



Citizen-Centric Report

FISCAL YEAR 2022 (OCTOBER 2021 - SEPTEMBER 2022)

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- 1 WHO WE ARE
- 2 OUR PROGRESS
- 3 OUR FINANCES
- 4 OUR FUTURE CHALLENGES



OUR VISION

GPA will be the best utility providing outstanding energy solutions to our island community.

OUR MISSION

GPA shall provide:

- Reliable
- Efficient, Effective, Environmentally Sound
- Affordable, Accountable
- Leading Energy Solutions

GOVERNANCE AND LEADERSHIP



CONSOLIDATED COMMISSION ON UTILITIES

(L-R): Pedro Roy Martinez, Secretary; Francis E. Santos, Vice Chairman; Joseph (Joey) T. Duenas, Chairman; Michael Limtiaco, Commissioner and Simon A. Sanchez II, Commissioner.



GUAM POWER AUTHORITY
John M. Benavente, P.E.
General Manager

ABOUT US

Guam Power Authority (GPA) was established in 1968 as a public corporation and autonomous instrumentality, of the Government of Guam. GPA is fully independent from its central government as it does not receive subsidies from the Government of Guam, with revenues derived solely from rates. GPA is a publicly-owned, retail electric utility that provides electric generation and transmission and distribution services throughout Guam and is the sole provider of such services.

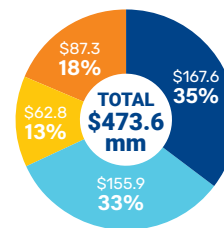
GPA has been serving Guam for more than 50 years and has evolved from an entity with basically no assets to one which now owns all generation, transmission and distribution assets outside of Guam's US military bases. GPA generates all energy for the entire Guam community including the US military.

The Authority is governed by the Consolidated Commission on Utilities (CCU), an elected five-member Board and is subject to regulations of the Guam Public Utilities Commission (GPUC).

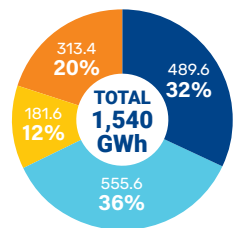
OUR CUSTOMERS

Segment Demographics	FY 2020	FY 2021	FY 2022
Residential	44,191	45,292	45,271
Commercial	5,880	5,852	5,879
Gov't of Guam	1,699	1,680	1,722
U.S. Navy	1	1	1
TOTAL	51,771	52,825	52,873

FY 2022 Electric Revenue Composition (\$mm)



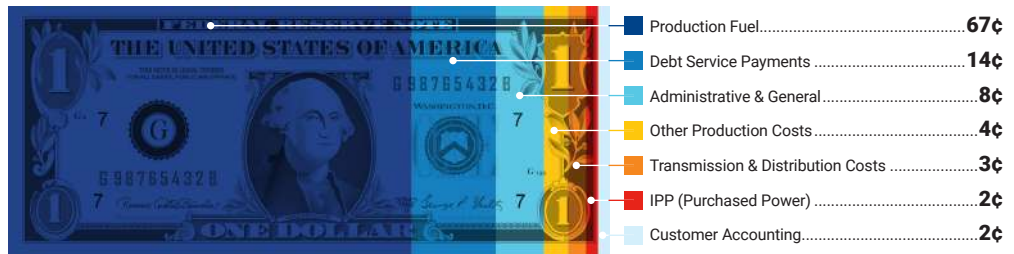
FY 2022 Customer Energy Sales (GWh)



