



# Investing In *Tomorrow*

BRIGHTER DAYS



2024 ANNUAL REPORT



# 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 no assets to one which now owns all generation, transmission and distribution assets outside of Guam’s US military bases. GPA generates all energy for the entire Guam community including the US military.

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

# Vision

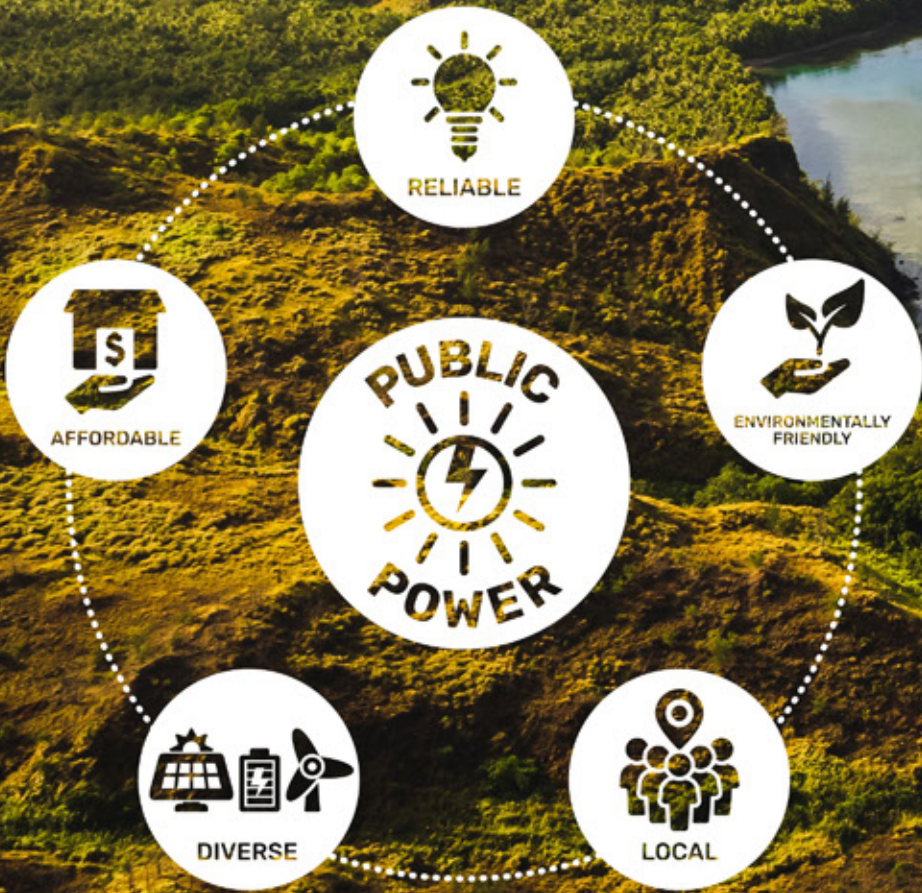
GPA will be the best utility providing outstanding energy solutions to our island community.

# Mission

GPA shall provide reliable, efficient, effective, environmentally sound, affordable, accountable, leading energy solutions.

# Contents

Message from the Governor and Lt. Governor .....	02
Message from the Consolidated Commission on Utilities .....	03
Message from the General Manager .....	04
Guam Power Authority Management.....	05
Executive Summary.....	07
Guam Power Authority Teams .....	08
FY 2024 Overview .....	10
- At A Glance	
- Responding to Guam’s Energy Capacity Shortfall in FY 2024	
- Financially Solvent	
- Energy Affordability	
- Energy Reliability	
- Superior Customer Service	
- Consumer Programs	
- Workforce Development	
- Technology & Cybersecurity Solutions	
- Community-Powered Commitment	
Looking Ahead: The Path Forward.....	22
Guam Power System Map.....	26
Independent Auditor’s Report .....	28







# Message from the Governor and Lieutenant Governor

***Buenas yan Háfa Adai.***

Guam’s energy journey is not defined by ease, but by determination, collaboration, and a shared responsibility to build a power system that serves our people today and prepares us for the challenges of tomorrow.

Recent events placed extraordinary pressure on our island-wide power system. The impacts of Typhoon Mawar and the delay in commissioning the Ukudu Power Plant required immediate, decisive action, testing the limits of an infrastructure already in transition.

I recognize the Guam Power Authority for its flexibility and responsiveness during this time. GPA developed and implemented a multi-layered mid-term plan to restore generation capacity, secure temporary power, and bring critical units back online. These efforts included collaboration with the Government of Guam to move forward legislation authorizing the procurement of temporary generation, ensuring the continued flow of power to homes, businesses, and essential services.

Equally important was GPA’s partnership with the Department of Administration to administer energy credit relief to thousands of families facing burden of high utility costs. These efforts reflect our shared priority to stabilize energy costs and support Guam’s families and businesses in the face of record global fuel prices.

Even in the midst of crisis, GPA advanced its clean energy agenda by moving forward with Phase IV renewables, expanding battery storage, and strengthening grid modernization efforts. Guam is now positioned to reach its 50 percent renewable energy goal years ahead of the legislative mandate, making sustainable energy more attainable for our island.

We also recognize GPA’s continued financial and operational stewardship. Through bond refinancing, GPA achieved millions in savings for the benefit of ratepayers. And through national recognition for safety and communications, GPA continues to model the values of reliability, transparency, and public service.

Resilience, at its core, is not only about recovery. It is about readiness. GPA has shown its ability to adapt, respond, and lead. As your Governor, I remain committed to supporting this work and ensuring that every investment in our energy future reflects our values, protects our families, and powers a stronger Guam.

***Si Yu’os Ma’áse’***

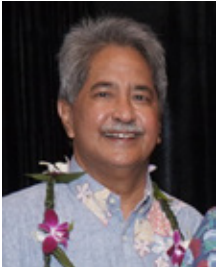
*Lou Leon Guerrero*  
**Lourdes A. Leon Guerrero**  
*Maga’hágan Guåhan*  
Governor of Guam

*Joshua F. Tenorio*  
**Joshua F. Tenorio**  
*Sigundo Maga’láhen Guåhan*  
Lieutenant Governor of Guam

# MESSAGE FROM THE CONSOLIDATED COMMISSION ON UTILITIES



**Pedro Roy  
Martinez**  
Secretary



**Francis E.  
Santos**  
Vice Chairman



**Joseph “Joey”  
T. Duenas**  
Chairman



**Michael  
Limtiaco**  
Commissioner



**Simon A.  
Sanchez II**  
Commissioner

Guam Power Authority (GPA) continues to provide energy solutions for our island community in spite of generation capacity challenges experienced in 2024. GPA continues progress in addressing the island’s energy shortfall with an action plan for recovery of existing capacity and adding new capacity, until the full commissioning of the new and efficient 198-megawatt (MW) Ukudu Power Plant. GPA remains committed to ensuring a stable and reliable power supply for Guam. Throughout history, GPA has overcome obstacles and adapted to change as Guam’s sole energy provider delivering essential services and implementing innovative programs and long-term projects that provide for a more resilient, affordable and sustainable energy future.

