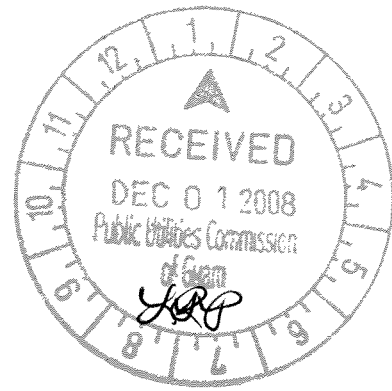


1 **D GRAHAM BOTHA, ESQ.**
2 **Legal Counsel**
3 **Guam Power Authority**
4 **1911 Route 16, Suite 227**
5 **Harmon, Guam 96913**
6 **Ph: (671) 648-3203/3002**
7 **Fax: (671) 648-3290**



8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:)

10 The Application of the Guam Power Authority)
11 to Exercise Financing Options under the PMC)
12 with Doosan and TEMES for Cabras 1&2 and)
13 Cabras 3 & 4.)

DOCKET NO. 94-04

PETITION FOR CONTRACT REVIEW

14
15 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
16 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities
17 Commission of Guam to review and approve GPA's request to exercise financing options under
18 the Performance Management Contract (PMC) agreements between GPA and Doosan Engine
19 Company ("Doosan") and Taiwan Electrical and Mechanical Engineering Services ("TEMES")
20 for Cabras 1&2 and Cabras 3&4 for various PIPs and CIPs for the Cabras plants, as follows:

21 **BACKGROUND**

22 The Guam Power Authority has performance management contract agreements with
23 TEMES and Doosan for Cabras 1&2 and Cabras 3&4 respectively. These PMC agreements
24 allow GPA to request that the PMC provide financing, at GPA's request, for the PMC with
25 regard to necessary capital or expense requirements. The projected expenses for Cabras 1&2 are
26 \$3,234,600.00 and for Cabras 3&4 are \$1,658,554.

27 **DISCUSSION**

28 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
Power Authority, approved by the PUC, to review and approve the financing agreements with

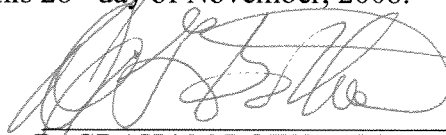
COPY

1 TEMES and Doosan for various projects at Cabras 1&2 and Cabras 3& 4. In support of this
2 Petition, GPA hereby provides the PUC with Consolidated Commission on Utilities (CCU)
3 Resolution No. 2008-33 and 2008-34, which authorizes the General Manager to proceed with the
4 financing agreements with TEMES and Doosan. Said resolution and its exhibits are attached
5 herein as Exhibit A, and incorporated by reference herein as if fully set forth.

6 **CONCLUSION**

7 The PUC should approve GPA's request to exercise the financing agreements with
8 TEMES and Doosan for Cabras 1&2 and Cabras 3&4 with an 18 month repayment period for
9 various PIPs and CIPs for the Cabras plants, as these projects are reasonable, prudent, and
10 necessary.

11 **RESPECTFULLY SUBMITTED** this 28th day of November, 2008.

12
13 

14 **D. GRAHAM BOTHA, ESQ.**
15 GPA Legal Counsel
16
17
18
19
20
21
22
23
24
25
26
27
28



GUAM POWER AUTHORITY

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

CONSOLIDATED COMMISSION ON UTILITIES RESOLUTION NO. 2008-33

RESOLUTION AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO ENTER INTO A SHORT-TERM FINANCING AGREEMENT FOR FOR CABRAS 3&4 CAPITAL IMPROVEMENT PROJECTS

1
2
3
4
5
6
7
8
9
10 **WHEREAS**, Guam Power Authority (hereinafter referred to as “GPA”) and Doosan
11 Engine Company (hereinafter referred to as “Doosan”) entered into a five-year Performance
12 Management Contract (PMC), which commenced on January 1, 2005 and terminating on
13 December 31, 2009;

