



## **GUAM POWER AUTHORITY**

### **2023 Annual Report**



**55 YEARS ...**  
**GUAM'S ENERGY TRANSFORMATION**



## ABOUT GPA

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 zero 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).

## 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.

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## *2023 Guam Power Authority Annual Report* **OFFICE OF THE GOVERNOR OF GUAM**

On behalf of the Leon Guerrero-Tenorio Administration, we congratulate the Guam Power Authority for 55 years of service to the People of Guam. GPA has and continues to adapt to the challenges of constantly changing conditions—from the growing demands of our island’s population to advancing with the rapid pace of technological innovations. In addition to these challenges, GPA worked tirelessly to restore customers following Typhoon Mawar, underscoring its operational prowess, resilience, resourcefulness, and commitment to safety and service excellence for our community. We are indebted to and applaud our local, as well as the off-island CUC CNMI-Saipan, Snohomish County PUD, and Pohnpei Utility Corporation mutual aid power utility workers, who risked their lives to rebuild and build Guam back better.

Our Administration is aligned with GPA’s commitment to provide energy-efficient solutions for all customers. To counteract increases in GPA’s fuel recovery surcharge (LEAC) impacting customer power bills, our Administration proudly supported the Prugrāman Ayuda Para I Taotao-ta Energy Credit Program, providing \$100 monthly credits for power billings. The mandated energy credit extension paid over \$63 million in energy credits to eligible customers in FY2023. This benefit to customers was but one energy solution to help ease financial burdens for customers.

Additionally, GPA is at the forefront, leading the charge in aggressively pursuing pathways to secure Guam’s clean energy future. We commend the utility’s commitment to finding the energy solutions to pave the way for our island’s future. With a goal of 50% electricity purchases from renewable energy by 2030 and 100% by 2040, GPA’s efforts will ensure energy system resilience against extreme weather events, improve energy service, and guide GPA investments in modern, intelligent, and affordable grid infrastructure for the people of Guam. GPA’s Clean Energy Master Plan is not just a plan but a promise of a brighter, more sustainable future for all of us.

The ongoing construction of the new 198 MW Ukudu Combined Cycle Baseload Power Plant and the new fuel pipeline to the plant will result in substantial cost savings and emissions reductions. This will allow the retirement of GPA’s older plants and benefit our entire island community. We look forward to the commissioning in September 2025 and the additional operational savings through efficiencies, which will improve Guam’s future grid security, stability, and reliability.

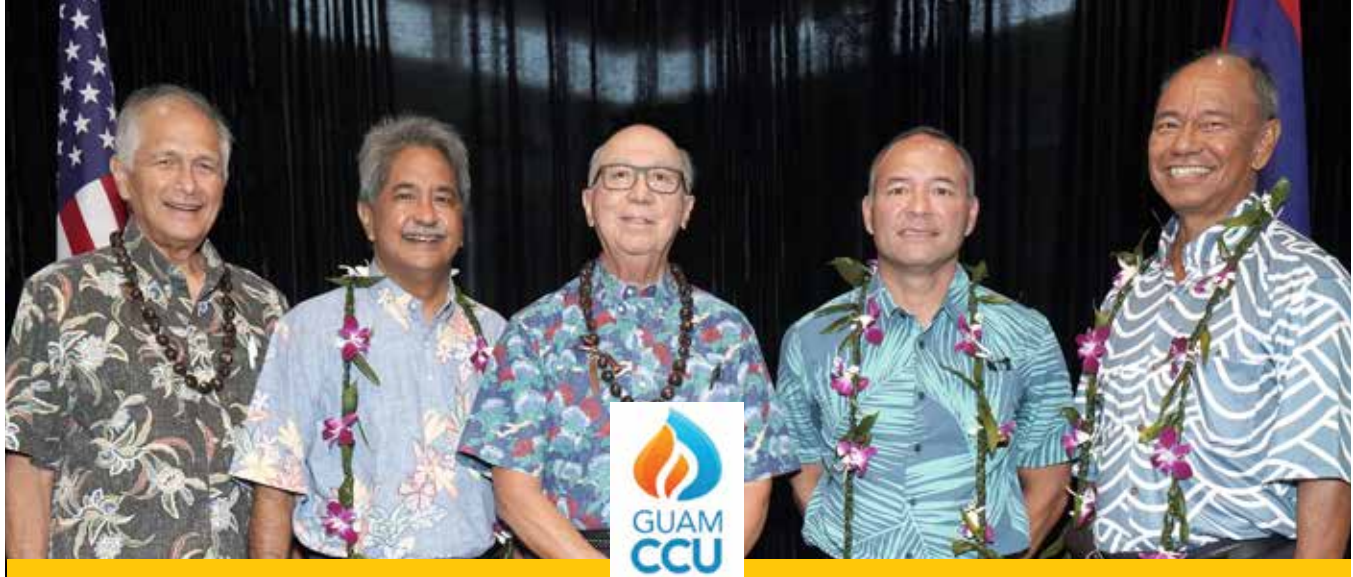
*Si Yu’os Ma’āse,*

*Lou Leon Guerrero*  
**Lourdes A. Leon Guerrero**  
*Maga'hāgan Guåhan*  
Governor of Guam

*Joshua F. Tenorio*  
**Joshua F. Tenorio**  
*Sigundo Maga'låhen Guåhan*  
Lieutenant Governor of Guam







**Pedro Roy Martinez**  
Secretary

**Francis E. Santos**  
Vice Chairman

**Joseph "Joey"  
T. Duenas**  
Chairman

**Michael Limtiaco**  
Commissioner

**Simon A. Sanchez II**  
Commissioner

## Message from the Consolidated Commission on Utilities

In 2023, Guam Power Authority (GPA) reached a milestone 55-years of operating Guam's power utility serving the people of Guam. Originally operating within the Public Utility Agency of Guam and the U.S. Navy supplying power for the island, GPA has grown in serving its mission of providing reliable, efficient, effective, and environmentally responsible and affordable energy solutions for Guam. GPA has proven to be a modern and valuable community asset that touches all our lives, and sustains our well-being through its safe delivery of energy services, environmental protection, and powering economic development across our community. Guam's power utility is a critical-essential entity for our island.

GPA has made strides with implementing renewable energy solutions for a more sustainable future for Guam. The GPA Integrated Resource Plan (IRP) now known as the Clean Energy Master Plan (CEMP) will lead to the transformation of the island-wide power system to incorporate more renewable energy in Guam's future. GPA will achieve 50 percent of the island's electric power generated from renewable non-greenhouse gas emission sources by 2030 and 100 percent by 2040.

The 2019 approved and signed Energy Conversion Agreement (ECA) with Korea Electric Power Corporation (KEPCO) to build a combined cycle 198-megawatt baseload Ukudu Power Plant scheduled to be commissioned by September 30, 2025, will bring clean, efficient, and reliable energy on a sustainable basis onto Guam's power grid system.

In addition to the existing utility scale solar farms, other solar farms and renewable energy projects will come online in the near future. GPA's customers will benefit from the improved operational efficiencies and savings through these sustainable and cleaner energy solutions.

A more sustainable energy future requires involving customers through promoting responsible power consumption utilizing energy conservation and efficiencies. GPA is building partnerships with customers, that will result in sustainable cleaner energy practices and reducing overall carbon emissions island-wide.

Throughout its history, GPA has recovered from natural disasters, especially the ravages of typhoons impacting Guam's power grid. On May 24, 2023, Typhoon Mawar made landfall with winds exceeding 150 miles per hour, accompanied by long hours of torrential rains. Due to recent investments of the 34.5kV underground transmission lines and the hardened Dededo combustion turbine structure, GPA continued to serve and remained online, providing energy of about approximately 7 MW of load throughout the storm to Andersen Air Force Base (AAFB) and Marine Base Guam. Notwithstanding the Category 4 strength typhoon which severely damaged GPA's electrical grid system,

the GPA workforce along with support from off-island Mutual Aid Partner utilities completed the fastest post-storm recovery in GPA's history. Within 50 days, 99% of GPA's customers were restored to pre-typhoon condition.

In order to achieve a more comprehensive infrastructure hardening for optimal utility resiliency and recovery from natural disasters, GPA leads discussions and engages national experts in search of long-term energy solutions to protect and improve Guam's environment. GPA along with FEMA, DOD Military branches and other federal entities are reviewing the need for hardening and moving the entire GPA grid to an underground system to address vulnerability to natural disasters.

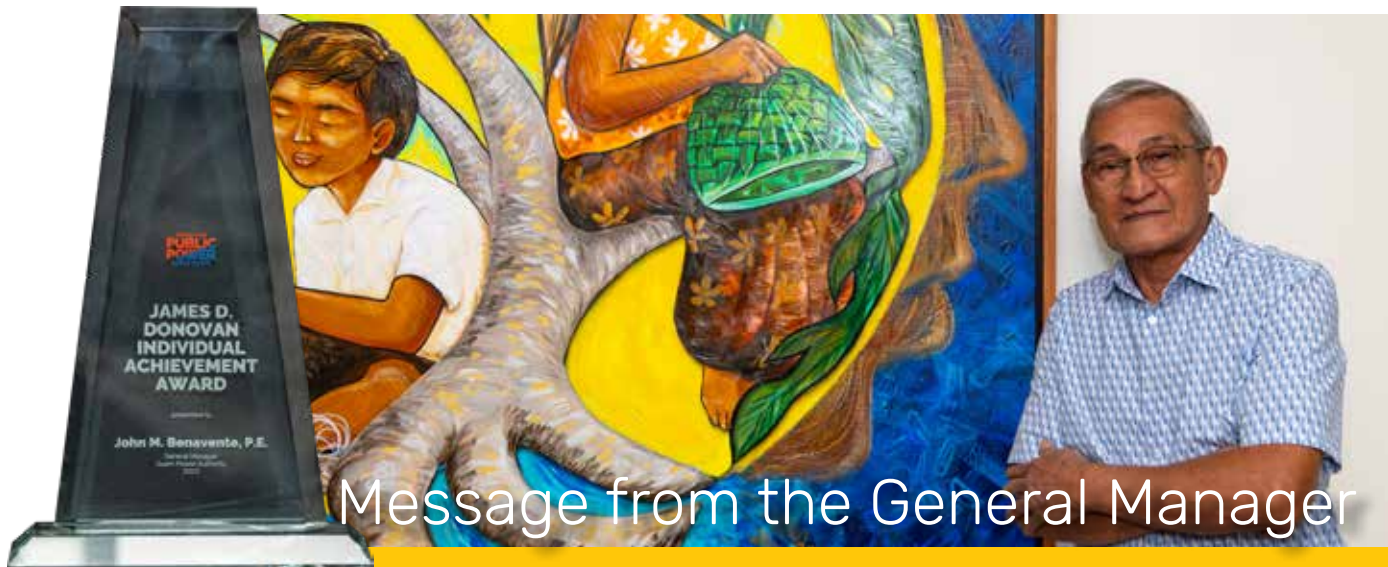
The Guam Infrastructure Resiliency Plan includes requesting \$6 billion to cover the estimated costs for immediate critical infrastructure needs, as well as initiatives to place remaining systems underground has been proposed. This work will ensure a more resilient and reliable energy system for Guam, and quicker recoveries from natural disasters.

Over the years, GPA has provided public power employee advancement opportunities. GPA's registered Apprenticeship and Training Programs and Internship opportunities across Transmission and Distribution, Engineering, Finance, and Information Technology, address workforce attrition and retirements, through building a workforce of certified and technical utility professionals who will lead GPA into the future.

GPA has made improvements and deployed strategies that modernize customer experience. Through the use of new technologies, a customer-centric website, and a mobile app that provides convenience and positive results, innovative energy solutions are ever-evolving and highly prioritized, especially in times of hardship, power service interruption, and disaster recovery.

The Consolidated Commission on Utilities commends GPA's leadership team and the 408 employee-strong workforce for their dedication and hard work toward securing Guam's energy future which will be cleaner, more sustainable, and more affordable. Congratulations on 55-years of operations. *Biba GPA! Biba Guam!*

**Joseph "Joey" T. Duenas**  
Chairman  
Consolidated Commission on Utilities



**As we marked 55 years of dedicated service to our community, the Guam Power Authority recognizes the significant challenges overcome during Fiscal Year 2023. From navigating the aftermath of natural disasters such as Typhoon Mawar to adapting to global economic conditions, GPA demonstrated resilience in ensuring stability and support for our valued ratepayers.**

In May 2023, Typhoon Mawar swept through our island, leaving devastation in its wake. Despite the widespread damage to our transmission and distribution systems, GPA's linemen, alongside teams from the Commonwealth Utility Corporation and Pohnpei Utilities Corporation, worked tirelessly to restore power across our villages. Supported by our partners at Snohomish PUD and aided by NAVFAC, COMNAVMAR, and FEMA, we deployed resources to expedite the restoration process safely and efficiently. Thanks to the resilience of our Islandwide Power System (IWPS) and strategic measures like underground transmission lines and the robust Dededo combustion turbine structure, GPA ensured a continuous supply of ~7 MW to Anderson Air Force Base throughout the typhoon.

This marked a significant milestone in GPA's history, as the island did not experience a complete blackout despite facing 150 mph winds from Typhoon Mawar. Our proactive efforts in infrastructure hardening, including the use of concrete poles, minimized collateral damage compared to past storms like Typhoon Pongsona. Prior to the storm, GPA's line workers conducted rigorous preventative maintenance, such as tree trimming, to reduce the risk of line damage. Our partnership with local entities and off-island mutual aid partner utilities combined with the dedication of GPA employees, ensured that our community experienced the quickest recovery in GPA's history.

GPA continues to advance in reducing its carbon footprint through the implementation of its Clean Energy Master Plan (CEMP), formerly known as Integrated Resource Plan (IRP). This comprehensive strategy aims to transition Guam's energy generation from traditional fossil fuels to renewable and non-greenhouse gas emitting sources. This fully complies with all clean air requirements specified in the US Environmental Protection Agency (EPA) Consent Decree, thereby averting potential fines and penalties totaling millions of dollars. Our commitment includes achieving 50% reliance on renewable energy by 2030, with a goal of reaching 100% by 2040. Despite delays caused by Typhoon Mawar affecting the construction schedule of the Ukudu Power Plant, our Mangilao and Dandan solar farms remain fully operational today. These facilities have already been reducing our dependence on imported oil and providing cost savings for ratepayers ahead of the new power plant's completion in September 2025.

Testing for the 198 MW Ukudu Power Plant is scheduled to commence in the first quarter of calendar year 2025, marking the beginning of anticipated reductions in consumer utility bills. Recently, the Consolidated Commission on Utilities (CCU) approved GPA's amendment to the Energy Conversion

Agreement (ECA) with Guam Ukudu Power, LLC, setting the commissioning date for September 2025. This milestone will allow for the retirement of Cabras 1 & 2 units within six months of commissioning, resulting in significant reductions in electricity costs for ratepayers. Future rates are projected to decrease from the current 26 cents per kWh to approximately less than 20 cents per kWh due to reducing fuel oil imports by over 879,000 barrels annually. Additionally, approximately 330 MW of renewable energy, including energy storage batteries, may be awarded as part of GPA's Phase IV renewables bid by the end of 2024. The CCU and GPUC have approved the HANWHA 41 MW Solar PV Plant, targeting commissioning no later than April 2026. GPA is also developing Virtual Power Plant programs for Small Scale Roof-Top and Raw Land Solar Photovoltaics (PV), with ongoing engineering analysis and bid specification work focusing on an initial pilot project of 20 MW capacity. With the successful integration of the Dandan and Mangilao solar farms, the upcoming commissioning of the Ukudu power plant, and additional long-term generation capacity projects, GPA aims to minimize our reliance on imported fuels and mitigate the need for load shedding. This strategic shift in our energy supply aims to deliver a reliable and affordable energy future on a sustainable basis for our community.

Since Typhoon Mawar, GPA has encountered significant challenges in maintaining generation capacity for the Islandwide Power System (IWPS) during peak demand hours. Following a period of short-term difficulties such as load shedding, we successfully restored Piti 7, which now provides between 22 MW to 30 MW of power. Currently, we are maximizing the utilization of our existing Battery Energy Storage System (ESS), delivering an additional 16MW during peak hours. Furthermore, we are actively pursuing several initiatives to bolster our generation capacity. These include repairing the 20 MW Yigo combustion turbine (CT), procuring 20 MW of temporary power with Aggreko, enhancing the capacity of existing Cummin diesel units at the Yigo site, restoring capacity for Yigo Diesel units near the Tenjo Vista Plant, and expanding our interruptible load capacity. Upon completion, these generation projects will collectively add to and increase our existing capacity, ensuring greater reliability and resilience in meeting the island's energy needs.

In our ongoing commitment to safeguard our operations against cyber threats, GPA continues to prioritize substantial investments in cybersecurity and operational resilience. Our proactive measures include comprehensive training and awareness programs, alongside simulated phishing exercises, aimed at bolstering staff preparedness. With a dedicated in-house cybersecurity team, we swiftly detect and respond to potential threats ensuring minimal disruption to our services.



Collaborating closely with GWA, we have established robust cybersecurity policies and conduct regular system testing and assessments. These efforts are crucial in identifying and implementing necessary security enhancements.

Moreover, our strategic partnerships with Guam Homeland Security, CIS, Department of Defense (DOD) CIS division, and the Department of Energy (DOE) not only broaden our cybersecurity awareness but also strengthen our defense capabilities against evolving threats. Participation in the Cybersecurity Risk Information Sharing Program with DOE emphasizes our commitment to proactive threat monitoring and data analytics. This initiative enables us to detect and promptly respond to network anomalies, malware, and suspicious activities. Additionally, our ongoing project to enhance physical security measures across remote sites reflects our integrated approach to protecting both IT assets and operational integrity.

GPA stands at the forefront of local and national efforts to fortify our infrastructure and enhance resilience against various challenges. Through ongoing discussions and collaborations with federal entities such as FEMA and DOD, we are actively exploring long-term energy solutions aimed at safeguarding Guam's environment and bolstering our grid's resilience. These efforts include initiatives to potentially move and harden the GPA grid, addressing vulnerabilities to natural disasters and military conflicts. As part of the Guam Infrastructure Resiliency plan, we proposed a funding request of \$6.4 billion with \$2.4 billion allocated for critical infrastructure needs and an additional \$4 billion to place remaining systems underground. This comprehensive approach not only strives to ensure a more resilient and reliable energy supply for Guam but also facilitates quicker recoveries from natural disasters, ultimately benefiting our community and supporting the nation's strategic interests.

GPA has maintained its investment grade bond ratings from S&P (BBB), Moody's (Baa2), and Fitch Rating Services (BBB), all reflecting a stable outlook. In this fiscal year, we achieved sound financial results despite the reductions in tourism demand and the impact of Typhoon Mawar. Our balance sheet remains healthy with strong liquidity and manageable liabilities, highlighting our commitment to financial stability amid challenging conditions.

GPA was chosen to be a part of the U.S. Department of Energy (USD OE) Energy Transitions Initiative Partnership Project (ETIPP). This program will allow GPA to partner with Sandia National Laboratories to assess and analyze Guam's power infrastructure to identify and implement strategies for maximizing solar generation while boosting the resiliency and sustainability of the grid. GPA was also awarded a \$3 million grant with the National Renewable Energy Laboratory (NREL) by the Department of Interior Office of Insular Affairs to analyze paths to a clean energy future. This study known as the "Guam 100" will provide the tools to ensure energy system resilience against extreme weather and improve energy justice. This will shape GPA's investments in modern and affordable grid infrastructure to set a clearer path to achieve our goal of 50% renewable energy by 2030 and 100% by 2040.

Not only does GPA provide energy, it also offers tools and programs that empower our customers to manage their energy usage effectively. With the Energy Sense Rebate Program, we continue to offer cash rebates for customers purchasing more energy-efficient appliances. Over \$1 million in rebates have been paid out in the past year.

In addition, under the Prugrman Ayuda Para I Taotao-ta Energy Credit Program, over 51,000 eligible customers were paid out \$63 million in energy credits. We also partnered with the Guam Energy Office (GEO) in the "We CARE, Guam!" outreach to provide energy saving equipment rebates for eligible low-income households beyond the GEO's standard grant funding.

We are also dedicated to fostering talent and investing our workforce to ensure operational excellence and future growth. Currently, our 1st Cycle In-house Plant Operator/Maintenance Worker In-House Training Program is training 17 participants, with recruitment ongoing for the 2nd Cycle. We continue to support the USDOL Transmission & Distribution (T&D) Registered

Apprenticeship Program, with 16 apprentices graduating in October 2023 from the 5th Cycle and another 16 expected in 2024 from the 6th Cycle. Our commitment extends to the 7th Cycle, launched with 20 apprentices to nurture skilled professionals in the energy sector.

In partnership with UOG, we have expanded internship opportunities in Cybersecurity, Finance, Human Resources, Engineering, and Public Administration, enriching educational experiences and developing future industry leaders.

In November 2023, we instituted Service Awards to honor the dedication and tenure of our employees. These awards celebrated milestones of service at 5, 10, 15, 20, 25, 30, and 35 years, recognizing the contributions of our long-standing team members whose hard work is pivotal to GPA's daily achievements.

Driven by our core values of "power to serve" and "community powered," we actively pursued opportunities for community outreach and engagement throughout the year. This included participating in local school career days and presenting on energy conservation and energy efficiency, as well as discussions on energy saving tips and "Beat the Peak" campaign. We also partnered with Catholic Social Services and the Guam Special Olympics, signifying our dedication to supporting the well-being of the community's most vulnerable members. We contributed by stocking their food pantries, replenishing supplies, and volunteering our time during weekends to assist with sports events. We embodied the spirit of giving and teamwork through volunteerism as a means of enriching our community.

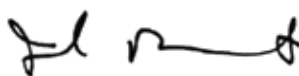
GPA's steadfast commitment to safety was recognized from the American Public Power Association (APPA). We were honored with the Safety Award of Excellence for maintaining exemplary safety practices through the year. GPA also earned a Smart Energy Provider (SEP) designation from APPA for our ability to showcase our expertise in energy efficiency, distributed generation, and environmental initiatives, supporting our goal of providing safe, reliable, low-cost, and sustainable electric service.

On behalf of GPA and its customers, I was the recipient of the APPA James D. Donovan Individual Achievement Award. This award would not have been possible without our dedicated staff and management and loyal customers. These awards highlight our diligence to excellence across all facets of our operations and customer engagement initiatives.

More than a public power utility, GPA has been a steadfast family for more than 55 years. Our greatest asset, the dedicated men and women of GPA have driven our progress and success of the years. Through their unwavering dedication, we have overcome challenges such as Typhoon Mawar this past year with resilience and determination. I extend my deepest gratitude to the families of our employees and our esteemed partners for their support and sacrifices during these challenging times.

To our cherished customers and the entire community, your patience and unwavering trust in GPA over the years has been invaluable. It is with heartfelt sincerity that we thank you for your enduring support. Our team of 408 GPA employees, along with GPA management and CCU board members, are dedicated to serving our island community and meeting its needs.

We eagerly anticipate the future and are confident that together we will achieve and uphold our commitment to provide safe, clean, reliable, and affordable energy on a sustainable basis for all ratepayers. Un Dangkulu na si Yu'os Ma'ase!



**John M. Benavente, P.E.**  
General Manager  
Guam Power Authority

# GPA MANAGEMENT



**Jennifer G. Sablan, P.E.**  
Assistant General  
Manager, Operations



**Beatrice P. Limtiaco**  
Assistant General Manager,  
Administration



**John J. Cruz, Jr., P.E.**  
Assistant General Manager,  
Engineering and Technical  
Services



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



**Joyce N. Sayama**  
Communications Manager



**Marianne Woloschuk**  
Legal Counsel



## GPA'S Evolution

Guam Power Authority (GPA) stands as a critical-essential institution in Guam's infrastructure landscape, having evolved into a modernized and dynamic organization, encompassing generation, transmission, distribution, engineering, finance, information technology, communication, and customer service domains.

Established in 1968, GPA is a public corporation and autonomous instrumentality of the Government of Guam. GPA operates independently, free from financial subsidies from its central government, with revenues derived solely from rates. With a storied history spanning over 55 years, GPA has evolved from humble beginnings into a multifaceted organization at the forefront of Guam's energy landscape. From its inception with virtually zero assets, GPA has emerged as the sole provider of electric power generation, transmission, and distribution services throughout Guam, serving both civilian communities and U.S. military bases. The utility has over 400 megawatts (MW) of generation capacity including 1,837 miles of transmission and distribution lines, 29 substations, 85.3 MW of renewable generation, \$855 million in assets and \$554 million in annual revenues. GPA currently serves approximately 52,642 customers with the U.S. Navy being the largest representing approximately 17% of revenues.

