Customers, Energy Sales, Peak Demand and Revenues" in the Official Statement of the Issuer, dated May 11, 1999 (the "Official Statement")

(c) the financial or operating data set forth in Table 2 titled "Historical Debt Service Coverage" in the Official Statement;

(d) any adjustment in rates of the Issuer, the customer class to which the rate adjustment pertains and the effective date of the rate adjustment.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it

must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) modifications to rights of Bondholders;
- (4) optional, contingent or unscheduled bond calls;
- (5) defeasance;
- (6) rating changes;
- (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on the Bond Reserve Fund reflecting financial difficulties;
- (9) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (10) substitution of any Credit Provider or any failure by any Credit Provider to perform; or
- (11) release, substitution or sale of property securing repayment of the Bonds.

(b) The Trustee and the Co-Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Issuer's Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee or the Co-Trustee pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event is material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event is material under applicable federal securities laws, the Issuer shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event is not material under applicable federal securities laws, the Issuer shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Issuer to report the occurrence of a Listed Event, the Trustee shall as soon as possible file a notice of such occurrence with the Municipal Securities Rulemaking Board and any State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon legal defeasance under Section 10.01 of the Indenture, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee, upon notice from the Issuer, shall be the Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Trustee and the Co-Trustee may amend this Disclosure Agreement (and, to the extent that any such amendment does not materially change or increase their respective obligations hereunder, the Trustee and the Co-Trustee shall agree to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

In addition to the foregoing provisions of this Section permitting amendments to this Disclosure Agreement, the Issuer at any time may elect to make the provisions hereof applicable to any Series of Bonds issued under the Indenture, either by election in the applicable Supplemental Indenture or by execution of a supplement hereto; and upon request of the Issuer the Trustee shall execute any such supplement.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.



IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the Issuer, the Trustee and the Co-Trustee by their duly authorized representatives as of the date first written above.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
John M. Benavente, P.E.  
General Manager

BANK OF GUAM, as Trustee

By \_\_\_\_\_  
Authorized Signatory

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Co-Trustee

By \_\_\_\_\_  
Authorized Signatory



EXHIBIT A

[FORM OF] NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

[To be modified as appropriate for other Series]

Name of Issuer: Guam Power Authority  
Name of Bond Issue: Guam Power Authority Revenue Bonds, \_\_\_ Series \_\_\_

Date of Issuance:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by \_\_\_\_\_ of the Supplemental Indenture, relating to such Bonds, among the Issuer, the Trustee and the Co-Trustee. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

BANK OF GUAM, as Trustee,  
on behalf of the Guam Power Authority

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **April, 1999**:

**Bloomberg Municipal Repository**

P.O. Box 840  
Princeton, NJ 08542-0840  
(609) 279-3200/(609) 279-3204 to order documents  
(609) 279-5962 or (609) 279-5963 [FAX]  
Internet address: MUNIS@bloomberg.com  
Contact: Lena Panich

**JJ Kenny Information Services**

The Repository  
65 Broadway, 16th Floor  
New York, NY 10006  
(212) 770-4568  
(212) 797-7994 [FAX]  
e-mail address: joan\_horai@mcgrawhill.com  
Contact: Ms. Joan Horai, Repository

**Thomson NRMSIR**

Secondary Market Disclosure  
395 Hudson Street, 3rd Floor  
New York, NY 10014  
(212) 807-5001  
(212) 989-2078 [FAX]  
Contact: Carolyn Chin  
e-mail address: Disclosure@muller.com

**DPC Data, Inc.**

One Executive Drive  
Fort Lee, N.J. 07024  
(201) 346-0701  
(201) 947-0107 [FAX]  
Contact: NRMSIR  
Internet address: nrmsir@dpcdata.com

## SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT

This Supplemental Continuing Disclosure Agreement (this “Supplemental Disclosure Agreement”), dated as of \_\_\_\_\_, 2024, supplementing the Master Continuing Disclosure Agreement, dated as of May 1, 1999 (the “Master Agreement” and, as previously amended and supplemented, and as supplemented hereby, the “Disclosure Agreement”), among the GUAM POWER AUTHORITY (the “Issuer”), BANK OF GUAM (the “Trustee”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as successor in interest to U.S. Bank National Association (the “Co-Trustee”), is being executed by the Issuer, the Trustee and the Co-Trustee in connection with the issuance of \$\_\_\_\_\_ Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the “2024A Senior Bonds”). The 2024A Senior Bonds are being issued pursuant to the Indenture, dated as of December 1, 1992, as heretofore supplemented and amended, including as supplemented by the Ninth Supplemental Indenture executed in connection with the issuance of the 2024A Senior Bonds, dated as of \_\_\_\_\_ 1, 2024, among the Issuer, the Trustee and the Co-Trustee (collectively, the “Indenture”).

The Issuer, the Trustee and the Co-Trustee covenant and agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, or the context otherwise requires, capitalized terms used in this Supplemental Disclosure Agreement shall have the meanings ascribed thereto in the Master Agreement or, if not defined in the Master Agreement, in the Indenture.

SECTION 2. Purpose of the Supplemental Disclosure Agreement; Application of Master Agreement. This Supplemental Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Co-Trustee for the benefit of the Holders and Beneficial Owners of the 2024A Senior Bonds. Except as expressly otherwise set forth herein, the terms and provisions of the Master Agreement are hereby made applicable to the 2024A Senior Bonds.

SECTION 3. Filings with MSRB; Format. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>. Any report or filing with the MSRB pursuant to this Supplemental Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 4. Provisions Applicable to 2024A Senior Bonds. The following provisions shall apply solely to the 2024A Senior Bonds and shall supersede the provisions of the Master Agreement for purposes of the 2024A Senior Bonds.

(a) Solely with respect to the 2024A Senior Bonds, the following terms shall have the following meanings:

“Financial Obligation” means, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of the Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Official Statement” shall mean the Official Statement, dated \_\_\_\_\_, 2024, relating to the 2024A Senior Bonds.

“Repository” shall mean the MSRB.

(b) With respect to the 2024A Senior Bonds, Section 4 of the Master Agreement as originally executed shall not apply and shall be deemed to be replaced by the following:

“SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference, with respect to the Fiscal Year just concluded, the following:

(a) the audited financial statements of the Issuer for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to government entities; provided that if the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in appropriate form, and the Issuer shall promptly file the audited financial statements if and when available;

To the extent not included in the audited financial statements of the Issuer, the Annual Report shall also include operating and financial information regarding the Issuer of the following type:

(b) an update to Table 3 (Power Supply Resources) and a description of any material change to the description of the generating units owned or contracted for by the Issuer, as set forth in the Official Statement under the caption “POWER SUPPLY – Primary Power Supply Resources”;

(c) a description of any material new contracts or material renewals or non-renewals of existing contracts for fuel oil, as set forth in the Official Statement under the caption “FUEL SUPPLY – Fuel Oil Supply Contracts”;

(d) an update to the mark-to-market value of any fuel oil hedges of the Issuer as set forth under “FUEL SUPPLY – Fuel Price Risk Management Program,” as of the end of such Fiscal Year, if any;

(e) an update to the historical information in Table 4 (Historical Customers, Energy Sales, Peak Demand and Revenues) for such Fiscal Year;

(f) a description of any renewal, cancellation or material changes in terms of the Issuer’s Utility Services Contract with the U.S. Navy and the Department of Defense, as set forth in the Official Statement under the caption “AUTHORITY CUSTOMERS — Power Sales to the U.S. Military”;

(g) an update to Table 5 (Largest Customers by Energy Sales Revenues) for such Fiscal Year;

(h) an update to the historical information in Table 9 (Historical Operating Results and Debt Service Coverage) for such Fiscal Year; and