OUR RATES

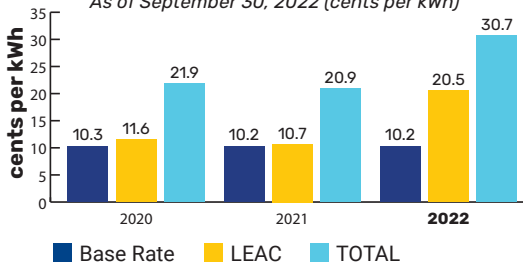
FY 2022 ELECTRICITY RATE BREAKDOWN

\$1 Cost Allocation Category



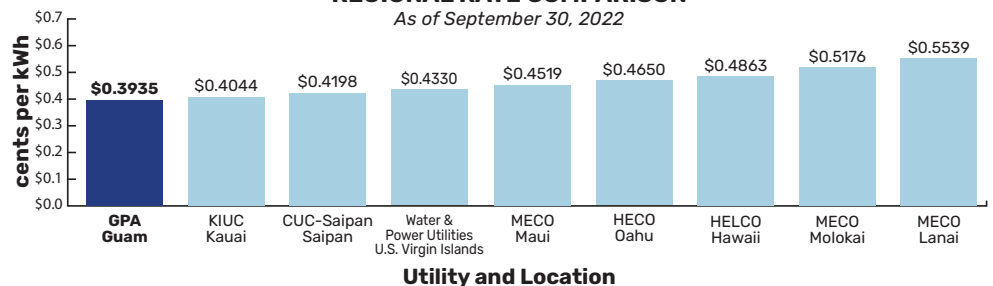
FY 2022 SYSTEMS AVERAGE RATE

As of September 30, 2022 (cents per kWh)



REGIONAL RATE COMPARISON

As of September 30, 2022





Our Progress

CITIZEN-CENTRIC REPORT FISCAL YEAR 2022

ACCOMPLISHMENTS AND KEY STRATEGIES

PRODUCT AFFORDABILITY

2022

- No increase in GPA base rate
- Prudent managing of LEAC rate
- FTE level 416
- Continued maximization of government sponsored Emergency Rental Assistance (ERA) program
- The 60 megawatt KEPCO Mangilao Solar (KMS) photovoltaic farm was commissioned on June 20, 2022. The savings from purchasing wattage from the solar farm are being realized at an \$0.085/kWh cost to GPA now, saving ratepayers close to \$2M monthly at the LEAC rate of about \$0.23/kWh. KMS photovoltaic farm is contracted to provide a minimum of 141 million kWh annually, which is the equivalent energy consumed by about 14,000 residential customers, and will reduce fuel oil imports by about 250,000 barrels per year.
- Supported and timely applied the \$100 monthly utility energy credits totaling \$15.7 million to almost 51,000 eligible customers (from July-September 2022).



2021

- No increase in GPA base rate
- Prudent managing of LEAC rate
- FTE level of 426
- Maximized ratepayer access to government sponsored Emergency Rental Assistance (ERA) program and similar financial assistance plans.
- Secured \$1.5 million pandemic assistance grant with Governor to offset LEAC.

SUPERIOR CUSTOMER SERVICE

2022

- Paid out \$15.7M in energy credits to almost 51,000 eligible customers which was authorized by PL 36-106 between July-September 2022
- Successful partnership with Guam Energy Office for the We CARE, Guam Program to provide energy saving equipment rebates for low income households beyond Guam Energy Office's grant funding.
- Automated the application process for GPA's energy sense rebate available for energy efficient appliances helping consumers reduce energy load and consumption.
- Co-hosted the Guam Energy Expo, assisting customers manage their power bills and providing outreach on GPA's energy efficiency programs including Energy Sense Energy Efficient Appliance Rebate Program; Utility Energy Services Contracting Program; BEST Schools Program; and We CARE, Guam! Program.



2021

- Suspended disconnections; waived late fees and penalties; provided payment arrangement plans
- Launched improved GPWA mobile pay app and expanded PayGPA.com, including paperless statements
- Expanded touchless service options: LIVE telephone services; residential and business e-mail; SMS text Power Alerts; social media; and PayGPA.com, mobile app, pay-by-phone, IVR and drive-thru payment services