From pioneering energy initiatives, modernizing grid infrastructure and the addition of renewables, GPA remains steadfast in its commitment to advancing Guam's energy resilience and sustainability. At the heart of GPA's operations are 408 Certified and Technical Professionals dedicated to powering progress and prosperity for Guam. These skilled individuals are the backbone of GPA's service delivery, ensuring reliable, efficient, and low-cost electricity for Guam. GPA is governed by the Consolidated Commission on Utilities (CCU), an elected five-member Board and is subject to regulations and rate-setting of the Guam Public Utilities Commission (GPUC).

GPA's growth and progress in generation technologies commenced with conventional diesel-fired power plants, to meet Guam's growing energy demands. Through the decades, GPA made necessary strategic shifts towards modern and renewable energy sources, including solar, wind, and aligning with global industry sustainability requirements. GPA has and is transitioning through responsible energy diversification and environmental stewardship.

As a stand-alone island power utility, investments in transmission and distribution infrastructure have been fundamental to improving energy reliability and accessibility across Guam. GPA has continually modernized its grid network, leveraging cutting-edge technologies to optimize energy transmission and minimize losses. Hardening and expansion projects, coupled with rigorous maintenance protocols, ensure reliability and resilience in the face of Guam's evolving energy needs.

GPA's engineering expertise is epitomized by its innovative leadership approaches to infrastructure development and asset management for power on Guam. From conceptual design to implementation, GPA engineers employ state-of-the-art methodologies, and network with industry experts to optimize system performance, mitigate risks, and adherence to stringent regulatory standards. Their expertise spans diverse disciplines, including electrical, mechanical, civil, and environmental engineering, underscoring GPA's commitment to excellence in infrastructure engineering.

Sound financial management reinforces GPA's sustainability and future growth. With fiscal discipline and prudent investment strategies, GPA navigates complex economic landscapes to ensure affordability and accessibility of energy services for consumers. Transparent financial reporting practices foster trust and accountability, reinforcing GPA's position as a reliable steward of public resources.

At the heart of GPA's operations is a diverse customer base spanning residential, commercial, industrial, governmental and U.S. military sectors. Customer-focused and tailored service offerings cater to unique customer needs, fostering strong working relationships built on trust and reliability. Proactive engagement initiatives, including energy conservation and efficiency projects and customer centric tools and programs, empower customers to make informed decisions and optimize energy utilization.

Information technology (IT) enables GPA to expand the capabilities of the power grid to improve reliability, efficiency, sustainability, and customer interactivity. GPA's secure operational efficiency and service delivery mechanisms are highly IT dependent. Its robust IT infrastructure facilitates real-time monitoring, data analytics, and decision support, enabling proactive asset management and predictive maintenance. Seamless communication channels, including online portals and mobile applications, enhance customer engagement and streamline service inquiries.

GPA has allocated \$1.5 million to enhance physical security and cybersecurity measures at critical facilities, emphasizing its dedication to safeguarding the power grid and GPA's operations. The GPA IT Division is tasked with ongoing reinforcement of GPA's IT/OT (Information Technology/Operational Technology) infrastructure. This hardening process is vital for protecting against cyber threats, meeting regulatory requirements, ensuring data privacy, sustaining service reliability, mitigating physical hazards, and nurturing public confidence in essential infrastructure. GPA's IT Division has recently completed several Cybersecurity assessments focused on its Corporate and Operational network environments. In addition, GPA is actively hardening its network and physical security with various projects such as Multi-Factor Authentication (MFA) and Physical Security build outs intended to better protect the Authority's cyber assets.

GPA's customer-focused service principles uphold its commitment to excellence in service deliveries. Collaborations and a dedicated workforce, equipped with specialized training and resources, ensures prompt resolution of customer inquiries and grievances. Continuous feedback mechanisms foster a culture of continuous improvement, driving service innovation and responsiveness.

Resilience, innovation, and commitment to excellence across diverse operational domains is a core mission of GPA. As Guam advances through future energy transitions and societal challenges, GPA remains steadfast in its mission to power progress and prosperity for generations to come.

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***"As we commemorate 55-years of service to our island, I especially acknowledge and thank the hard-working men, and women at GPA, as well as our retired employees who all, in one way or another, contributed to the growth and success of our island's sole electric power utility, which benefits our ratepayers and entire island community. Each one of you helped improve the quality of life for all of us who call Guam home."***

*– GPA General Manager John M. Benavente, P.E.*

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## 55-Years Strong

GPA's 55-year history is rooted in growth, perseverance in overcoming changes, disaster response and welcoming new technologies as Guam's sole provider of electricity.

In recent past times, the global COVID-19 Pandemic health crisis and the post-pandemic recovery necessitated changes

to GPA's plant, field, business, and customer services operations. GPA acted quickly and responsibly, implementing various employee and customer public health protections and by pivoting commercial and residential customer services delivery. Online, mobile app, and Pay-by-Phone service features were implemented for customer convenience and safety. The GPA Fadian location opened a new Drive-Thru payment option for contactless customer servicing. Additionally, GPA offered payment plan options to help keep customers' electrical service flowing and their lights on. Service disconnections were also suspended temporarily. Staff ingenuity and dedication, and the support of their families made an impossible situation possible during this unprecedented and challenging time.

Storm recovery and restoration are part of GPA's history. Over many years, GPA made significant power system hardening improvements including constructing power plants with concrete or prefabricated structures to withstand 180 mph winds; placing vital power transmission lines underground with over 60% of system load served, which provides power to nearly 25% of GPA customers through underground distribution service lines. Over 98% of Guam's 34,340 power poles are now steel or concrete, built to withstand Category 5 typhoon strength winds. A significant inventory of essential materials, parts, and equipment is maintained on island year-round.

Looking ahead, GPA continues, moving towards reducing its carbon footprint and implementing the Integrated Resource Plan (IRP) also known as the Clean Energy Master Plan (CEMP), which will shape and prepare the power system for the next generation. The comprehensive CEMP will transition Guam from legacy fossil-fuel fired generation, to increased renewable energy and a non-greenhouse gas emission electric energy supply. GPA is committed to providing 50% of the island's electric power from renewable or non-greenhouse gas emissions sources by 2030 and 100% by 2040. The CEMP is a living document and roadmap to a clean, reliable, affordable, and resilient energy future, identifying approximately \$230M in upgrades and new technology to integrate renewables.

Today, all GPA power plants operate burning cleaner fuels in compliance with U.S. Environmental Protection Agency (USEPA) national emission standards. The conversion to cleaner fuel satisfies a federal consent decree requiring all of Guam's generators to convert to burning cleaner fuel. The Cabras 1 & 2 baseload units run on 0.2% low sulfur residual fuel oil and the Piti 8 & 9 units are now running on ultra-low sulfur diesel (ULSD) fuel. The fuel conversion has significantly reduced overall emissions, resulting in cleaner air and environment-friendly plant operations.

In 2019, GPA signed an energy conversion agreement (ECA) with Korea Electric Power Corporation (KEPCO) to build a clean and efficient 198-megawatt Combined Cycle Baseload Power Plant. The project started in July 2022, with a scheduled commissioning for 2025. When operational, the new Ukudu Baseload Power Plant will allow for a reduced, affordable fuel LEAC rate, and provide 198 megawatts of new capacity to improve reliability and strengthen Guam's power grid. The technology of the Ukudu Baseload Power Plant will allow GPA to burn cleaner ULSD and liquefied natural gas (LNG) fuels, resulting in the saving of millions of dollars in reduced fuel costs, and reduced sulfur dioxide (SO<sub>2</sub>) emissions. The retirement of GPA's older and less-efficient power plants will then follow.

Operational since March 2021, GPA's world class utility-scale battery energy storage system (BESS) has contributed to eliminating most of the short duration power outages caused by generator and renewable intermittency trips. The system works to smooth out fluctuations from solar output and monitors the system frequency reacting accordingly to stabilize the island-



wide grid system. Most recently, GPA's BESS has been used to shift energy supply to support peak demand hours.

In July 2022, KEPCO Mangilao Solar, LLC (KMS) and GPA commissioned a 60-megawatt solar photovoltaic (PV) farm in Mangilao. The 141,000,000-kWh contracted from KMS each year produces energy for 14,000 residential customers for an entire year. The solar farm technology is yet another important step toward reducing Guam's reliance on imported oil, estimated at 300,000 barrels in the first year. This addition marks a total of 85 megawatts of utility scale solar supporting GPA's power grid.

The U.S. Navy has been a customer of GPA for over 30 years. In July 2022, the U.S. Navy extended its contract with GPA as the primary power provider for Guam's naval base and naval installations for an additional 10 years. This signifies a continuing partnership and confidence in Guam's energy future. The U.S. Navy-GPA Utility Service Contract (USC) allows the Navy to transfer power assets including substations and transmission and distribution lines to GPA at no cost, ultimately benefitting GPA's ratepayers.

GPA's energy delivery system is managed through a state-of-the-art Power System Control Center and Supervisory Control and Data Acquisition System. GPA investments have strengthened and improved utility infrastructure with hardened power poles, concrete housings for critical substations, and placing vital power lines underground servicing key businesses and high-density residential areas through underground transmission systems. The extension of the 115kV transmission lines into southern Guam is progressing.

GPA invested in standby generators to support critical water and wastewater assets. Advanced meter infrastructure investments using smart grid technology to modernize infrastructure, reduced costs, and increased customer satisfaction. Through GPA's smart meter technology and MyEnergyGuam program, customers can monitor and control their power consumption. GPA deploys a 25+ bucket truck fleet and continues to invest to ensure an adequate supply of heavy and light vehicles. Additional hybrid electric bucket trucks to lower fleet vehicle emissions will be added. GPA also transitioned to newer technology with the installation of new LED streetlights island-wide. The LED lights are brighter, have a longer lifespan and are more energy efficient, resulting in cost savings for ratepayers and contributing to improved safety and higher visibility for our island community.

For several years now, GPA's Energy Sense Rebate Program helps customers by offering cash rebates for those who choose to purchase and install more energy-efficient home appliances. The program also encourages conservation and promotes lower energy consumption and efficiencies. Since 2015, GPA has processed over 36,000 rebate applications and paid out over \$11M in rebates. Since August 2022, an automated GPA rebate application process further improved overall accuracy, efficiency, and processing of rebates, including progress-tracking of rebate applications online. Customers easily manage their rebate applications from the comfort and convenience of their own homes, saving time and money. Community outreach programs result in greater customer engagement and customer assistance in the community. The programs promote and offer energy conservation and efficiency, as well as energy savings tips to assist ratepayers in managing their home energy consumption to achieve savings on their electric power bills.

Launched in early 2023, GPA's new and improved, more user-friendly website better serves residential and commercial customers. Customers conveniently engage using an easy navigable and robust online tool, with convenient quick links

to GPA customer service portals to receive better services. Improved factual, timely, and clear information of GPA's overall operations serves all customers and the public at large.

GPA's U.S. Department of Labor (USDOL) Registered Apprenticeship and in-house training programs address workforce attrition, retirements, and the shortage of skilled utility workers. Training is rigorous and develops highly-skilled apprentices to become Journeymen Linemen. Apprentices gain the specialized skills needed in the power industry locally and worldwide and must successfully complete 6,000 hours of on-the-job instruction with certified electric tradesmen and 144 hours of annual classroom training. Approximately 110 of GPA's current electric Journeyman have graduated from the apprenticeship program. GPA's Internship programs have been established across several key areas including Engineering, Finance, and Information Technology.

In this 55th year of operations and in the years ahead, the leadership team and employees of GPA will confidently deliver GPA's vision and mission, including supporting greener energy solutions, transitioning to additional renewable energy technologies, and promoting energy conservation and efficiency for both residential and commercial ratepayers. The GPA workforce of 408 Certified and Technical Professionals are committed to powering our island and keeping the lights on. They exemplify the resilience, determination, skills, ingenuity, innovativeness, and hardworking spirit necessary to perform their work safely and professionally, to serve the people of Guam.

In 2023, GPA also reflects on its history and having transitioned over the years from an appointed governing board to today's elected Consolidated Commission on Utilities (CCU). The CCU commissioners, directly responsible and accountable to the voters of Guam, is now in its 21st year serving as GPA's governing board. Their combined talent and professional expertise guides policy decisions for our utility, the ratepayers, and the community.



### Typhoon Mawar - May 24, 2023

On May 24, 2023, Typhoon Mawar made landfall on Guam with winds exceeding 150 miles per hour, accompanied by long hours of torrential rains. Typhoon Mawar unleashed its fury, leaving a trail of destruction in its wake. As the island grappled with the aftermath of the catastrophic storm, GPA found itself at the forefront of rebuilding Guam through utility recovery efforts, navigating formidable challenges to safely restore power islandwide. GPA performed its damage assessments and submitted its application to the Federal Emergency Management Agency (FEMA) for potential funding to cover

eligible items for reimbursement. GPA incurred approximately \$40.8 million in repairs and other costs due to damages from Typhoon Mawar.

The storm wreaked havoc on GPA's generation facilities, disrupting power generation, and exacerbating the island's energy woes. Widespread damage impacted the entire islandwide power system. Consequently, GPA faced significant hurdles in meeting the island's energy demands, necessitating swift remedial action to restore generation systems, repair overhead transmission and distribution lines, and alleviate strain on the grid to prevent a system blackout.

Crews and support teams went to work quickly to assess and repair the extensive damage to GPA's substations, transmission lines, and distribution networks, removing fallen trees, clearing debris, and driving paths to access and repair critical infrastructure. Despite varying adversities, GPA mobilized all resources, including external partners to expedite and prioritize repairs and eventually reinstate power services across Guam.

GPA leveraged public power Mutual Aid agreements with off island public power utilities to bolster restoration efforts. Through collaborative partnerships and resource-sharing arrangements, GPA augmented its workforce with skilled personnel and specialized equipment, accelerating the pace of recovery operations. Mutual Aid assistance proved instrumental in helping support all GPA crews, repairing GPA's 115-kV express line from Piti to the Harmon substation and restoring power to isolated and hard-to-reach areas.

GPA has and continues to strengthen its energy delivery system. Our resilience, resourcefulness, and unwavering commitment to safety and service excellence remained steadfast in the aftermath of Typhoon Mawar. Pre- and post-storm preparations, sufficient inventory of \$15 million, and an adequate vehicle fleet supported the recovery and restoration islandwide. GPA provided timely recovery progress updates, deployed resources accordingly, and activated contingency plans to expedite restoration efforts. Through around-the-clock operations and coordinated logistics, GPA restored power to approximately 99% of affected customers within 50 days of the storm's passage, underscoring its operational prowess and customer-centric ethos. The islandwide power system did not experience a blackout during Typhoon Mawar, despite the significant damage to the T&D system.

As the dust settled and Guam emerged from the shadows of Typhoon Mawar's destruction, GPA restored normalcy in its operations and continued its mission to power progress and deliver safe and reliable power. By overcoming the many challenges in a time of crisis and forging ahead with determination, GPA reaffirmed its essential role and organizational strength in safeguarding Guam's energy security and fostering collective resilience across the community.



## Generation Capacity Shortfall

Following the Mawar storm recovery and restoration, a generation capacity shortfall emerged and required the implementation of rotating outages to mitigate customer demand on Guam's energy grid.

GPA confronted the generation capacity shortfall head-on. As a last resort to balance supply and demand, electric power to its customer base was at times interrupted. These measures were necessary to alleviate strain on the storm-recovered and fragile grid, and to prevent an islandwide system blackout.

Mitigation included a multipronged approach encompassing emergency repairs, contingency planning for additional generation capacity, and demand management strategies. These tangible plans to address the island's energy capacity shortfalls are in place and part of GPA's comprehensive strategies. Significant progress will be made as GPA continues its aggressive effort towards mitigating load shedding with the end goal of uninterrupted power supply to the community.

Communication and community engagement served to keep stakeholders informed. Public announcements, social media updates, and outreach campaigns provided timely information on rotating outage schedules and restoration progress to keep customers informed.

GPA leadership, through technical expertise, operational agility, and a community-centric principle, persevered with resilience and determination. GPA's efforts reaffirm and safeguard Guam's energy security, support the island's economy and ensure utility resiliency by rebuilding a robust islandwide power system.



## 198 MW Ukudu Power Plant

The new 198MW Ukudu Combined Cycle Baseload Power Plant was expected to be online by April 2024. However, Typhoon Mawar damaged the plant while under construction. Flying debris and high winds caused significant structural harm to the plant's storage tanks, other building site structures, and equipment. Repairs to the tanks and other structures are underway. GPA negotiated incentives for the contractor to complete repairs and accelerate commissioning of the plant by September 2025.

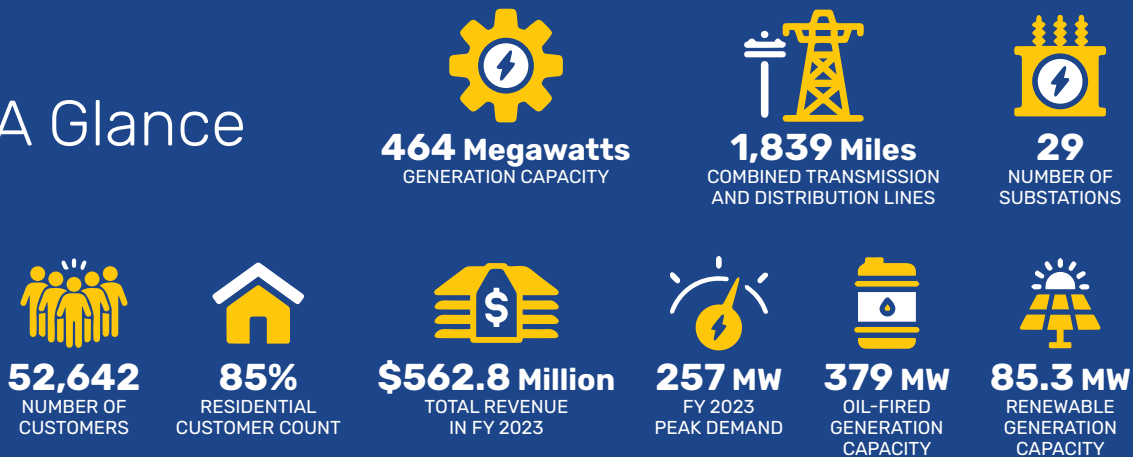
Diversification of its energy profile that includes renewables and conventional units will help GPA ensure resiliency, reliability, and affordable energy on a sustained basis. When operational, the highly reliable Ukudu Plant with its 51% thermal efficiency, dual fuel capabilities, and 25 MW battery energy storage system (BESS), will decrease GPA's annual import of fuel oil by 879,000 barrels-per-year and allow for the decommissioning and retirement of aging units, Cabras 1 & 2.

In 2023, construction of a 15-mile fuel pipeline continued. Excavations, pipe installations and backfilling were ongoing to support the new Ukudu Plant's burning of ultra-low sulfur diesel (ULSD) and liquefied natural gas (LNG) fuels.



# GPA FY 2023 Overview

## At A Glance



## GPA is Public Power

The Guam Power Authority was established as a public corporation and autonomous instrumentality of the government of Guam in 1968, charged with the generation, transmission, distribution, and sale of electric power on Guam. GPA continues to be the sole provider of electric services throughout Guam, including U.S. military bases.

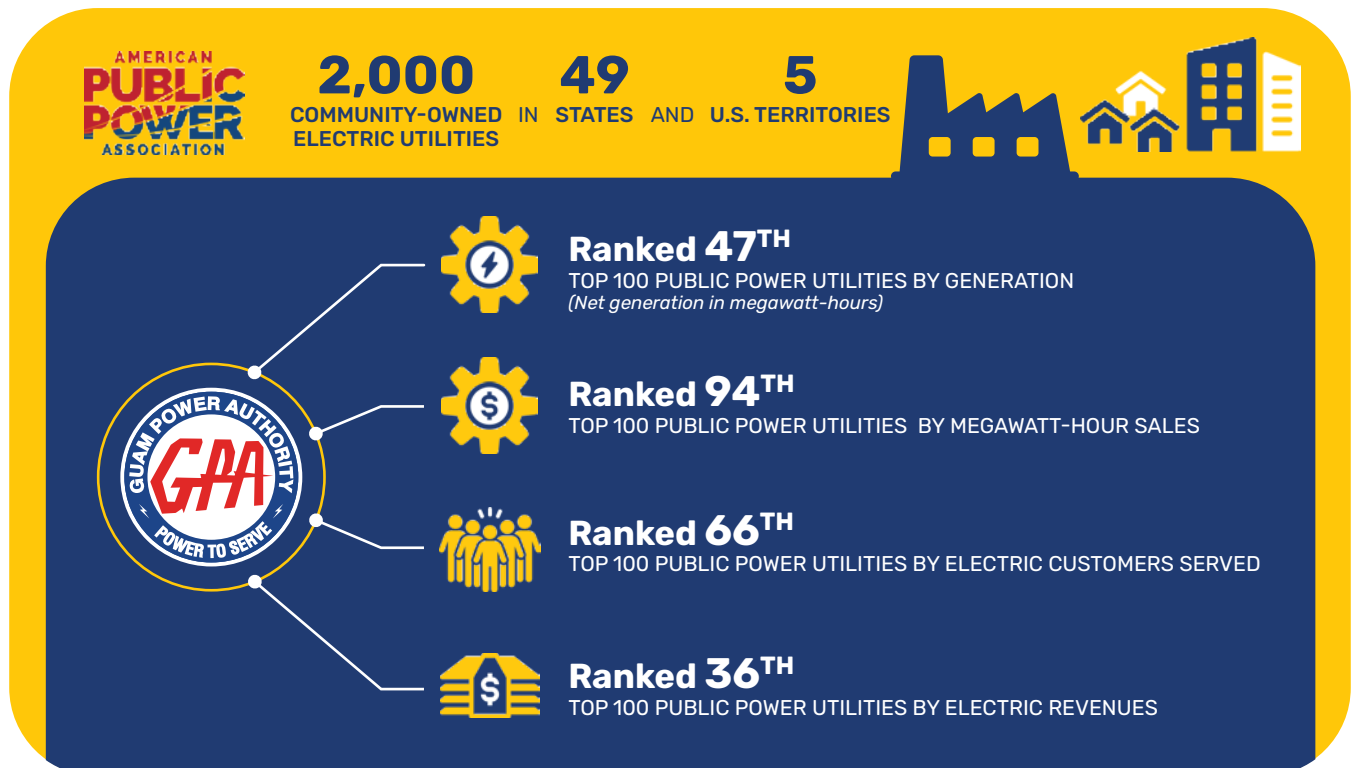
The Guam Power Authority is a member of the American Public Power Association (APPA), a Washington D.C. based service organization representing approximately 2,000 community-owned electric utilities in 49 states and 5 U.S. territories. Collectively, these public power utilities service more than 49 million Americans.

(See [www.PublicPower.org/Public-Power/Stats-and-Facts](http://www.PublicPower.org/Public-Power/Stats-and-Facts))

### APPA Award of Excellence:

1. Earned the American Public Power Association's (APPA) Safety Award of Excellence for safe operating practices for qualifying year 2023. The utility earned the **Gold status award** in the 'Group G' category for utilities with 1,000,000 to 3,999,999 worker-hours of annual exposure. One hundred forty-seven utilities have earned the Safety Award of Excellence for safe operating practices in 2023. This recognition is an achievement of the Guam Power Authority as a whole committed towards delivering safe, reliable, and quality electrical services.

2. Earned recognition with the American Public Power Association's Excellence in Public Power Communications Awards in both the Print/Digital and Social/Web categories. These awards exemplify GPA's commitment to customers by fostering transparent and effective communication, ultimately enhancing the customer experience.



# Financially Solvent

All financial activities of the utility are in line with the mission, vision and goals established by GPA. GPA's financial statements for fiscal year 2023 received a clean audit opinion from Ernst & Young, LLP.

In 2023, GPA operated with 60 days unrestricted cash and a 1.65x debt service coverage, despite the ravages of Typhoon Mawar and high volatility of world oil prices. For a 12th consecutive year, GPA maintained its investment-grade credit agency bond ratings of: Standard & Poors-BBB with a stable outlook, Moody's-Baa2 with a stable outlook and Fitch-BBB with a stable outlook.

The ongoing 10-Year GPA U.S. Navy Utility Services Contract (USC) was in effect. The agreement includes the transfer of operations, maintenance and custody of certain Navy-owned electrical transmission and distribution lines, electric power generation facilities, related structures, and equipment together with the associated land interest to

GPA (first signed in 1996, the facilities are leased to GPA at no cost for a period of 50 years).

GPA's physical hedging continued with maintaining a 30-90-day supply of fuel storage inventory; and 85 megawatts (MW) of solar energy as long-term hedge with a 1% escalator including 40 megawatts of energy storage systems and wind.