In 2024, GPA acted swiftly to restore power and improve system reliability by returning to service critical generation units such as the 20 MW Yigo CT, and repairing Tenjo, Talo’fo’fo and Manenggon/ Pulantat diesel units that played a crucial role in stabilizing the Island Wide Power System (IWPS) and added much needed capacity. To continue strengthening the grid and to mitigate rotating outages, funding was authorized to allow the repair of Piti 7 CT, and approval given to assist the U.S. Navy with the repair and overhaul services for the Orote Power Plant located on Naval Base Guam (NBG) expected to begin next year. The U.S. Navy has been a partner of GPA, has provided support to the grid during generation shortfalls, and is a critical capacity reserve resource.

Additionally, the approval and rapid deployment of temporary power with Aggreko added 20MW to the IWPS in about 100 days, further improving system reliability by providing immediate relief to the power grid. GPA immediately began utilizing Talo’fo’fo Battery Energy Storage System (ESS) providing 16 MWH of shifted energy support to address peak demand, and also continued expanding its Interruptible Load Program utilizing large customers that voluntarily go off the grid and operate on their standby generators during peak hours when demand is highest. These are some of the strategic initiatives implemented that align with GPA’s commitment to reducing the risk of rotating outages and providing reliable power to the island community.

Over the years, GPA has invested substantially in the electric grid infrastructure with over 95% of the utility line hardening consisting of concrete and steel poles. Prior mitigation efforts with hardening projects have proven successful with quick recovery after storms. To continue the resiliency effort, GPA procured over two-hundred 45-foot concrete poles, 103 standby generators for the water and wastewater facilities, and other materials and equipment to ensure adequate inventory. Additionally, GPA has a One Guam Infrastructure Resiliency Plan which details mitigation strategies for its infrastructure against threats, natural disasters and alike. The critical investments will bolster utility (power, water and wastewater) resiliency. This includes a request for funding from the federal government for a critical underground system infrastructure investment.

Brighter days are on the horizon for the island community with the highly anticipated new Ukudu Power Plant, a state-of-the art 198 MW combined cycle facility scheduled for commissioning in September 2025. The Ukudu Power Plant is the cornerstone for renewables and brings GPA closer to providing affordable energy on a sustained basis.

Other key initiatives in 2024 include, the approval to contract about 192 MW of renewable energy with energy shifting Energy Storage Batteries (ESS) from KEPCO-EWP-SAMSUNG C&T Consortium and Core Tech Solar Energy, LLC. The 192 MW renewable energy project is a part of a larger Phase IV bid to contract up to 330 MW of renewable energy with ESS to add to the system. The Phase IV project would enable GPA to reach its renewable energy goals from its clean energy master plan, achieving over 50% renewable energy a few years ahead of the 2035 legislative mandate. It will also advance GPA’s progress towards increased reliability and resiliency of the IWPS and ensure a sustainable energy future.

In conjunction with providing reliable energy, it is also vital that cost of energy remains affordable for island residents and businesses. As fuel prices increase, it is critical to find innovative ways to lower energy costs and achieve net savings. GPA sought the opportunity to refinance its existing 2014 Series A revenue bonds to realize interest rate savings and reduce debt service payment. The refunding projected an approximate net present value savings of \$4.6 million. With this, GPA is able to use the savings from debt service and add it towards capital improvement projects without impacting the cost to the ratepayers.

Another significant decision was the authorizing of the 2022 market study and unified strategic pay scale for Certified, Technical, and Professionals (CTP) employees to restore the Authority’s competitive market position. This allowed GPA to migrate to the 50th market percentile by fiscal year 2028. The adoption and implementation of the 2022 strategic pay scale will bolster GPA’s ability to reduce attrition, retain its top-performing personnel, attract new and skilled employees that can effectively manage and maintain the IWPS and safeguard its assets, thus improving the quality of the workforce to ensure optimal service is provided to the rate payers.

While we anticipate the commissioning of Ukudu and lower energy cost for the rate payers, the 37th Guam Legislature and Governor Lou Leon Guerrero continued the *Prugráman Ayuda Para I Taotao-ta* Energy Credit Program in 2024, which paid out over \$63 million in energy credits. We thank the Governor and the 37th Guam Legislature for approving the direct aid to assist our island residents and business community. These credits have helped families to save on their utility bills and use that savings for other essential needs.

On behalf of the Consolidated Commission on Utilities, I commend GPA’s management and staff for its unwavering dedication to our island community. Through the tireless efforts of the Executive Management team and the 445 employee-strong workforce, GPA is transforming challenges into opportunities and guiding our community towards a reliable, sustainable, resilient and more affordable energy future.

*Francis E. Santos*

**Francis E. Santos**  
Member, Consolidated Commission on Utilities



# Message from the General Manager



*“The Guam Power Authority (GPA) reflects on its progress and perseverance through unforeseen challenges and delays that impact reliability and resiliency.”*



As the island recovered from Typhoon Mawar and generation capacity was impacted, load shedding was significant from September through November 2023. The Ukudu Power Plant, which was targeted for commissioning by April 2024, sustained major damage to its treated water and fuel oil tanks, extending commissioning to January 2026. This left GPA with significant challenges in meeting demand until the new plant is commissioned.

### Emergency Repairs and Temporary Power

GPA prepared an action plan to ensure adequate capacity to mitigate load shedding and allow for maintenance of generating units. This included securing 20MW of temporary power generation to be available to customers within 100 days of the Notice to Proceed agreement issued between Aggreko and GPA on April 1, 2024. Securing this additional energy came at a critical juncture as Guam braced for increasing temperatures and heightened summer energy demand.

GPA took proactive measures, completing boiler tube repairs on the Cabras 2 baseload unit, plenum repairs for the Piti 7 CT, Yigo CT rotor repairs, and rehabilitation of other smaller peaking units. GPA also began shifting an existing Battery Energy Storage System (ESS), about 16MWH, for use during peak hours, and continued receiving assistance from our U.S. Navy partners to utilize the Orote Power Plant during peak hours. This action plan was designed to recover existing capacity and add new capacity to enhance Guam’s power supply and reserves.

### Bridging the Gap

GPA’s multi-pronged approach to resolving the energy capacity gap until the commissioning of the new combined-cycle power plant, expected to provide about 198 MW to the island’s power grid, effectively minimized disruptions and load shedding. In April 2024, the CCU approved GPA’s proposed amendments to the Energy Conversion Agreement (ECA) with Guam Ukudu Power, LLC (GUP). The changes allow for substantial benefits to GPA customers by accelerating cost savings through an earlier commissioning of the Ukudu Power Plant. The new completion target is 2025 and GPA remains vigilant and proactive in our efforts to ensure a reliable power supply, continue work on long-term solutions, and eliminate load shedding altogether.