HIGH SYSTEM RELIABILITY

2022

- CCU and PUC passed a resolution to adopt the Clean Energy Master Plan supporting the commitment to 50% renewable portfolio standard by 2030, focusing on achieving additional operational savings through efficiencies, grid security and reliability while achieving meaningful reductions of GHG emissions.
- Designed and received approval of the CCU for physical security Proof of Concept for Talo'fo'fo Plant, Harmon & Piti Substations, Dededo CT Plant and Fadian Main Office at a cost of about \$1.5M.
- Procured and maintained inventory sufficient to address significant damage to grid from natural disasters.
- Upgrades, inspection and refurbishment of GPA's bulk storage fuel tanks 1934 and 1935 in Piti
- P.L. 36-104 was enacted on June 15, 2022 authorizing the second amended and restated land lease agreement with Guam Ukudu Power, LLC for the construction of the 198 MW power plant and Battery Energy Storage System facility.
- Three-year extension of the Dock Facility User Agreement with Tristar Terminal Guam, Inc. (TTGI) ensuring an uninterrupted supply of fuel to GPA plants through the use of the F-1 Dock Facility for receiving bulk fuel shipments into the GPA storage facilities estimated to cost \$1,924,512/year or \$5,773,536 for the extension period.
- Broke ground for the 198 MW Ukudu Power Plant on July 20, 2022. The new power plant will lower ratepayer costs, reduce fuel consumption, and bring GPA into compliance with environmental regulations. The project is slated for completion in 2026. The air permit was issued and construction of a new pipeline has begun.
- Baseload Units Piti 8 & 9 successfully converted to ULSD in July and September of 2022. Baseload Units Cabras 1 & 2 successfully converted to 0.2%S ULSRFO on December 31, 2022.
- Successfully executed a 10-Year GPA Navy Utility Services Contract (USC) from August 1, 2022 to July 31, 2032.



2021

- Hagåtña 24-megawatt and Talo'fo'fo 16-megawatt utility-scale Energy Storage Systems completed and in commercial operation
- Progress on design and construction of the Malojoj 60-megawatt and Mangilao 60-megawatt solar photovoltaic projects
- Progress on the design and permitting activities for the 198-megawatt Ukudu baseload power plant
- Award for Phase III Renewable Energy Acquisition for 40-megawatt solar photovoltaic project including full energy shifting Energy Storage Systems on leased Navy lands pending protest resolution

FINANCIALLY SOUND AND STABLE

2022

- 60 days of unrestricted cash
- Debt Service coverage of 1.73x
- GPA maintained its credit ratings despite COVID-19 and the high volatility in world oil prices:
 - S&P-BBB/Stable Outlook
 - Moody's-Baa2/Stable Outlook
 - Fitch-BBB/Stable Outlook
- Physical hedging, acquiring 30-90 days of storage, with an 11 days average MOPS, 85 MW of solar as long-term hedge with 1% escalator, 40 MW ESS, Wind.
- Successfully Executed a 10-Year GPA Navy Utility Services Contract (USC) from August 1, 2022 to July 31, 2032 providing a revenue stream for GPA from the Navy who is GPA's largest customer. Over the last 12 months, base revenues from the Navy were \$19.2 million and fuel payments were \$43.7 million.
- Bill 212-36 became P.L. 36-80 authorizing the issuance of the Refunding Bonds was approved by I Liheslaturan Guåhan and signed by the Governor on March 10, 2022
- GPA paid out \$1,755,699 in Energy Sense Rebates.



2021

- 100 days unrestricted cash
- Debt service coverage of 1.49x
- GPA paid out over \$1.99 million in Energy Sense Rebates
- GPA's credit ratings despite COVID-19:
 - S&P-BBB/Stable Outlook
 - Moody's-Baa2/Stable Outlook
 - Fitch-BBB/Stable Outlook

COMMITMENT TO WORKFORCE DEVELOPMENT

2022

- Onboarded 21 trainees under a new Plant Operator Maintenance Training Program, providing opportunity to gain experience in power plant maintenance and operations for over a 3-year period.
- Earned the American Public Power Association's (APPA) Safety Award of Excellence for safe operating practices for qualifying year 2022. The utility earned a second-place award in the 'Group F' category for utilities with 250,000 to 999,999 worker-hours of annual exposure. This recognition is an achievement of the Guam Power Authority as a whole committed towards delivering safe, reliable and quality electrical services.
- Continuing the cybersecurity internship program, advancing T&D apprenticeships, Accounting internships and Engineering summer internship programs



