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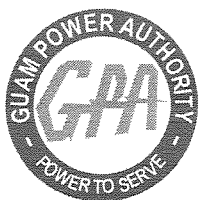
BEFORE THE PUBLIC UTILITIES COMMISSION

IN THE MATTER OF) DOCKET NO.02-04
)
)
Compliance with ALJ Order regarding)
TECP and Excess Bond Proceeds)
)
_____)

COMES NOW, GUAM POWER AUTHORITY and hereby submits its filing with regard to the ALJ's August 13, 2007 Order. GPA was directed to report the status of its compliance with conditions imposed by the Order regarding the TECP and excess bond proceeds requirements. The report is attached hereto as Exhibit A, and incorporated by reference herein as if fully set forth.

RESPECTFULLY SUBMITTED this 12th day of October, 2007.

D. GRAHAM BOTHA, ESQ.
Legal Counsel for the Guam Power Authority



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

12 October 2007

VIA ELECTRONIC TRANSMISSION

Mr. Harry Boertzel, Esq.
Administrative Law Judge
Public Utilities Commission
GCIC Building, Suite 201
414 West Soledad Avenue
Hagatna, Guam 96932
Email: info@guampuc.com

RE: TECP & Excess Bond Proceeds
PUC Docket No.: 02-04

Dear Mr. Boertzel:

As requested on your September 5, 2007 correspondence, please find the attached PUC filing submitted in preparation for the October 2007 GPA Regulatory Session regarding the status of our compliance with the conditions imposed by the Order regarding the TECP and Excess Bond proceeds.

Should you require further information, please do not hesitate to call Mr. Randall V. Wiegand, Chief Financial Officer at 648-3120.

Sincerely,

for

Joaquin C. Flores, P.E.
GENERAL MANAGER

CC: Mr. Randall V. Wiegand, CFO
Mr. Graham Botha, Legal Counsel
File CFO 010 08

Filing to the Public Utilities Commission Regarding Miscellaneous Items from the August 13, 2007 Order

Excess Bond Proceeds

There were three conditions placed on GPA regarding the use of the Excess Bond Funds:

- 1) GPA obtains legal comfort that such uses are permissible under applicable bond covenants;
- 2) The scope of the load and cost of service study studies should be subject to regulatory review; and
- 3) The scope of the long range transmission study should be integrated into the line loss examination process

GPA received an email from Attorney Dirks stating that there were no prohibitions in the GPA bond indenture agreement or federal tax law which would preclude the use of the funds for the stated uses, however, he raised some issues related to potential prohibitions in local law. Attorney Camacho issued an email opinion giving comfort to GPA that the local law citations do not preclude the use of the bond funds for the stated uses.

With respect to the scope of the load study, GPA is in the process of finalizing the scope which should be transmitted to the Public Utilities Commission by the end of October. With respect to the scope of the cost of service study, GPA has assumed that this refers to the civilian cost of service study planned to be filed for implementation in Fiscal Year 2009, not the transmission level cost of service study required for the FY08 base rate petition. The transmission level cost of service study has been completed under substantially the same terms as prior cost of service studies.

GPA is integrating the long range transmission study into the line loss examination process.

TECP Update

Under the PUC order authorizing GPA to attempt to convert its Taxable Commercial Paper Program back to a Tax Exempt Commercial Paper Program and to increase the program cap from \$20 million to \$30 million, there were two conditions placed on GPA:

- 1) GPA must obtain regulatory approval for the use of the credit proceeds;
and
- 2) A portion of the proceeds must be used to retire the existing TCP facility

GPA has filed a petition with the PUC to gain immediate access to the additional \$10 million. A decision from the PUC is expected to be forthcoming in the October Session.

GPA has requested a one month extension from Cathay Bank to close out the old Tax Exempt Commercial Paper program. The target date was moved from November 7 to December 7, 2007. On that date, GPA is planning to repay the outstanding amounts from its cash on hand and its working capital fund. This is due to a technical tax requirement in order to make the new program tax exempt. Then, GPA will issue the new notes and replenish the accounts where the funds were removed. GPA does not believe this payoff plan would be a violation of the substance of the PUC Order.