### Progress on Renewable Energy

While GPA implemented its recovery plan, other renewable energy initiatives were also progressing. GPA received bids for Phase IV Renewables totaling 330MW of solar PV capacity with energy storage designed to shift 50% of all energy produced to nighttime hours. In August 2024, the CCU approved the first increment of the award totaling 192MW, which is under review by the PUC.

## GPA MANAGEMENT



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



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



**John J. Cruz, Jr., PE**  
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 was honored with the highest accolade for safety, it garnered the **Diamond Award of Excellence** for safe operating practices for qualifying year 2024.”*



### Strengthening Systems for Reliability

Three key projects supporting energy affordability and reliability were brought before the CCU and PUC for approval:

- The contract with TEMES, Inc. for the overhaul of the 40 MW combustion turbine (CT) at the Piti 7 unit was approved. This overhaul ensures the unit’s reliability and availability until the new Ukudu Power Plant is commissioned. The CT unit will serve as reserve capacity going forward.
- GPA refinanced its 2014 Series A revenue bonds to achieve debt service savings. The approved bond financing will result in a cumulative debt service reduction of \$4.6 million from 2025 to 2044. GPA proposed to apply these savings toward the capital lease, operation and maintenance of the Ukudu Power Plant.
- The Commander, Joint Region Marianas (CJRM) requested GPA’s assistance with repair and overhaul

services for one of three Orote Power Plants located on Naval Base Guam. Two of the three 6.8 MW Wartsila diesel engines at the plant are operational and have supported the Island Wide Power System (IWPS) during capacity shortfalls. This critical reserve capacity will remain in use until the Ukudu Plant is commissioned in 2025.

### Strong Financial Position

To ensure continued financial stability, GPA maintains an investment-grade credit rating from all three major agencies. GPA received stable outlook, positive investment-grade ratings from S&P Global (BBB), Moody’s (Baa2), and Fitch Ratings (BBB). Vendors are paid on time and receivables remain low. GPA’s FY2024 Debt Service Coverage (DSC) is estimated at 1.4.

### Ensuring Workforce Continuity

GPA is dedicated to fostering talent and building a highly skilled workforce. We actively invest in professional development programs, empowering our teams through advanced technical training, leadership development, professional certifications, and licensure. We are working to ensure our workforce is equipped to operate and maintain GPA’s advanced energy systems.

### Customers First

GPA is committed to superior customer service and energy efficiency. Through ongoing engagement, we remain steadfast in our motto, “Power to Serve.” GPA’s e-customer services offer practical and convenient solutions, while our outreach includes monthly newsletters, social media updates, customer rebates for energy-efficient appliances, MyEnergyGuam.com to track energy consumption, and an innovative online home assessment tool (My Energy Xpert). These are just some of the tools and programs GPA has made available that empower our customers to manage their energy usage effectively.

### Achievements - National Recognition

GPA earned the American Public Power Association (APPA) Safety Award of Excellence. GPA was honored with the highest accolade for safety, earning the Diamond Award of Excellence for safe operating practices for the qualifying year 2024. For the third year in a row, GPA won two APPA Excellence in Public Power Communications Merit Awards in both the print/digital and video categories. GPA was recognized for its GPA’s Typhoon Mawar “Our Story” video. This category recognizes excellence in video production. The other Award of Merit garnered was in the Print/Digital category for its GPA Annual Report



Fiscal Year 2022. This category recognizes excellence in newsletters, bill stuffers, annual reports, advertisements, program/product marketing materials, digital reports, and digital marketing.

Cyber and Physical Security

GPA continues to focus on cybersecurity and physical security to safeguard our critical infrastructure against malicious threats and cyberattacks. To mitigate risks to operations, GPA continues to invest in cybersecurity and operational safeguards. We continue to implement security policies, protocols, training, and awareness programs, and conduct regular testing and assessments to identify vulnerabilities and threats. GPA works closely with the U.S. Department of Energy, U.S. Coast Guard, and other federal partners to ensure business continuity and operational defense. Both GPA and GWA are collaborating on an ongoing physical security project that includes building access controls for remote sites containing IT assets.

Brighter Days Ahead

The island’s energy future is bright with the highly efficient Ukudu Power Plant scheduled to be online in 2025. This state-of-the-art facility and cornerstone for renewables will replace aging generators with high-efficiency, combined-cycle technology. It will significantly reduce fuel costs and emissions, lessen our reliance on expensive oil, and comply with the USEPA Consent Decree. This new and efficient plant is expected to reduce fuel imports by over 900,000 barrels annually and provide reliable baseload power to support GPA’s expanding renewable energy resources.


GPA continues to advance efforts to reduce Guam’s carbon footprint through the implementation of the Clean Energy Master Plan (CEMP), also known as the Integrated Resource Plan (IRP). We have taken deliberate steps to increase renewable energy integration into the grid, leveraging technological advancements and reduced system costs. Our journey began with the 2008 IRP, which set the foundation for our 50% renewable energy goal. GPA is now expected to reach this milestone a few years ahead of the 2035 legislative mandate.

*“The island’s energy future is bright with the highly efficient Ukudu Power Plant scheduled to be online in 2025.”*

Looking ahead, our focus remains on ensuring grid stability, affordability, and long-term reliability. Over the next few years, GPA will:

- Install additional battery systems to help balance the grid.
- Implement advanced smart control systems to optimize power distribution.
- Deploy specialized technologies to maintain grid stability.
- Develop programs that encourage energy efficiency and reduce peak demand.
- Upgrade power lines and related infrastructure to enhance reliability.

With the commissioning of the Ukudu Power Plant and the addition of new renewable energy projects, we eagerly anticipate Guam’s energy future and remain confident that together we will achieve safe, clean, reliable, and affordable energy on a sustained basis for all of our customers.



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



Executive Summary

FY2024 was a year of bold decisions and forward momentum for the Guam Power Authority (GPA). Confronted by the dual impact of Typhoon Mawar and a delayed timeline for the Ukudu Power Plant, GPA moved swiftly, transforming obstacles into catalysts for change. The Authority deployed a targeted recovery plan, tapped emergency generation, and restored critical units, all while working shoulder to shoulder with partners like the U.S. Navy to protect grid stability during Guam’s most vulnerable months.

Even as GPA managed immediate challenges, it advanced long-term goals with purpose. Major investments in renewable energy, including the launch of Phase IV solar projects, brought GPA closer to achieving more than 50 percent renewable energy a few years ahead of the 2035 legislative mandate. Infrastructure upgrades, smart technology integration, and bond refinancing efforts supported both reliability and affordability.

Throughout it all, GPA remained centered on its customers, expanding digital tools, providing rebates, and earning national recognition for safety and communication.

With the Ukudu Power Plant now set to come online in 2025, GPA stands on the cusp of a new era. This report reflects the actions GPA has taken to overcome challenges, stabilize power, invest in long-term solutions, and move closer to delivering the brighter days ahead that Guam deserves.