2021

- Installation and implementation of Mobile Workforce Management System; allowing for streamlining of field work
- Added a new Cybersecurity internship program, advancing T&D apprenticeships and engineering summer internship programs
- Added virtual interview and training options to promote personnel health and safety and ensure business continuity

OPTIMIZING THE USE OF TECHNOLOGY

2022

- Launched online applications for the Energy Sense Rebate Program (ESRP) allowing residential and commercial customers to apply for rebates and track the status of their applications online.
- Increased digital transformations resulting in new and improved ways of providing services to customers
- Celebrated National Drive Electric Week with an Electric Vehicle road show, raising awareness of the benefits of all-electric and plug-in hybrid vehicles.
- Successful in getting the Physical Security Proof of Concept (POC) passed by the CCU at a cost of \$1.5M
- Advancing the use of paygpa and myenergyguam customer service tools
- Launched GPA's E-newsletter an informative and engaging resource for customers



2021

- Launched GPA 'Power Alerts' 2-way text messaging service providing customers with real-time outage information and estimated time of restoration
- Increased digital transformations, resulting in new and improved ways of providing services to customers
- Completed training & data migration upgrade for Smartworks MDM and MyEnergyGuam.com



Our Finances

CITIZEN-CENTRIC REPORT FISCAL YEAR 2022

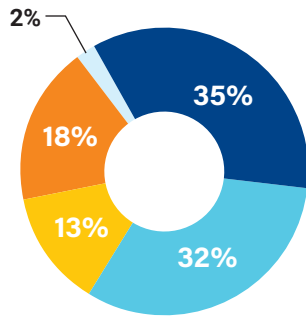
REVENUES

Type	FY2022	FY2021	% Change
<i>(in \$000)</i>			
Residential	\$ 167,564	\$ 116,590	43.7%
Commercial	\$ 155,984	\$ 105,963	47.2%
Government of Guam	\$ 62,802	\$ 43,803	43.4%
U.S. Navy	\$ 87,300	\$ 57,879	50.8%
Other Income	\$ 8,554	\$ 23,775	-64.0%
Total	\$ 482,205	\$ 348,010	38.6%

The Authority's operating revenues increased by \$134 million or 39%, which is mainly due to the increase in fuel prices. The \$15 million decrease in Other Income is attributable to the one-time receipt of \$15 million grant through the American Rescue Plan in FY 2021.

FY 2022

- Residential
- Commercial
- Government of Guam
- U.S. Navy
- Other Income



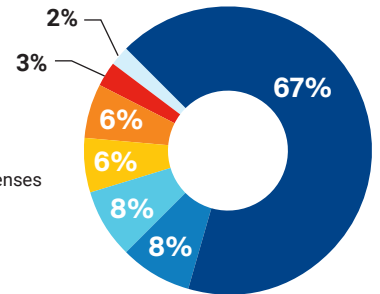
EXPENSES

Type	FY2022	FY2021	% Change
<i>(in \$000)</i>			
Production Fuel	\$ 315,771	\$ 180,807	74.6%
Administrative and General	\$ 38,937	\$ 44,244	-12.0%
Depreciation and Amortization	\$ 35,213	\$ 37,214	-5.4%
IPP and Other Production Costs	\$ 29,108	\$ 29,663	-1.9%
Interest & Other Extraordinary Expenses	\$ 27,460	\$ 26,708	2.8%
Transmission and Distribution	\$ 13,690	\$ 12,333	11.0%
Customer Accounting	\$ 8,563	\$ 7,792	9.9%
Total	\$ 468,742	\$ 338,761	38.4%

The Authority's operating expenses increased by 38% or by \$130 million, which is mainly attributable to increase in fuel costs. In February 2022, Russia invaded Ukraine, causing soaring fuel prices globally. Customer Accounting's increase was mainly attributable to the increase in credit card collection fees and Demand Side Management program rebates.