On October 1, 2023, GPA entered into an agreement for the management and operation of its fuel bulk storage facility. The agreement is for three years with an option to extend the contract for two additional one-year terms.

The GPA workforce was 408-strong in fiscal year 2023, the lowest number of FTE in GPA history. In 2023, GPA managed to train the highest number of apprentices, in its aggressive efforts to mitigate the major issue of 50% of the GPA workforce eligible for retirement in this decade.

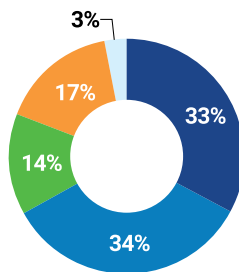
## REVENUES

Type	FY 2023	FY 2022	% Change
(in \$000)			
Residential	\$ 188,415	\$ 167,564	12.4%
Commercial	\$ 191,817	\$ 155,894	23.0%
Government	\$ 77,583	\$ 62,802	23.5%
Navy	\$ 90,867	\$ 87,300	4.1%
Other Income	\$ 14,163	\$ 8,554	65.6%
<b>Total</b>	<b>\$ 562,844</b>	<b>\$ 482,115</b>	<b>16.7%</b>

The Authority's operating revenues increased by \$75 million, which is mainly due to the increase in fuel prices. The \$5.6 million increase in Other Income is mainly attributable to increase in interest rates and in grants received from the US Government.

### FY2023

- Residential
- Commercial
- Government
- Navy
- Other Income



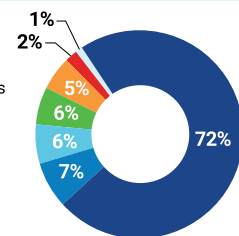
## EXPENSES

Type	FY 2023	FY 2022	% Change
(in \$000)			
Production Fuel	\$ 399,920	\$ 315,771	26.6%
Interest & Other Extraordinary Expenses	\$ 39,916	\$ 27,460	45.4%
Administrative & General	\$ 33,790	\$ 38,937	-13.2%
Depreciation & Amortization	\$ 35,216	\$ 35,213	0.0%
IPP & Other Production Costs	\$ 27,997	\$ 29,108	-3.8%
Transmission & Distribution	\$ 11,038	\$ 13,690	-19.4%
Customer Accounting	\$ 7,840	\$ 8,563	-8.4%
<b>Total</b>	<b>\$ 555,718</b>	<b>\$ 468,742</b>	<b>18.6%</b>

GPA's operating and maintenance expenses decreased due to lower production costs. Production Fuel increased by \$84 million, which is mainly attributable to high fuel costs. Other Extraordinary Expenses increased due to Typhoon Mawar expenses incurred, which are pending FEMA approval as of September 30, 2023.

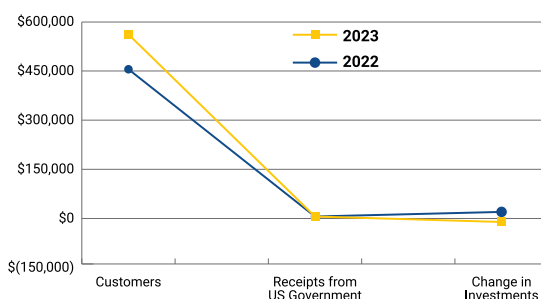
### FY2023

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



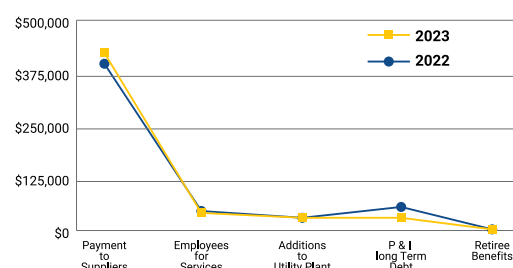
## SOURCES OF FUNDS

Type	FY 2023	FY 2022
(in \$000)		
Customers	\$ 566,760	\$ 457,036
Receipts from US Government	\$ 3,302	\$ 2,244
Change in Investments	\$ (11,156)	\$ 24,404
<b>Total</b>	<b>\$ 558,906</b>	<b>\$ 483,684</b>



## USES OF FUNDS

Type	FY 2023	FY 2022
(in \$000)		
Payment to Suppliers	\$ 429,633	\$ 404,116
Employees for Services	\$ 39,356	\$ 41,483
Additions to Utility Plant	\$ 27,743	\$ 28,149
P & I - Long Term Debt	\$ 27,766	\$ 65,383
Retiree Benefits	\$ 3,382	\$ 4,278
<b>Total</b>	<b>\$ 527,879</b>	<b>\$ 543,410</b>





# Energy Affordability

GPA's cost efficiencies include operating at the lowest possible cost while still maintaining or improving the quality of services to its customers.

In 2023, for the 10th consecutive year, GPA did not increase its base rate. Prudent managing of fuel surcharge (LEAC) rate through strategic fuel purchases and efficient fuel usage with 25% low-cost utility-scale renewable energy contracts resulted in sustainable power rates for customers. Additionally, fuel diversification initiatives were ongoing to ensure resiliency and reliability to stabilize and keep costs affordable.

GPA maximized ratepayer access to government sponsored programs including the Prugrāman Ayuda Para I Taotao-ta Energy Credit Program, paying \$100 monthly credits to ratepayers,

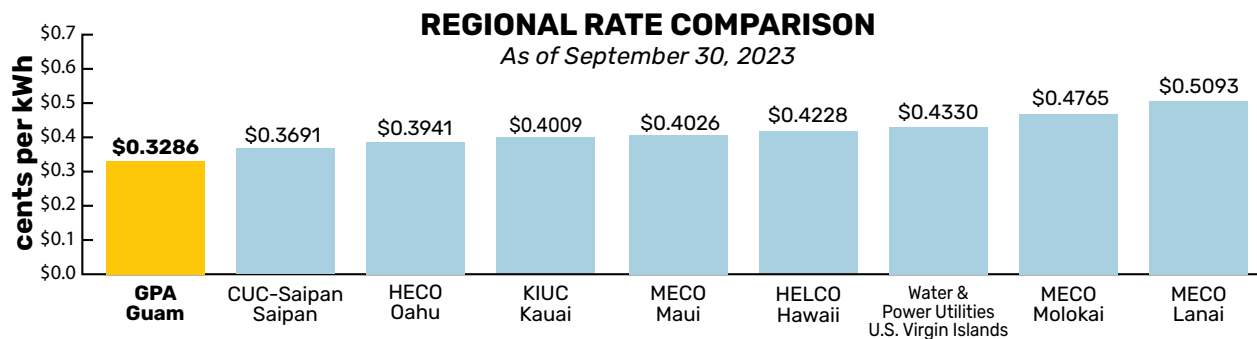
the Emergency Rental Assistance (ERA) program, the Guam's Homeowner Assistance Fund (HAF) Program, the Weatherization Assistance Program (WAP), Low-Income Home Energy Assistance Program (LIHEAP) all in support of energy solutions to help ease financial burdens for customers.

## By the Numbers

**\$925 Million**  
TOTAL ASSETS AS OF  
SEPTEMBER 30, 2023

**\$811 Million**  
TOTAL LIABILITIES INCLUDING  
PENSION AND OTHER POST  
EMPLOYMENT LIABILITY AS OF  
SEPTEMBER 30, 2023

**\$549 Million**  
ANNUAL REVENUE FROM  
APPROXIMATELY 53,000  
CUSTOMERS AS OF  
SEPTEMBER 30, 2023

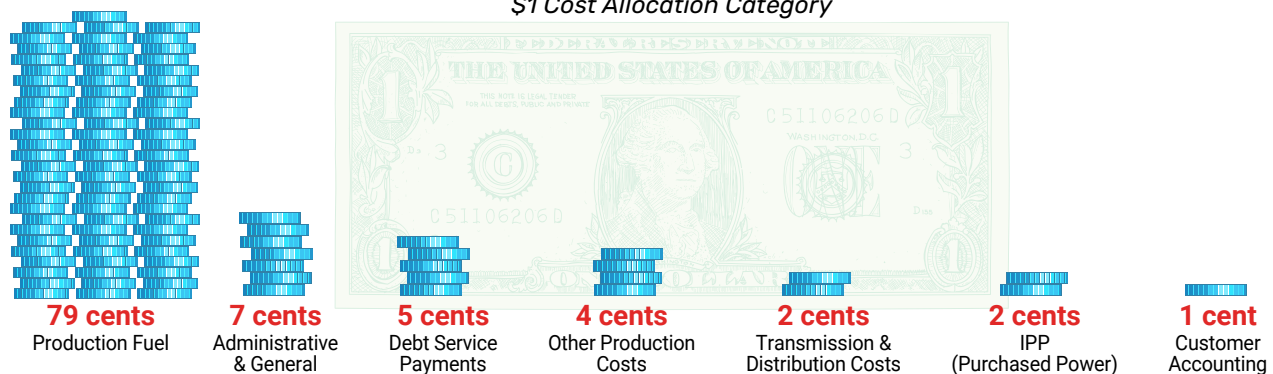


Utility	Location	Rate
<b>GPA</b>	<b>Guam</b>	<b>\$0.3286</b>
CUC-Saipan	Saipan	\$0.3691
HECO	Oahu	\$0.3941
KIUC	Kauai	\$0.4009
MECO	Maui	\$0.4026

Utility	Location	Rate
HELCO	Hawaii	\$0.4228
Water and Power Utilities	US Virgin Islands	\$0.4330
MECO	Molokai	\$0.4765
MECO	Lanai	\$0.5093

## FY 2023 ELECTRICITY RATE BREAKDOWN

*\$1 Cost Allocation Category*



Cost	Explanation	Amount
Production Fuel	Cost of fuel used to run the generation units	79%
Administrative & General	Costs related to the general administration of the utility's operation	7%
Debt Service Payments	Payment to long term loans such as bonds and capital leases	5%
Other Production Costs	Operating and maintenance cost to run the plants	4%
Transmission & Distribution Costs	Cost to transmit and distribute electricity to ratepayers	2%
IPP (Purchased Power)	Costs paid to independent power producers to maintain continuity of power supply to ratepayers	2%
Customer Accounting	Costs related to the general direction and supervision of customer accounting and collection	1%
<b>Total:</b>		<b>100%</b>

# Superior Customer Service



GPA is committed to high customer satisfaction and energy efficiency. As Guam navigated the arduous journey of recovery in the aftermath of Typhoon Mawar, the resilience and resolve of the island's communities, coupled with GPA's steadfast commitment to service excellence, emerged as beacons of hope amidst adversity. By leveraging its technical expertise, operational agility, and spirit of collaboration, GPA endeavored to overcome the challenges posed by Typhoon Mawar and reaffirm its pivotal role in safeguarding Guam's energy security and fostering collective resilience in the face of nature's fury.

Through customer engagement and surveys, GPA's public and media communications focus pivoted to greater information sharing of operational transparencies and information accuracy to better serve customers. In February 2023, GPA revealed its newly redesigned customer-focused website. The new user-friendly website allows for easier navigation with convenient quick links to GPA customer service portals and online tools frequently used by customers.

## Customer-Focused Convenience

GPA's e-customer services provide greater practical and convenient customer service solutions. Customers benefit by saving time and money. PayGPA.com offers customers the 24/7 ease of updating key contact information and downloading energy statements. Additionally, initiating account changes or services is as easy as sending an email to customersfirst@gpagwa.com. Customers interested in applying for various other assistance and financial assistance programs can call GPA's Customer Service team for guidance on how to apply.

## Prugrāman Ayuda Para I Taotao-ta

Guam Public Law 36-106 established the Prugrāman Ayuda Para I Taotao-ta Energy Credit Program which allowed for the payment of \$100 monthly credits to ratepayers. The program was created to counteract increases in GPA's fuel recovery surcharge (LEAC) and aligns with GPA's commitment to source renewable energy resources and energy-efficient solutions for all customers.

From October 2022, through September 30, 2023, through the mandated extension and continuation of the "Prugrāman Ayuda Para I Taotao-ta" energy credit extension, GPA paid over \$63M in energy credits to eligible customers. This benefit to customers was but one energy solution to help ease financial burdens for customers.

## Guam Homeowner Assistance Fund Program (HAF)

Qualified ratepayer accounts received financial assistance for utility payments through the continuing Guam Department of Administration (DOA) Guam HAF Program. GPA supported and participated in this federally-funded relief program to assist eligible homeowners impacted by the COVID-19 pandemic with their mortgage, utilities, and property tax payments.

## Emergency Rental Assistance Program (ERA)

The Guam Department of Administration (DOA) launched the Emergency Rental Assistance (ERA) Program to assist households affected by the COVID-19 pandemic. The ERA program services were expanded to provide broader rental and utility assistance, easier access, and promote housing stability throughout the island. GPA assisted ERA eligible applicants and provided account information to DOA for expedited processing.

## We CARE, Guam!

GPA and the Guam Energy Office (GEO) are partnered in the "We CARE, Guam!" initiative. The program incentivizes Guam residents, businesses, and government agencies to conserve and reduce energy (CARE) consumption. Through the Weatherization Assistance Program (WAP) and Low-Income Home Energy Assistance Program (LIHEAP), the GEO purchases Energy Sense qualified air conditioning units or other qualified equipment benefitting low-income GPA customers. GPA, in turn, provides the GEO with rebates for eligible energy efficient appliances beyond the GEO's standard grant funding, for a win-win energy accessibility for more outcome.

## Automated GPA Energy Sense Rebate Application

GPA's automated GPA Energy Sense Rebate application process is more convenient and customer-friendly. From October 2022, through September 30, 2023, GPA paid out \$1,409,695 in cash rebates to eligible customers. This on-going program promotes the adoption of energy-efficient appliances and consumer education, so customers can reduce their energy consumption and environmental impact, and be rewarded for their efforts.

## Guam Energy Expo

GPA partnered with the GEO to co-host the annual Guam Energy Expo, going on-site in the community, and reaching out through informative engagement. Customers learned more information to collaborate openly with their electric power utility, to make smarter and more sustainable energy choices. The comprehensive outreach highlighted GPA's energy efficiency programs including GPA's Energy Sense Energy Efficient Appliance Rebate Program, the Utility Energy Services Contracting Program, GPA's BEST Schools Program, and the We CARE, Guam! Program.

## Energy Conservation and Efficiencies

GPA continues to encourage households and businesses to conserve their household energy consumption and choose efficient home appliances to help lessen the demand for power on the islandwide power system.

GPA launched its 'Beat the Peak' campaign, empowering customers to join in mitigating rotating power outages during high peak hours through energy efficiency and conservations efforts.



# Energy Reliability

GPA's operations serve to provide reliable, efficient, effective, environmentally sound, affordable accountable leading energy solutions for all customers. GPA's energy delivery system is managed through a state-of-the-art Power System Control Center and Supervisory Control and Data Acquisition (SCADA) system. GPA investments have strengthened and improved utility infrastructure with hardened power poles, concrete housings for critical substations, and placing vital power lines underground servicing key businesses and high-density residential areas through underground transmission systems.

In 2023, GPA continued with its Clean Energy Master Plan, committed to a 50% renewable portfolio standard by 2030 and 100% by 2040. This critical and comprehensive plan will transition Guam from legacy fossil -fired generation to renewable energy and a non-greenhouse gas emission electrical energy supply. The CEMP is focused on evaluating the need for new generation resources to meet Guam's future load growth, address environmental requirements and optimize costs. GPA will achieve a clean, reliable, affordable, and resilient energy future on a sustained basis.

In 2023, GPA moved forward aggressively with the ongoing construction of the new 198 MW Ukudu Combined Cycle Baseload Power Plant and construction of the new fuel pipeline to the plant. With the commissioning in September 2025 and GPA's commitment to 50% renewable portfolio standard by 2030, the focus has shifted on 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 reductions of GHG emissions.

The 198 MW Ukudu Combined Cycle Baseload Power Plant will burn cleaner ultra-low sulfur diesel (ULSD) and liquified natural gas (LNG) fuels. This will result in substantial costs savings and emissions reductions, allowing for the retirement of GPA's older plants.

In 2023, baseload units Piti 8 & 9 successfully converted to ULSD fuel and baseload units Cabras 1 & 2 were successfully converted to low sulfur residual fuel oil (LSRFO). GPA's

bulk storage fuel tanks 1934 and 1935 were upgraded and refurbished.

Despite the devastation of Typhoon Mawar, GPA's concrete pole system has served the island community well with 98% surviving Mawar's 150+ MPH winds. Conversations in 2023 are now advancing to prioritize the moving of more of GPA's power grid underground to further mitigate Guam's vulnerability to natural disasters and military conflicts. GPA has taken the lead in reaching out to the Federal Emergency Management Agency (FEMA), U.S. Military branches and other federal entity stakeholders to invest in Guam's energy resiliency. A substantial investment by the federal government into Guam's infrastructure could provide valuable returns in the future.

GPA's \$15M on island inventory levels of essential materials, parts, and equipment was critical for recovery and restoration from Typhoon Mawar. Additionally, public power Mutual Aid agreements and resource-sharing partnerships with off island public power utilities supported the record-time recovery and restoration of power to customers.

In 2023, GPA was awarded a U.S. Department of Energy-Energy Transitions Initiative Partnership Project (ETIPP) Technical Assistance grid assessment grant for GPA's Grid Assessment for Virtual Power Plant Program Integration. GPA will partner with Sandia National Lab to assess and analyze Guam's power infrastructure and to identify and implement strategies for maximizing solar generations while boosting the resiliency and sustainability of the grid.

GPA was also awarded a \$3M Department of the Interior Office of Insular Affairs Energizing Insular Communities grant for the Guam 100 initiative, in partnership with National Renewable Energy Laboratory (NREL) to comprehensively analyze stakeholder driven pathways to Guam's clean energy future. The study will also provide tools to ensure energy system resilience against extreme weather events, improve energy justice, and guide GPA in its investments in modern, intelligent, and affordable grid infrastructure for the people of Guam.



# Workforce Development

GPA earned the American Public Power Association (APPA) Gold Safety Award of Excellence for safe operating practices in 2023.

GPA also earned the Designated American Public Power Association (APPA) two-year Smart Energy Provider (SEP) Award for FY2021-2023 and FY2023-2025.

The GPA workforce will be impacted with the retirement of approximately 30-40% of its eligible employees within the next 4-5 years, and is focused on building up the next generation of skilled professionals in Guam's utility energy sector. Expanded training, apprentice, and internship programs are ongoing to address GPA-wide workforce attrition, retirements, and the general shortage of skilled utility workers.

Established in 2022, GPA's ongoing three-year Plant Operator/Maintenance Worker Trainees in-house training program trains for skilled laborers in various operation and maintenance functions required to operate and maintain GPA power plants. In 2023, the first cycle of 17 trainees worked under seasoned GPA employees and advanced their on-the-job (OJT) requirements and are expected to satisfy and complete the program requirements in late 2024. Active recruitment for a 2nd Cycle of trainees is ongoing.

GPA's registered U.S. Department of Labor Apprenticeship Program has boosted workforce expansion through individual career advancements, which help GPA recruit, build, and retain a highly-skilled workforce. Transmission and Distribution apprentices

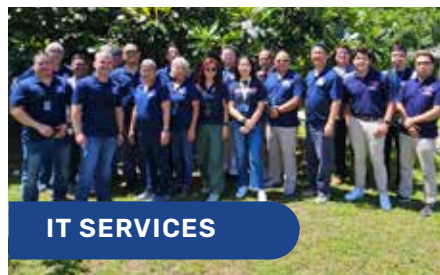
gain hands-on training and practical experience to maintain and expand GPA's electrical infrastructure. Apprenticeships combine paid on-the-job training with classroom instruction for skilled trades including Line Installer-Repairer, Substation Electrician, Meter Electrician, and Electric Relay Technician.

In 2023, a 5th Cycle of 16 T&D Apprentices completed and graduated the program, and GPA launched a 7th Cycle of 20 T&D Apprentices. A 6th Cycle of 16 T&D Apprentices will graduate in 2024.

Also in 2023, GPA expanded internship opportunities in Cybersecurity, Finance, Human Resources, Engineering and Public Administration. GPA has partnered with The University of Guam (UOG) to support all professional certifications.

Succession planning and the development of young engineers are critical to sustaining GPA's engineering workforce requirements. In 2023, GPA recruited a total of 8 engineers, with recruitment ongoing for additional engineer positions. The new hires were recruited from among recent graduates of the UOG Engineering Program, as well as engineers from off-island universities.

In 2023, GPA Employee Service Awards were reintroduced and a weekly GPA Employee Newsletter launched. Employee recognition and morale, and sharing current and relevant information of activities of the workforce, promotions, new hires, and critical information directly related to employees is a valued workforce priority.





# Technology and Cybersecurity Solutions

Throughout fiscal year 2023, GPA continued advancing digital transformations to yield new and improved ways of delivering services to customers. The proliferation of information technology (IT) solutions has revolutionized the energy sector, empowering GPA with advanced tools for effective customer engagement, grid monitoring, asset management, and customer engagement. Robust IT infrastructure is the backbone of GPA's operational efficiency, enabling real-time data analytics, predictive maintenance, and seamless communication. GPA has embraced smart grid technologies and IoT-enabled devices, progressing to keep pace with the demand for agile, scalable IT solutions across the utility landscape.

Hardening of GPA's IT/OT Infrastructure is ongoing to drive innovation and efficiency. Digital advancements allowed for more efficient and responsive interactions, ultimately enhancing the overall customer experience. The GPA Energy Sense Rebate Program launched online applications, allowing both residential and commercial customers to effortlessly apply for rebates and conveniently track the status of their applications through a user-friendly online portal. This streamlined the process and provided greater transparency and ease of access.

GPA's Demand Side Management (DSM) measures address reducing electricity consumption and increasing the use of energy-efficient equipment. In 2023, over 600 applications helped customers save energy and reduce tier power bills. Provided a budget of \$3M, GPA's DSM program was expanded to commercial and government entities.

GPA launched a Load Management Program to help reduce capacity and save customers money. The program will utilize technology to shut off consumer water heaters during high peak times, resulting in lower costs.

Progressive customer service tools advanced the utilization of PayGPA.com and MyEnergyGuam.com. These digital platforms custom boosted customer engagement, empowering them with greater control over their energy consumption and billing.

GPA's E-newsletter promoted energy efficiency and sustainability. Customers are more informed about timely developments, initiatives, and energy consumption and conservation.

Powering critical electric power infrastructure across Guam renders GPA a prime target for cyber adversaries seeking to disrupt essential services and foster chaos. A successful cyber-attack on GPA could have far-reaching consequences, ranging from widespread power outages to economic disruption. Recognizing the stakes at hand, GPA prioritizes cybersecurity as a foundational pillar of its risk management strategy, investing in cutting-edge technologies and best practices to fortify its digital perimeter and mitigate cyber risks.

GPA, in collaboration with the U.S. Department of Energy's Office of Cybersecurity, Energy Security, and Emergency Response (CESER), and Idaho National Laboratory (INL), conducted a two-day Cyber Security Conference and Cyber Strike Training event geared toward IT/OT professionals in government of Guam, federal government DOD, and other critical infrastructure agencies in October 2023. The conference offered invaluable insights into the world of cyber defense and critical infrastructure protection. Hosts of industry experts and government agencies explored current issues of the cybersecurity of Guam's power utility.

The Cybersecurity and Infrastructure Security Agency (CISA) is a component of the United States Department of Homeland Security (DHS) responsible for cybersecurity and infrastructure protection across all levels of government, coordinating cybersecurity programs with U.S. states, and improving the government's cybersecurity protections against private and nation-state hackers. In the first quarter of 2023, GPA completed the CISA DHS vulnerability and penetration assessment.

GPA also participated in the U.S. Department of Energy's Cybersecurity Risk Information Sharing Program (CRISP) monitoring program and associated information sharing pilots of leading information sharing and energy sector cyber situational awareness platforms for the DOE Office of Cybersecurity, Energy Security, and Emergency Response (CESER). CRISP is a public-private partnership that delivers relevant and actionable cybersecurity information to participants from the United States electricity industry.

In 2023, GPA implemented centralized log monitoring in place with a Third-Party Security Analysis Team.



# Community-Powered Commitment

## GPA'S OUTREACH IN FISCAL YEAR 2023

As an integral part of the community it serves, the Guam Power Authority (GPA) remains steadfast in its mission to give back and enrich the lives of those it serves. GPA is guided by the ethos of "power to serve" and "community powered". In 2023, GPA continued its commitment to enhance its services through openly engaging with customers and the community.