(i) an update to the balances of the Issuer’s outstanding indebtedness listed under “FINANCIAL MATTERS – Outstanding Indebtedness – *Outstanding Bonds*” as of the end of such Fiscal Year;

(j) the balance in the Working Capital Fund set forth under “FINANCIAL MATTERS – Liquidity and Working Capital Fund” as of the end of such Fiscal Year;

(k) the balance in the self-insurance fund under the caption “OTHER MATTERS – Insurance; Self-Insurance Fund”, as of the end of such Fiscal Year;

(l) any adjustment in rates of the Issuer, the customer class to which the rate adjustment pertains and the effective date of the rate adjustment.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference.”

(l) With respect to the 2024A Senior Bonds, references in the Master Agreement to Section 5(a) shall be deemed to refer to Sections 5(a) and (b) of such Section 5, as set forth in Section 4(d) of this Supplemental Disclosure Agreement.

(m) With respect to the 2024A Senior Bonds, Section 5 of the Master Agreement as originally executed shall not apply and shall be deemed to be replaced by the following:

“SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, to the MSRB notice of the occurrence of any of the following events with respect to the 2024A Senior Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer; or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2024A Senior Bonds, if material, to the MSRB in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2024A Senior Bonds or other material events affecting the tax status of the 2024A Senior Bonds;

(2) Modifications to rights of 2024A Senior Bond holders;

(3) Optional, unscheduled or contingent 2024A Senior Bond calls;

(4) Release, substitution, or sale of property securing repayment of the 2024A Senior Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bond holders.

(c) The Trustee and the Co-Trustee shall, within one (1) Business Day (or as soon thereafter as practicable) of obtaining actual knowledge of the occurrence of any of the Listed Events, inform the Disclosure Representative of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsections (d) and (e) hereof.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection 5(b), whether because of a notice from the Trustee or Co-Trustee pursuant to subsection (c) or otherwise, the Issuer shall as soon as practicable determine if such event is material under applicable federal securities laws. If the Issuer determines that the occurrence of such Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection 5(e) hereof. If in response to a request under subsection 5(c), the Issuer determines that such Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence. If in response to a request under subsection 5(c), the Issuer determines that such Listed Event is a Listed Event under subsection 5(a), the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence.

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence of such event with the MSRB.”

(f) The Authority intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.”

SECTION 5. Additional Annual Report Requirements. As supplemented hereby, the Master Agreement is in all respects confirmed, except with respect to such provisions which apply expressly to the 2024A Senior Bonds as set forth herein, and the Master Agreement, all agreements supplemental thereto and this Supplemental Disclosure Agreement shall be read, taken and considered as one instrument.

SECTION 6. Ratification of Master Agreement. As supplemented hereby, the Master Agreement is in all respects confirmed, except with respect to such provisions which apply expressly to the 2024A Senior Bonds as set forth herein, and the Master Agreement, all agreements supplemental thereto and this Supplemental Disclosure Agreement shall be read, taken and considered as one instrument.

SECTION 7. Counterparts. This Supplemental Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Disclosure Agreement has been executed on behalf of the Issuer, the Trustee and the Co-Trustee by their duly authorized representatives as of the date first written above.

GUAM POWER AUTHORITY

By: \_\_\_\_\_  
John M. Benavente, P.E.  
General Manager

BANK OF GUAM,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Co-Trustee

By: \_\_\_\_\_  
Authorized Officer

## APPENDIX F

### BOOK-ENTRY SYSTEM

*None of the Authority, the Trustee, the Co-Trustee and the Underwriters can give or do give any assurances that DTC, the Participants or others will distribute payments of principal of interest or premium, if any, on the 2024A Senior Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Trustee, the Co-Trustee and the Underwriters is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2024A Senior Bonds or an error or delay relating thereto. The Authority pursuant to the Senior Indenture may discontinue the book-entry only system. In that event, the provisions of the Senior Indenture relating to issuance of 2024A Senior Bonds and the registration of transfer of ownership thereof will apply.*

1. The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the 2024A Senior Bonds (the “**2024A Senior Bonds**”). The 2024A Senior Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the 2024A Senior Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of 2024A Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024A Senior Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024A Senior Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024A Senior Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive definitive 2024A Senior Bonds, except in the event that use of the book-entry system for the 2024A Senior Bonds is discontinued.

