



Power Rate Relief within Reach

PRESS RELEASE

October 5, 2012

Today, the Guam Power Authority successfully sold \$339.9 million in new revenue bonds to refinance existing debt at record low interest rates. “This is a great result for the people of Guam because it provides an opportunity to help our ratepayers now. It also strengthens the long term financial position of the people’s power company,” said Simon Sanchez, Chairman of the Consolidated Commission on Utilities.

“We will now work with the Public Utilities Commission to share the savings from this new financing with our people while still insuring GPA maintains its improving credit standing with the financial markets in order to continue to build a sustainable power company to meet our island’s needs for decades to come,” Sanchez added.

“I am pleased that the markets have responded so well to both GPA and Guam’s continued efforts to reduce our debt profile. GPA is a critical part of Guam’s economy and we value the strong relationship the Authority has with the Government of Guam,” said Guam Governor Eddie Calvo.

The Governor added, “Consistent with my efforts to right-size the Government of Guam, I am working with Sen. Mabini on legislation to re-finance the 1993 General Obligation Bonds to take advantage of the same favorable market conditions that have benefitted GPA in order to produce debt service savings for our people.”

“The transaction attracted a record \$4.64 billion in orders for GPA’s \$339.9 million in bonds, over 13 times the needed funding, reflecting the investment community’s strong confidence in the people of Guam and GPA. This is a historic



level of demand for Guam bonds,” according to Administrator.



Karl Pangelinan, GEDA

A combination of historic low interest rates, GPA’s achievement of an investment grade rating from all three rating agencies (Moody’s, S&P and Fitch) and intense investor outreach helped the financing exceed the parameters set by the Governor, the Legislature and the PUC. The bonds were sold to a wide array of institutional and retail investors.

“As required by law and the PUC, GPA will be filing a petition to provide rate relief for ratepayers before the end of the month,” said GPA General Manager Joaquin Flores. Our Chairman has tasked me with getting this before the PUC quickly, with the hopes of getting rate relief approved by the PUC in time to roll back rates in November, some welcome relief for the holiday season,” Flores added.

The refinancing lowered GPA’s interest rates on its older bonds from above 5.15% to 4.39% for this new financing. This interest rate savings will benefit ratepayers thru 2034. The new financing lowers GPA’s debt service payments by \$10.6 million per year for the next six years, exceeding the original target savings of \$9 million annually.

“This was a great team effort for the people of Guam. Without the help of our Governor, our oversight Chairman Senator Tom Ada and the Guam Legislature, and the PUC, this great benefit to our people would not have been possible. I must also thank the hard working employees of the Guam Power Authority and their families for their tireless professional effort and support to improve GPA for all of our people. We all should be proud that the investment community has strong faith in Guam and our GPA,” Sanchez concluded



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