# GPA Teams

## EXECUTIVE DIVISION

Manages the Authority’s resources; directs and leads its employees and carries out board policy mandates through sound business practices and economic sense with the highest degree of ethics; enhances customer services to meet customer needs and expectations; maintains an efficient and safe Island Wide Power System (IWPS); maintains a safe working environment; Increases generation availability and efficiency; meets GPA’s Renewable Portfolio Standards (RPS) goals, adding 50% renewable energy by 2030 and 100% by 2040; monitors revenue collections and encourages reduction in costs; effectively manages all fuel related issues; commits to product affordability and best value; achieves superior customer service; achieves high system reliability; strives to become financially sound and stable; commits to workforce development and outstanding leadership; commits to effective use of technology.

## HUMAN RESOURCES DIVISION

Provides a broad range of human resources services to service and develop employees, to working with its partners to achieve customer satisfaction and be compliant with legal and regulatory mandates; strives to be a recognized leader in human resources services and commits to the growth, enrichment and success of GPA employees by implementing best practices in human resources management.

## FINANCE DIVISION

Provides timely and accurate financial data to internal & external users in support of an optimized decision making process to ensure the financial stability of the Authority. The division is comprised of the following seven (7) sections: Financial Management, Revenue Accounting, Accounts Payable, Plant Accounting, Payroll, Budget and Cash Management.

## CUSTOMER SERVICE DIVISION

Provides comprehensive care and engagement with all GPA customers concerning energy services. The division addresses customer requests at three (3) customer lobbies, and through its online and telephone services.

## PLANNING & REGULATORY DIVISION

Maintains full compliance with applicable environmental laws and regulations at the least cost.

## PROCUREMENT DIVISION

Properly acquires goods and services in the most economical manner as possible, while providing the necessary safeguards to the same and ensuring availability and controls are in place in support of the Guam Power Authority’s Mission

## INFORMATION TECHNOLOGY (IT) DIVISION

Provides quality and exceptional support to all divisions while achieving the highest degree of secured services, responsiveness and professionalism through the use of innovative technologies.

## INTERNAL AUDIT DIVISION

Advances accountable governance through accurate, independent, and objective audits that seek to improve the economy, efficiency, and effectiveness of the Authority.

## COMMUNICATIONS DIVISION

Reviews, plans, formulates, evaluates and implements GPA’s comprehensive public information and relations programs to maximize the enhancement, promotion and reinforcement of a positive public image; participates in the development, implementation and coordination of various GPA customer engagement and energy sense projects, outreach programs and activities; oversees the development of GPA’s annual Citizen Centric Report (CCR) and the Annual Report mandates; serves as the communication link between GPA and the public to assist in creating a better understanding of the agency’s mission, vision, and goals and objectives.

## ENGINEERING DIVISION

Provides professional and technical engineering expertise in planning, designing and managing projects required for the upgrade and maintenance of transmission and distribution lines, substations and generation facilities. The division is comprised of the following six (6) sections: Customer Service, Substation & Transmission, Distribution, Project Management, Real Estate, and System Planning.

## TRANSPORTATION

Provides quality fleet maintenance support to all GPA Divisions to ensure vehicles and heavy equipment are safe and reliable to support the day-to-day operations of GPA; upkeeps and maintains all transportation/construction vehicles; schedules performance of routine preventive maintenance procedures and other duties of similar nature as assigned.

## SAFETY DIVISION

Proactively and collaboratively promotes a sustainable, effective safety and security culture within the Authority; fosters and supports empowered, fully-engaged safety and security-minded partners.

## FACILITIES DIVISION

Maintains and manages GPA building structures, equipment and groundskeeping to provide a clean, safe, and functional environment for GPA employees and customers.

## GENERATION DIVISION

Provides safe, reliable and efficient power production for the island-wide power system: manages and oversees the operation and maintenance of GPA power plants and wind turbine.

## TRANSMISSION AND DISTRIBUTION (T&D) DIVISION

Constructs, maintains and operates the transmission and distribution facilities owned by the Authority. These facilities encompass all equipment and systems from the generating station switchyards to the customer service meters. This division is also responsible for prompt resolution of routine and emergency trouble calls; the routing and special reading of electric meters; and the connection/disconnection and reconnection of electric power service. T&D consists of six (6) sections: Administration, Overhead, Underground, Equipment Operator, Meter/Relay, and Substation.

## STRATEGIC PLANNING AND OPERATIONS RESEARCH (SPORD) DIVISION

Completes studies that aid sound decision making and implements projects providing significant value to our customers, the Authority and stakeholders.

## POWER SYSTEMS CONTROL CENTER (PSCC) DIVISION

Efficiently and actively monitors, controls and reports on the island-wide power system.

## SUPPLY WAREHOUSE DIVISION

Provides the most efficient warehousing and storage facilities, quality customer service, and accurate stock control of GPA resources.