4. To facilitate subsequent transfers, all 2024A Senior Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024A Senior Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024A Senior Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2024A Senior Bonds are credited, which may or may not be the Beneficial



Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2024A Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024A Senior Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2024A Senior Bond documents, including the Senior Indenture. For example, Beneficial Owners of 2024A Senior Bonds may wish to ascertain that the nominee holding the 2024A Senior Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and Co-Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2024A Senior Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2024A Senior Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority, as the issuer of the 2024A Senior Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2024A Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal of and premium, if any, and interest on the 2024A Senior Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee or Co-Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee and Co-Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**NONE OF THE AUTHORITY, THE TRUSTEE AND THE CO-TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

None of the Authority, the Trustee and the Co-Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and premium, if any, and interest on the 2024A Senior Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

9. DTC may discontinue providing its services as depository with respect to the 2024A Senior Bonds at any time by giving reasonable notice to the Authority or the Trustee and Co-Trustee. Under such circumstances, in the event that a successor depository is not obtained, definitive 2024A Senior Bonds are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event also, definitive 2024A Senior Bonds will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

LOURDES A. LEON GUERRERO  
GOVERNOR



JOSHUA F. TENORIO  
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN  
OFFICE OF THE GOVERNOR OF GUAM

**Transmitted via email to: [speaker@guamlegislature.org](mailto:speaker@guamlegislature.org)**

May 8, 2024

The Hon. Therese M. Terlaje  
*Speaker, I Mina'trentai Siette Na Liheslaturan Guåhan*  
37<sup>th</sup> Guam Legislature  
Guam Congress Building  
163 Chalan Santo Papa  
Hagåtña, Guam 96910

**Re: Bill No. 262-37 (LS) - AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS**

*Håfa Adai* Madam Speaker,

Bill No. 262-37 (LS) authorizes the Guam Power Authority (“GPA”) to issue bonds for the purpose of refunding all or a portion of its 2014 Series A Revenue Bonds to take advantage of the opportunity presented by low interest rates and market conditions and to reduce the cost of existing bond debt. Anticipated savings will exceed the 2% threshold of Net Present Value Savings, potentially up to \$3.22M in debt service savings. The bill includes reasonable conditions and confirms the involvement of the Consolidated Commission on Utilities, the Guam Public Utilities Commission, the Guam Economic Development Authority, and this Administration—all to ensure any bond issuance makes sense for the people of Guam and results in savings for Guam ratepayers.

This measure will potentially save Guam ratepayers millions of dollars, and furthers our Administration’s ongoing commitment to sound fiscal policy.

For this reason, I am signing Bill No. 262-37 (LS) into law as *Public Law No. 37-95*.

*Senseramente,*

A handwritten signature in black ink, appearing to read "Lourdes A. Leon Guerrero".

**LOURDES A. LEON GUERRERO**  
*Maga'hågan Guåhan*  
Governor of Guam

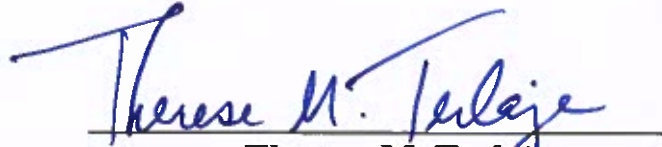
Enclosure(s): Bill No. 262-37 (LS) nka P.L. 37-95

cc via email: The *Honorable* Joshua F. Tenorio, *Maga'låhen Guåhan*, Lt. Governor of Guam  
Compiler of Laws


***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***  
**2024 (SECOND) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÅGAN GUÅHAN***

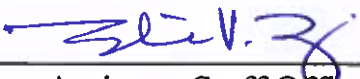
This is to certify that **Bill No. 262-37 (LS)**, “**AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS,**” was on the 26<sup>th</sup> day of April 2024, duly and regularly passed.

