



CITIZEN-CENTRIC REPORT

FISCAL YEAR 2019

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.

Owning assets of \$955 million including 29 substations, and 1797 miles of combined transmission and distribution lines, GPA employs a workforce of 454. The island-wide power supply derives from both conventional fuel-oil based generating units producing a gross capacity of over 420 megawatts, and 25.3 megawatts of renewable capacity.

GPA has been successful in borrowing money by establishing itself in the bond markets, to enable GPA to construct critical infrastructure. GPA has adopted the Uniform System of Accounts prescribed by the U.S. Federal Energy Regulatory Commission (FERC).

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).

VISION

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

MISSION

GPA shall provide:

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

By the Numbers

\$942 million

Total assets as of September 30, 2019

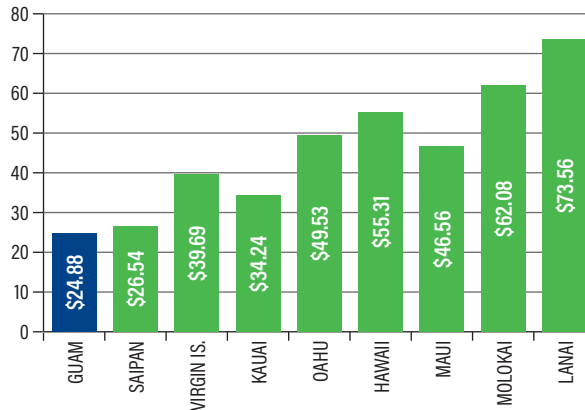
\$892 million

Total liabilities including pension and other Post Employment liability, as of September 30, 2019

\$403 million

Annual revenue from approximately 51,000 customers as of September 30, 2019

Residential Rate Comparison



Committed to providing affordable and reliable power to the people of Guam, GPA maintains the lowest rates compared to other neighboring Pacific islands. GPA's system average rate was 24.88 cents per kilowatt hour in 2019.



Electricity Rate Breakdown

\$1 COST ALLOCATION CATEGORY

69 cents

Production Fuel Cost



11 cents

Administrative and General



10 cents

Depreciation and Amortization



4 cents

Energy Conversion or IPP Purchased Power



4 cents

Transmission and Distribution



2 cents

Customer Accounting

GOVERNANCE AND LEADERSHIP



Consolidated Commission on Utilities

- Joseph (Joey) T. Dueñas, Chairman
- Francis E. Santos, Vice Chairman
- Michael T. Limtiaco, Secretary
- Judith 'Judi' T. Guthertz, Treasurer
- Simon A. Sanchez II, Member