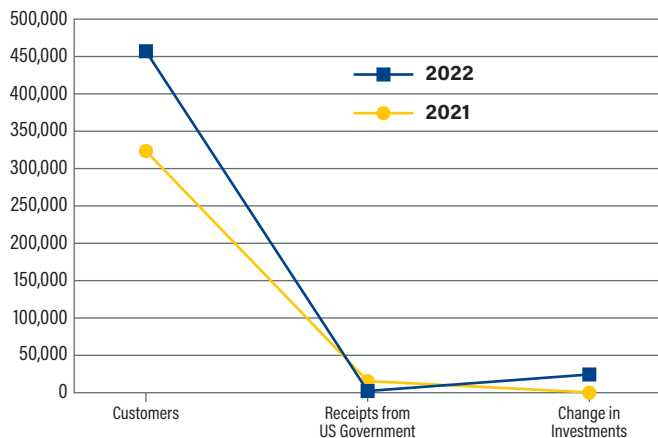
FY 2022

- Production Fuel
- Administrative and General
- Depreciation and Amortization
- IPP and Other Production Costs
- Interest & Other Extraordinary Expenses
- Transmission and Distribution
- Customer Accounting



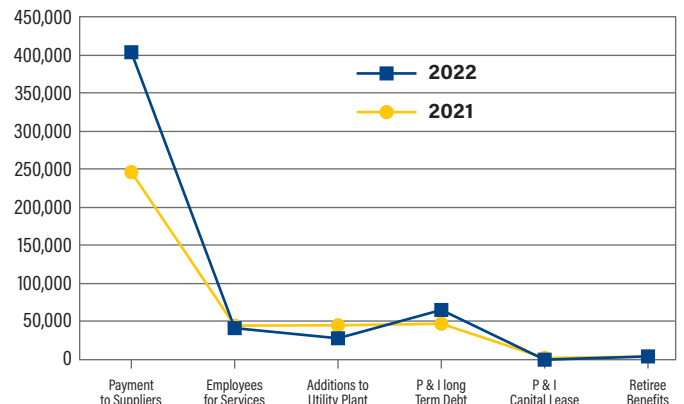
SOURCES OF FUNDS

Type	FY2022	FY2021
<i>(in \$000)</i>		
Customers	\$ 457,036	\$ 323,462
Receipts from US Government	\$ 2,244	\$ 15,550
Change in Investments	\$ 24,404	\$ (408)
Total	\$ 483,684	\$ 338,604



USES OF FUNDS

Type	FY2022	FY2021
<i>(in \$000)</i>		
Payment to Suppliers	\$ 404,116	\$ 246,510
Employees for Services	\$ 41,483	\$ 44,727
Additions to Utility Plant	\$ 28,149	\$ 45,224
P & I - Long Term Debt	\$ 65,383	\$ 47,224
P & I - Capital Lease	\$ -	\$ 2,272
Retiree Benefits	\$ 4,278	\$ 4,036
Total	\$ 543,410	\$ 389,992



All financial activities of GPA are in line with the mission, vision and goals established by the Authority. GPA's financial statements for fiscal year 2022 received a clean audit opinion from Ernst & Young, LLP. GPA's comprehensive financial statements may be viewed online at www.guampowerauthority.com.



Our Future Challenges

CITIZEN-CENTRIC REPORT FISCAL YEAR 2022

LOOKING AHEAD

Integrated Resource Plan (IRP)/Clean Energy Master Plan

- The GPA Clean Energy Roadmap ensures compliance with the USEPA Consent Decree & avoids millions of potential fines and penalties and was adopted by the CCU and approved by the PUC.
- The Integrated Resource Plan (IRP) historically focused on the evaluating the need for new generation resources to meet future load growth, address environmental requirements and optimize costs. The USEPA Consent Decree with GPA was signed in May 2020 and requires completion of many projects for renewable energy, energy storage, and projects for fuel infrastructure transitioning to cleaner fuels.