  
**Therese M. Terlaje**  
**Speaker**


Attested:

  
**Amanda L. Shelton**  
**Legislative Secretary**

-----  
This Act was received by *I Maga'hågan Guåhan* this 26<sup>th</sup> day of April,  
2024, at 4:28 o'clock P.M.

  
**Assistant Staff Officer**  
***Maga'håga's* Office**

APPROVED:

  
**Lourdes A. Leon Guerrero**  
***I Maga'hågan Guåhan***

Date: 3/8/2024

Public Law No. 37-95



2024-21513

***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***  
**2024 (SECOND) Regular Session**

**Bill No. 262-37 (LS)**

Introduced by:

William A. Parkinson  
Chris Barnett  
Frank Blas, Jr.  
Joanne M. Brown  
Christopher M. Dueñas  
Thomas J. Fisher  
Jesse A. Lujan  
Tina Rose Muña Barnes  
Sabina Flores Perez  
Roy A. B. Quinata  
Joe S. San Agustin  
Dwayne T.D. San Nicolas  
Amanda L. Shelton  
Telo T. Taitague  
Therese M. Terlaje

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

1        **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2        **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that 12 GCA § 8203 provides that the Guam Power Authority (Authority) is  
4 authorized to incur indebtedness by the issuance of revenue bonds with the  
5 approval of *I Maga'hågan Guåhan* (the Governor of Guam) to raise funds for the  
6 purpose of establishing the electric power system of the Authority, or of acquiring  
7 lands for the system, or of acquiring, constructing, improving, equipping,

1 system, or any part thereof, or for the purpose of refunding any such bonds, or for  
2 any combination of such purposes.

3 *I Liheslaturan Guåhan* finds that 12 GCA § 12105 provides that the Authority  
4 shall not enter into any contractual agreements or obligations (including bonds)  
5 which could increase rates and charges prior to the written approval of the Guam  
6 Public Utilities Commission (GPUC).

7 *I Liheslaturan Guåhan* finds that 12 GCA § 50103 provides that public  
8 corporations of the government of Guam, including the Authority, shall issue bonds  
9 and other obligations only by means of, and through the agency of the Guam  
10 Economic Development Authority (GEDA), and that GEDA shall not sell any bond  
11 without the approval by *I Liheslaturan Guåhan* of the terms and conditions of the  
12 bonds.

13 *I Liheslaturan Guåhan* finds that based on low interest rates and current  
14 market conditions, the Authority expects to be able to refund certain maturities of its  
15 outstanding 2014 Series A revenue bonds for debt service savings.

16 Therefore, to benefit ratepayers, it is the intent of *I Liheslaturan Guåhan* to  
17 approve the issuance of revenue bonds by the Authority for the purpose described in  
18 the immediately preceding paragraph, all subject to approval by the Consolidated  
19 Commission on Utilities (CCU), *I Maga'hågan Guåhan*, the GPUC, and the Board  
20 of Directors of GEDA in accordance with law.

21 **Section 2. Approval of the Terms and Conditions of the Guam Power**  
22 **Authority Refunding Bonds.**

23 *I Liheslaturan Guåhan*, pursuant to 12 GCA § 50103(k), hereby approves the  
24 terms and conditions of the issuance of senior revenue bonds by the Guam Power  
25 Authority from time to time, including, but not limited to, on a forward basis, for the  
26 purpose of refunding all or a portion of its currently outstanding 2014 Series A

1 revenue bonds, in accordance with the following requirements, limitations,  
2 terms and conditions:

3 (a) The aggregate principal amount of the refunding bonds shall not  
4 exceed the sum of (1) the amount determined in accordance with 12 GCA §  
5 8229, plus (2) any additional amount needed to provide for a deposit to the  
6 debt service reserve in connection with the issuance of the refunding bonds.