14
15 **WHEREAS**, GPA and Doosan have scheduled and agreed to perform the PIPs and CIPs
16 as indicated in Attachment “A” of the Deferred Payment Agreement or as otherwise revised by
17 the parties due to unforeseen emergency circumstances;

18
19 **WHEREAS**, Doosan shall prioritize the PIPs and CIPs for GPA’s approval;

20
21 **WHEREAS**, GPA is soliciting for Doosan’s financing assistance on the Fiscal Year
22 2009 PIPs and CIPs;

23
24 **WHEREAS**, the PMC, in accordance with GPA-IFB-048-04, Volume II, Section 2 –
25 Financing, allows GPA to solicit for Doosan’s participation in long or short term debt financing
26 for necessary capital or expense expenditures;

27
28 **WHEREAS**, Doosan is fully willing to provide, and is capable of providing, the
29 financing for necessary capital or expense expenditures;

30
31 **WHEREAS**, the estimated financing payments had been approved in the Fiscal Year
32 2009 Budget;

33
34 **WHEREAS**, the principal amount to be financed exceed the approval authority of GPA’s
35 General Manager;

36
37 **NOW THEREFORE BE IT UNANIMOUSLY RESOLVED**, by the Consolidated
38 Commission on Utilities, as follows:

39
40 1. The Management of the Guam Power Authority is hereby authorized to enter into
41 and execute Deferred Payment Agreement with Doosan, in the amount of \$1,658,554. with 5.5%
42 interest per annum and terms of 18 months as noted in Exhibit A attached, and any other
43 agreements/and or documents as are necessary to effectuate the aforementioned authorization.

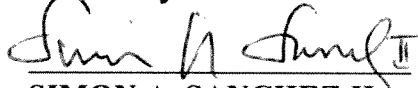
1
2 2. The projects to be funded include retrofit of fuel slide valves, upgrade,
3 replacement of the governor controls, and installation of fuel grinding pumps. These
4 projects will significantly improve the efficiency and operations of the plant.
5

6 3.. The signature of the Guam Power Authority's General Manager or his designee
7 shall be sufficient to bind the Guam Power Authority for the purposes set forth in Paragraph 1.
8 above.

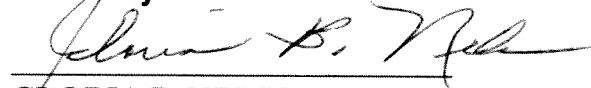
9
10 **RESOLVED**, that the Chairman certifies and the Secretary attests to the adoption of this
11 Resolution.

12
13 **DULY AND REGULARLY ADOPTED** this 24th day of November, 2008.
14

15
16 **Certified by:**

17 
18
19 **SIMON A. SANCHEZ II**
20 Chairperson

16 **Attested by:**

17 
18
19 **GLORIA B. NELSON**
20 Secretary

21
22
23 **SECRETARY'S CERTIFICATE**
24

25 I, Gloria B. Nelson, Secretary, Consolidated Commission on Utilities hereby certifies as
26 follows:
27

28 The foregoing is a full, true and correct copy of a resolution duly adopted at a regular
29 meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held
30 at the meeting place thereof on November 24, 2008, at which meeting all of said members had
31 due notice and at which at least a majority thereof were present;
32

33 At said meeting said resolution was adopted by the following vote:
34

35 Ayes: 5

36 Nays: 0

37 Abstain: 0

38 Absent: 0
39
40
41
42
43

1 Said original resolution has not been amended, modified, or rescinded since the date of its
2 adoption, and the same is now in full force and effect.

3
4
5 **SO CERTIFIED** this 24th day of November, 2008.