### **UOG Conference on Island Sustainability (CIS) - Guam Clean Energy Transition Preconference**

GPA's Guam Clean Energy Transition Preconference in partnership with the UOG Conference on Island Sustainability (CIS) hosted 25+ on-island and off-island speakers with expertise presented topics laying out issues for clean energy transitions, transportation electrification, a balanced approach to Guam's green energy, digital transformations, and a deeper dive into policy and energy security for Guam.

### **Clean Energy Master Plan**

GPA showcased its strategies including a balanced approach of renewable energy, energy efficiency, demand response, energy storage, artificial intelligence, and emerging technologies. Also highlighted was GPA's Energy Sense Program as an integral part of GPA's Clean Energy Transition, aligned with the Guam Public Utilities Commission (GPUC) mandated programs for energy efficiency, customer outreach, demand response, and electrical vehicle EV charging.

### **Empowering Energy Conservation with the Guam Energy Office**

GPA also actively engages with the Guam Energy Office, which plays a pivotal role in promoting energy conservation, enhancing energy efficiency, and advancing renewable energy programs and practices across the island.

Through grants awarded by the U.S. Department of Energy State Energy Program (SEP) and the American Reinvestment and Recovery ACT (ARRA), the Guam Energy Office supports energy efficiency initiatives. This includes providing technical assistance to consumers and businesses, facilitating cost-effective energy efficiency solutions, and offering rebates for electric vehicles. Furthermore, they are dedicated to reducing energy costs for eligible low-income households.

### **Partnerships - National Laboratories (PNNL, ANL, Sandia, LBNL, LLNL, NREL)**

These national laboratories showcased GPA's leading efforts at the forefront of Guam's current renewable energy transition over the next two decades.

### **Education Initiatives**

GPA regularly attends Career Day presentations at various schools. In 2023, GPA conducted energy conservation and energy efficiency presentations throughout elementary and middle schools. Energy saving tips in the form of GPA stickers, activity books, and coloring materials were also shared with students to help build awareness. GPA line workers discussed safety practices, demonstrated tools and equipment, and highlighted their careers at GPA.

GPA continues to donate STEM kits in support of science, technology, engineering, and math education and developing Green Energy curriculums and activities for middle school students. Students are shown ways to save

money using no-cost energy tips and understanding how GPA paying cash rebates help save on energy efficient appliance purchases and reduce the family home power bill, to take home to educate their parents. The outreach is a triple-win partnership when Guam's electric power utility and educators join together and achieve successful student learning outcomes and parental engagement.

### **National Lineman Appreciation Day**

Annually, GPA celebrates National Lineman Appreciation Day on April 18. GPA invites the community to recognize the essential role that GPA Linemen play in Guam's safety and round-the-clock performance under hazardous conditions to keep our community connected. They keep electricity flowing into villages, homes, schools, and businesses while keeping themselves and the community safe.

### **American Public Power Association (APPA) - National Public Power Week**

Each year, during the first week of October, GPA joins more than 2,000 U.S. community-powered, not-for-profit electric utilities that collectively provide electricity to 49 million people across 49 states and five U.S. territories in celebrating Public Power Week. APPA is the voice of nonprofit, community-owned utilities that power communities nationwide.

GPA also recognized Guam's skilled public power workforce and extended its appreciation to employees, GPA Performance Management Contractors, Power Purchase Agreement Partners, and Mutual Aid Utility Partners from Snohomish PUD, the CNMI Commonwealth Utility Corporation, and Pohnpei PUD for working alongside GPA crews to reenergize the island after the devastation caused by Super Typhoon Mawar.

### **Support for Non-Profit Organizations**

In a food drive, the CCU, GPA management, GPA employees, GWA management & employees, GPA energy partner MEC, helped to fill the food pantry and replenish supplies for Guam's Catholic Social Services. A total of 2,628 food items and 128 supplies were donated supporting the collection efforts.

GPA spearheaded a toy donation drive for Harvest House, a nonprofit organization that supports and advocates for Guam's foster families. GPA employees delivered boxes of approximately 600 donated gifts to help brighten the holidays for the foster children. Donation items consist of children's toys for all age groups to electronic gifts, clothing, blankets, arts and crafts supplies, backpacks, diapers, and other personal care supplies.

GPA supported the Guam Special Olympics with much needed donations and employee volunteers on weekends to assist with sports events. GPA helps community organizations with the spirit of giving and teamwork through employee volunteerism.



# Looking Ahead

Today, there exists a critical shortfall of public power generation supply for Guam. GPA will overcome this energy gap with the commissioning of the new Ukudu 198MW Combined Cycle Baseload Power Plant in September 2025. While critical, this current substantial power deficit is only temporary, as GPA has taken several proactive measures to mitigate the operational issues.

GPA complies with a stipulated United States Environmental Protection Agency (USEPA) Consent Decree adopted by the Consolidated Commission on Utilities (CCU), approved by the Guam Public Utilities Commission (GPUC), and signed in May 2020, and revised in January 2022. It specifies GPA meeting USEPA National Ambient Air Quality Standards (NAAQS), the completion of several projects for renewable energy, increased energy storage, and fuel infrastructure projects for the transition to cleaner fuels, and the retirement of aging steam plants (Cabras 1 & 2).

## **Clean Energy Master Plan (CEMP)/Integrated Resource Plan (IRP)**

- A comprehensive roadmap to transition Guam from legacy fossil fuel-fired power generation to renewable energy and a non-greenhouse gas emission electrical energy supply for Guam. Reduces GPA's carbon footprint, improves energy reliability, ensures energy resiliency, reduces waste and improves affordability.
- Satisfies all clean air compliance requirements of the USEPA Consent Decree, avoiding millions of dollars of potential fines and penalties.
- Directs for evaluation and action on the need for new generation resources to meet future load growth, addresses all environmental requirements, and optimizes all costs.
- A balanced approach that includes energy efficiency, renewable energy, grid transformation, and transportation electrification, to secure Guam's energy future.

## **Energy Security and a Sustainable Guam**

GPA moves ahead planning for Guam's energy security to include long-term generation capacity for reliability and sustainability, thus achieving additional operational savings through efficiencies.

- Technology upgrades will integrate renewables.
- Ukudu 198MW Combined Cycle Baseload Power Plant commission in September 2025 and will provide improved generation reliability and substantially reduce fuel operating costs once commissioned.
- GPA committed to achieve a 50% Renewable Portfolio Standard by 2030 and 100% by 2040.
- Ukudu 198MW Combined Cycle Baseload Power Plant will reduce fuel oil imports by over 879,000 barrels annually translating into savings for all ratepayers.
- Approximately 330 MW of Renewable Energy with energy shifting energy storage batteries may be awarded late summer of 2024 as part of GPA's Phase IV renewables bid. GPA may achieve 50% by 2027, years ahead of the 2035 mandate.
- HANWHA 41 MW Solar PV Plant has received approvals from both CCU & GPUC. Targeted commissioning is NLT April 2026.
- Fuel diversification achieved through renewable energy includes the burning of clean, ultra-low sulfur diesel (ULSD) and liquified natural gas (LNG) in 50% of baseload plants and 100% of non-baseload power plants.
- In compliance with the NAAQS, air quality is improved as sulfur dioxide (SO<sub>2</sub>) emissions have decreased by 99.9%.
- Virtual Power Plant - Small Scale Roof-Top and Raw Land Solar Photovoltaics (PV) Programs are under development. Engineering technical analysis and work on bid specifications are ongoing. GPA is analyzing best way to integrate smaller-sized renewable capacity into the grid. The bid is considering 20MW capacity as the initial pilot project.

## **Addressing Generation Capacity Shortfall**

- Completed ahead of schedule the Piti 7 repair of the plenum for 22 MW to 30 MW capacity
- Currently utilizing existing Battery Energy Storage System (ESS) for 16 MWH to be utilized during peak hours
- Completed the repair of the typhoon-damaged Yigo Combustion Turbine (CT); currently operating at 16 MW pending further maintenance
- Procuring temporary power (additional generators) with Aggreko to supply 20 MW power package for 24 months
- Continuing to expand interruptible load capacity, approximately 16 MW currently available for use
- Rehabilitating and repairing other smaller units (Tenjo, Talof'fo' & Manenggon/Pulantat, Yigo diesel units)
- Seek authorization for \$300M in Green Bonds to improve grid infrastructure to better integrate renewables and build Energy Storage Systems (ESS) to maximize production and efficiency, as well as mitigate distribution voltage issues and minimize individual project ESS requirements.
- Maximize the pursuit of federal grants to fund clean and renewable energy projects.
- Leading and facilitating the electrification of Guam's transportation islandwide.
- Work alongside Electric Vehicle (EV) partners to explore and establish EV programs to ensure Guam's power infrastructure can and will meet future EV demands, including developing and implementing charging rates, Time-of-Use rates, incentives, customer rebates and EV charging infrastructure pilot projects.
- Improve customer service delivery, energy affordability and GPA productivity by taking the lead to seek changes of government procurement laws including bid protests, local preference for product procurement versus long-term energy contracts and other procurement issues, to better serve the best interest of ratepayers and the community.

## **Cybersecurity Strategies**

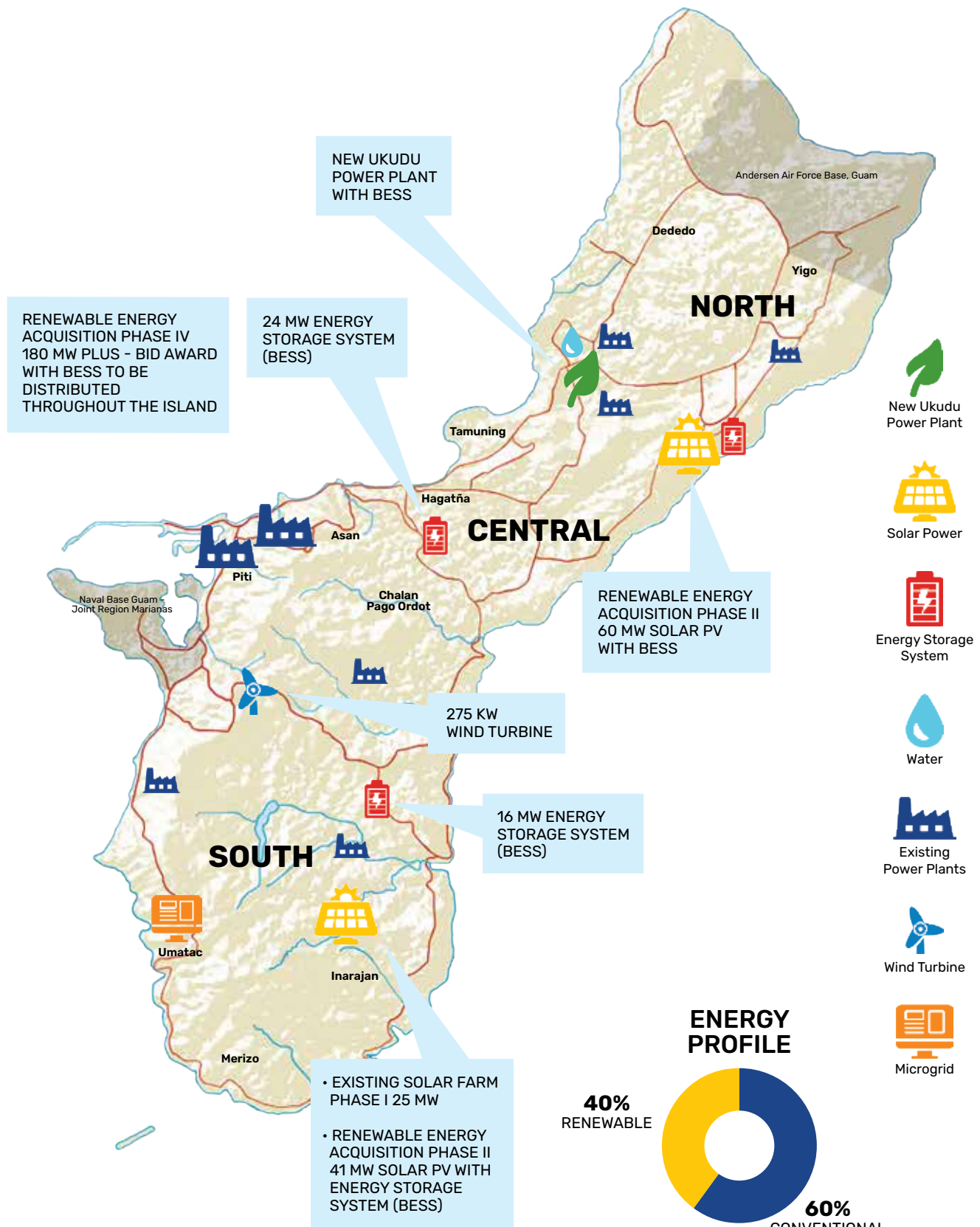
- To mitigate the risk of business operations impact and damage from cybersecurity incidents or cyber-attacks, GPA invests in cybersecurity and operational safeguards, including training and awareness programs and phishing simulations and has an in-house cybersecurity team that detects and responds to cybersecurity threats.
- GPA along with GWA have jointly initiated cybersecurity policies and conducted system testing and assessment to identify necessary security improvements.
- GPA and GWA have an ongoing project for Physical Security, which includes building security and access controls for the Authority's remote sites with IT assets. Cybersecurity has been closely linked with Physical Security for the protection of its business and operational networks.
- GPA and GWA have done Network Security and Vulnerability Assessments in 2022 and 2023. Such assessments are done to identify gaps or issues within the Authority's network and systems and remediation to address them.

## **Infrastructure Resiliency Planning**

- GPA leads local exploration and discussions and engages national experts in search of long-term energy solutions to protect and improve Guam's environment.
- GPA has advanced talks and meetings with FEMA, DOD Military branches and other federal entities to review and invest in hardening and moving the GPA grid underground to address vulnerability to natural disasters and military conflicts including enhancements to benefit the community and support the nation's strategic interests.
- The Guam Infrastructure Resiliency Plan includes requesting \$6.4 billion to cover the \$2.4 billion estimated costs for immediate critical infrastructure needs, as well as an additional \$4 billion to underground remaining existing underground systems are being studied. This work will ensure a more resilient and reliable energy supply for Guam, as well as quicker recoveries from natural disasters.

# GPA Islandwide Power System

## 2028 GUAM'S ENERGY FUTURE





*Financial Statements, Required Supplementary  
Information, and Supplementary and Other  
Information*

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

*Years Ended September 30, 2023 and 2022  
with Report of Independent Auditors*



Guam Power Authority  
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information,  
and Supplementary and Other Information

Years Ended September 30, 2023 and 2022

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## Report of Independent Auditors

Commissioners  
Consolidated Commission on Utilities

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and fiduciary activities of Guam Power Authority (GPA or the Authority), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Guam Power Authority as of September 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Schedules of Proportionate Share of the Net Pension Liability on pages 64 through 66, the Schedule of Pension Contributions on page 67, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios on page 68, the Schedule of Proportionate Share of the Total OPEB Liability on page 69, and the Schedule of OPEB Contributions on page 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages on pages 71 through 74, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024 on our consideration of GPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GPA's internal control over financial reporting and compliance.

*Ernst + Young LLP*

May 16, 2024

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Management's Discussion and Analysis**

Years Ended September 30, 2023 and 2022

This Management's Discussion and Analysis should be read in conjunction with the Guam Power Authority's September 30, 2023 audited financial statements and accompanying notes.

**OVERVIEW**

The Guam Power Authority (GPA or the Authority) was created in 1968 as a public corporation and autonomous instrumentality of the Government of Guam. Since then, the Authority has maintained and expanded Guam's island-wide power system. The Authority has over 400 megawatts (MW) of generation capacity, 204 miles of transmission and 1,650 miles of distribution lines, 29 substations, \$925 million in assets, and \$555 million in annual revenues. GPA currently serves approximately 52,700 customers, with the U.S. Navy being the largest, representing about 17% of revenues.

In 2002, the Consolidated Commission on Utilities (CCU) was established as the board of directors for Guam Power Authority and Guam Waterworks Authority. The CCU comprises five elected members vested with the same powers the previous board of directors exercised. In addition, it retains contracting authority and establishes policies and controls over selecting the Authority's executive management. GPA also continued its existence as a public corporation.

The Authority is regulated by the Guam Public Utilities Commission (PUC) – a rate-setting body of Commissioners appointed by the Governor of Guam. The PUC has established rules of operation like other jurisdictions within the United States. As a result, the PUC has broad regulatory authority over GPA, including approval of any contracts that might impact GPA's rates.

**GPA'S STRATEGY**

GPA is committed to providing outstanding energy solutions to our island community by focusing on capital discipline and operational excellence. Key components of GPA's strategy include:

- **Achieve Superior Customer Service** – GPA continuously reaches for ways to better serve our customers through accountability, efficiency, and reliability.
- **Optimize Energy Production Cost** – Focus on reducing costs and improving productivity.
- **Achieve Energy Diversification** – GPA implemented its Integrated Resource Plan, which includes renewable energy resources like solar and wind power generating 85.3 megawatts. The latest completion of renewable solar generation was 60 megawatts in Marbo which became operational in June 2022.
- **Become Financially Sound and Stable** – Improve credit rating and debt service coverage. GPA has been an investment-grade credit rating for over twelve years.

Guam Power Authority  
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

**GPA'S STRATEGY, continued**

**Promote Energy Innovation**

GPA has been operating the smart grid for over ten years. The smart grid includes smart meters for all customers, substation automation, AMI technology, and high broadband communication. Smart meters give customers greater control over their energy use and costs by allowing them to monitor their energy consumption online and determine which activities contribute to the fluctuations in their bills.

In conjunction to the smart grid, GPA has been using Customer Care and Billing from Oracle, a billing system that enables GPA to improve the billing process, customer service, and credit management. In addition, it allows GPA to integrate into online bill payment, mobile payment applications for Android and Apple, and 24/7 pay-by-phone where account balance and payment postings are real-time.

These systems enabled the rollout of prepay electricity services and e-billing. Prepay electricity service allows consumers to monitor and control what they spend on their energy consumption and manage their budget. E-billing, through [paygpa.com](http://paygpa.com), enables customers to view their statements online.

Customers can visit [myenergyguam.com](http://myenergyguam.com), which lets them see their current usage and history, allowing them to mitigate their consumption before being charged in their bill. Information also helps customers decide on which energy-efficient appliances to purchase.

Lastly, the GPA energy statement provides immediate information on energy usage, a historical consumption graphic, a "Tips" section on energy services, a rebate program or reminder notices, and much more to enable consumers to manage their energy usage.

**New Generation**

In 2016, GPA filed its updated integrated resource plan (IRP) to the CCU and PUC. The IRP included the plan to install 180MW of dual-fired combined-cycle generation units, the retirement of Cabras 1 & 2, expand the renewable energy portfolio, and install energy storage. The PUC approved GPA's generation plan in October 2016, and procurement was completed in 2019.

The new generation was awarded to Korea Electric Power Corporation (KEPCO) as a build-operate-transfer contract. Due to damages from Typhoon Mawar in May 2023, the plant is anticipated to be commissioned in September 2025. For GPA, combined-cycle generation has several benefits, like better fuel efficiency and lower capital cost, compared to installing an emission control system in its existing generation plants. In addition, it promotes fuel diversity and compliance with USEPA requirements.



Guam Power Authority  
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

**GPA'S STRATEGY, continued**

**United States Environmental Protection Agency**

The United States of America, on behalf of the United States Environmental Protection Agency (EPA) filed its complaint under the Clean Air Act. The United States' complaint sought injunctive relief and civil penalties for the alleged violations of the emission limits and performance testing requirements in the National Emission Standard for Hazardous Air Pollutants (NESHAP) regulations that govern the operation of stationary reciprocating internal combustion engines and electric utility steam generating units at GPA's Cabras and Piti power plants.

In early 2020, GPA, EPA, and the Justice Department finalized a settlement to resolve the alleged violations. The parties subsequently lodged a consent decree with the United States District Court in Guam which approved the Consent Decree in April 2020.

Under the terms of the settlement, GPA will build and operate a new power plant burning ultra-low sulfur diesel (ULSD), and capable of burning liquified natural gas (LNG), convert fuel delivery system from residual fuel oil to ULSD, build 100MW of solar power, install and operate new energy storage system, and pay a civil penalty of \$400,000 to resolve the United States' allegations.

In January 2022, the United States District Court of Guam approved a revised consent decree. The revision extended the building of the 198 MW power plant until April 2024. However, due to damages from Typhoon Mawar in May 2023, commissioning of the 198MW plant is delayed.

**FINANCIAL HIGHLIGHTS**

The table below highlights the financial comparison for fiscal years 2023, 2022 and 2021. The adoption of GASB 87, *Leases*, was the beginning of fiscal year 2022 and fiscal year 2021 was not restated.

<b>(in '000)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Assets			
Current assets	\$326.2	\$305.1	\$309.3
Lease assets, net	11.9	17.0	---
Non-current investments	28.2	11.2	41.1
Other non-current assets	22.5	39.6	14.2
Utility plant	<u>467.6</u>	<u>475.0</u>	<u>484.5</u>
	856.4	847.9	849.1
Deferred outflows of resources	<u>68.2</u>	<u>66.5</u>	<u>86.2</u>
	<u>\$924.6</u>	<u>\$914.4</u>	<u>\$935.3</u>

Guam Power Authority  
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

(in '000)	<u>2023</u>	<u>2022</u>	<u>2021</u>
Liabilities			
Current liabilities	\$100.2	\$ 68.6	\$ 72.3
Non-current liabilities	<u>710.7</u>	<u>764.9</u>	<u>788.1</u>
	810.9	833.5	860.4
Deferred inflows of resources	83.4	57.8	65.1
Net Position			
Net investment in capital assets	23.5	33.0	10.1
Restricted	38.1	14.0	40.1
Unrestricted	( 31.3)	( 23.9)	( 40.4)
	<u>30.3</u>	<u>23.1</u>	<u>9.8</u>
	<u>\$924.6</u>	<u>\$914.4</u>	<u>\$935.3</u>

The increase in current assets in 2023 compared to 2022 is attributable to the replenishment of working capital due to the reduction of unrecovered fuel costs.

The decrease in current assets in 2022 compared to 2021 is attributed to the increase in the under-recovery of fuel charges and meeting debt service payments.

The increase in the current liabilities in 2023 compared to 2022 is due to debt service payments to be made.

The decrease in the current liabilities in 2022 compared to 2021 is due to refunding of the Revenue Bonds 2012 Series A, where the bonds were closed in July 2022.

Financial results summary:

- 2023 has a net income of \$7.1 million compared to a net income of \$13.4 million in 2022.
- 2022 has a net income of \$13.4 million compared to a net income of \$8.2 million in 2021.

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Management's Discussion and Analysis, continued**

**FINANCIAL HIGHLIGHTS, continued**

The table below details certain items from GPA's Statements of Revenue, Expenses, and Changes in Net Position for 2023, 2022, and 2021.

<b>(in '000)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Sales of Electricity, net	\$548,681	\$473,561	\$323,189
Other	<u>5,332</u>	<u>4,992</u>	<u>6,160</u>
Total operating revenues	554,013	478,553	329,349
 Production Fuel	 399,920	 315,771	 180,807
Operating and maintenance	79,468	89,075	92,987
Depreciation	<u>35,216</u>	<u>35,213</u>	<u>37,214</u>
Total operating expenses	<u>514,604</u>	<u>440,059</u>	<u>311,008</u>
 Operating Income	 <u>39,409</u>	 <u>38,494</u>	 <u>18,341</u>
 Interest income	 4,007	 1,222	 1,725
Interest expense	( 23,374)	( 24,914)	(25,260)
Allowance for funds used during construction	14	123	826
Other expense, net	<u>( 12,930)</u>	<u>( 1,552)</u>	<u>12,596</u>
Income	<u>\$ 7,126</u>	<u>\$ 13,373</u>	<u>\$ 8,228</u>

**Operating Revenues**

The operating revenue increased by \$75 million or 15.8% in 2023 compared to 2022. This is due to the increase in global fuel prices.

The operating revenue increased by \$149 million or 45.3% in 2022 compared to 2021. This increase is mainly due to the increase in global fuel prices due to the war in Ukraine.

<b>Electric Sales Information</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Peak Demand (MW)	255	247	257	260	257
Total Electric Sales (MWh)	1,568,286	1,523,579	1,554,962	1,550,160	1,447,602
Sales Growth (%)	0.1	(2.9)	2.1	(1.0)	(6.0)
Total Customers	<u>51,977</u>	<u>51,771</u>	<u>52,825</u>	<u>52,873</u>	<u>52,642</u>



Guam Power Authority  
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Operating Revenues, continued**

Energy sales decreased by 6% in 2023 compared to 2022 due to power generation and grid damages from Typhoon Mawar, which hit Guam on May 24, 2023.

