



D GRAHAM BOTHA, ESQ.
Legal Counsel
Guam Power Authority
1911 Army Drive, Suite 227
Harmon, Guam 96913
Ph: (671) 648-3203/3002
Fax: (671) 648-3290

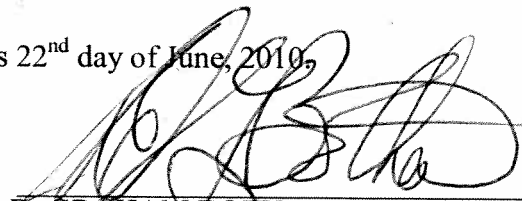
BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	DOCKET NO. 10-01
Guam Power Authority's Request to Issue)	REQUEST FOR AUTHORIZATION TO PAYOFF CATHAY BANK LOAN, DEPOSIT FUNDS TO WORKING CAPITAL FUND, AND REIMBURSE LOAN PRINCIPAL PAYMENTS TO GPA
GPA Revenue Bonds and Subordinate)	
Revenue Bond Financing)	
)	

COMES NOW, the GUAM POWER AUTHORITY (GPA), by and through its counsel of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's request for PUC authorization to payoff Cathay Bank loan, deposit to Working Capital Fund, and for Reimbursement of Principal Payments to GPA.

GPA requests that the PUC authorize GPA to use bond proceeds of the subordinate taxable bond issuance to pay-off the Commercial Paper loan with Cathay Bank in the amount of approximately \$14 million. GPA wishes to use additional proceeds to deposit approximately \$27.4 million into the Working Capital Fund. In addition, GPA requests authorization to reimburse GPA for principal payments made on the Cathay Bank loan from 2009 to present. Further details are set forth in the letter attached hereto as Exhibit "A" and incorporated herein by reference.

RESPECTFULLY SUBMITTED this 22nd day of June, 2010.



D. GRAHAM BOTHA, ESQ.
GPA Legal Counsel

COPY



GUAM POWER AUTHORITY

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

June 22, 2010

Mr. Frederick Horecky
Legal Counsel
Guam Public Utilities Commission
643 Chalan San Antonio, Suite 102B
Tamuning, Guam 96913

Subject: Docket 10-01 GPA Revenue Bonds & Subordinate Revenue Bond Financing
Ref: 1) Authorization to payoff Cathay Bank
2) Deposit to Working Capital Fund
3) Reimbursement of Principal Payments to GPA

Dear Mr. Horecky:

I'm petitioning to request three actions on the part of the Public Utilities Commission (PUC) in relation to the upcoming GPA bond issuance which was recently authorized by the PUC as follows:

- 1) We wish to request for authorization to use proceeds of the subordinate taxable bond issuance to payoff the Commercial Paper loan with Cathay Bank in the amount of approximately \$14 million.
- 2) We wish to deposit approximately \$27.4 million into the Working Capital Fund.
- 3) We wish to receive authorization to reimburse ourselves for principal payments made on the Cathay Bank loan.

Cathay Bank Loan Payoff. The history of the Cathay Bank loan has been well documented in numerous filings with the Public Utilities Commission. There is currently a balance of approximately \$14 million remaining on the loan. GPA is currently in default on the terms and conditions of the loan as a result of our inability to provide an insurance policy covering the loan. Additionally, Cathay Bank has collateralized the GPA self insurance fund as a condition of entering into the loan. Immediately upon payoff the self insurance fund of approximately \$5 million will be restored to the Authority. GPA wishes to use approximately \$14 million of the proceeds of the taxable, subordinate bond issuance to pay off the balance remaining on the Cathay Bank loan. GPA will not be able to issue bonds in accordance with its timeline unless this approval is received.


Working Capital Fund. Another issue which has a long history with the Public Utilities Commission is the funding of the Working Capital Fund. GPA is requesting authorization to use approximately \$27.4 million of bond proceeds from the taxable, subordinate debt issuance to fully fund the Working Capital Fund. The PUC already has an order in place which requires GPA to report on any withdrawals from the Working Capital Fund. The inability of GPA to meet the Working Capital Requirement in its bond indenture agreement has been a key matter that has hindered the Authority's bond ratings in the past. GPA desires to make the deposit to the Working Capital Fund and thereby ensure full compliance with this bond indenture requirement.

Reimbursement of Principal Payments. GPA was required to begin making principal payments on the Commercial Paper loan with Cathay Bank since April of 2009. In the rate order of February of 2008, GPA was not provided any funding source to make this payment. A key assumption of the rate petition recently adjudicated before the Public Utilities Commission was that the full \$20 million in proceeds would be received by the Authority. If that assumption had not been in place the amount of rate relief due to the Authority would have been much greater. These funds represent GPA's capital project budget which has been severely reduced in the last few years to enable the Authority to make the required principal payments on the loan. Additionally, GPA has been working with nearly no cash each month after its fuel payment is made. We believe it is the intention of the PUC to enable GPA to maintain its Working Capital Reserve Fund without making monthly withdrawals to make fuel payments. Receiving this reimbursement is a key component of rebuilding liquidity in the Authority to ensure there are funds remaining with the Authority after a fuel payment is made each month. Therefore, GPA is petitioning the PUC for authorization to reimburse itself for the approximately \$6 million in principal payments made on the Commercial Paper loan with Cathay Bank from the inception of the loan until the loan payoff.

Please don't hesitate to contact me should you have any further questions or concerns regarding these requests. Thank you again for all your diligent efforts towards ensuring our bond issuance is able to take place in a timely manner.

Yours truly,



 Joaquin C. Flores, P.E.
General Manager