12

Gloria B. Nelson
GLORIA B. NELSON
Secretary, Consolidated Commission on Utilities



GUAM POWER AUTHORITY

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

CONSOLIDATED COMMISSION ON UTILITIES RESOLUTION NO. 2008-34

RESOLUTION AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO ENTER INTO A SHORT-TERM FINANCING AGREEMENT FOR CABRAS 1&2 CAPITAL IMPROVEMENT PROJECTS

1
2
3
4
5
6
7
8
9
10
11
12
13
WHEREAS, Guam Power Authority (hereinafter referred to as “GPA”) and Taiwan Electrical and Mechanical Engineering Services (hereinafter referred to as “TEMES”) entered into a three-year Performance Management Contract (PMC), which commenced on January 1, 2003 and terminating on December 31, 2005;

14
15
16
WHEREAS, Amendment No. 1 extends the Contract term for additional two years, commencing on January 1, 2006 and terminating on December 31, 2007;

17
18
19
20
WHEREAS, Amendment Nos. 2 and 3 extended the Contract term for additional two six month periods pending resolution of a bid protest against the award , commencing on January 1, 2008 and terminating on December 31, 2008.

21
22
23
24
WHEREAS, GPA and TEMES have scheduled and agreed to perform the PIPs and CIPs as indicated in Attachment “A” of the Deferred Payment Agreement or as otherwise revised by the parties due to unforeseen emergency circumstances;

25
26
WHEREAS, TEMES shall prioritize the PIPs and CIPs for GPA’s approval;

27
28
29
WHEREAS, GPA is soliciting for TEMES’ financing assistance on the Fiscal Year 2009 PIPs and CIPs;

30
31
32
33
WHEREAS, the PMC, in accordance with GPA-RFP-02-015, Volume II, Section 2 – Financing, allows GPA to solicit for TEMES’ participation in long or short term debt financing for necessary capital or expense expenditures;

34
35
36
WHEREAS, TEMES is fully willing to provide, and is capable of providing, the financing for necessary capital or expense expenditures;

37
38
39
WHEREAS, the estimated financing payments had been approved in the Fiscal Year 2009 Budget;

40
41
WHEREAS, the principal amount to be financed of \$ 3,234,600 exceeds the approval authority of GPA’s General Manager;

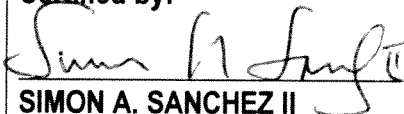
1 **NOW THEREFORE BE IT UNANIMOUSLY RESOLVED**, by the Consolidated
2 Commission on Utilities, as follows:
3

- 4 1. The Management of the Guam Power Authority is hereby authorized to enter into
5 and execute Deferred Payment Agreement II with TEMES, in the amount of
6 \$3,234,600 with 5% interest per annum and 18 month terms as described in attach
7 Exhibit A herein, and any other agreements/and or documents as are necessary to
8 effectuate the aforementioned authorization.
9
- 10 2. The projects to be funded include the Cabras No. 2 generator rotor rewinding,
11 Cabras No.2 condenser re-tubing, and installation of a reverse osmosis/electro-
12 deionization water treatment system. These projects are needed mainly for the
13 reliability of the plant and life extension of plant systems, but will also result in
14 efficiency gains.
15
- 16 3. The signature of the Guam Power Authority's General Manager or his designee
17 shall be sufficient to bind the Guam Power Authority for the purposes set forth in
18 Paragraph 1. above.

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

22
23 **DULY AND REGULARLY ADOPTED** this 24th day of November, 2008.
24


25 **Certified by:**

26 

28 **SIMON A. SANCHEZ II**

29 Chairperson

25 **Attested by:**

26 

28 **GLORIA B. NELSON**

29 Secretary

30
31
32 **SECRETARY'S CERTIFICATE**
33

34 I, Gloria Nelson, Secretary, Consolidated Commission on Utilities hereby certifies as follows:
35 The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the members of
36 Guam's Consolidated Commission on Utilities, duly and legally held at the meeting place thereof on December 13,
37 2005, at which meeting all of said members had due notice and at which at least a majority thereof were present;
38

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

40
41 Ayes: 5

42
43 Nays: 0


44
45 Abstain: 0

46
47 Absent: 0
48

1 Said original resolution has not been amended, modified, or rescinded since the date of its adoption, and
2 the same is now in full force and effect.
3

4 **SO CERTIFIED** this 24th day of November, 2008.
5




GLORIA B. NELSON
Secretary, Consolidated Commission on Utilities



GUAM POWER AUTHORITY

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

DEFERRED PAYMENT AGREEMENT

This Agreement is made and entered into on the _____ day of _____ 2008, by and between: CONTRACTOR, Taiwan Electrical and Mechanical Engineering Services, Inc., (hereinafter "TEMES"), -and- GUAM POWER AUTHORITY (hereinafter "GPA").