Guam Power Authority

John M. Benavente, P.E. General Manager

WHAT'S INSIDE

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ISSUED JULY 2020



CITIZEN-CENTRIC REPORT

OUR PROGRESS

Accomplishments and Key Strategies

KEY STRATEGIES	2017	2018	2019
PRODUCT AFFORDABILITY 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 475 \$1.4 million in overtime expenditures 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 464 \$1.5 million increase in overtime in due to typhoon preparation and recovery 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 454 \$1.3 million overtime expenditures to assist Saipan, CNMI with Super Typhoon Yutu recovery
SUPERIOR CUSTOMER SERVICE 	<ul style="list-style-type: none"> Launched additional payment options including Pay-BY-Phone, Online Payments, Mobile APP payments and ACH payments GPA paid out \$560,000 in Energy Sense Rebates to customers 	<ul style="list-style-type: none"> Redesigned/more customer-friendly monthly energy statement MasterCard debit and credit cards made available to commercial customers Additional Saturday hours at the GPWA Customer Service Satellite Office in Upper Tumon GPA paid out \$1.4 million in Energy Sense Rebates 	<ul style="list-style-type: none"> Provided more efficient and non-contact payments online with PAYGPA, EZPAY for mobile and telephone payments and pre-arranged ACH bank transfers The addition of MYENERGY.COM for customers to manage and monitor home residential usage GPA paid out \$1.5 million in Energy Sense Rebates
HIGH SYSTEM RELIABILITY 	<ul style="list-style-type: none"> Dededo Combustion Turbine units 1&2 returned to service Completed Cabras Units 1&2 annual turbine and boiler overhaul maintenance work Completed major refurbishment of Cabras (T300), Piti (T700), Tamuning (T51) and Macheche (T90) power transformers Signed lease agreement with the US Navy for 164 acres of military land to construct utility-scale solar farms From revenue bonds, GPA contracted for a \$35 million Energy Storage System (ESS) 	<ul style="list-style-type: none"> Completed \$11 million land purchase to build the new Ukudu, Dededo base load power plant Construction continued on the Hagåtña 24 megawatt and Talofofo 16 megawatt Energy Storage System projects 	<ul style="list-style-type: none"> Construction near completion of the Hagåtña 24 megawatt and Talofofo 16 megawatt utility-scale Energy Storage System Signed two 60 megawatt Power Purchase Agreements with partners KEPCO and Hanwha Signed a 25-year IPP contract with KEPCO for the construction of the 180 megawatt Ukudu base load power plant
FINANCIALLY SOUND AND STABLE 	<ul style="list-style-type: none"> 196 days unrestricted cash. Debt service coverage of 2.65x GPA maintained its current credit ratings: <ul style="list-style-type: none"> S&P-BB/Stable Outlook Moody's-Baa2/Stable Outlook Fitch-BBB/Stable Outlook 	<ul style="list-style-type: none"> 173 days unrestricted cash. Debt service coverage of 2.53x GPA maintained its current credit ratings: <ul style="list-style-type: none"> S&P-BB/Stable Outlook Moody's-Baa2/Stable Outlook Fitch-BBB/Stable Outlook 	<ul style="list-style-type: none"> 176 days unrestricted cash. Debt service coverage of 1.97x GPA maintained its current credit ratings: <ul style="list-style-type: none"> S&P-BB/Stable Outlook Moody's-Baa2/Stable Outlook Fitch-BBB/Stable Outlook
COMMITMENT TO WORKFORCE DEVELOPMENT 	<ul style="list-style-type: none"> 3rd Place American Public Power Association's (APPA) Safety Award of Excellence 15 Apprentices completed GPA's 4th Cycle Graduate Apprentice Program On-going training and continuing education for all employees 	<ul style="list-style-type: none"> 1st Place American Public Power Association's (APPA) Safety Award of Excellence On-going training and continuing education for all employees 	<ul style="list-style-type: none"> 3rd Place American Public Power Association's (APPA) Safety Award of Excellence Launched 5th Cycle Graduate Apprentice Program with 20 new T&D apprentices On-going training and continuing education for all employees
OPTIMIZE THE USE OF TECHNOLOGY 	<ul style="list-style-type: none"> Launched new Android and iOS mobile phone payment APP for customers Upgraded MYENERGYGUAM.COM website On-going and continuous review of all IT security processes and network systems 	<ul style="list-style-type: none"> Adopted sustainable renewable sources of energy The new Ukudu, Dededo base load power plant will bring combined cycle power generation which will utilize cleaner sources of fuel and integrate well with renewables 	<ul style="list-style-type: none"> Relocated GPA's Supervisory Control and Data Acquisition (SCADA) system to Fadian for improved power, water and wastewater operations system dispatching Signed a 25-year IPP contract with KEPCO for the construction of the 180 megawatt Ukudu base load power plant