GENERATION



INFORMATION TECHNOLOGY



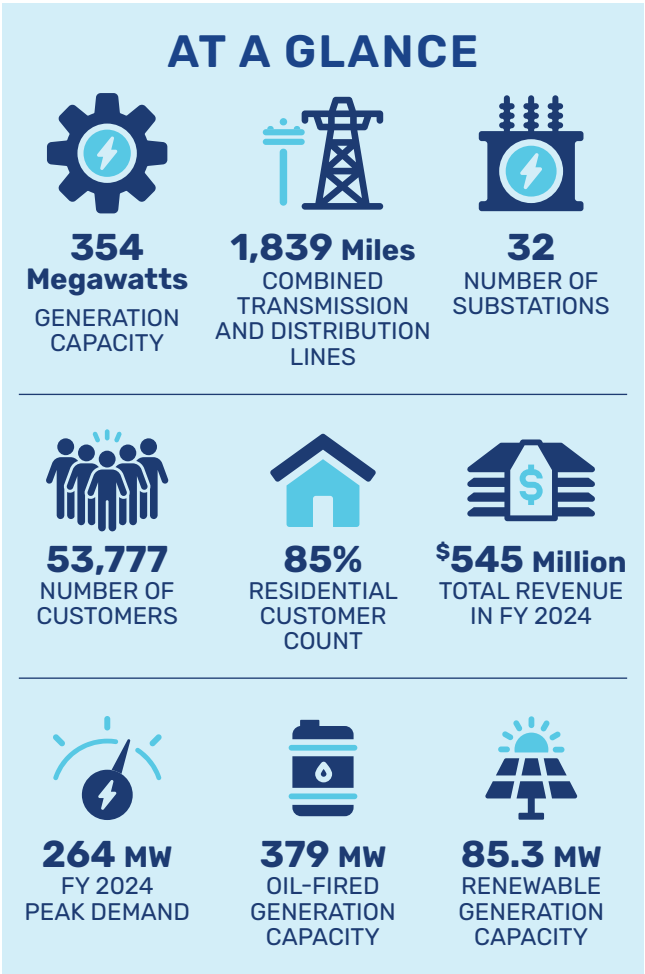
SAFETY



FACILITIES



GPA FY 2024 Overview



GPA IS PUBLIC POWER

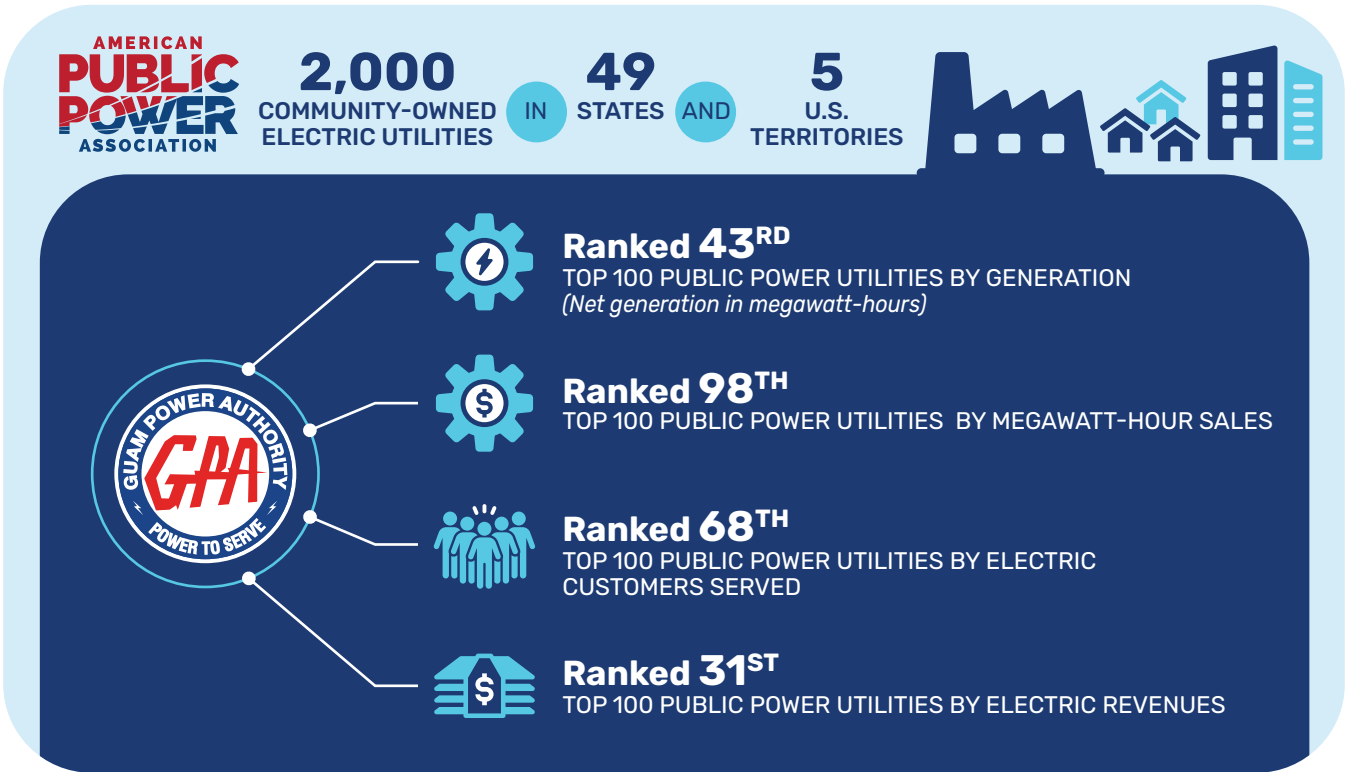
The Guam Power Authority was established as a public corporation and autonomous instrumentality of the government of Guam in 1968, charged with the generation, transmission, distribution, and sale of electric power on Guam. GPA continues to be the sole provider of electric services throughout Guam, including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

- 1. Earned the Safety Award of Excellence, also known as the Diamond Award of Excellence, for GPA's ongoing commitment to safety and operational excellence.
- 2. Earned the APPA Excellence in Public Power Communications Merit Award for GPA's Typhoon Mawar "Our Story" video, recognizing excellence in video production.
- 2. Earned the APPA Excellence in Public Power Communications Merit Award for GPA's FY2022 Annual Report, recognizing excellence in print and digital communications.



# 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 2024 received a clean audit opinion from Ernst & Young, LLP.

In 2024, GPA operated with 90 days of Cash on Hand and a 1.4x debt-service coverage.

GPA added over 1,000 new customers under various rate classes. GPA continued to facilitate net metering growth which totaled 2,707 customers with 36 MW capacity as of September 2024. GPA maintained its creditworthiness and stable bond ratings of: Standard & Poor's - BBB with a Stable Outlook, Moody's - Baa2 with a Stable Outlook and Fitch - BBB with a Stable Outlook.

PUC approved GPA's petition authorizing the Issuance and sale of GPA's FY2014 revenue bonds for the purpose of refunding the prior bonds. The refunding Net Present Value (NPV) savings amounted to \$4.6 million.

In early 2024, GPA presented to insurance underwriters for its renewal of GPA's property and casualty insurance on all GPA facilities. Early indications show the insurance rates to be reasonable for FY 2025 and rates to remain the same despite a rising rate environment.

All financial activities of GPA are in line with the mission, vision and goals established by the Authority. GPA's financial statements for fiscal year 2024 received a clean audit opinion from Ernst & Young, LLP. GPA's comprehensive financial statements may be viewed online at [www.guampowerauthority.com](http://www.guampowerauthority.com).

GPA's physical hedging continued with maintaining a 30-90 days of fuel storage inventory; and 85 megawatts of solar as long-term hedge with a 1% escalator including 40 megawatts energy storage systems, and a 275 kW Wind turbine.

The Consolidated Commission on Utilities (CCU) approved fiscal years (FY) 2024 and 2025 budgets. This is only the second time that a 2-year budget was implemented for GPA. GPA's FY 2024 operations and maintenance (O&M) expenses were about \$6M below budget, this is without a change in the base rate component [\$0.102 per kilowatt-hour (kWh)] for the 11th consecutive year]

GPA continued to alleviate the impact of high fuel oil prices utilizing its financial reserves. LEAC under-recovery which went as high as \$47M was recovered slowly to about \$12M before fuel prices again headed upwards and fuel cost increased due to Typhoon Mawar. GPA has been able to continue sustaining its financial metrics with under recovery at about \$14.5M as of September 2024.