RECITALS

WHEREAS, GPA and TEMES entered into a three-year Performance Management Contract (PMC), which commenced on January 1, 2003 and terminating on December 31, 2005;

WHEREAS, Amendment No. 1 through Amendment No. 3 extend the Contract term for additional three years, commencing on January 1, 2006 and terminating on December 31, 2008.

WHEREAS, GPA and TEMES have scheduled and agreed to perform the PIPs and CIPs indicated in Attachment "A" or as otherwise revised by the parties due to unforeseen emergency circumstances;

WHEREAS, TEMES shall prioritize the PIPs and CIPs for GPA's approval;

WHEREAS, GPA is soliciting for TEMES' financing assistance on the Fiscal Year 2009 PIPs and CIPs;

WHEREAS, the PMC, in accordance with GPA-RFP-02-015, Volume II, Section 2 – Financing, allows GPA to solicit for TEMES' participation in long or short term debt financing for necessary capital or expense expenditures;

WHEREAS, TEMES have agreed to finance the PIPs and CIPs as follows:

Maximum Principal Amount U.S. \$3,234,600

FOR VALUE RECEIVED, based on invoices submitted to GPA by TEMES in accordance with Section 10 of the PMC, based on work to be performed by TEMES for the PIPs and CIPs, the undersigned GPA (the "Borrower") hereby acknowledges the debt owed to TEMES (the "Lender") and promises to pay to the Lender at Taiwan Electrical and Mechanical Engineering Services, Inc., No. 178 Cabras Highway, Route 11 Piti, Guam 96915 the principal amount of THREE MILLION TWO HUNDRED THIRTY-FOUR THOUSAND AND SIX HUNDRED DOLLARS (\$3,234,600.00), or as otherwise adjusted by the parties, based on work performed by TEMES and invoiced to GPA, and interest at the rate of 5% per annum on the unpaid balance as follows:

1. GPA will pay nineteen (18) equal monthly installments of \$186,897 each, and any remaining balance due on the nineteenth (19th) final payment. GPA's monthly payments shall not, in any month, or cumulatively, exceed the amount of actual work performed and invoiced.
2. GPA will pay the first installment on January 01, 2009. Interest will accrue based on total cost of actual work performed and invoiced to GPA by TEMES, and a similar installment on the first day of each month after until the principal and interest have been paid in full.
3. Payments will be applied first on interest and then on principal.
4. GPA will pay the entire amount of principal and interest within nineteen (19) months beginning in January, 2009 and ending in June 2010.
5. GPA may prepay all or any part of the principal without penalty.
6. TEMES shall invoice GPA for work performed in accordance with the PMC, and GPA will pay approved invoices within thirty (30) days.
7. Payment on interest for GPA's failure to make installment payments within 30 days shall be made in accordance with the provisions of the Prompt Payment Act (PPA), 5 GCA §§22502-22507.

This agreement shall be governed by, and construed and enforced in accordance with the laws of Guam.

IN WITNESS WHEREOF the parties hereto have caused this Deferred Payment Agreement to be executed on this date.

DATED: _____

Tsun Ren Ho
Plant General Manager, Cabras PMC
Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES)

JOAQUIN C. FLORES, P.E.
Guam Power Authority (GPA), General Manager

DEFERRED PAYMENT AGREEMENT

This Agreement is made and entered into the _____ day of _____, 2008, by and between, Contractor, Doosan Engine Co., Ltd. (hereinafter "Doosan") and Guam Power Authority (hereinafter "GPA").