Customers benefit through lower and less volatile LEAC rates, cleaner air, improved power quality, and fewer outages. GPA reduces its carbon footprint and impact on the planet.

Planning for the Future and a Sustainable Guam

- With the Ukudu Power Plant set for commissioning in 2026 and GPA's commitment to a 50% Renewable Portfolio Standard by 2030, the focus has shifted to how to achieve additional operational savings through efficiencies and to implement projects and programs to support these as well as to support grid security, stability and reliability while achieving meaningful GHG emissions reductions. GPA's balanced approach to reducing GHG emissions includes: *Energy Efficiency, Renewable Energy, Grid Transformation, and Transportation Electrification.*

CY 2022 thru CY 2027 Implementation Roadmap

- Retire Cabras 1 & 2 in 2026
- Reduce use of Piti Baseloads
- New plant slated for commissioning in 2026

198 MW Combined Cycle Baseload Plant

- Will reduce fuel oil imports by over 500,000 barrels annually. Commissioning in 2026.

180+ MW Renewable Energy Generation

- To achieve 40% Renewable Energy Portfolio (currently 16%). Procurement in progress. Commissioning in 2026.

Identifying & Implementing Technology Upgrades

- To integrate renewables and achieve 50% Renewables Energy Portfolio by 2030; 100% by 2040.

Fuel Diversification

- Achieve through renewable energy, clean ultra-low sulfur diesel & liquefied natural gas. Update to LNG study anticipated late 2023.

Substantial Improvement to Air Quality

- Sulfur dioxide (SO2) emissions decreased by 99.9% in 2023. GPA is compliant with USEPA NAAQS.

Reduced Fuel Oil Imports in 2023

- By 380,000 barrels.
- Approval of CCU Resolution FY2022-30, Renewables Phase IV Multi-Step Bid Invitation
- Petition PUC Approval
- Issued bid December 2022; Award around summer 2024; Commissioning within 3 years from award.

Develop Small Scale Roof-Top and Raw Land Solar PV programs within 6 to 12 months

- Obtain CCU and PUC approval of each specific program
- Recommend incentivized rate which would ensure success of programs
- Recommend set-aside programs for small local business including financing Alternatives
- Categories of programs include GDOE, Governmental and Educational Institutions, residential and commercial, under-utilized large parcels of Ancestral and Chamorro Land Trust land, etc.

Obtain authorization from Legislature and Administration for \$300M Green Bonds

- For improvement of Grid Infrastructure to integrate renewables especially ones with intermittency issues
- To provide source for matching funding for improving success of receiving federal grants
- To provide much needed Energy Storage Systems which would maximize production efficiency, mitigate distribution voltage issues, minimize individual project ESS requirements, etc.

Maximize pursuit of Federal Grants to fund clean and renewable energy projects

- Establish team focused to maximize pursuit of federal grants
- Assist the Administration in obtaining energy supply and demand side management related grants

Establish Electric Vehicle Incentive programs within 18 months

- Work alongside EV partners to ensure Guam's power infrastructure can and will meet future EV demand, develop and implement charging rates, incentives, customer rebates, and EV charging infrastructure pilot projects.
- Recommend incentivized rates for electric vehicle charging including Time-of-Use rates
- Complete study on island-wide charging infrastructure
- Provide technical assistance on entities switching to electric vehicles to ensure associated charging infrastructure are installed to minimize impact on grid and rates to consumers

Improving Customer Service Delivery, Energy Affordability, and GPA Productivity

- Seek changes to procurement laws to serve the best interest of ratepayers and community
- Provide consequences for protest costing community millions in lost savings
- Existing laws favors protestor and significantly imbalanced resulting in loss savings to community
- Review local preference laws and adjust to be relevant to renewable procurement. Existing 15% local preference seems intended for product procurement and not long term energy contracts which would result in substantial cost to ratepayers.

