

GUAM POWER AUTHORITY
PROMISSORY NOTES SUMMARY

The Guam Power Authority currently has Notes receivable with The Guam Public School System (GPSS) formerly known as the Department of Education, Department of Public Works (DPW), Guam Memorial Hospital Authority (GMHA) and Guam Waterworks Authority (GWA). The Notes are a result of the conversion of past due receivables from the entities mentioned.

In April 2003 the Government of Guam passed Public Law 27-19 which authorized the borrowing of \$30 Million dollars to pay Guam Power Authority for past due notes receivable. However through the course of the borrowing, the Attorney General of Guam (AG) contested the legality of the indenture. The Supreme Court ruled in favor of the indenture however the AG filed an appeal with the United States Ninth Circuit Court of Appeals. The decision of the Court is still pending.

The notes with GPSS and GMHA are in place and both are current with their payments. GPA is currently working on getting the Promissory Note with DPW signed. The Guam Waterworks Authority is paying for its obligation to GPA through a water rate surcharge.