RECITALS

WHEREAS, GPA has entered into a Performance Management Contract (PMC) with Doosan for five year period commencing on or about January 1, 2005 and terminating on December 31, 2009, which contract was executed by the parties on November 18, 2004;

WHEREAS, GPA and Doosan have scheduled and agreed to perform PIPs and CIPs indicated in Attachment "A";

WHEREAS, the PMC, in accordance with GPA-IFB-084-04, Volume II, Section 2 – Financing, allows GPA to solicit for Doosan's participation in a short term debt financing for necessary capital or expense expenditures; Principal Amount U.S. \$1,658,554.

FOR VALUE RECEIVED, based on invoices submitted to GPA by Doosan in accordance with Section 10 of the PMC, based on work to be performed by Doosan for the PIPs and CIPs listed in attachment "A", the undersigned GPA (the "Borrower") hereby acknowledges the debt owed to Doosan (the "Lender") and promises to pay to the Lender at Doosan Guam Site (Cabras 3&4 Diesel Power Plant) P.O. Box 12909, Tamuning, Guam 96931, the principal amount of \$1,658,554, or otherwise adjusted by the parties, based on work performed by Doosan and invoices to GPA, and interest at the rate of 5.5% per annum, on the unpaid balance as follows.

1. GPA will pay eighteen (18) equal monthly installments of \$96,206 each, and any remaining balance on the nineteenth (19th) final payment. GPA's monthly payments shall not, in any month, or cumulatively, exceed the amount of actual work performed and invoiced.
2. GPA will pay the first installment on January 01 2009, based on work performed and invoiced to GPA by Doosan, and a similar installment on the first day of each month after until the principal and interest have been paid in full.
3. Payments will be applied first interest and then on principal.
4. GPA will pay the entire amount of principal and interest within eighteen (18) months beginning in December 2008, based on work performed.
5. GPA may prepay all or any part of the principal without penalty.
6. Doosan shall invoice GPA for work performed in accordance with the PMC and attached exhibits, and GPA will pay approved invoices within thirty (30) days.
7. Payment on interest for GPA's failure to make installment payments within thirty (30) days shall be made in accordance with the provisions of the Prompt Payment Act (PPA) 5 GCA §§22502-22507.

This agreement shall be governed by, and construed and enforced in accordance with the laws of Guam.

Deferred Payment Agreement
Between: Doosan & Guam Power Authority
Page 3

IN WITNESS WHEREOF the parties hereto have caused this Deferred Payment Agreement to be executed on this date.

J.H. KIM
Plant General Manager, Cabras 3&4 PMC
Doosan Engine Co., Ltd.

Date

JOAQUIN C. FLORES, P.E.
General Manager
Guam Power Authority

Date

**GPA
TEMES Deferred Payment
Cabras 1&2 PIP's & CIP's**

Cost Estimate

1. Cabras No. 2 Generator Rotor Rewinding	\$ 945,000
2. Cabras No. 2 Condenser Re-tubing	\$ 1,000,000
3. Cabras 1&2 RO-EDI Water Treatment	<u>\$ 1,289,600</u>

Total \$ 3,234,600

**Doosan Deferred Payment
Cabras 3&4 PIP's & CIP's**

1. Fuel Slide Valve Retro-fit	\$ 450,000
2. Governor Controls System Replacement	\$ 600,000
3. Seawater Traveling Screen Upgrade	\$ 200,000
4. New Homogenizer	\$ 169,032
5. Fuel Oil Grinding Pumps	<u>\$ 239,522</u>

Total \$ 1,658,554

GPA FY 2009 Project Financing
 Amortization Schedule
 Cabras 1&2 PIP's & CIP's

Principal Amount \$ 3,234,600
 Interest Rate 5.0%
 Term 18 mos.
 Monthly Amortization (\$186,896.92)