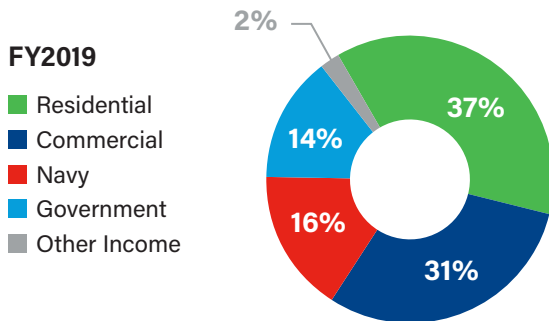


CITIZEN-CENTRIC REPORT

OUR FINANCES

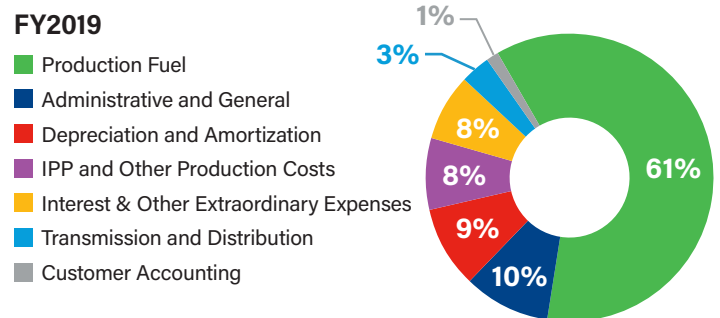
Revenues

Type	2019	2018
<i>(in \$000)</i>		
Commercial	\$ 151,737	\$ 146,278
Residential	\$ 124,466	\$ 117,823
Navy	\$ 65,707	\$ 59,119
Government	\$ 57,823	\$ 55,108
Other Income	\$ 9,607	\$ 10,522
Total	\$ 409,340	\$ 388,850



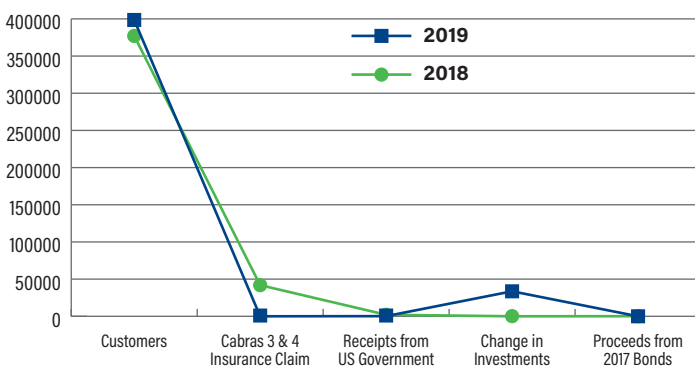
Expenses

Type	2019	2018
<i>(in \$000)</i>		
Production Fuel	\$ 238,870	\$ 217,567
Administrative and General	\$ 38,289	\$ 33,971
Depreciation and Amortization	\$ 36,999	\$ 37,184
IPP and Other Production Costs	\$ 30,781	\$ 34,967
Interest & Other Extraordinary Expenses	\$ 30,274	\$ 36,079
Transmission and Distribution	\$ 12,746	\$ 12,338
Customer Accounting	\$ 6,214	\$ 6,354
Total	\$ 394,173	\$ 378,460



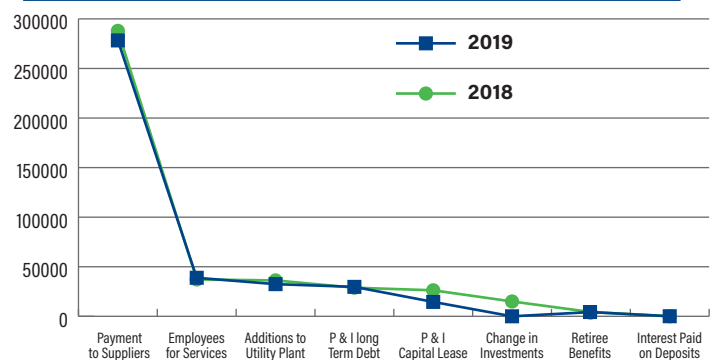
Sources of Funds

Type	2019	2018
<i>(in \$000)</i>		
Customers	\$ 398,548	\$ 377,119
Cabras 3 & 4 Insurance Claim	\$ -	\$ 41,844
Receipts from US Government	\$ 216	\$ 2,061
Change in Investments	\$ 33,613	\$ -
Proceeds from 2017 Bonds	\$ -	\$ 156
Total	\$ 432,377	\$ 421,180



Uses of Funds

Type	2019	2018
<i>(in \$000)</i>		
Payment to Suppliers	\$ 278,284	\$ 287,912
Employees for Services	\$ 38,856	\$ 37,205
Additions to Utility Plant	\$ 32,448	\$ 36,199
P & I - Long Term Debt	\$ 29,697	\$ 28,871
P & I - Capital Lease	\$ 14,512	\$ 26,227
Change in Investments	\$ -	\$ 14,965
Retiree Benefits	\$ 4,258	\$ 4,315
Interest Paid on Deposits	\$ 57	\$ 82
Total	\$ 398,112	\$ 435,776



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 2019 received a clean audit opinion from Deloitte & Touche, LLP. GPA's comprehensive financial statements may be viewed online at www.guampowerauthority.com.