Energy sales decreased slightly by 1.0% in 2022 compared to 2021. In February 2022, Russia invaded Ukraine, causing soaring fuel prices globally. Due to the increase in fuel prices, LEAC increased gradually.

**Operating and Maintenance**

GPA's operating and maintenance expenses decreased in 2023 compared to 2022 due to lower production cost.

GPA's operating and maintenance expenses decreased in 2022 compared to 2021 mainly due to pension and OPEB valuation.

GPA's headcount for 2023 and 2022 was 408 and 412, respectively. The decrease is largely due to employee retirements.

GPA's headcount for 2022 and 2021 was 412 and 426, respectively. The decrease is largely due to employee retirements.

Station use in 2023 of 55,840 MWh decreased compared to 2022 station use of 63,158 MWh.

Station use in 2022 of 63,158 MWh decreased compared to 2021 station use of 67,303 MWh.

Transmission and distribution (T&D) line loss increased to 91,502 MWh in 2023 compared to 89,219 MWh in 2022.

Transmission and distribution (T&D) line loss decreased to 89,219 MWh in 2022 compared to 89,880 MWh in 2021.

**Depreciation and Amortization**

Depreciation and amortization expenses for 2023 and 2022 remained the same.

Depreciation and amortization expenses for 2022 decreased by \$2 million compared to 2021. The decrease is due to a particular class of assets being fully depreciated.

Guam Power Authority  
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Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Utility Cost Recovery Activities**

**Production Fuel**

GPA's cost of electricity includes the costs of fuel used in its generation facilities, the cost of fuel handling, and the cost of power purchased from third parties.

In line with GPA IRP's goal to increase its renewable resources, GPA procured a power purchase agreement for a utility-scale solar farm of 25MW located in southern Guam. The system became available to the grid in August 2015. Under the phase II renewable project, GPA awarded two 60MW utility-scale solar farms. This project included batteries to mitigate the sudden drop or increase in production due to electrical or atmospheric conditions like rain. GPA signed the contracts in 2018. 60MW solar project from KEPCO became operational in June 2022. The other 60MW project was adjusted to a 41MW project with loading shifting batteries where energy will be dispatched at the peak. The project is under development.

In addition to solar, GPA has a 275kW wind turbine, which became operational in March 2016. The \$2 million wind project was funded by USDOJ Grant. It provided valuable experience and data on the potential of renewable wind projects.

For the Phase III renewable project, where GPA was to utilize a 30-year lease of Navy property for 35MW solar PV, the bid was under protest; however, the Office of Public Accountability (OPA) and the court found the case in favor of GPA. Due to the change in global affairs, the US Navy elected to use the leased land for military purposes.

Phase IV 180MW renewable project is currently in the procurement process.

**Interest Income, Interest Expense, and Other Income and Expenses**

Interest income increased in 2023 compared to 2022 due to an increase in the interest rate.

Interest income decreased in 2022 compared to 2021 due to a decline in investments.

Interest expense decreased in 2023 compared to 2022 due to lower outstanding bonds.

Interest expense decreased in 2022 compared to 2021 due to lower outstanding bonds and refunding of Revenue Bonds 2012 Series A.

Guam Power Authority  
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Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Operating Activities**

GPA's cash flows from operating activities primarily consist of receipts from customers less payments of operating expenses.

GPA's cash flows from operating activities for 2023, 2022, and 2021 are as follows:

(in '000)	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash received from customers	\$566.8	\$457.0	\$323.4
Cash payments to suppliers	(429.6)	(404.1)	(246.5)
Cash payments to employees for services	( 39.4)	( 41.4)	( 44.7)
Cash payments to retiree benefits	( 3.4)	( 4.3)	( 4.0)
Net cash provided by operating activities	<u>\$ 94.4</u>	<u>\$ 7.2</u>	<u>\$ 28.2</u>

**Capital Activities**

GPA's capital activities primarily consist of new construction and the replacement of facilities necessary to deliver safe and reliable power to its customers.

The largest capital cost incurred in 2023 were Cabras 1 & 2 overhaul (\$4.2M), bucket trucks & equipment (\$2.5M), and substation and transmission improvements (\$0.9M).

The largest capital cost incurred in 2022 were Piti 8 & 9 diesel conversion (\$14M), rehabilitation of fuel storage tank (\$6M), diesel fuel pipeline (\$2M), substation and transmission improvements (\$0.7M), and physical security (\$1.1M).

Cash used in capital activities includes proceeds from bonds and revenue funds. Please refer to Note 12 to the financial statements for details of GPA's capital activities.

**Investing Activities**

GPA's cash flows from investing activities for 2023, 2022, and 2021 are as follows (in millions):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net cash (used in) provided by investing activities	\$(11.1)	\$24.4	\$(0.4)



Guam Power Authority  
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Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Borrowing Activities**

No new borrowing was done in 2023, 2022, and 2021; however, Revenue Bonds 2012 Series A was refunded in July 2022. Please refer to Note 6 to the financial statements for details of GPA's borrowing activities.

GPA's cash flows from the capital and non-capital financing activities for 2023, 2022, and 2021 are as follows (in millions):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net cash provided by non-capital financing activities	\$ 3.3	\$ 2.2	\$ 15.0
Net cash used in capital and related financing activities	\$(55.5)	\$(93.5)	\$( 94.7)

**Credit Ratings**

GPA's credit rating relates to the Authority's cost of funds and liquidity. In particular, GPA's ability to access and engage in certain activities cost-effectively depends on maintaining a strong credit rating.

GPA's long-term senior debt ratings are as follows:

Long-Term Senior Debt	Rating	Long-Term Outlook
Standard & Poor's	BBB	Stable
Moody's Rating	Baa2	Stable
Fitch Rating	BBB	Stable

**Future Capital Activities**

GPA is committed to renewable energy and the reduction of greenhouse gas emissions. GPA invested in a utility-scale solar farm of 25MW, which became operational in 2015. In the phase II renewable project, a 60 MW solar plant became operational in June 2022. The 41MW load-shifting project is under development. Phase III project was terminated due to the long delay from the bid protest and the US Navy repurposing the land for military operations. Phase IV 180MW renewal project is under bidding process.

Investing in solar farms and increasing net metering customers (NEM) led to a grid becoming physically and operationally very different from historical patterns. The energy received from the Dandan solar farm and net metering customers are "must take" contracts, meaning their energy goes into the grid whenever they can generate. The Power System Control Center must monitor and respond to dramatic changes in system frequencies during certain times of the day. These fast changes are known as ramping events. Historically, the need for fast ramping was in response to load changes, but now it is also due to generation output from non-GPA sources.

Guam Power Authority  
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Management's Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Future Capital Activities, continued**

GPA is required to absorb all the power fluctuation emitted by Dandan solar farm and NEM customers. KEPCO 60MW solar farm has batteries to mitigate the fluctuations in solar production.

The 40 MW ESS system became operational on March 1, 2021. The system will eliminate over 70% of short-duration outages due to generator and renewable intermittency trips.

In 2016, CCU and PUC approved procuring a 198MW dual-fire combined cycle combustion turbine. The project was awarded to KEPCO. Due to damage from Typhoon Mawar during construction, the project was delayed. The revised commissioning date is September 2025.

**Future Borrowing**

Despite the advancement of renewable energy and storage, traditional power generation is still required. In 2016, GPA filed an integrated resource plan (IRP) to the CCU and the PUC for the construction of combined cycle combustion turbine plants. Approval was given by the CCU and the PUC to authorize GPA to proceed with the procurement of new power generation. The plan for the procurement model was an independent power purchase agreement (IPP) where the IPP finances the plant's construction.

On November 5, 2019, GPA entered into an energy conversion agreement with Guam Ukudu Power, LLC for the new generation. The agreed capacity was 198 MW, using Ultra Low Sulfur Diesel and eventually moving to Liquefied Natural Gas (LNG).

The upcoming Phase IV renewables project will require hardening of the grid. Therefore, GPA applied for grants under the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA).

**Contacting GPA's Financial Management**

The Management Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting GPA's operations. This financial report is designed to provide a general overview of GPA's finances and to demonstrate GPA's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the years ended September 30, 2022, is set forth in GPA's report on the audit of the financial statement, which is dated August 16, 2023. For the year ended September 30, 2021, it is set forth in GPA's report on the audit of financial statements dated March 30, 2022. That Discussion and Analysis explain in more detail the major factors impacting the 2022 and 2021 financial statements. A copy of that report can be obtained by contacting the CFO office at (671) 648-3162 or from GPA's website at the addresses noted below.

For additional information about this report, please contact Mr. John J.E. Kim, Chief Financial Officer, Guam Power Authority, P.O. Box 2977, Hagåtña, Guam 96932-2977 or visit the website at [www.guampowerauthority.com](http://www.guampowerauthority.com).

Guam Power Authority  
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Statements of Net Position

	September 30, <u>2023</u>	<u>2022</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>		
Current assets:		
Cash and cash equivalents – restricted	\$105,870,564	\$ 74,415,490
Cash and cash equivalents – unrestricted	<u>65,423,593</u>	<u>65,891,124</u>
Total cash and cash equivalents	<u>171,294,157</u>	<u>140,306,614</u>
Certificates of deposit – restricted	---	1,818,139
Investments – restricted	18,528,966	18,563,264
Accounts receivable, net	52,912,281	63,207,370
Materials and supplies inventory, net	10,580,924	13,245,854
Fuel inventory	66,244,237	62,282,916
Prepaid expenses and other current assets	<u>6,651,973</u>	<u>5,680,425</u>
Total current assets	<u>326,212,538</u>	<u>305,104,582</u>
Utility plant, at cost		
Depreciable utility plant, net of accumulated depreciation	424,769,876	441,827,507
Non-depreciable utility plant	<u>42,795,105</u>	<u>33,196,510</u>
Total utility plant	<u>467,564,981</u>	<u>475,024,017</u>
Lease asset	<u>11,906,226</u>	<u>16,979,263</u>
Other non-current assets:		
Cash and cash equivalents – restricted	2,142,195	2,103,381
Investments – restricted	25,700,491	8,684,754
Unamortized debt insurance costs	<u>415,509</u>	<u>462,297</u>
Total other non-current assets	<u>28,258,195</u>	<u>11,250,432</u>
Regulatory assets:		
Uncovered fuel costs	<u>22,481,999</u>	<u>39,554,794</u>
Total regulatory assets	<u>22,481,999</u>	<u>39,554,794</u>
Total assets	<u>856,423,939</u>	<u>847,913,088</u>
Deferred outflows of resources:		
Unamortized loss on debt refunding	13,523,731	14,716,617
Pension	27,900,085	10,216,119
Other post-employment benefits	<u>26,791,884</u>	<u>41,605,903</u>
Total deferred outflows of resources	<u>68,215,700</u>	<u>66,538,639</u>
	<u>\$924,639,639</u>	<u>\$914,451,727</u>

*See accompanying notes.*



Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30, <u>2023</u>	<u>2022</u>
<b><u>Liabilities, Deferred Inflows of Resources and Net Position</u></b>		
Current liabilities:		
Current maturities of long-term debt	\$ 24,680,000	\$ 7,730,000
Accounts payable:		
Operations	18,965,883	14,647,874
Fuel	24,709,615	17,817,974
Accrued payroll and employees' benefit	427,050	217,342
Current portion of employees' annual leave	1,852,589	1,836,186
Current portion of lease liability	4,922,204	5,409,970
Interest payable	14,149,947	10,864,975
Customer deposits	<u>10,477,456</u>	<u>10,057,430</u>
Total current liabilities	<u>100,184,744</u>	<u>68,581,751</u>
Long-term debt, net of current maturities	477,616,271	503,873,798
DCRS sick leave liability	1,695,518	1,695,518
Lease liability	6,783,479	11,705,683
Net pension liability	91,535,179	70,467,715
Other post-employment benefits liability	130,691,710	174,910,068
Employees' annual leave, net of current portion	1,723,317	1,723,317
Customer advances for construction	<u>674,124</u>	<u>541,501</u>
Total liabilities	<u>810,904,342</u>	<u>833,499,351</u>
Deferred inflows of resources:		
Provision for self-insurance	12,696,791	11,016,513
Pension	5,772,445	10,172,402
Other post-employment benefits	<u>64,972,832</u>	<u>36,596,129</u>
Total deferred inflows of resources	<u>83,442,068</u>	<u>57,785,044</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	23,495,959	33,053,886
Restricted	38,113,770	14,044,350
Unrestricted	( <u>31,316,500</u> )	( <u>23,930,904</u> )
Total net position	<u>30,293,229</u>	<u>23,167,332</u>
	<u>\$924,639,639</u>	<u>\$914,451,727</u>

*See accompanying notes.*

Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended September 30,	
	<u>2023</u>	<u>2022</u>
Revenues:		
Sales of electricity	\$548,681,198	\$473,560,717
Miscellaneous	<u>5,331,744</u>	<u>4,992,211</u>
Net operating revenues	<u>554,012,942</u>	<u>478,552,928</u>
Operating and maintenance expenses:		
Production fuel	399,920,099	315,770,815
Other production	<u>17,811,809</u>	<u>19,752,167</u>
	417,731,908	335,522,982
Depreciation and amortization	35,215,950	35,212,942
Administrative and general	33,790,472	38,936,872
Transmission and distribution	11,037,863	13,690,327
Energy conversion costs	10,185,615	9,355,771
Customer accounting	<u>6,642,222</u>	<u>7,340,160</u>
Total operating and maintenance expenses	<u>514,604,030</u>	<u>440,059,054</u>
Operating income	<u>39,408,912</u>	<u>38,493,874</u>
Non-operating revenues (expense):		
Allowance for funds used during construction	14,236	123,087
Operating grants from the United States Government	3,611,725	993,911
Interest income	4,007,116	1,221,732
Interest expense	( 23,373,910)	( 24,913,708)
Other expense, net	<u>( 16,542,182)</u>	<u>( 2,546,223)</u>
Total non-operating expense, net	<u>( 32,283,015)</u>	<u>( 25,121,201)</u>
Change in net position	7,125,897	13,372,673
Net position at beginning of year	<u>23,167,332</u>	<u>9,794,659</u>
Net position at end of year	<u>\$ 30,293,229</u>	<u>\$ 23,167,332</u>

*See accompanying notes.*

Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Fiduciary Net Position

	September 30, <u>2023</u>	2022 <u>2022</u>
Asset		
Current asset:		
Cash and cash equivalents	\$ <u>50,862</u>	\$ <u>205,791</u>
	<u>\$50,862</u>	<u>\$205,791</u>
Liability and net position		
Current liability:		
Accounts payable - operations	\$ <u>50,862</u>	\$ <u>205,791</u>
	<u>50,862</u>	<u>205,791</u>
Commitments and contingencies		
Net position	<u>---</u>	<u>---</u>
	<u>\$50,862</u>	<u>\$205,791</u>

*See accompanying notes.*



Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Fiduciary Net Position

	Year Ended September 30,	
	<u>2023</u>	<u>2022</u>
Revenues	\$52,711,138	\$15,622,809
Miscellaneous	<u>52,711,138</u>	<u>15,622,809</u>
Change in net position	---	---
Net position at beginning of year	<u>---</u>	<u>---</u>
Net position at end of year	\$ <u>---</u>	\$ <u>---</u>

*See accompanying notes.*

Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year Ended September 30,	
	<u>2023</u>	<u>2022</u>
Increase (decrease) in cash and cash equivalents		
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$566,760,065	\$457,036,346
Cash payments to suppliers for goods and services	(429,632,534)	(404,116,478)
Cash payments to employees for services	( 39,355,988)	( 41,482,553)
Cash payments for retiree benefits	( 3,382,011)	( 4,278,162)
Net cash provided by operating activities	<u>94,389,532</u>	<u>7,159,153</u>
<b>Cash flows from investing activities:</b>		
Interest on investments and bank accounts	4,007,116	1,221,732
Decrease (increase) in certificates of deposit	1,818,139	( 3,629)
(Increase) decrease in investments	( 16,981,439)	<u>23,185,566</u>
Net cash (used in) provided by investing activities	( 11,156,184)	<u>24,403,669</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from the U.S. Government capital grant	3,301,718	2,243,911
Principal paid on long-term debt	( 7,730,000)	( 49,765,000)
Interest paid on long-term debt	( 20,036,032)	( 15,618,230)
Additions to utility plant	( 27,742,677)	<u>( 28,149,235)</u>
Net cash used in capital and related financing activities	( 52,206,991)	<u>( 91,288,554)</u>
Net change in cash and cash equivalents	31,026,357	( 59,725,732)
Cash and cash equivalents at beginning of year	<u>142,409,995</u>	<u>202,135,727</u>
Cash and cash equivalents at end of year	<u>\$173,436,352</u>	<u>\$142,409,995</u>
<b>Consisting of:</b>		
Restricted	\$108,012,759	\$ 76,518,871
Unrestricted	<u>65,423,593</u>	<u>65,891,124</u>
	<u>\$173,436,352</u>	<u>\$142,409,995</u>

*See accompanying notes.*

Guam Power Authority  
(A Component Unit of the Government of Guam)

Statements of Cash Flows, continued

	Year Ended September 30,	
	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$39,408,912	\$38,493,874
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	35,215,950	35,212,942
Bad debts expense	1,197,996	1,223,004
Other pension expense	( 1,029,641)	( 4,109,126)
Other post-employment benefit costs	( 1,027,637)	6,484,764
Lease expenses	( 623,610)	( 74,171)
(Increase) decrease in assets:		
Accounts receivable	9,407,100	(23,844,082)
Materials and supplies inventory	2,664,930	( 245,987)
Fuel inventory	( 3,961,321)	(26,048,433)
Prepaid expenses and other current assets	( 971,548)	( 2,373,036)
Unrecovered fuel costs	17,072,795	(25,386,709)
Increase (decrease) in liabilities:		
Accounts payable	( 5,332,532)	7,310,824
Customer deposits	329,126	( 28,030)
Customer advances for construction	132,623	71,336
Provision for self-insurance	1,680,278	1,061,190
Accrued payroll and employees' benefits	209,708	( 172,490)
Employees' annual and DCRS sick leave	<u>16,403</u>	<u>( 416,717)</u>
Net cash provided by operating activities	<u>\$94,389,532</u>	<u>\$ 7,159,153</u>

*See accompanying notes.*

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Notes to Financial Statements**

Years Ended September 30, 2023 and 2022

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

Guam Power Authority (GPA) is a component unit of the Government of Guam (GovGuam). GPA provides electrical services on Guam to residential, commercial and GovGuam customers, and to the United States (U.S.) Navy under a Utility Services Contract (USC). GPA is governed by the Consolidated Commission on Utilities (CCU), an elected five-member board. GPA is subject to the regulations of the Public Utilities Commission of Guam (PUC) and has adopted the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. Because of the rate-making process, certain differences arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated businesses. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

**Primary Government Financial Statements**

The primary government financial statements consist of the statement of net position, statement of revenues, expenses, and changes in net position and statement of cashflows. Fiduciary activities are not included in the government-wide financial statements.

**Fiduciary Fund Financial Statements**

Separate financial statements are provided for fiduciary funds. Fiduciary financial statements include assets, liabilities and activities of the Energy Credit Program (the “ECP”), for which GPA has been legally designated to control but GPA itself is not a beneficiary. The ECP was enacted by Public Law No. 36-106 in July 2022 for the Government of Guam to provide each of the GPA residential, master-metered and commercial customers with a \$500 credit towards their accounts, to be disbursed \$100 per month for the months of July to November 2022. Public Law No. 36-123 was enacted in December 2022 to extend the ECP for the months of December 2022 to April 2023. Public Law No. 37-16 was enacted in May 2023 to further extend the ECP for the months of May to September 2023. The sum of \$26,381,000 for each of the enacted public laws were appropriated from the Government of Guam General Fund for this purpose.

**Basis of Accounting**

The accounting policies of the primary government financial statements and fiduciary fund financial statements conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. GPA utilizes the flow of economic resources measurement focus. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.



Guam Power Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxes**

As an instrumentality of GovGuam, GPA and all property acquired by or for GPA, and all revenues and income therefrom are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents classified as current assets include cash on hand, cash in banks, money market accounts, certificates of deposit, and U.S. treasury bills with original maturities of three months or less in the interest and principal funds for debt repayment, the bond indenture funds, the bond reserve fund, the energy sense fund and the self-insurance fund.

Cash and cash equivalents restricted for the acquisition or construction of capital assets are classified as noncurrent assets.

Investments in short-term, highly liquid debt instruments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations are recorded at amortized cost. Investment in a guaranteed investment certificate is measured at cost.

All other investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

Guam Power Authority  
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Cash, Cash Equivalents and Investments, continued**

The deposit and investment policies of GPA are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. Authorized investments include obligations issued or guaranteed by the U.S. government or agencies of the U.S. government; bonds, notes or other indebtedness rated in the highest rating by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P); obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities of not more than three years; any bonds or other obligations of any state of the U.S. or any agency, instrumentality or local government unit of such state which are rated in the highest rating category of either Moody's or S&P; demand and time deposits in certificates of deposit or bankers acceptances with U.S. domestic banks which have a rating of their short term certificates of deposit of A-1 or better by S&P and P-1 by Moody's and mature no more than 360 days after purchase; commercial paper which has a rating in the highest classification by S&P and Moody's; and money market funds rated AAAM or better by S&P.

**Allowance for Doubtful Receivables**

The allowance for doubtful receivables is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through bad debts expense recorded against operating revenues. Uncollectible accounts are written off against the allowance or are charged against operating revenues in the period GPA deems the accounts to be uncollectible but with prior approval of the CCU.

**Inventory Valuation**

Materials and supplies inventories and fuel inventories are stated at cost (using the weighted average and the first-in, first-out method, respectively).

Allowance for inventory obsolescence is provided for inventory items with no movement for a period of five years and over and for parts and supplies for equipment no longer in use. Allowance for inventory obsolescence was \$969,487 and \$913,542 as of September 30, 2023 and 2022, respectively.

**Utility Plant**

Utility plant purchased or constructed is stated at cost. Cost includes an allowance on certain projects for funds used during construction of specific power generation plants based on the net cost of borrowed funds used for construction purposes. Donated utility is recorded at fair market value at the date of donation or at the donating entity's basis in the asset if donated by GovGuam or a GovGuam agency. Current policy is to capitalize utility plant with a cost of \$1,000 or more.

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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Depreciation**

Depreciation is computed under the straight-line method over the estimated useful lives of the respective assets.

**Compensated Absences**

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

**Pensions**

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GPA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GPA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GPA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Guam Power Authority  
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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Other Post-Employment Benefits (OPEB)**

OPEB is required to be recognized and disclosed using the accrual basis of accounting. OPEB offered to GPA retirees includes health and life insurance. GPA recognizes OPEB liability for the defined benefit OPEB plan in which it participates, which represents GPA's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established; thus, the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

**Unamortized Debt Issuance Costs**

Unamortized debt issuance costs mainly include insurance costs related to the issuance of the Series 2014 and 2022 bonds. These costs are being amortized using the effective interest method over the life of the applicable debt.

**Net Position**

Net position represents the residual interest in GPA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of four sections:

Net investment in capital assets - include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve.

Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GPA pursuant to those stipulations or that expire with the passage of time.

Restricted nonexpendable - net position subject to externally imposed stipulations that require GPA to maintain them permanently.



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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Net Position, continued**

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by management or the CCU or may otherwise be limited by contractual agreements with outside parties.

All of GPA's restricted net position is expendable.

**Sales of Electricity**

Sales of electricity are recorded as billed to customers on a monthly cycle billing basis. At the end of each month, unbilled revenues are accrued for each cycle based on the unbilled actual usage at month end.

**Operating and Non-Operating Revenue and Expenses**

Operating revenues and expenses generally result directly from the operation and maintenance of systems to provide electrical services to the island of Guam. Non-operating revenues and expenses result from capital; financing and investing activities, costs and related recoveries from natural disasters, operating grants, and certain other non-recurring income and costs.

**Deferred Outflows of Resources**

Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

**Levelized Energy Adjustment Clause**

Fuel oil costs increase or decrease billings to customers based on increases or decreases in the price of fuel oil purchased by GPA. Under or over recoveries of fuel oil costs including the fair value of outstanding commodity swap agreements (if any) are recorded as unrecovered fuel cost or unearned fuel revenue, respectively, in the accompanying statements of net position, and are recovered or deducted in future billings to customers based on the Levelized Energy Adjustment Clause (LEAC) approved by the PUC in January 1996. The LEAC results in the conversion of the monthly fuel charge to a levelized fuel charge, which is reviewed and adjusted by the PUC on a bi-annual basis. GPA is only permitted to recover its actual fuel and related costs. At September 30, 2023 and 2022, GPA has an under recovery of fuel costs of \$22,481,999 and \$39,554,794, respectively.