Mo	Principal	Interest	Total P&I	Balance
1	\$ 173,419.42	\$ 13,477.50	\$186,896.92	\$ 3,061,180.58
2	\$ 174,142.00	\$ 12,754.92	\$186,896.92	\$ 2,887,038.58
3	\$ 174,867.59	\$ 12,029.33	\$186,896.92	\$ 2,712,171.00
4	\$ 175,596.20	\$ 11,300.71	\$186,896.92	\$ 2,536,574.79
5	\$ 176,327.86	\$ 10,569.06	\$186,896.92	\$ 2,360,246.94
6	\$ 177,062.55	\$ 9,834.36	\$186,896.92	\$ 2,183,184.38
7	\$ 177,800.32	\$ 9,096.60	\$186,896.92	\$ 2,005,384.06
8	\$ 178,541.15	\$ 8,355.77	\$186,896.92	\$ 1,826,842.91
9	\$ 179,285.07	\$ 7,611.85	\$186,896.92	\$ 1,647,557.84
10	\$ 180,032.09	\$ 6,864.82	\$186,896.92	\$ 1,467,525.75
11	\$ 180,782.23	\$ 6,114.69	\$186,896.92	\$ 1,286,743.52
12	\$ 181,535.49	\$ 5,361.43	\$186,896.92	\$ 1,105,208.04
13	\$ 182,291.88	\$ 4,605.03	\$186,896.92	\$ 922,916.15
14	\$ 183,051.43	\$ 3,845.48	\$186,896.92	\$ 739,864.72
15	\$ 183,814.15	\$ 3,082.77	\$186,896.92	\$ 556,050.57
16	\$ 184,580.04	\$ 2,316.88	\$186,896.92	\$ 371,470.53
17	\$ 185,349.12	\$ 1,547.79	\$186,896.92	\$ 186,121.41
18	\$ 186,121.41	\$ 775.51	\$186,896.92	\$ 0.00
\$ 3,234,600.00 \$ 129,544.51 \$ 3,364,144.51				

GPAFY 2009 Project Financing
 Amortization Schedule For All Projects
 Cabras 3&4 PIP's & CIP's

Principal Amount \$ 1,658,554
 Interest Rate 5.5%
 Term 18 mos.
 Monthly Amortization (\$96,205.88)

Mo	Principal	Interest	Total P&I	Balance
1	\$ 88,604.17	\$ 7,601.71	\$96,205.88	\$ 1,569,949.83
2	\$ 89,010.27	\$ 7,195.60	\$96,205.88	\$ 1,480,939.56
3	\$ 89,418.24	\$ 6,787.64	\$96,205.88	\$ 1,391,521.32
4	\$ 89,828.07	\$ 6,377.81	\$96,205.88	\$ 1,301,693.25
5	\$ 90,239.78	\$ 5,966.09	\$96,205.88	\$ 1,211,453.47
6	\$ 90,653.38	\$ 5,552.50	\$96,205.88	\$ 1,120,800.09
7	\$ 91,068.88	\$ 5,137.00	\$96,205.88	\$ 1,029,731.21
8	\$ 91,486.27	\$ 4,719.60	\$96,205.88	\$ 938,244.94
9	\$ 91,905.59	\$ 4,300.29	\$96,205.88	\$ 846,339.35
10	\$ 92,326.82	\$ 3,879.06	\$96,205.88	\$ 754,012.53
11	\$ 92,749.99	\$ 3,455.89	\$96,205.88	\$ 661,262.55
12	\$ 93,175.09	\$ 3,030.79	\$96,205.88	\$ 568,087.46
13	\$ 93,602.14	\$ 2,603.73	\$96,205.88	\$ 474,485.32
14	\$ 94,031.15	\$ 2,174.72	\$96,205.88	\$ 380,454.17
15	\$ 94,462.13	\$ 1,743.75	\$96,205.88	\$ 285,992.04
16	\$ 94,895.08	\$ 1,310.80	\$96,205.88	\$ 191,096.96
17	\$ 95,330.01	\$ 875.86	\$96,205.88	\$ 95,766.94
18	\$ 95,766.94	\$ 438.93	\$96,205.88	\$ 0.00
\$ 1,658,554.00 \$ 73,151.76 \$ 1,731,705.76				