90 Days  
CASH ON  
HAND



1.4x  
DEBT SERVICE  
COVERAGE



Credit Rating  
S&P-BBB: STABLE  
MOODY'S-Baa2: STABLE  
FITCH-BBB: STABLE

## BY THE NUMBERS



\$886 Million  
TOTAL ASSETS AS OF  
SEPTEMBER 30, 2024



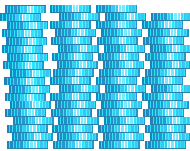
\$785 Million  
TOTAL LIABILITIES INCLUDING PENSION  
AND OTHER POST EMPLOYMENT LIABILITY  
AS OF SEPTEMBER 30, 2024



\$543 Million  
ANNUAL REVENUE FROM  
APPROX. 54,000 CUSTOMERS  
AS OF SEPTEMBER 30, 2024

## FY 2024 ELECTRICITY RATE BREAKDOWN

\$1 Cost Allocation Category



71 cents  
Production  
Fuel



9 cents  
Debt Service  
Payments



9 cents  
Administrative  
& General



4 cents  
Other Production  
Costs



3 cents  
Transmission &  
Distribution Costs



2 cents  
IPP  
(Purchased Power)



2 cents  
Customer  
Accounting

Cost	Explanation	Amt.
Production Fuel	Cost of fuel used to run the generation units	71%
Debt Service Payments	Payment to long term loans such as bonds and capital leases	9%
Administrative & General	Costs related to the general administration of the utility's operation	9%
Other Production Costs	Operating and maintenance cost to run the plants	4%
Transmission & Distribution Costs	Cost to transmit and distribute electricity to ratepayers	3%
IPP (Purchased Power)	Costs paid to an entity for converting fuel into electricity and maintaining continuity of power supply to ratepayers	2%
Customer Accounting	Costs related to the general direction and supervision of customer accounting and collection	2%
Total:		100%

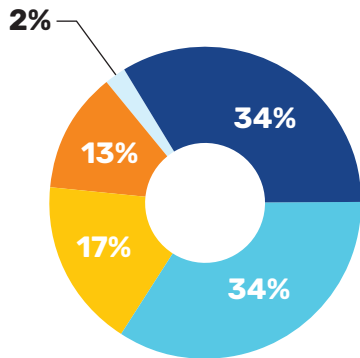
## FY 24 REVENUES

Type (in \$000)	FY 24	FY 23	% Change
Residential	\$ 187,362	\$ 188,415	-0.6%
Commercial	\$ 189,397	\$ 191,817	-1.3%
Government of Guam	\$ 95,581	\$ 77,583	23.2%
U.S. Navy	\$ 70,437	\$ 90,867	-22.5%
Other Income	\$ 11,063	\$ 14,163	-21.9%
Total	\$ 553,841	\$ 562,844	-1.6%

The Authority's operating revenue decrease by almost \$6 million is mainly due to the drop in fuel prices. The \$3.1 million decrease in Other Income is attributable to the decreases in miscellaneous revenues and grants received from the US Government.

### FY 2024

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



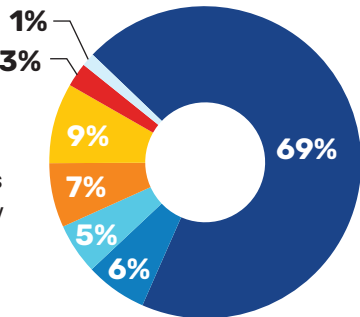
## FY 24 EXPENSES

Type (in \$000)	FY 24	FY 23	% Change
Customer Accounting	\$ 8,307	\$ 7,840	6.0%
Transmission & Distribution	\$ 13,791	\$ 11,038	24.9%
Administrative & General	\$ 47,360	\$ 33,790	40.2%
IPP & Other Production Costs	\$ 36,701	\$ 27,997	31.1%
Interest & Other Extraordinary Expenses	\$ 29,441	\$ 39,916	-26.2%
Depreciation & Amortization	\$ 35,021	\$ 35,216	-0.6%
Production Fuel	\$ 385,762	\$ 399,920	-3.5%
Total	\$ 556,384	\$ 555,718	0.1%

Production Fuel decreased by \$14 million, which is mainly attributable to decrease in fuel costs. This was offset by the increase in GPA's operating and maintenance expenses due to a lease of the 20 MW diesel generators to meet load demand and increase in pension, insurance, retiree healthcare and benefits, and material costs. Other Extraordinary Expenses of \$5.7 million due to additional typhoon Mawar expenses were incurred that have not been approved by FEMA as of September 30, 2024.

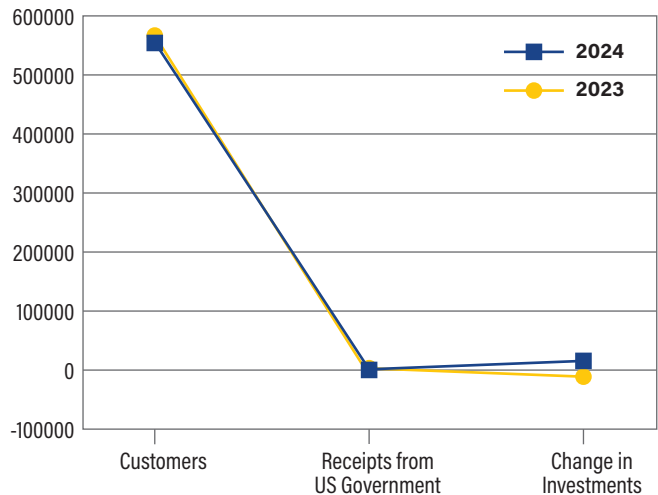
### FY 2024

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



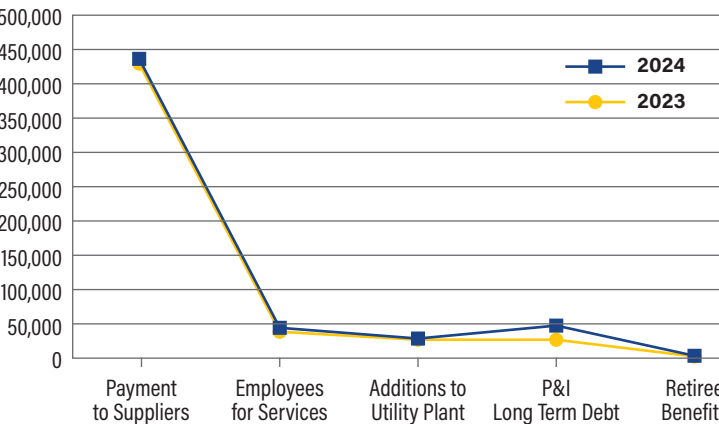
## SOURCES OF FUNDS

Type (in \$000)	FY 24	FY 23
Customers	\$ 554,168	\$ 566,760
Receipts from US Government	\$ 1,355	\$ 3,302
Change in Investments	\$ 15,583	\$ (11,156)
Total	\$ 571,105	\$ 558,906



## USES OF FUNDS

Type (in \$000)	FY 24	FY 23
Payment to Suppliers	\$ 436,483	\$ 429,633
Employees for Services	\$ 45,118	\$ 39,356
Additions to Utility Plant	\$ 29,494	\$ 27,743
P&I - Long Term Debt	\$ 48,318	\$ 27,766
Retiree Benefits	\$ 4,397	\$ 3,382
Total	\$ 563,810	\$ 527,789



All financial activities of GPA are in line with the mission, vision and goals established by the Authority. GPA's financial statements for fiscal year 2024 received a clean audit opinion from Ernst & Young, LLP. GPA's comprehensive financial statements may be viewed online at [www.guampowerauthority.com](http://www.guampowerauthority.com).