CITIZEN-CENTRIC REPORT

OUR FUTURE CHALLENGES

Looking Ahead

GPA's future initiatives include:

- Within the next 3 to 5 years, GPA will achieve its goal and attain an improved position of strength of its energy supply.
- GPA is committed to renewable energy and the reduction of greenhouse gas emissions. An additional 160 megawatts of solar photovoltaic and 150 megawatts of energy storage systems are scheduled to come online in the next three years, with which GPA will achieve a 25 percent government-mandated Renewable Portfolio Standard (RPS).
- The completion of the 40 megawatts of Energy Storage Systems (ESS) projects, the two 60 megawatt Phase II Renewable projects, the 40 megawatt Phase III Renewable project, and the GPA Bulk Storage Fuel Farm projects.
- The construction and operation of the new 198 megawatt, 51 percent thermal efficiency Ukudu base load power plant which will be the cornerstone to sustain Guam's future energy needs.
- Continuing GPA's ongoing Demand Side Management (DSM) program to right-size customer consumption and assist them in lowering their total energy cost(s).
- Upgrading GPA's power transmission system to add more renewables and to increase reliability in addition to establishing a policy for storm resiliency through the long-term conversion of Guam's power grid to an underground system.
- The procurement of Liquefied Natural Gas (LNG) with storage and gasification infrastructure in order to diversify GPA's fuel source to reduce and stabilize fuel costs.
- Determining new revenue sources for GPA such as the promotion of electric vehicles through exploring grants and/or other incentives to achieve an electric vehicle transportation system as a solution to the island's transportation resiliency.
- Establishing a Human Resource Workforce Plan to address the substantial number of GPA employees eligible to retire over the next 10 years, which could lead to shortfalls in expertise in various areas of power utility management and operations, most especially in the transmission and distribution and power generation fields.



GPA Hanwha Power Purchase Agreement Signing Ceremony, August 22, 2018



GPA with KEPCO and LG CNS Power Purchase Agreement Signing Ceremony, August 24, 2018




GPA Ukudu Contract Signing Ceremony, November 5, 2019

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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www.guampowerauthority.com •  /Guam Power Authority



Michele Brillante <mbrillante@guamopa.com>

FW: GPA FY 2019 CCR Report

Clariza Roque <croque@guamopa.com>

Wed, Sep 16, 2020 at 10:10 AM

To: Ira Palero <ipalero@guamopa.com>, Vincent Duenas <vduenas@guamopa.com>, Frederick Jones <fjones@guamopa.com>, Michele Brillante <mbrillante@guamopa.com>

Hi Website and Mandates Committee,

Please post the attached Guam Power Authority FY 2019 Citizen Centric Report on our website.

I'm currently following up on their Guam Legislature Speaker CCR email/transmittal for full compliance with P.L. 30-127.

Thank you,
Clariza

Clariza Mae G. Roque, CGFM, CGAP, CICA
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----- Forwarded message -----

From: **Maripaz N. Perez** <mnperetz@gpagwa.com>
Date: Wed, Sep 16, 2020 at 9:56 AM
Subject: GPA FY 2019 CCR Report
To: croque@guamopa.com <croque@guamopa.com>

Hafa Adai Riza,

Attached is GPA's revised FY 2019 CCR report. Please post this version in OPA's website.

This can also be found in our website at: https://www.guampowerauthority.com/gpa_authority/investors/gpa_financial_statements.php

Kindly confirm receipt of this request.

Thank you very much.

Maripaz N. Perez, CGFM, CGAP, CICA, CIA, CFE

Guam Power Authority

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 **GPA FY2019 CitizenCentricReport.pdf**
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