7 (b) All obligations of the Authority to pay debt service on, and the  
8 redemption price of, the prior bonds shall be discharged concurrently with the  
9 issuance of the refunding bonds. Thereafter, the prior bonds shall be payable  
10 solely from and secured solely by an escrow established for such purpose in  
11 accordance with the Authority's existing bond indenture.

12 (c) The final maturity of the refunding bonds shall not exceed the  
13 final maturity of the latest maturing then outstanding revenue bonds. For  
14 clarity, the final maturity of the refunding bonds may exceed the maturity of  
15 an individual series of prior bonds so long as the final maturity of all then  
16 outstanding revenue bonds is not exceeded.

17 (d) Such bonds shall be issued and sold pursuant to the Authority's  
18 existing bond indenture and in compliance with the provisions of Chapter 8,  
19 Title 12, Guam Code Annotated, including approval by the CCU and by *I*  
20 *Maga'hågan Guåhan* as provided therein.

21 (e) The sale of the bonds shall be approved by the Board of Directors  
22 of GEDA as provided in Chapter 50 of Title 12, Guam Code Annotated; and,  
23 the terms and conditions of the issuance of the bonds shall be approved by the  
24 GPUC as provided in Chapter 12, Title 12, Guam Code Annotated.

25 (f) The present value of debt service on the refunding bonds shall be  
26 at least two percent (2%) less than the present value of debt service on the  
27 prior bonds, using the yield on the refunding bonds as the discount rate.

1           (g) Such refunding bonds shall have a principal amount or principal  
2 amounts sufficient to provide funds for the payment of all or a portion of the  
3 prior bonds refunded, and in addition, for the payment of all expenses incident  
4 to the calling, retiring, or paying of such prior bonds and the issuance of such  
5 refunding bonds, including:

6                   (1) the difference in amount between the par value of the  
7 refunding bonds and any amount less than par for which the refunding  
8 bonds are sold;

9                   (2) any amount necessary to be made available for the  
10 payment of interest upon such refunding bonds from the date of sale  
11 thereof to the date of payment of the prior bonds or to the date upon  
12 which the prior bonds will be paid pursuant to the call thereof or  
13 agreement with the holders thereof;

14                   (3) the premium, if any, necessary to be paid in order to call  
15 or retire the prior bonds and the interest accruing thereon to the date of  
16 the call or retirement; and

17                   (4) any additional amount needed to provide for a deposit to  
18 the debt service reserve in connection with the issuance of the refunding  
19 bonds.

20           (h) Savings in annual debt service payments from refunding shall be  
21 utilized specifically for the direct benefit of the ratepayers. Within ninety (90)  
22 days of the completion of the refinancing, the Guam Power Authority and the  
23 Guam Public Utilities Commission shall notify *I Liheslaturan Guåhan* of their  
24 intent and plan regarding the annual debt service payment savings achieved  
25 from the refinancing.

26           **Section 3. Local Sale of Bonds.** The Guam Economic Development  
27 Authority shall undertake its best efforts to cause a portion of any bonds issued



1 pursuant to this Act to be offered for sale in Guam, as well as in other jurisdictions,  
2 if and to the extent that such offer and any sales resulting from such offer do not  
3 increase the cost to the Authority of issuing and repaying such bonds.

4 **Section 4. Severability.** If any provision of this Act or its application to any  
5 person or circumstance is found to be invalid or inorganic, such invalidity shall not  
6 affect other provisions or applications of this Act that can be given effect without  
7 the invalid provision or application, and to this end the provisions of this Act are  
8 severable.

9 **Section 5. Effective Date.** This Act shall be effective upon enactment.