Energy Affordability

Through fiscal year 2024, GPA upheld its commitment to maintain energy affordability. The base rate, one of two components of GPA's energy cost, remained unchanged at \$0.102 per kWh for the 11th consecutive year while GPA progressively implemented major projects to strengthen and modernize the Island-wide Power System (IWPS).

GPA's cost efficiencies include operating at the lowest possible cost while continuously working to improve the quality of services to its customers, despite the ravages of Typhoon Mawar.

Amidst rising fuel costs and GPA incurring a fuel under recovery of almost \$47 million, the fuel recovery charge, the second component of GPA's energy costs and also known as the Levelized Energy Adjustment Clause (LEAC) was as high as \$0.318576 in the previous fiscal year. GPA continued to alleviate the impact of high fuel oil prices utilizing its financial reserves. In early 2024, the LEAC was adjusted and reduced to \$0.261995 per kilowatt-hour effective February 1, 2024 through July 31, 2024, and remained at this rate for the remaining fiscal year. GPA was prudent in managing its LEAC rate through monitoring and controlling strategic fuel purchases, and efficient fuel usage with low-cost utility-scale renewable energy contracts in spite of volatile global fuel markets.

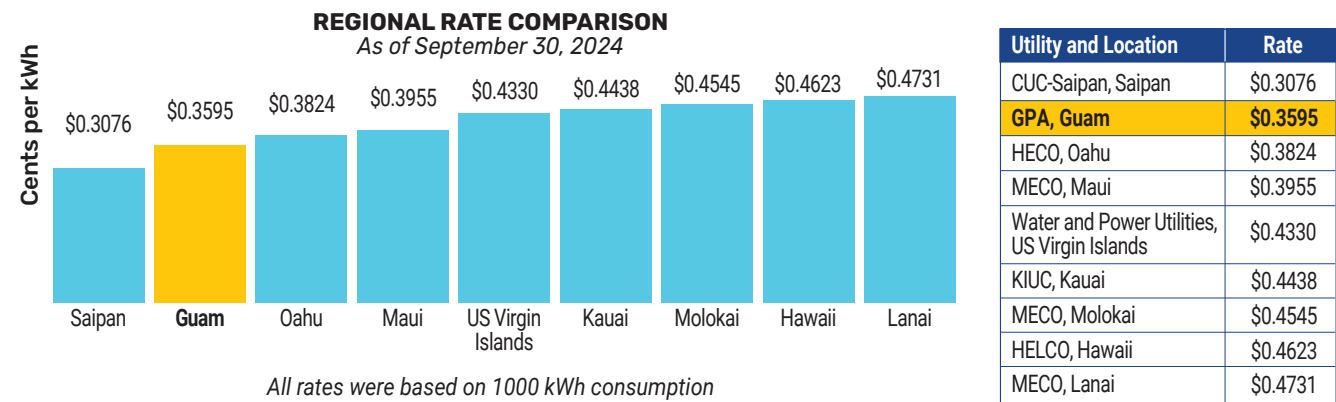
One of GPA's projects in renewable energy is the Phase IV Renewables initiative. This includes a Solar PV project of up to 330 MW integrated with energy storage system (ESS) batteries. With the batteries, GPA will shift 50% of all

energy generated during the day to night-time hours to reduce peak demand and high peak cost.

GPA continues to progress in its commitment to add clean, affordable energy to its power generation portfolio. The 25 MW battery energy storage system from the Ukudu Power Plant adds to GPA's cost-conscious energy portfolio marking a significant leap toward Guam's environmental sustainability and energy security. GPA also amended the 198 MW Ukudu Power Plant contract to include the acceleration of commissioning (COD) from January 2026 to September 30, 2025. The new COD would save ratepayers about \$18.6M in LEAC expenses for the period. Failure to meet COD will result in liquidated penalties of \$240K per day of delay for KEPCO.

GPA supported the process and timely applied the extension of the \$100 monthly utility energy credits under the *Prugrāman Ayuda Para I Taotao-ta* Energy Credit Program totaling \$62.7 million during Fiscal Year 2024 (Oct. 2023 – Sep. 2024).

In 2024, GPA had a steady workforce of 445 full-time employees to manage all of GPA's major capital improvement projects and ongoing programs. The unwavering commitment and dedication of its workforce is reflected in the continues process improvement, adoption and utilization of technology and customer engagement programs, and other cost-saving measures that keep energy affordable and stable, while maintaining reliable customer service.



**ENERGY- SAVING TIPS TO REDUCE YOUR POWER BILL**

Scan the QR code for more Energy-Saving Tips!

**LAUNDRY**

Wash full loads of clothes in cold water.

**COOLING**

Schedule unit maintenance every 6 months.

**WATER HEATING**

Take short showers instead of baths. A five-minute shower uses half the water as a 25-gallon bath.

**REBATES AVAILABLE**

**FOR COMMERCIAL & GOVERNMENT CUSTOMERS**

**GET UP TO \$350 PER TON FOR UNITS UNDER 5 TONS\***

**GET UP TO \$320 PER TON FOR UNITS 5 TONS & OVER\***

*\*Effective April 25, 2022*

See our GPA Approved Model Listing for qualified makes and models:  
[guampowerauthority.com/energysense](http://guampowerauthority.com/energysense)

Energy Reliability

GPA continues to prioritize high system reliability through its comprehensive planning and infrastructure initiatives. Central to this mission is the Integrated Resource Plan (IRP), now known as the Clean Energy Master Plan (CEMP). This strategic roadmap not only ensures compliance with the U.S. Environmental Protection Agency's (USEPA) Consent Decree but also helps GPA avoid millions of dollars in potential fines and penalties. The plan received formal adoption by the Consolidated Commission on Utilities (CCU) and approval from the Public Utilities Commission (PUC).

In the aftermath of Typhoon Mawar, GPA responded with a detailed action plan aimed at recovering and repairing existing generation capacity. Additional capacity was introduced to mitigate load-shedding and ensure continued maintenance of generating units.

Despite challenges beyond GPA's control, the Authority successfully adhered to the Consent Decree, making necessary schedule adjustments to remain on track. A significant milestone in GPA's energy future is the Ukudu Power Plant, slated for commissioning in 2025. This facility plays a pivotal role in GPA's broader commitment to achieving a 50% renewable portfolio standard by 2035.

As the energy landscape evolves, GPA is now focusing on capturing additional operational savings through improved efficiencies and the implementation of supporting projects and programs. These initiatives aim to strengthen grid security, enhance stability and reliability, while achieving meaningful reductions in GHG emissions. By September 30, 2024, GPA had achieved approximately 91.61% overall

progress in engineering, procurement, and construction of the Ukudu Power Plant. Recently completed tasks include pipeline installations and successful pressure testing of both ULSD and LNG pipelines.