Cybersecurity

- Centralized log monitoring in place with 3rd Party Security Analysis Team since 1st quarter of 2023.
- Participation in the Department of Energy's CRISP Monitoring program
- DHS CISA Vulnerability and Penetration Assessment completed 1st quarter 2023
- GPWA Security Assessment from the US Coast Guard scheduled for Sept. 2023
- Ongoing hardening of GPA's IT/OT Infrastructure

CCU has approved the IT Integration Plan to consolidate the GPA and GWA IT Dept into a stand alone division. This will provide the following benefits:

- Common shared applications between GPA and GWA e.g. Customer Information System (CIS), Payment Sites, Mobile APP and others.
- Combined Cybersecurity efforts and a smaller external footprint
- Sharing of skillsets and resources
- Service a consolidated user base.
- Applications and Hardware can be consolidated to reduce overall cost.

Infrastructure Resiliency Plan

- New plant commission delayed to 2026 due to damage from Typhoon Mawar
- Typhoon Mawar advanced discussions on the need to move the grid underground to address vulnerability to natural disasters and military conflicts.
- Initial estimates immediate critical infrastructure cost of \$2.4 billion and an additional \$4 billion remaining underground distribution
- GPA will reach out to FEMA, US Military branches and other federal entities to invest ensuring long-term benefits for the community and the nation's strategic interests.

CLEAN ENERGY MASTER PLAN

Road Map to 100% Renewable Energy by 2040



40MW Utility Scale Batteries



Baseload Units on Cleaner Fuel + renewable



New Efficient Baseload Units



Renewables with Batteries



Compliance



End Goal: LOWER BILLS and CLEANER AIR

2025

2030

2035

2040

Currently, we've reached **16%** Renewable Energy

50% Renewable Energy

100% Renewable Energy

Scan to learn more about GPA's Clean Energy Master Plan.



WE WANT TO HEAR FROM YOU

Please contact GPA and let us know what information we can provide to you in future reports.

John J.E. Kim, CPA, GPA Chief Financial Officer

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Thomas Eladio Battung <tbattung@guamopa.com>

Fwd: GPA FY2022 CCR Submission

1 message

Benjamin Cruz <bjcruz@guamopa.com>

Tue, Oct 3, 2023 at 8:55 AM

To: Vincent Duenas <vduenas@guamopa.com>, Jerrick Hernandez <jhernandez@guamopa.com>, Thyrza Bagana <tbagana@guamopa.com>, Joy Esperanza <jesperanza@guamopa.com>, Maryann Manglona <mmanglona@guamopa.com>, Frederick Jones <fjones@guamopa.com>, Johanna Pangelinan <jpangelinan@guamopa.com>, Mariella Cruz <mcruz@guamopa.com>, Kayleen Concepcion <kconcepcion@guamopa.com>, Ren Jalandoni <rjalandoni@guamopa.com>, Selina Onedera-Salas <sonederasalas@guamopa.com>, Thomas Eladio Battung <tbattung@guamopa.com>, Thomas Quichocho <tquichocho@guamopa.com>

Benjamin J. F. Cruz

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----- Forwarded message -----

From: **Tamra M Muna** <tmuna@gpagwa.com>

Date: Mon, Oct 2, 2023 at 5:55 PM

Subject: GPA FY2022 CCR Submission

To: speaker@guamlegislature.org <speaker@guamlegislature.org>Cc: Maripaz N. Perez <mperez@gpagwa.com>, Lenora M Sanz <lsanz@gpagwa.com>, Benjamin J. Cruz <bjcruz@guamopa.com>, Jerrick Hernandez <jhernandez@guamopa.com>

Dear Honorable Speaker Terlaje,

In accordance with Public Law 30-127, attached is the Guam Power Authority's FY2022 Citizen-Centric Report.

Additionally, the report was uploaded on the Authority's website on October 2, 2023 at this link: <https://guampowerauthority.com/corporate/financials>

Should you require further information, please do not hesitate to call Ms. Lenora M. Sanz, Controller via 648-3122 or lsanz@gpagwa.com.

Thank you.

Respectfully,

Ms. Tamra Muña | Contracts Administrator | Guam Power Authority

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