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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Derivative Instruments**

GPA is exposed to market price fluctuations on its purchases of fuel oil. GPA uses derivatives such as commodity swaps to protect itself from increases in market prices. GPA records commodity swap agreements associated with its fuel oil hedging activities at fair value with gains and losses recognized in operations in the statements of revenues, expenses and changes in net position. The fair value of outstanding commodity swaps at year-end is included as a component of the LEAC and is recorded as part of unrecovered fuel cost or unearned fuel revenue in the accompanying statements of net position. GPA does not have outstanding commodity swap agreements as at September 30, 2023 and 2022.

GPA's power purchase agreements are considered "normal purchases and normal sales" and accordingly, the operations and maintenance portions of GPA's energy conversion agreements are not recognized in the statements of net position. Operations and maintenance costs associated with the power purchase agreements are expensed as incurred with the independent power producers.

**Allowance for Funds Used During Construction**

The allowance for funds used during construction (AFUDC) is provided only for construction projects of more than \$50,000, which require a minimum of 90 days to complete. AFUDC is computed using the interest expense on directly assignable borrowings to finance the projects less interest income on the related unused borrowings which have been invested. AFUDC is provided only during the period in which such projects are undergoing activities to prepare them for their intended use and is capitalized as part of the cost of the applicable projects. AFUDC of \$14,236 and \$123,087 were recognized during the years ended September 30, 2023 and 2022, respectively.

**Recently Adopted Accounting Pronouncements**

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The adoption of GASB Statement No. 91 did not have an effect on the Authority's financial statements.

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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncements, continued**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The adoption of GASB Statement No. 94 did not have an effect on the Authority's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The adoption of GASB Statement No. 96 did not have an effect on the Authority's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:

- Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. This implementation did not have a material effect on the accompanying financial statements.
- Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. This implementation did not have a material effect on the accompanying financial statements.

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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncements, continued**

- Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. This implementation did not have a material effect on the accompanying financial statements.
- Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. This implementation did not have a material effect on the accompanying financial statements.

**Upcoming Accounting Pronouncements**

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods:

- Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.
- Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.

In June 2022, GASB issues Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.



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Notes to Financial Statements, continued

**1. Organization and Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Pronouncements, continued**

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal years ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for fiscal years ending September 30, 2025.

The Authority is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**2. Cash, Cash Equivalents and Investments**

**A. Cash and Cash Equivalents**

The bond indenture agreements for the 2014, 2017 and 2022 series revenue bonds (Note 6) require the establishment of special funds to be held and administered by trustees and by GPA. In addition, proceeds from borrowings to finance generation and transmission facility construction are maintained by GPA in construction accounts. Funds in these accounts are required by loan agreement or public law to be used for generation and transmission facility construction. Also, certain other funds are restricted by rate orders of the PUC.

At September 30, 2023 and 2022, cash and cash equivalents, certificates of deposit and investments held by trustees and by GPA in these funds and accounts were as follows:

2023							
	<u>Cash and Cash Equivalents and Certificates of Deposit</u>				<u>Investments</u>		
	<u>Held By Trustees</u>		<u>Held By GPA</u>		<u>Held By Trustees</u>	<u>Held By GPA</u>	
	<u>Bond</u>	<u>PUC</u>			<u>Bond</u>		
	<u>Indenture</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Cash</u>	<u>Indenture</u>	<u>Unrestricted</u>	
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>
Construction funds	\$ 2,142,195	\$ ---	\$ ---	\$ 2,142,195	\$ ---	\$---	\$ 2,142,195
Interest and principal funds	11,765,315	---	---	11,765,315	25,700,491	---	37,465,806
Working capital funds	15,083,122	---	---	15,083,122	4,786,966	---	19,870,088
Bond reserve fund	34,260,574	---	---	34,260,574	13,742,000	---	48,002,574
Self-insurance fund	---	11,844,666	---	11,844,666	---	---	11,844,666
Revenue funds	8,829,442	---	---	8,829,442	---	---	8,829,442
Energy sense fund	---	5,968,468	---	5,968,468	---	---	5,968,468
Operating funds	---	---	65,423,593	65,423,593	---	---	65,423,593
Surplus funds	<u>18,118,977</u>	<u>---</u>	<u>---</u>	<u>18,118,977</u>	<u>---</u>	<u>---</u>	<u>18,118,977</u>
	<u>\$90,199,625</u>	<u>\$17,813,134</u>	<u>\$65,423,593</u>	<u>\$173,436,352</u>	<u>\$44,229,457</u>	<u>\$---</u>	<u>\$217,665,809</u>

2022							
	<u>Cash and Cash Equivalents and Certificates of Deposit</u>				<u>Investments</u>		
	<u>Held By Trustees</u>		<u>Held By GPA</u>		<u>Held By Trustees</u>	<u>Held By GPA</u>	
	<u>Bond</u>	<u>PUC</u>			<u>Bond</u>		
	<u>Indenture</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Cash</u>	<u>Indenture</u>	<u>Unrestricted</u>	
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>
Construction funds	\$ 2,103,381	\$ ---	\$ ---	\$ 2,103,381	\$ ---	\$---	\$ 2,103,381
Interest and principal funds	7,897,398	---	---	7,897,398	8,684,754	---	16,582,152
Working capital funds	10,083,122	---	---	10,083,122	4,821,264	---	14,904,386
Bond reserve fund	34,269,361	---	---	34,269,361	13,742,000	---	48,011,361
Self-insurance fund	---	9,636,149	---	9,636,149	---	---	9,636,149
Revenue funds	5,127,133	---	---	5,127,133	---	---	5,127,133
Energy sense fund	---	3,200,040	---	3,200,040	---	---	3,200,040
Operating funds	---	---	65,891,124	65,891,124	---	---	65,891,124
Surplus funds	<u>6,020,426</u>	<u>---</u>	<u>---</u>	<u>6,020,426</u>	<u>---</u>	<u>---</u>	<u>6,020,426</u>
	<u>\$65,500,821</u>	<u>\$12,836,189</u>	<u>\$65,891,124</u>	<u>\$144,228,134</u>	<u>\$27,248,018</u>	<u>\$---</u>	<u>\$171,476,152</u>

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Notes to Financial Statements, continued

**2. Cash, Cash Equivalents and Investments, continued**

**A. Cash and Cash Equivalents, continued**

At September 30, 2023 and 2022, the operating funds include the remaining insurance proceeds of \$51,545,647 and \$57,985,381, respectively, recovered from the Cabras 3 and 4 explosion and fire insurance claims. Of the amount, \$40 million has been internally restricted for payment due upon turnover and commercial operation date of the new power plant (see note 9).

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

Custodial credit risk is the risk that in the event of a bank failure, GPA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GPA does not have a deposit policy for custodial credit risk.

As of September 30, 2023 and 2022, the carrying amount of GPA's total cash and cash equivalents and certificates of deposit was \$173,436,352 and \$144,228,134, respectively, and the corresponding bank balances were \$174,461,712 and \$144,772,831, respectively. Of the bank balance amount as of September 30, 2023 and 2022, \$83,202,148 and \$75,890,094, respectively, were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2023 and 2022, bank deposits in the amount of \$771,415 and \$768,702, respectively, were FDIC insured. GPA does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. At September 30, 2023 and 2022, \$82,430,733 and \$77,447,529, respectively, of cash and cash equivalents and certificates of deposit were subject to custodial credit risk. GPA has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits. Bank balances as of September 30, 2023 and 2022 also include \$90,199,625 and \$65,500,821, respectively, representing cash and cash equivalents and certificates of deposit held and administered by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures.

Guam Power Authority  
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Notes to Financial Statements, continued

**2. Cash, Cash Equivalents and Investments, continued**

**B. Investments**

As of September 30, 2023, GPA's investments were as follows:

	<u>Amount</u>	<u>Maturity</u>	<u>S&amp;P or Moody's Rating</u>
<i>Current:</i>			
Investments held by trustee – restricted:			
Bond Reserve Fund:			
Societe Generale (commercial paper)	\$13,742,000	Less than 1 year	P-1
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	<u>4,786,966</u>	Less than 1 year	Not rated
	<u>\$18,528,966</u>		
<i>Noncurrent:</i>			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	<u>\$25,700,491</u>	More than 10 years	Aa3

As of September 30, 2022, GPA's investments were as follows:

	<u>Amount</u>	<u>Maturity</u>	<u>S&amp;P or Moody's Rating</u>
<i>Current:</i>			
Investments held by trustee – restricted:			
Bond Reserve Fund:			
Banco Santander SA (commercial paper)	\$13,742,000	More than 1 year	Not rated
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	<u>4,821,264</u>	Less than 1 year	Not rated
	<u>\$18,563,264</u>		
<i>Noncurrent:</i>			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	<u>\$ 8,684,754</u>	More than 10 years	Aa3

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, GPA will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GPA's investments are held and administered by trustees in accordance with various trust agreements and bond indentures.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.



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Notes to Financial Statements, continued

**2. Cash, Cash Equivalents and Investments, continued**

**B. Investments, continued**

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investment in any one issuer that represents five percent (5%) or more of total investments. As of September 30, 2023 and 2022, each of GPA's investments exceeded 5% of total investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. Maturities of investments in certain funds are limited to five years to limit interest rate risk. Maturities of investments in all funds may not be later than the dates that such moneys are expected to be required by the trustees.

GPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2023 and 2022, investments in Federated Government Ultrashort Duration Fund (mutual fund) are valued using Level 1 inputs.

**3. Receivables**

Accounts receivable at September 30, 2023 and 2022 were summarized as follows:

	<u>2023</u>	<u>2022</u>
Customers:		
Private	\$33,288,066	\$43,574,885
Government	<u>11,354,787</u>	<u>13,634,441</u>
	44,642,853	57,209,326
U.S. Government – Navy (Note 8)	4,637,865	8,259,566
U.S. Government – grants	1,062,102	752,095
Others	<u>9,247,633</u>	<u>2,532,413</u>
	59,590,453	68,753,400
Less allowance for doubtful receivables	( <u>6,678,172</u> )	( <u>5,546,030</u> )
	<u>\$52,912,281</u>	<u>\$63,207,370</u>

Unbilled accounts receivable included in the accounts receivable – private customers amounted to \$11,346,806 and \$13,079,865 as at September 30, 2023 and 2022, respectively.

Substantially all of GPA's customer accounts receivable are from individuals, companies and government agencies based in Guam. Concentrations largely result from accounts receivable from GovGuam agencies and the U.S. Navy. Management assesses the risk of loss and provides for an allowance for doubtful accounts to compensate for known and estimated credit risks.

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Notes to Financial Statements, continued

#### 4. Pensions

GPA is statutorily responsible for providing pension benefits for GPA employees through the GovGuam Retirement Fund (GGRF).

##### *A. General Information About the Pension Plans*

*Plan Description:* GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS) Plan. The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of public corporations of GovGuam, which include GPA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018, are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB Plan and DCRS Plan who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website.

*Benefits Provided:* The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

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Notes to Financial Statements, continued

**4. Pensions, continued**

*A. General Information About the Pension Plans, Continued*

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,200. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

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Notes to Financial Statements, continued

**4. Pensions, continued**

*A. General Information About the Pension Plans, Continued*

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced by  $\frac{1}{2}$  of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

*Contributions and Funding Policy:* Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GPA are established and may be amended by the GGRF.

The Authority's statutory contribution rates were 28.43% and 28.32%, respectively, for the years ended September 30, 2023 and 2022. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2023 and 2022.

GPA's contributions to the DB Plan for the years ended September 30, 2023 and 2022 were \$4,440,890 and \$4,757,986, respectively, which were equal to the statutorily required contributions for the respective years then ended.

GPA's contributions to the supplemental annuity benefit payments and the COLA payments for the years ended September 30, 2023 and 2022 were \$1,400,822 and \$1,270,531, respectively, which were equal to the statutorily required contributions for the respective years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2023 and 2022 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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Notes to Financial Statements, continued

**4. Pensions, continued**

*A. General Information About the Pension Plans, Continued*

GPA's contributions to the DCRS Plan for the years ended September 30, 2023 and 2022 were \$2,971,836 and \$2,716,497, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts \$2,323,635 and \$2,120,703 were or will be contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2023 and 2022, respectively.

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

*Pension Liability:* At September 30, 2023 and 2022, GPA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2022 and 2021, respectively, which is comprised of the following:

	<u>2023</u>	<u>2022</u>
Defined Benefit Plan	\$75,169,330	\$51,163,877
Ad Hoc COLA/supplemental annuity Plan for DB retirees	13,566,656	15,888,333
Ad Hoc COLA Plan for DCRS retirees	<u>2,799,193</u>	<u>3,415,505</u>
	<u>\$91,535,179</u>	<u>\$70,467,715</u>

GPA's proportion of the GovGuam net pension liabilities was based on GPA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2023 and 2022, GPA's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2023</u>	<u>2022</u>
Defined Benefit Plan	5.06%	5.31%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	5.29%	5.15%
Ad Hoc COLA Plan for DCRS retirees	4.65%	4.84%

*Pension Expense:* For the years ended September 30, 2023 and 2022, GPA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2023</u>	<u>2022</u>
Defined Benefit Plan	\$6,568,888	\$2,871,351
Ad Hoc COLA/supplemental annuity Plan for DB retirees	411,366	1,321,730
Ad Hoc COLA Plan for DCRS retirees	<u>176,633</u>	<u>312,635</u>
	<u>\$7,156,887</u>	<u>\$4,505,716</u>



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**Notes to Financial Statements, continued**

**4. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Deferred Outflows and Inflows of Resources:* At September 30, 2023 and 2022, GPA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2023					
	<u>Supplemental Annuity Defined Benefit Plan</u>		<u>Ad Hoc COLA Plan for DB Retirees</u>		<u>Ad Hoc COLA/ Plan for DCRS Retirees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,457,316	\$ 201,008	\$ ---	\$ 115,945	\$ 346,186	\$ 55,441
Net difference between projected and actual earnings on pension plan investments	16,940,585	---	---	---	---	---
Changes of assumptions	---	---	22,144	1,472,085	582,033	749,807
Contributions subsequent to the measurement date	6,764,525	---	1,262,222	---	138,600	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	<u>---</u>	<u>2,539,930</u>	<u>285,569</u>	<u>7,403</u>	<u>100,905</u>	<u>630,826</u>
	<u>\$25,162,426</u>	<u>\$2,740,938</u>	<u>\$1,569,935</u>	<u>\$1,595,433</u>	<u>\$1,167,724</u>	<u>\$1,436,074</u>
	September 30, 2022					
	<u>Supplemental Annuity Defined Benefit Plan</u>		<u>Ad Hoc COLA Plan for DB Retirees</u>		<u>Ad Hoc COLA/ Plan for DCRS Retirees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 82,121	\$ 520,227	\$ ---	\$220,725	\$ 375,612	\$ 66,512
Net difference between projected and actual earnings on pension plan investments	---	6,180,566	---	---	---	---
Changes of assumptions	---	---	432,934	47,113	693,742	225,286
Contributions subsequent to the measurement date	6,878,689	---	1,152,531	---	118,000	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	<u>223,868</u>	<u>2,271,436</u>	<u>145,274</u>	<u>15,629</u>	<u>113,348</u>	<u>624,908</u>
	<u>\$ 7,184,678</u>	<u>\$8,972,229</u>	<u>\$1,730,739</u>	<u>\$283,467</u>	<u>\$1,300,702</u>	<u>\$ 916,706</u>

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Notes to Financial Statements, continued

**4. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2023 will be recognized in pension (expense) income as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Defined Benefit</u> <u>Plan</u>	<u>Ad Hoc COLA/ Supplemental Annuity Plan</u> <u>for DB Retirees</u>	<u>Ad Hoc COLA</u> <u>Plan for DCR</u> <u>Retirees</u>	<u>Total</u>
2024	\$ 3,421,512	\$( 41,525)	\$(234,455)	\$ 3,145,532
2025	2,586,916	( 41,525)	(234,456)	2,310,935
2026	3,290,024	( 180,608)	30,505	3,139,921
2027	5,673,146	( 180,608)	30,505	5,523,043
2028	142,599	( 180,608)	34,185	( 3,824)
Thereafter	<u>542,766</u>	<u>( 662,846)</u>	<u>( 33,234)</u>	<u>( 153,314)</u>
	<u>\$15,656,963</u>	<u>\$(1,287,720)</u>	<u>\$(406,950)</u>	<u>\$13,962,293</u>

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	DB Plan: 50% of employees will retire when first eligible for unreduced retirement, thereafter, 20% of employees will retire at each year until age 75; DC Plan: 5% per year from age 55 to 64, 10% per year from age 65 to age 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

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Notes to Financial Statements, continued

**4. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Expected Rate of Return and Asset Allocation:* The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	8.14%	2.12%
U.S. Equities (small cap)	4.0%	9.75%	0.39%
Non-U.S. Equities	17.0%	10.15%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.08%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.77%	1.05%
Risk Parity	8.0%	6.65%	0.53%
High Yield Bonds	8.0%	6.90%	0.55%
Global Real Estate (REITs)	2.5%	9.62%	0.24%
Global Equity	7.0%	8.93%	0.67%
Global Infrastructure	2.5%	8.08%	0.16%
Expected arithmetic mean (1 year)			7.80%
Expected geometric mean (30 years)			7.09%

*Discount Rate:* The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments was 4.02%, which is equal to the rate of return of a high quality bond index.

*Discount Rate Sensitivity Analysis:* The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GPA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	<u>1% Decrease in Discount Rate 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase in Discount Rate 8.0%</u>
Net Pension Liability	<u>\$88,394,940</u>	<u>\$75,169,330</u>	<u>\$58,782,134</u>

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Notes to Financial Statements, continued

**4. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Net Pension Liability	\$ <u>14,743,959</u>	\$ <u>13,566,656</u>	\$ <u>12,526,704</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Net Pension Liability	\$ <u>3,186,256</u>	\$ <u>2,799,193</u>	\$ <u>2,507,641</u>

*C. Payables to the Pension Plans*

As of September 30, 2023 and 2022, GPA has no payables to GGRF relating to unremitted statutorily required contributions.

**5. Other Post-Employment Benefits (OPEB)**

GPA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

*A. General Information About the OPEB Plan*

*Plan Description:* The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2<sup>nd</sup> Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

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Notes to Financial Statements, continued

**5. Other Post-Employment Benefits (OPEB), continued**

*A. General Information About the OPEB Plan, continued*

*Benefits:* GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

*Contributions:* No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2023 and 2022, GPA reimbursed GovGuam \$3,246,043 and \$2,859,663, respectively, for its share of the costs of the above mentioned Plan, which were equal to the statutorily required contributions.

*B. Total OPEB Liability*

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2023	September 30, 2022
Measurement date:	September 30, 2022	September 30, 2021
Valuation date:	September 30, 2022	September 30, 2020

Total OPEB liability as of September 30, 2023 and 2022 is \$130,691,710 and \$174,910,068, respectively.

*Actuarial Assumptions:* A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.50%
Healthcare cost trend rate:	Non-Medicare and Medicare – 8% for Year 1, then reducing 0.5% annually to an ultimate rate of 4.1%. Part B is at 4.25%. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions. The trend rates for Medicare Part B and Part D reimbursements are assumed to be 4.25% per year.

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Notes to Financial Statements, continued

**5. Other Post-Employment Benefits (OPEB), continued**

*B. Total OPEB Liability, continued*

*Actuarial Assumptions, continued*

Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Healthy retiree mortality rates:	Head-count weighted PUB-2010 Table, set forward 4 years and 2 years for males and females, respectively, projected generationally using 50% of MP-2020.
Disabled retiree mortality rates:	PUB-2010 Disabled Retiree Amount Weighted mortality table set forward 4 years and 2 years for males and females, respectively, using 130% of the rates before age 80 and projected generationally from 2010 using 50% of mortality improvement scale MP-2020.

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.02% and 2.26% as of September 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, tax-exempt, high quality municipal bond rate at each year was applied respectively to all periods to determine the total OPEB liability.

*OPEB Plan Fiduciary Net Position:* An OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.



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Notes to Financial Statements, continued

**5. Other Post-Employment Benefits (OPEB), continued**

*C. Changes in the Total OPEB Liability*

Changes in GPA's proportionate share of the total OPEB liability for the year ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
At October 1	\$174,910,068	\$160,364,667
Changes for the year:		
Change in benefit terms	4,933,224	---
Service cost	4,552,636	4,322,457
Interest	3,880,848	3,609,190
Change of assumptions	( 34,538,604)	4,659,031
Change in proportionate share	( 16,187,855)	72,207
Differences between expected and actual experience	( 3,461,485)	4,633,265
Benefit payments	( <u>3,397,122</u> )	( <u>2,750,749</u> )
Net change	( <u>44,218,358</u> )	<u>14,545,401</u>
At September 30	<u>\$130,691,710</u>	<u>\$174,910,068</u>

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.02%) in measuring the OPEB liability.

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
OPEB Liability	<u>\$151,801,993</u>	<u>\$130,691,710</u>	<u>\$113,578,632</u>

*Healthcare Cost Trend Rate Sensitivity Analysis:* The following schedule presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact on the OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the current healthcare cost trend rate used in measuring the OPEB liability.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Liability	<u>\$112,027,988</u>	<u>\$130,691,710</u>	<u>\$154,497,378</u>

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Notes to Financial Statements, continued

**5. Other Post-Employment Benefits (OPEB), continued**

*D. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the years ended September 30, 2023 and 2022, GPA recognized OPEB expense of \$3,058,744 and \$6,602,076, respectively, for its proportionate share of the GovGuam total OPEB expense. At September 30, 2023 and 2022, GPA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>		<u>2022</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of assumptions	\$12,119,451	\$42,913,384	\$20,421,733	\$24,593,118
Difference between expected and actual experience	10,192,069	6,009,834	15,241,730	9,290,905
Contributions subsequent to the measurement date	3,246,043	---	2,859,663	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	<u>1,234,321</u>	<u>16,049,614</u>	<u>3,082,777</u>	<u>2,712,106</u>
	<u>\$26,791,884</u>	<u>\$64,972,832</u>	<u>\$41,605,903</u>	<u>\$36,596,129</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (expense) income as follows:

Year Ending September 30,

2024	\$( 6,405,699)
2025	( 5,691,286)
2026	( 7,982,052)
2027	( 7,006,098)
2028	( 7,135,252)
Thereafter	( <u>7,206,604</u> )
	<u>\$(41,426,991)</u>

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Notes to Financial Statements, continued

**6. Noncurrent Liabilities**

**A. Long-term Debt**

Long-term debt as at September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
2022 Series Revenue Refunding Bonds, initial face value of \$257,570,000 interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$5,740,000 in October 2022, increasing to a final payment of \$21,940,000 in October 2044.	\$251,830,000	\$257,570,000
2017 Series Revenue Refunding Bonds, initial face value of \$148,670,000, interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$135,000 in October 2018, increasing to a final payment of \$16,800,000 in October 2040.	148,040,000	148,355,000
2014 Series Senior Revenue Bonds, initial face value of \$76,470,000, interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,310,000 in October 2017, increasing to a final payment of \$4,855,000 in October 2044.	<u>67,550,000</u>	<u>69,225,000</u>
Total long-term debt	467,420,000	475,150,000
Less current maturities	( 24,680,000)	( 7,730,000)
	442,740,000	467,420,000
Add premium on bonds	<u>34,876,271</u>	<u>36,453,798</u>
Total bonds	<u>\$477,616,271</u>	<u>\$503,873,798</u>

Proceeds of the 2014 Series Revenue Bonds were used to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, make a deposit to the Senior Bond Reserve Fund, provide capitalized interest through September 30, 2017, and pay costs of issuance.

Proceeds of the 2017 Series Revenue Refunding Bonds were used to refund GPA's 2010 Series Senior Revenue Bonds and to pay costs of issuance. The 2010 Series Senior Revenue Bonds were used to finance capital projects, generally consisting of a new administration building and various generation, transmission and distribution facilities, make a deposit to the Bond Reserve Fund, provide capitalized interest, and pay costs of issuance.

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Notes to Financial Statements, continued

**6. Noncurrent Liabilities, continued**

**A. Long-term Debt, continued**

Proceeds of the 2022 Series Revenue Refunding Bonds were used to refund GPA's 2012 Series Senior Revenue Bonds and to pay costs of issuance. The 2012 Series Senior Revenue Bonds were used to refund GPA's 1993 and 1999 Senior Bonds.

All gross revenues have been pledged to repay the bonds principal and interest. For the years ended September 30, 2023 and 2022, the debt service for the series bonds were \$27,809,983 and \$28,708,858, respectively, or approximately 5% and 6% of pledged gross revenues, respectively.

Premium associated with the bonds as at September 30, 2023 and 2022 are being amortized on the effective interest method over the life of the applicable debt.

As of September 30, 2023, future maturities of long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 24,680,000	\$ 22,704,000	\$ 47,384,000
2025	15,855,000	21,690,625	37,545,625
2026	16,650,000	20,878,000	37,528,000
2027	17,480,000	20,024,750	37,504,750
2028	18,355,000	19,128,875	37,483,875
2029 through 2033	106,495,000	80,556,875	187,051,875
2034 through 2038	104,965,000	52,669,375	157,634,375
2039 through 2043	110,620,000	27,236,650	137,856,650
2044 through 2045	<u>52,320,000</u>	<u>2,626,350</u>	<u>54,946,350</u>
	<u>\$467,420,000</u>	<u>\$267,515,500</u>	<u>\$734,935,500</u>

**Debt Refunding**

In October 2012, GPA refunded its 1993 and 1999 Series bonds through the issuance of the 2012 Series bonds. At the time of refunding, the 1993 and 1999 Series bonds had principal balances outstanding of \$56,370,000 and \$299,680,000, respectively. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 1993 and 1999 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 1993 and 1999 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling \$17,283,801 representing the difference between the reacquisition price and the carrying amount of the 1993 and 1999 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by \$16,506,398 over the next twenty years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$27,940,966.

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Notes to Financial Statements, continued

**6. Noncurrent Liabilities, continued**

**A. Long-term Debt, continued**

Debt Refunding, continued

In December 2017, GPA refunded its 2010 Series bonds through the issuance of the 2017 Series bonds. At the time of refunding, the 2010 Series bonds had a principal balance outstanding of \$150,440,000. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held uninvested as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 2010 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 2010 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling \$18,390,430 representing the difference between the reacquisition price and the carrying amount of the 2010 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by \$11,528,439 over the next twenty-two years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$7,773,490.

In July 2022, GPA refunded its 2012 Series bonds through the issuance of the 2022 Series bonds. At the time of refunding, the 2012 Series bonds had a principal balance outstanding of \$285,795,000. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held uninvested as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 2012 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 2012 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling \$2,224,524 representing the difference between the reacquisition price and the carrying amount of the 2012 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by \$43,135,796 over the next twenty-three years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$5,772,263.

The loss on refunding of the bonds is being amortized using the effective interest method over the average remaining life of the old bonds which approximated the average life of the new bonds. As of September 30, 2023, the unamortized balance of the loss on refunding of the 1993 and 1999 Series bonds and 2010 Series bonds is \$1,811,894 and \$11,711,837 respectively. As of September 30, 2022, the unamortized balance of the loss on refunding of the 1993 and 1999 Series bonds and 2010 Series bonds is \$1,898,175 and \$12,818,442, respectively.

At September 30, 2023 and 2022, bonds outstanding amounting to \$535,815,000 were considered defeased.

All of GPA's outstanding bonds are public offerings sold through competitive sale. GPA has no direct borrowings.

**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**6. Noncurrent Liabilities, continued**

**A. Long-term Debt, continued**

Debt Refunding, continued

Changes in GPA's long-term debt for the years ended September 30, 2023 and 2022 are as follows:

	Outstanding October 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2023</u>	<u>Current</u>
Long-term debt:					
2014 Series Senior bonds	\$69,225,000	\$ ---	\$( 1,675,000)	\$ 67,550,000	\$ 1,755,000
2017 Series Senior bonds	148,355,000	---	( 315,000)	148,040,000	4,050,000
2022 Series Senior bonds	257,570,000	---	( 5,740,000)	251,830,000	18,875,000
Unamortized premium on bonds	<u>36,453,798</u>	<u>---</u>	<u>( 1,577,527)</u>	<u>34,876,271</u>	<u>---</u>
	<u>\$511,603,798</u>	<u>\$ ---</u>	<u>\$( 9,307,527)</u>	<u>\$502,296,271</u>	<u>\$24,680,000</u>

	Outstanding October 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2022</u>	<u>Current</u>
Long-term debt:					
2012 Series Senior bonds	\$305,740,000	\$ ---	\$(305,740,000)	\$ ---	\$ ---
2014 Series Senior bonds	70,820,000	---	( 1,595,000)	69,225,000	1,675,000
2017 Series Senior bonds	148,355,000	---	---	148,355,000	315,000
2022 Series Senior bonds	---	257,570,000	---	257,570,000	5,740,000
Unamortized premium on bonds	<u>31,905,390</u>	<u>18,474,929</u>	<u>( 13,926,521)</u>	<u>36,453,798</u>	<u>---</u>
	<u>\$556,820,390</u>	<u>\$276,044,929</u>	<u>\$(321,261,521)</u>	<u>\$511,603,798</u>	<u>\$ 7,730,000</u>

Bond Covenants

The Indenture, dated December 1, 1992, as subsequently amended and supplemented by Supplemental Indentures, sets forth the establishment of accounts, the application of revenues, and certain other covenants to ensure payment of debt service. Management believes GPA was in compliance with all bond covenants as of and for the years ended September 30, 2023 and 2022. The primary requirements of the Indenture are summarized below:

**Rate Covenant** - GPA has covenanted to at all times to establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the system so as to yield, with respect to the then immediately following twelve months, net revenues equal to at least 1.30 times of the annual debt service. Net revenues are defined as all revenues received during the period less maintenance and operation expenses incurred during such period.



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Notes to Financial Statements, continued

**6. Noncurrent Liabilities, continued**

**A. Long-term Debt, continued**

Bond Covenants, continued

Revenue Fund – The Indenture requires GPA to deposit all revenues upon receipt in the revenue fund. Amounts in the revenue fund are to be used to pay budgeted maintenance and operation expenses and transfer the remaining moneys to different fund accounts.

Working Capital Requirement – Working capital refers to the amount of cash GPA maintains at any given time to pay for its operations. GPA must maintain a balance in such account equal to one-twelfth of the budgeted maintenance and operation expenses for the then current fiscal year.

Bond Fund - the Indenture created the Bond Fund solely for the purposes of: (1) paying interest on the Senior Bonds when due and payable; (2) paying principal of the Serial Senior Bonds when due and payable; and (3) purchasing and redeeming or paying at maturity the Term Senior Bonds.

Bond Reserve Fund - the Indenture created a Bond Reserve Fund available for the purpose of paying debt service on Bonds in the event of a deficiency in the Bond Fund. GPA is required to maintain an amount within the Bond Reserve Fund equal to the maximum annual debt service for the then current or future fiscal year on all outstanding bonds.

Events of default with finance related consequences - the Indenture specifies a number of Events of Default and related remedies. In the event that the amount in any Fund or Account is insufficient for the purposes for which such Fund or Account was established, the Trustee shall transfer such amount as is necessary to satisfy such deficiency. If an event of default continues, the Trustee is entitled, and if requested to do so by the Bondholders, to declare the principal and accrued interest to be due and payable immediately upon notice in writing to GPA.

Acceleration - the remedies granted to the Trustee and the Bondholders under the Indenture do not include any right to accelerate the payment of the outstanding bonds. The Trustee is authorized to take certain actions upon the occurrence of an event of default, including proceedings to enforce the rights of Bondholders as outlined in the Indenture.

**Guam Power Authority**  
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Notes to Financial Statements, continued

**6. Noncurrent Liabilities, continued**

**B. Other Long-term Liabilities**

Changes in other long-term liabilities in fiscal years 2023 and 2022 were as follows:

	Outstanding October 1, 2022	Increases	Decreases	Outstanding September 30, 2023	Current
Others:					
DCRS sick leave liability	\$ 1,695,518	\$ ---	\$ ---	\$ 1,695,518	\$ ---
Employees' annual leave	3,559,503	16,403	---	3,575,906	1,852,589
Lease liabilities	17,115,653	---	(5,409,970)	11,705,683	4,922,204
Net pension liability	70,467,715	21,067,464	---	91,535,179	---
OPEB liability	174,910,068	---	(44,218,358)	130,691,710	---
Customer advances for construction	541,501	132,623	---	674,124	---
	<u>\$268,289,958</u>	<u>\$21,216,490</u>	<u>\$(49,628,328)</u>	<u>\$239,878,120</u>	<u>\$6,774,793</u>

	Outstanding October 1, 2021	Increases	Decreases	Outstanding September 30, 2022	Current
Others:					
DCRS sick leave liability	\$ 1,695,518	\$ ---	\$ ---	\$ 1,695,518	\$ ---
Employees' annual leave	3,976,220	---	( 416,717)	3,559,503	1,836,186
Lease liabilities	21,115,196	---	(3,999,543)	17,115,653	5,409,970
Net pension liability	88,431,082	---	(17,963,367)	70,467,715	---
OPEB liability	160,364,667	14,545,401	---	174,910,068	---
Customer advances for construction	470,165	71,336	---	541,501	---
	<u>\$276,052,848</u>	<u>\$14,616,737</u>	<u>\$(22,379,627)</u>	<u>\$268,289,958</u>	<u>\$7,246,156</u>

**7. Leases**

Leased assets at September 30, 2023 consists of the following:

<u>Lease Description</u>	<u>Classification</u>	<u>Gross Balance</u>	<u>Accumulated Amortization</u>	<u>Net Balance</u>
Fuel Storage	Fuel Storage	\$19,870,827	\$8,598,016	\$11,272,811
Ground lease	Land	563,486	187,829	375,657
Copier equipment	Equipment	401,779	301,334	100,445
Office building	Building	279,104	121,791	157,313
		<u>\$21,115,196</u>	<u>\$9,208,970</u>	<u>\$11,906,226</u>

Leased assets at September 30, 2022 consists of the following:

<u>Lease Description</u>	<u>Classification</u>	<u>Gross Balance</u>	<u>Accumulated Amortization</u>	<u>Net Balance</u>
Fuel Storage	Fuel Storage	\$19,870,827	\$3,830,456	\$16,040,371
Ground lease	Land	563,486	93,914	469,572
Copier equipment	Equipment	401,779	150,667	251,112
Office building	Building	279,104	60,896	218,208
		<u>\$21,115,196</u>	<u>\$4,135,933</u>	<u>\$16,979,263</u>

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Notes to Financial Statements, continued

**7. Leases, continued**

The following represent significant leases included in the fuel storage category:

- A lease agreement for fuel storage tanks effective September 1, 2013. The contract includes fixed annual fees escalating 4% every year until August 31, 2022. In July 2022, the lease was extended until August 2025.
- A lease agreement for the use of pipelines effective September 1, 2013. The contract includes fixed annual fees escalating at a certain percentage every year until August 31, 2022. In July 2022, the lease was extended until August 2025.
- A lease agreement for additional fuel storage tank effective January 1, 2018. The contract includes fixed annual fees every year until December 31, 2022. In December 2022, the lease was extended until May 2024, with the option to extend the lease term up to June 2026.
- A lease agreement for additional fuel storage tank effective July 1, 2022. The contract includes fixed annual fees every year until June 30, 2023. In December 2022, the lease was extended until June 2024, with the option to extend the lease term up to June 2026.

GPA recorded the related right-of-use assets at cost of \$21,115,196, less accumulated amortization of \$9,208,970 and \$4,135,933 as of September 30, 2023 and 2022, respectively.

The future lease payments for the aforementioned agreements are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,922,204	\$197,606	\$ 5,119,810
2025	4,802,469	100,578	4,903,047
2026	1,880,763	22,437	1,903,200
2027	<u>100,247</u>	<u>1,992</u>	<u>102,239</u>
	<u>\$11,705,683</u>	<u>\$322,613</u>	<u>\$12,028,296</u>

**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**8. Agreements with the U.S. Navy**

On September 15, 1996, a lease agreement was entered into between GPA and the U.S. Navy (Navy) to transfer to GPA the operations, maintenance, and custody of certain Navy-owned electrical transmission and distribution lines, electric power generation facilities, related structures and equipment, together with the associated land interest. The facilities are leased to GPA at no cost for a period of 50 years.

On August 1, 2012, GPA and the Navy entered into a Utility Services Contract (USC) for a period of ten years, unless terminated early at the option of the Navy, with no option for extension. Key features of the USC include transfer of certain Navy facilities to GPA at no charge, calculation of power rates charged to the Navy in accordance with the methodology approved by the PUC, GPA's continued use of the Navy's assets and associated real estate assets at no charge, compensation by GPA to the Navy for energy supplied to GPA's customers from Navy dedicated facilities, weekly fuel payments by the Navy, supply of water to Guam Waterworks Authority (GWA) by the Navy for power generation facilities, maintenance of a minimum contract demand with no maximum demand provision, and payment within fifteen days of electric billing by the Navy, subject to late payment charges. During the years ended September 30, 2023 and 2022, GPA billed the Navy \$90,867,260 and \$87,300,333, respectively, for sales of electricity under the USC. Receivables from the Navy were \$4,637,865 and \$8,259,566 as at September 30, 2023 and 2022, respectively.

On August 31, 2015, GPA and the Navy entered into a Basic Ordering Agreement (BOA) which enumerates task items that are to be contracted to identify, develop and/or implement work on Navy facilities and utility systems. The tasks are generally related to energy services including renewable energy and energy efficiency. The period during which the orders may be placed against the BOA may not exceed five years. On August 26, 2020, GPA and the Navy executed their first task under the BOA. However, no costs have been incurred as of September 30, 2023.

On September 12, 2016, GPA and the Navy entered into a lease agreement to lease a portion of the land controlled by the Navy to construct and operate a renewable energy plant. The lease will not be effective until GPA secures the renewable energy contract. No lease payment is due or accruing until then.

**9. Commitments and Contingencies**

**Fuel Purchase Contracts**

In November 2019, GPA entered into diesel fuel supply contracts with IP&E Guam, Inc. and Mobil Oil Guam, Inc. The agreements are for two years beginning January 1, 2020 with an option to extend for three years, renewable annually. GPA extended the contracts until December 31, 2024.

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Notes to Financial Statements, continued

**9. Commitments and Contingencies, continued**

**Fuel Purchase Contracts, continued**

In September 2020, GPA entered into residual fuel oil (RFO) supply contract with Hyundai Corporation. The agreement is for three years commencing on or about September 1, 2020 until August 31, 2023 with the options to extend for two (2) additional one (1) year terms, upon mutual agreement of both parties. The first one-year term extension was exercised and the Fuel Purchase Contract expiring on August 31, 2024. The minimum purchase under the contract is 1,000,000 barrels per year of Ultra-Low Sulfur Fuel Oil.

**Performance Management Contracts**

GPA entered into a Performance Management Contract (PMC) for the operation and maintenance of the Cabras 1 and 2 generators, effective on October 1, 2010, for a period of five years with an option to extend for another five-year term, which expired on September 2020. Fees under the PMC are subject to certain incentives and penalties, as agreed by both parties. On July 30, 2020, the Guam PUC approved GPA's petition to award the bid to Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES) for the base period total cost of \$9,969,188 for three years with an option to extend up to two additional one-year terms. The first one-year term extension was exercised, extending the contract until September 30, 2024. The minimum payment for the year ending September 30, 2024 approximated \$2,641,162.

GPA entered into a PMC for the Dededo, Macheche and Yigo combustion turbine power plants for a period of five years commencing on March 1, 2016 with options to extend for one additional three-year term and one additional two-year term. The fees are subject to certain incentives and penalties, as agreed by both parties. The first three-year term extension was exercised and the PMC is expiring on February 28, 2026.

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$3,476,729
2025	3,663,854
2026	<u>363,003</u>
	<u>\$7,503,586</u>

**Fuel Bulk Storage Facility Contract**

In September 2023, GPA entered into an agreement for the management and operation of its fuel bulk storage facility. The agreement is for three years, to take effect October 1, 2023, with an option to extend the contract for two additional one-year terms.

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Notes to Financial Statements, continued

**9. Commitments and Contingencies, continued**

**Renewable Energy Contracts**

GPA entered into two renewable energy purchase agreements to purchase 20 MW and 5.65 MW of solar renewable energy. The commercial operation date of the two solar plants was October 30, 2015. The agreements include escalating contract prices per MW hour until 2041 and 90% minimum production which is the minimum requirement per contract year that is to be met to avoid production shortfall penalties. The total minimum renewable energy purchase commitment is 1.1 million MW hours.

At September 30, 2023, the minimum future renewable energy purchases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 20,681,224
2025	20,784,159
2026	20,883,476
2027	20,942,081
2028	20,988,248
2029 through 2033	105,690,982
2034 through 2038	107,788,567
2039 through 2043	82,013,052
2044 through 2047	<u>46,657,783</u>
	<u>\$446,429,572</u>

In August 2018, GPA executed three renewable energy purchase agreements to purchase a total of 120 MW of solar renewable energy. The 60 MW Solar Project under KEPCO commenced operations in June 2022. The agreement includes escalating contract prices per MW hour until 2047 and 90% minimum production which is the minimum requirement per contract year that is to be met to avoid production shortfall penalties. The total minimum renewable energy purchase commitment is 3.1 million MW hours. In January 2024, the PUC approved an amendment to the remaining agreements for two 30 MW solar farms, adjusting the project to a 41 MW solar farm.

**Energy Conversion Agreement**

In January 2019, ownership of a power plant under an energy conversion agreement was transferred to GPA. GPA entered into an agreement with the same company to continue to manage and operate the power plant for a period of five years. The operation and maintenance fees are calculated based on factors stated in the agreement and paid on a monthly basis. GPA also pays a monthly recapitalization fee of \$305,265 consisting of payments for capital and performance improvement projects, operations and maintenance fees, 4% cost of money and 10% contingency. The total recapitalization fees paid during each of the years ended September 30, 2023 and 2022 were \$3,663,180 each year, of which \$4,817,674 and \$4,438,322, respectively, were prepaid. Of the total amount, \$3,249,069 and \$1,199,014, respectively, was for capital projects which were recorded in utility plant assets for the years ended September 30, 2023 and 2022. The remaining amount was unspent and is included in prepaid expenses and other current assets in the accompanying statements of net position as of September 30, 2023 and 2022.



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Notes to Financial Statements, continued

**9. Commitments and Contingencies, continued**

**Energy Conversion Agreement, continued**

As of September 30, 2023, the future recapitalization fees are \$1,221,060.

**Capital Commitments**

As of September 30, 2023, GPA has various on-going construction contracts with a total contract price of \$9.5 million, of which \$6.7 million is recorded in construction work in progress.

**Self-Insurance**

GPA self-insures its transmission and distribution (T&D) plant, because no insurance is available at reasonable rates.

As the result of a PUC Order, GPA adds an insurance charge of \$0.00290 per kWh for civilian ratepayers and from \$0.00035 per kWh to \$0.00070 per kWh for the Navy until a self-insurance fund balance of \$20 million is achieved. Insurance charge proceeds are transferred to the restricted self-insurance fund to be used to cover losses that would normally be covered by insurance. GPA is not prohibited from petitioning PUC for approval to use the self-insurance fund for additional purposes to the extent that such losses are not covered by insurance.

In 2015, GPA reached the \$20 million self-insurance cap and the insurance surcharge was discontinued.

In July 2021, CCU approved a \$10 million drawdown from the self-insurance used for partial settlement of fuel cost, resulting in the fund balance to fall to less than \$18 million, which is the threshold for surcharge reactivation. The insurance surcharge was reactivated effective August 1, 2021.

The self-insurance fund, included in restricted cash and cash equivalents held by GPA, was \$11,844,666 and \$9,636,149 as at September 30, 2023 and 2022, respectively.

**Litigation**

GPA has several asserted and unasserted claims outstanding as of September 30, 2023. It is not possible for the management of GPA to estimate the ultimate resolution of these matters and therefore, no provision for any liability that may result from these claims has been made in the accompanying financial statements.

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**Notes to Financial Statements, continued**

**9. Commitments and Contingencies, continued**

**U.S. Environmental Protection Agency**

On May 24, 1986, the administrator of the U.S. Environmental Protection Agency (EPA) granted a continuing exemption to GPA under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption.

In February 2011, EPA, under the Clean Air Act, established new rules under National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine Maximum Achievable Control Technology (RICE MACT). These rules require stack emissions control and continuous monitoring system equipment to be installed on all GPA peaking and baseload diesel generators including its Cabras 3 and 4 and MEC 8 and 9 slow speed diesel units. Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of \$37,500 per unit per day. GPA applied for and received a one-year extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period. The Cabras 3 and 4 power plants are no longer subject to compliance due to an explosion and fire in August 2015.

EPA also established rules for Electric Generating Unit Maximum Achievable Control Technology (EGU MACT) which applies to Cabras 1 and 2 and Tanguisson steam boiler units. Compliance under the EGU MACT was required by April 2015. Non-compliance could result in penalty fees of \$37,500 per unit per day. GPA obtained PUC approval to early terminate the associated energy conversion agreement of the Tanguisson unit. By deactivating the Tanguisson unit, GPA did not incur compliance costs for this unit.

As to compliance with the other units subjected to RICE MACT and EGU MACT, GPA and EPA entered into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In early February 2020, EPA and GPA signed the consent decree. The US District Court approved the consent decree on April 20, 2020 and this approval shall constitute the final judgement to GPA. Due to the COVID-19 pandemic, GPA encountered delays in completing some of the objectives set forth in the consent decree. On January 14, 2022, the US District Court approved certain modifications of the consent decree most of which pertain to the schedules for implementing the injunctive relief required by the decree. The consent decree requires monetary penalties for not accomplishing the various objectives by the required dates. Some of the objectives of the consent decree follow:

- a. permanently retire Cabras 1 and 2 units by October 31, 2024.
- b. bring the MEC 8 and 9 units into compliance by switching from residual fuel oil to ultra-low sulfur diesel oil and installing oxidation catalysts by July 31, 2022.
- c. construct a new power plant that will comply with the requirements of Clean Air Act to be activated by April 30, 2024.
- d. pay a sum of \$400,000 as a civil penalty. This penalty was settled on May 1, 2020.

Additionally, the timelines for a and c are further delayed due to Typhoon Mawar in May 2023. GPA now anticipates the completion of the new power plant by September 30, 2025 and the permanent retirement of Cabras 1 and 2 units by March 31, 2026.

**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**9. Commitments and Contingencies, continued**

**Hazardous Waste Assessment**

Guam Public Law 20-110 requires certain entities to remit payments to a hazardous substance expense fund. There are questions as to the enforceability of the law; accordingly, no provision has been made in the accompanying financial statements for payments to be made under this law. GPA is covered by its self-insurance and worker's compensation insurance in case of accidents due to hazardous substances.

**Autonomous Agency Collections Fund**

On March 31, 2011, GPA received an invoice from the Government of Guam Department of Administration (GovGuam DOA) of \$12,250,000 representing an annual assessment of \$875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund. In September 2013, GPA received another invoice for \$875,000 from the Chamorro Land Trust Commission referring to the same annual assessment aforementioned. There were no invoices received for the year ended September 30, 2023 and 2022. GPA obtained approval from the CCU to offer GovGuam DOA a settlement amount of \$2.6 million. However, such settlement offer is conditional on the approval by the PUC of a surcharge to recover the assessment from ratepayers. The PUC has not approved the surcharge as of September 30, 2023 and therefore, no liability or other impact has been recognized in the accompanying financial statements.

**Merit System**

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of GovGuam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning 1991 but was suspended by law for the years 1996, 2002, 2003 and 2004. Between 1991 and 2008, GPA did not calculate or pay any bonuses. In 2010, the Guam Legislature authorized GPA to implement a Pay for Performance program, similar to the GovGuam unified pay systems for certified, technical and professional positions, covering the evaluation period of 2009. As of September 30, 2023 and 2022, the CCU determined that there was no liability for employees covered in the new pay system. Therefore, no liability has been recognized in the accompanying financial statements.

**Integrated Resource Plan**

In 2012, GPA developed its Integrated Resource Plan (IRP). The objectives of the IRP are primarily identify the timing, size, technology of future power generating units, and to address issues such as fuel diversification and the renewable energy portfolio standards. Specifically, the IRP recommendations include the replacement of older generation equipment with combined cycle combustion turbine generators which can utilize either Liquefied Natural Gas (LNG) or Ultra-Low Sulfur (ULS) diesel fuel; adding 40-45 MW of generation from renewable energy sources; and diversification of its fuel source to LNG and ULS diesel fuel.

Guam Power Authority  
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Notes to Financial Statements, continued

**9. Commitments and Contingencies, continued**

**Integrated Resource Plan, continued**

In August 2015, GPA lost 78 MW of base load capacity and experienced insufficient generation reserve after the explosion and fire at the Cabras 4 Power Plant. The PUC ordered GPA to update the IRP in consideration of this event. The results of the updated IRP indicated that GPA should procure up to 180 MW of combined cycle units. In October 2016, the PUC authorized GPA to proceed with procurement and in October 2019, the PUC approved the energy conversion agreement for a 198 MW power plant build, own/operate and transfer contract. The PUC Order, however, does not include the authorization or approval for any use of LNG as a fuel source for the new plant.

**Asset Retirement Obligation**

GPA has power plants that were identified to be retired in the future. Upon retirement, GPA may incur costs to dismantle and clean-up the power plants. As of September 30, 2023, GPA has no legal or contractual obligation to perform these actions when they retire their assets; therefore, no provision for this potential cost has been recorded in the accompanying financial statements.

**Effect of Typhoon Mawar**

On May 24, 2023, the island of Guam suffered severe damages caused by super typhoon Mawar. GPA performed its damage assessment processes, and its submission of application to the Federal Emergency Agency (FEMA) for potential funding to cover eligible items is ongoing. As of the date of this report, the application is still pending review and approval by FEMA. During the year ended September 30, 2023, approximately \$17,081,000 in repair and other costs due to damages from typhoon Mawar was recorded in Other Expense.

**10. Related Party Transactions and Balances**

During the years ended September 30, 2023 and 2022, GPA billed GovGuam agencies amounting to \$77,582,680 and \$62,802,060 for sales of electricity, respectively. Receivables from GovGuam agencies were \$11,354,787 and \$13,634,441 as at September 30, 2023 and 2022, respectively (see Note 3).

GPA provides electrical and administrative services to GWA, a component unit of the GovGuam, which is also governed by the CCU. Electricity sales to GWA for the years ended September 30, 2023 and 2022 were \$24,390,789 and \$18,577,820, respectively. Outstanding receivables were \$1,170,779 and \$2,216,820 as at September 30, 2023 and 2022, respectively, which are included in the GovGuam agencies receivable mentioned above.

Guam Power Authority  
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Notes to Financial Statements, continued

**10. Related Party Transactions and Balances, continued**

On June 23, 2009, GPA and GWA entered into a Memorandum of Understanding (MOU) where each agency agrees to provide administrative, operational, maintenance, repair and other specified services on behalf of the other agency and each will reimburse the other for their actual costs for providing said services. Total billings by GPA to GWA for administrative expenses and cost reimbursements were \$120,916 and \$105,680 for the years ended September 30, 2023 and 2022, respectively. Outstanding receivables totaled \$0 and \$195,990 as at September 2023 and 2022, respectively, and were included in other receivables (see Note 3).

Effective October 1, 2015, GPA and GWA implemented an agreement to share in the costs of the office building commonly occupied by them for an annual cost of \$269,170 due from GWA to GPA. GWA also shares in the actual costs incurred for security, janitorial services, building insurance and other maintenance costs. Total billings by GPA to GWA for its share in the costs of the office building were \$555,337 and \$593,428 for the years ended September 30, 2023 and 2022, respectively. Outstanding receivables were \$24,158 and \$37,039 as at September 30, 2023 and 2022, respectively, and were included in other receivables (see Note 3).

GWA billed GPA for water and sewer charges totaling \$1,186,554 and \$2,004,944 for the years ended September 30, 2023 and 2022, respectively. The amount due to GWA at September 30, 2023 and 2022 were \$117,259 and \$408,221, respectively, which was included in accounts payable - operations in the accompanying statements of net position.

In October 2011, U.S. Federal Emergency Management Agency (FEMA) reimbursed GPA for certain typhoon related costs incurred in 2002 of approximately \$1,800,000. The reimbursement was received by GovGuam DOA which plans to offset such amount against billings to GPA related to the Autonomous Agency Collections Fund (see note 9). Due to uncertainty of receipt, GPA has not recorded the reimbursement in the accompanying financial statements.

**11. Restricted Net Position**

As at September 30, 2023 and 2022, respectively, net position was restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Debt service	\$23,315,859	\$ 5,717,177
Budgeted maintenance and operating expenses	8,829,443	5,127,133
Demand Side Management Program and projects	<u>5,968,468</u>	<u>3,200,040</u>
	<u>\$38,113,770</u>	<u>\$14,044,350</u>

**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**12. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2023 were as follows:

	Estimated Useful Lives in Years	Beginning Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2023
<u>Depreciable:</u>					
Other production plant	12 - 25	\$ 413,248,039	\$ 6,270,499	\$ ---	\$ 419,518,538
Distribution plant	15 - 45	256,407,503	4,219,992	( 1,149,015 )	259,478,480
Transmission plant	30 - 45	233,387,952	166,673	( 175,552 )	233,379,073
Steam production plant	25 - 50	125,737,862	4,404,984	---	130,142,846
General plant	3 - 60	114,789,226	3,271,725	---	118,060,951
Production plant under capital lease	15 - 40	32,466,516	---	---	32,466,516
		1,176,037,098	18,333,873	( 1,324,567 )	1,193,046,404
Accumulated depreciation		( 734,209,591 )	( 35,215,950 )	1,149,013	( 768,276,528 )
		441,827,507	( 16,882,077 )	( 175,554 )	424,769,876
<u>Non-depreciable:</u>					
Land and land rights		12,249,830	---	---	12,249,830
Construction work in progress		20,946,680	27,924,897	( 18,326,302 )	30,545,275
		33,196,510	27,924,897	( 18,326,302 )	42,795,105
Utility Plant, net		\$ 475,024,017	\$ 11,042,820	( 18,501,856 )	\$ 467,564,981
<u>Lease assets:</u>					
Cost		\$ 21,115,196	\$ ---	\$ ---	\$ 21,115,196
Accumulated amortization		( 4,135,933 )	( 5,073,037 )	---	( 9,208,970 )
Lease assets, net		\$ 16,979,263	( 5,073,037 )	---	\$ 11,906,226



**Guam Power Authority**  
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**Notes to Financial Statements, continued**

**12. Capital Assets, continued**

A summary of changes in capital assets for the year ended September 30, 2022 were as follows:

	Estimated Useful Lives in Years	Beginning Balance October 1, 2021	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2022
<u>Utility plant</u>					
Depreciable:					
Steam production plant	25 - 50	\$ 124,459,511	\$ 1,278,351	\$ -	\$ 125,737,862
Other production plant	12 - 25	398,040,496	15,216,125	(8,582)	413,248,039
Transmission plant	30 - 45	231,508,333	2,055,171	(175,552)	233,387,952
Distribution plant	15 - 45	250,086,130	7,436,059	(1,114,686)	256,407,503
General plant	3 - 60	115,668,605	2,996,776	(3,876,155)	114,789,226
Production plant under capital lease	15 - 40	32,466,516	-	-	32,466,516
		1,152,229,591	28,982,482	(5,174,975)	1,176,037,098
Accumulated depreciation		(703,987,489)	(35,212,942)	4,990,840	(734,209,591)
		448,242,102	(6,230,460)	(184,135)	441,827,507
Non-depreciable:					
Land and land rights		12,249,830	-	-	12,249,830
Construction work in progress		24,018,928	29,197,363	(32,269,611)	20,946,680
		36,268,758	29,197,363	(32,269,611)	33,196,510
Utility Plant, net		\$ 484,510,860	\$ 22,966,903	\$ (32,453,746)	\$ 475,024,017
<u>Lease assets:</u>					
Cost		\$ -	\$ 21,115,196	\$ -	\$ 21,115,196
Accumulated amortization		-	(4,135,933)	-	(4,135,933)
Lease assets, net		\$ -	\$ 16,979,263	\$ -	\$ 16,979,263

GPA reassessed the estimated useful life of Cabras 1 and 2 based on the expected retirement of these plants when the new power plant becomes operational (see note 9). GPA recorded additional depreciation expense of approximately \$2.08 million during the year ended September 30, 2023 due to the revised estimated useful life of these power plants.

## Required Supplementary Information

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Schedule I**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**

	Defined Benefit Plan (Unaudited)									
	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Total Government of Guam net pension liability	\$ 1,486,783,582	\$ 963,578,517	\$ 1,246,336,897	\$ 1,214,462,675	\$ 1,179,192,550	\$ 1,142,249,393	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754	
Guam Power Authority's (GPA's) proportionate share of the net pension liability	\$ 75,169,330	\$ 51,163,877	\$ 68,455,958	\$ 69,262,940	\$ 64,825,399	\$ 58,849,896	\$ 71,113,926	\$ 74,504,797	\$ 67,025,973	
GPA's proportion of the net pension liability	5.06%	5.31%	5.49%	5.70%	5.50%	5.15%	5.20%	5.19%	5.38%	
GPA's covered payroll**	\$ 28,084,220	\$ 28,273,584	\$ 28,706,604	\$ 29,057,547	\$ 28,249,473	\$ 26,188,178	\$ 26,308,182	\$ 26,516,476	\$ 27,155,671	
GPA's proportionate share of the net pension liability as percentage of its covered payroll	267.66%	180.96%	238.47%	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%	
Plan fiduciary net position as a percentage of the total pension liability	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	

\* This data is presented for those years for which information is available.  
 \*\* Covered payroll data from the actuarial valuation date with one-year lag

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Schedule II**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees  
(Unaudited)

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016
Total Government of Guam net pension liability***	\$ 256,501,295	\$ 308,340,992	\$ 321,889,969	\$ 324,192,725	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
Guam Power Authority's (GPA's) proportionate share of the net pension liability	\$ 13,566,656	\$ 15,888,333	\$ 16,611,913	\$ 16,449,816	\$ 14,132,063	\$ 13,986,942	\$ 10,942,403	\$ 11,002,776
GPA's proportion of the net pension liability	5.29%	5.15%	5.16%	5.07%	4.88%	4.85%	4.77%	4.67%
GPA's covered payroll**	\$ 29,380,061	\$ 27,436,251	\$ 26,972,315	\$ 25,852,347	\$ 25,052,074	\$ 24,673,401	\$ 24,142,501	\$ 23,861,140
GPA's proportionate share of the net pension liability as percentage of its covered payroll	46.18%	57.91%	61.59%	63.63%	56.41%	56.69%	45.32%	46.11%

\* This data is presented for those years for which information is available.

\*\* Covered payroll data from the actuarial valuation date with one-year lag

\*\*\* No assets accumulated in a trust to pay benefits.

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Schedule III**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**

Ad Hoc COLA Plan for DCRS Retirees  
(Unaudited)

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
Total Government of Guam net pension liability***	\$ 60,135,991	\$ 70,547,850	\$ 66,393,472	\$ 59,884,407	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067
Guam Power Authority's (GPA's) proportionate share of the net pension liability	\$ 2,799,193	\$ 3,415,505	\$ 3,363,211	\$ 3,507,330	\$ 2,843,640	\$ 3,717,897	\$ 3,818,888
GPA's proportion of the net pension liability	4.65%	4.84%	5.07%	5.86%	5.76%	5.95%	6.19%
GPA's covered payroll**	\$ 14,526,678	\$ 13,613,013	\$ 13,134,227	\$ 13,793,153	\$ 15,241,921	\$ 22,433,189	\$ 22,600,153
GPA's proportionate share of the net pension liability as percentage of its covered payroll	19.27%	25.09%	25.61%	25.43%	18.66%	16.57%	16.90%

\* This data is presented for those years for which information is available.

\*\* Covered payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

Guam Power Authority  
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Schedule IV  
Required Supplementary Information  
Schedule of the Pension Contributions  
(Unaudited)

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 6,878,689	\$ 6,700,019	\$ 6,649,614	\$ 6,882,846	\$ 7,047,809	\$ 6,458,402	\$ 6,474,792	\$ 6,993,365
Contributions in relation to the statutorily required contribution	<u>6,831,435</u>	<u>6,682,875</u>	<u>6,535,155</u>	<u>6,932,584</u>	<u>7,468,311</u>	<u>6,454,286</u>	<u>6,464,756</u>	<u>6,974,715</u>
Contribution (excess) deficiency	<u>\$ 47,254</u>	<u>\$ 17,144</u>	<u>\$ 114,459</u>	<u>\$ (49,738)</u>	<u>\$ (420,502)</u>	<u>\$ 4,116</u>	<u>\$ 10,036</u>	<u>\$ 18,650</u>
GPA's covered payroll **	<u>\$ 28,084,220</u>	<u>\$ 28,273,584</u>	<u>\$ 28,706,604</u>	<u>\$ 29,057,547</u>	<u>\$ 29,057,547</u>	<u>\$ 28,249,473</u>	<u>\$ 26,188,178</u>	<u>\$ 26,308,182</u>
Contribution as a percentage of covered payroll	24.32%	23.64%	22.77%	23.86%	25.70%	22.85%	24.69%	26.51%

\* This data is presented for those years for which information is available.

\*\* Covered payroll data from the actuarial valuation date with one-year lag.

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Schedule V**  
**Required Supplementary Information**  
**Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios**  
(Unaudited)

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 4,552,636	\$ 4,322,457	\$ 5,076,726	\$ 3,108,876	\$ 3,637,954	\$ 4,181,160	\$ 3,281,051
Interest	3,880,848	3,609,190	4,410,618	5,104,601	5,383,112	4,805,542	4,969,757
Changes in proportionate share	(16,187,855)	72,207	2,835,386	(22,527)	13,530,834	169,528	---
Difference between expected and actual experience	(3,461,485)	4,633,265	17,831,719	-	(33,509,074)	---	---
Change of assumptions	(34,538,604)	4,659,031	(29,325,681)	36,002,259	(12,122,578)	(14,997,174)	16,377,134
Change of benefit terms	4,933,224	---	---	---	---	---	---
Benefit payments	(3,397,122)	(2,750,749)	(2,400,174)	(2,535,819)	(2,597,426)	(2,337,202)	(2,337,202)
Net change in total OPEB liability	(44,218,358)	14,545,401	(1,571,406)	41,657,390	(25,677,178)	(8,178,146)	22,290,740
Total OPEB liability, beginning	174,910,068	160,364,667	161,936,073	120,278,683	145,955,861	154,134,007	131,843,267
Total OPEB liability, ending	\$ 130,691,710	\$ 174,910,068	\$ 160,364,667	\$ 161,936,073	\$ 120,278,683	\$ 145,955,861	\$ 154,134,007
Covered payroll as of valuation date	\$ 30,828,217	\$ 40,268,155	\$ 31,845,149	\$ 31,141,489	\$ 29,507,688	\$ 25,806,659	\$ 25,806,659
Total OPEB liability as a percentage of covered payroll	423.94%	434.36%	503.58%	520.00%	407.62%	565.57%	597.26%

Notes to schedule:

*Discount rate*

*Change in benefit terms:*  
None.

*Change of assumptions:*  
Discount rate has changed from respective measurement dates.

\* This data is presented for those years for which information is available.



**Guam Power Authority**  
(A Component Unit of the Government of Guam)

**Schedule VI**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Total OPEB Liability**  
**(Unaudited)**

**Last 10 Fiscal Years\***

	2023	2022	2021	2020	2019	2018
Total OPEB liability **	\$ 2,296,447,530	\$ 2,771,848,089	\$ 2,518,489,145	\$ 2,553,523,376	\$ 1,874,970,335	\$ 2,431,048,672
GPA's proportionate share of the total OPEB liability	\$ 130,691,710	\$ 174,910,068	\$ 160,364,667	\$ 161,936,073	\$ 120,278,683	\$ 145,955,861
GPA's proportion of the total OPEB liability	5.69%	6.31%	6.37%	7.97%	8.64%	6.00%
GPA's covered payroll	\$ 30,828,217	\$ 40,268,155	\$ 31,845,149	\$ 31,141,489	\$ 29,507,688	\$ 25,806,659
GPA's proportionate share of the total OPEB liability as percentage of its covered payroll	423.94%	434.36%	503.58%	520.00%	407.62%	565.57%

\* This data is presented for those years for which information is available.

\*\* No assets accumulated in a trust to pay the benefits.

**Guam Power Authority**  
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**Schedule VII**  
**Required Supplementary Information**  
**Schedule of the OPEB Contributions**  
(Unaudited)

**Last 10 Fiscal Years\***

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 12,469,155	\$ 11,787,980	\$ 13,113,077	\$ 10,346,390	\$ 11,836,895	\$ 4,181,160	\$ 10,762,017
Contributions in relation to the actuarially determined contribution	<u>3,397,121</u>	<u>2,750,749</u>	<u>2,400,174</u>	<u>2,535,819</u>	<u>2,597,426</u>	<u>2,337,202</u>	<u>2,337,202</u>
Contribution deficiency	<u>\$ 9,072,034</u>	<u>\$ 9,037,231</u>	<u>\$ 10,712,903</u>	<u>\$ 7,810,571</u>	<u>\$ 9,239,469</u>	<u>\$ 1,843,958</u>	<u>\$ 8,424,815</u>
Covered payroll as of valuation date	\$ 30,828,217	\$ 40,268,155	\$ 31,845,149	\$ 31,141,489	\$ 29,507,688	\$ 25,806,659	\$ 25,806,659
Contributions as a percentage of covered payroll	11.02%	6.83%	7.54%	8.14%	8.80%	9.06%	9.06%

Notes to schedule:

*Valuation date:*

Actuarially determined contributions rates are calculated as of September 30, 2022.

*Method and assumptions used to determine contributions rates:*

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period for pay-as-you-go funding.
Amortization period:	30 years
Inflation:	2.50%
Healthcare cost trend rates:	Non-Medicare and Medicare - 8% for Year 1, then reducing 0.5% annually to an ultimate rate of 4.1%. Part B is at 4.24%. The trend rate for Medicare Part B and Part D reimbursements are assumed to be 4.25% per year.
Salary increase:	3.0% to 6%
Mortality:	Head-count weighted Mortality PUB-2010 Table, set forward 4 years for males and 2 years for females, with 130% of rates prior to age of 80. Projected generationally using 50% of MP-2020.

\* This data is presented for those years for which information is available.

## Supplementary Information and Other Information

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

Schedule of Sales of Electricity  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Commercial	\$ 191,816,579	\$ 155,894,421
Residential	188,414,679	167,563,903
U.S. Navy	90,867,260	87,300,333
Government of Guam	<u>77,582,680</u>	<u>62,802,060</u>
	<u>\$ 548,681,198</u>	<u>\$ 473,560,717</u>
Annual Electric Sales in kWh		
Residential	495,407,459	489,581,905
Commercial	482,372,090	555,557,593
U.S. Navy	291,307,631	313,440,690
Government of Guam	<u>178,514,825</u>	<u>181,579,352</u>
	<u>1,447,602,005</u>	<u>1,540,159,540</u>

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

Schedule of Operating and Maintenance Expenses  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Administrative and General		
Salaries and wages:		
Regular pay	\$ 6,242,706	\$ 5,821,623
Overtime	227,074	269,363
Premium pay	8,986	8,455
Benefits	3,091,465	2,672,051
Pension adjustment	10,113,605	5,572,872
OPEB adjustment	( 1,027,637)	<u>6,484,764</u>
Total salaries and wages	<u>18,656,199</u>	<u>20,829,128</u>
Insurance	8,425,554	7,566,050
Contract	4,797,262	4,910,808
Retiree healthcare and other benefits	1,981,189	3,007,631
Utilities	1,186,976	2,036,869
Other administrative expenses	282,876	270,753
Travel	196,583	226,674
Miscellaneous	169,013	180,720
Trustee fee	113,742	80,171
Operating supplies	106,762	118,226
Training	58,642	89,727
Office supplies	43,837	51,128
Overhead allocations	19,301	31,053
Lease expense	( 318,133)	305,477
Completed work orders	( 1,929,331)	( 767,543)
Total administrative and general	<u>\$33,790,472</u>	<u>\$38,936,872</u>
Customer Accounting:		
Salaries and wages:		
Regular pay	\$ 2,043,005	\$ 2,051,797
Benefits	178,215	271,295
Overtime	47,296	72,175
Premium pay	<u>1,200</u>	<u>1,113</u>
Total salaries and wages	<u>2,269,716</u>	<u>2,396,380</u>
Collection fee	2,112,497	2,276,899
Demand-side management program	1,564,983	1,956,900
Contracts	394,727	412,120
Communication	279,708	280,944
Office supplies	6,844	16,068
Miscellaneous	<u>13,747</u>	<u>849</u>
Total customer accounting	<u>\$ 6,642,222</u>	<u>\$ 7,340,160</u>

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

Schedule of Operating and Maintenance Expenses, continued

	<u>2023</u>	<u>2022</u>
Fuel:		
Salaries and wages:		
Regular pay	\$ 129,119	\$ 91,948
Overtime	13,059	8,979
Premium pay	<u>353</u>	<u>170</u>
Total salaries and wages	<u>142,531</u>	<u>101,097</u>
Fuel	<u>399,777,568</u>	<u>315,669,718</u>
Total fuel costs	<u>\$399,920,099</u>	<u>\$315,770,815</u>
Other Production:		
Salaries and wages:		
Regular pay	\$ 6,138,895	\$ 6,364,403
Overtime	3,459,872	3,206,844
Premium pay	235,635	224,253
Benefits	<u>588,381</u>	<u>748,851</u>
Total salaries and wages	<u>10,422,783</u>	<u>10,544,351</u>
Contract	4,646,551	5,695,110
Operating supplies	2,729,008	3,358,852
Overhead allocations	74,064	86,641
Completed work orders	( 67,604)	52,872
Office supplies	<u>7,007</u>	<u>14,341</u>
Total other production	<u>\$ 17,811,809</u>	<u>\$ 19,752,167</u>
Transmission and Distribution:		
Salaries and wages:		
Regular pay	\$ 7,270,392	\$ 8,726,599
Benefits	441,226	644,210
Overtime	56,564	267,744
Premium pay	<u>693,868</u>	<u>63,766</u>
Total salaries and wages	<u>8,462,050</u>	<u>9,702,319</u>
Overhead allocations	1,584,574	1,956,543
Completed work orders	( 87,113)	934,787
Operating supplies	453,819	701,947
Contract	621,071	382,001
Office supplies	<u>3,462</u>	<u>12,730</u>
Total transmission and distribution	<u>\$ 11,037,863</u>	<u>\$ 13,690,327</u>

Guam Power Authority  
(A Component Unit of the Government of Guam)

Schedule of Salaries and Wages  
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Salaries and wages:		
Regular pay	\$21,824,117	\$23,056,370
Overtime	4,188,527	3,825,105
Premium pay	302,738	297,757
Benefits	4,551,930	4,336,407
Pension adjustment	10,113,605	5,572,872
OPEB adjustment	( 1,027,637)	<u>6,484,764</u>
Total salaries and wages	<u>\$39,953,280</u>	<u>\$43,573,275</u>



## LEADERSHIP

The Honorable Lourdes A. Leon Guerrero ..... Governor of Guam  
The Honorable Joshua F. Tenorio ..... Lieutenant Governor of Guam

### Consolidated Commission on Utilities

Joseph "Joey" T. Duenas ..... Chairman  
Francis E. Santos ..... Vice Chairman  
Pedro Roy Martinez ..... Secretary  
Michael Limtiaco ..... Commissioner  
Simon A. Sanchez II ..... Commissioner

### Guam Power Authority Leadership and Management Team

John M. Benavente, P.E. .... General Manager  
Jennifer G. Sablan, P.E. .... Assistant General Manager of Operations  
John J. Cruz, Jr., P.E. .... Assistant General Manager of Engineering and Technical Services  
Beatrice P. Limtiaco ..... Assistant General Manager of Administration  
Marianne Woloschuk ..... Staff Attorney  
John J. E. Kim, CPA ..... Chief Financial Officer  
Maripaz N. Perez ..... Assistant Chief Financial Officer  
Lenora Sanz ..... Controller  
Vincent J. Sablan, P.E. .... Manager of Engineering  
Lorraine O. Shinohara, P.E. .... Manager of Strategic Planning and Operations Research  
Francisco C. Santos ..... Manager of Power Systems Control Center  
Ronald C. Okada ..... Manager of Generation  
Francis I. Cruz ..... Assistant Manager of Generation  
Anselmo M. Manibusan ..... Manager of Transmission & Distribution  
Edward R. Leon Guerrero ..... Assistant Manager of Transmission & Distribution  
Kenneth J. Gutierrez, PSP ..... Safety and Physical Security Manager  
Jerald A. Guzman ..... Facilities Manager  
Sylvia L. Ipanag ..... Environmental Manager (Retired)  
Joyce N. Sayama ..... Communications Manager  
John R. Manibusan ..... Fleet Support Services Manager  
Arleen M. Sahagon ..... Internal Auditor  
Pamela R. Aguigui ..... Chief Budget Officer  
James C. Borja ..... Utility Services Administrator  
Richard L. Bersamin ..... Assistant Manager of Customer Service  
Jamie L.C. Pangelinan ..... Supply Management Administrator  
Jon-Rey P. Aguigui ..... Personnel Services Administrator  
Melvyn C. Kwek, CISA, GICSP ..... Chief Information Technology Officer

Design, Layout, Printing ..... Adztech and Public Relations, Inc.  
Special Acknowledgements ..... American Public Power Association

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