For the Phase IV Solar PV project integrated with energy storage systems, two of the five qualified proponents have completed substantial portions of their System Impact Studies. The CCU has approved the first increment of the award, which includes 192 MW of solar capacity and a 97 MW/380 MWh energy storage system. A contract signing with, KEPCO-EWP-Samsung C&T Consortium and Core Tech Solar Energy, LLC for about 192 MW of solar capacity is forthcoming. Once all Phase IV bids are finalized, the renewable portfolio standard is projected to exceed 50% by 2035.

To ensure reliability and continuity until the Ukudu Power Plant becomes operational, the CCU and PUC have also approved necessary repairs and overhauls for the Piti 7 combustion turbine and the Navy-owned Orote Power Plants. These facilities are essential for supporting the Island Wide Power System.

GPA's efforts are further bolstered through strategic partnerships with local and federal agencies, including collaborations with U.S. National Laboratories. These partnerships play a vital role in securing grant funding for planning and infrastructure improvements. They also enhance GPA's capabilities in grid planning, modernization, and resiliency through planning & integration, infrastructure upgrade, and operation resources.





# Superior Customer Service

GPA has continued to enhance E-Customer Services to further improve customer convenience and savings. The authority communicates with our island community through various customer engagement efforts such as monthly newsletters, e-newsletters, social media and SMS to meet customer convenience and preference. This ensures that all ratepayers receive regular communication regarding utility updates, rate changes, scheduled outages, customer tools available, and energy saving tips to name a few. This fiscal year, GPA migrated their Interactive Voice Response (IVR) to a single automated phone payment system with GWA, allowing customers to pay their utility bills under one toll-free number for added convenience.

Through these efforts, GPA has earned national recognition with the American Public Power Association’s (APPA) Excellence in Public Power Communications Awards in both the Print/Digital and Video categories. These awards exemplify GPA’s commitment to customers by fostering transparent and effective communication, ultimately enhancing the customer experience. GPA has won these awards of excellence consistently three years in a row.

In addition, GPA has continued to support a variety of community programs, which assisted customers experiencing issues with utility payments as well as providing rebates when upgrading to energy efficient appliances.

**Prugrāman Ayuda Para I Taotao-ta Energy Credit Program**  
GPA successfully supported and implemented the extended Prugrāman Ayuda Para I Taotao-ta Energy Credit program which provided \$100 monthly credits to

ratepayers from October 2023 to September 2024 (P.L. 37-49, P.L. 37-66, P.L. 37-104). Each month, GPA teams worked with the Department of Administration (DOA) to expedite the transfer and upload within 24 to 48 hours the \$100 energy credits. For Fiscal Year 2024, over \$62.7M in energy credits have been paid out to an average of approximately 51,000 eligible customers.

**Energy Sense Rebate Program**  
Energy Sense is a program made to encourage conservation and lower energy consumptions. GPA offers rebates to ratepayers when they upgrade a GPA program-qualified air conditioner, washer, or dryer. Rebates range from \$100 to \$800 depending on system size and efficiency. By doing this, customers become more energy efficient, which results in more savings. For Fiscal Year 2024, GPA received 5,304 applications and paid out \$1.5 Million in Energy Sense Rebates to eligible customers.

**Low Income Home Energy Assistance Program (LIHEAP)**  
The Guam LIHEAP program is designed to provide one-time payment up to \$1,000 in power utility debt relief to qualified households in arrears and facing disconnection. For Fiscal Year 2024, GPA has applied \$985K in utility debt relief to approximately 815 eligible customers under LIHEAP.

**Emergency Rental Assistance (ERA) Program**  
This program was created to assist households affected by the COVID-19 pandemic and were unable to pay rent and utilities. GPA has applied \$1.2 Million in utility assistants to eligible customers through Department of Administration’s Emergency Rental Assistance Program.



# Consumer Programs

In line with our commitment to providing clean, reliable, affordable energy on a sustained basis, GPA remains dedicated to empowering its customers with resources to alleviate financial burdens, increase energy-efficiency, and easily accessible energy solutions.

**Providing Utility Debt Relief to Customers**  
GPA disbursed over \$62.7 million in energy credits to approximately 51,000 eligible customers. Authorized by PL 37-104, this was the final series of credits through the *Prugrāman Ayuda Para I Taotao-ta* Energy Credit program.

Qualifying customers may also avail of other programs that offer financial assistance such as the LIHEAP (Low Income Home Energy Assistance Program), ERA (Emergency Rental Assistance) and the Homeowners Assistance Fund (HAF). Each of these programs were created to help alleviate the financial burden for customers that may be experiencing financial constraints.

**Strategic Partnership to Raise Energy Awareness**  
GPA has established a successful partnership with the Guam Energy Office for the We CARE, Guam! Program. This initiative extends its support to low-income households by providing energy-saving equipment rebates beyond the Guam Energy Office’s grant funding. GPA’s dedication to the community is evident in its efforts to make energy efficiency accessible to all.

**Guam Energy Expo Collaboration with Guam Energy Office**  
GPA, in collaboration with key partners, co-hosts the Guam Energy Expo each year. This event plays a pivotal role in assisting customers in managing their power bills while providing comprehensive outreach on GPA’s energy efficiency programs and online tools. These programs and tools include the Energy Sense Online Rebates Program, the BEST Schools Program, the We CARE, Guam! Program, MyEnergyGuam and the MEX tool for residential customers. Through community engagement efforts, GPA ensures that customers are well-informed of the various tools and programs available to them, resulting in more sustainable energy choices.



**Expanded Services for Customer Focused-Convenience**  
GPA has made tremendous strides in expanding e-customer services for greater convenience. Online e-services such as PayGPA.com and the GPWA Mobile App allow customers to pay their utility bills 24/7 at their convenience. Customers may also conveniently view and download current and past billing statements, review payment history and energy usage. Additionally, initiating account changes or services is as easy as sending an email to customersfirst@gpagwa.com.

GPA’s IVR system is available to customer 24 hours a day, 7 days a week. In September 2024, both GPA and GWA phone payment services migrated under one combined system with a new toll-free number. Customers may now avail of the new automated service to pay both GPA and GWA accounts using one toll-free number.

**Automating the Energy Sense Rebate Application Process**  
In a move to streamline and enhance the customer experience, GPA has automated the application process for its Energy Sense rebate program. Customers may apply for an Energy Sense rebate online, eliminating the need to submit paper documents in-person, saving customers time and money. This program promotes the adoption of energy-efficient appliances, aiding consumers in reducing their energy consumption and environmental impact. Since 2016, GPA has provided over \$12M in direct incentives for washers, dryers and A/C units.

**Launching of New Online My Energy Xpert (MEX)**  
Marking a significant advancement in helping customers reduce their energy consumption, GPA launched its innovative online home energy assessment tool, the My Energy Xpert (MEX) during Fiscal Year 2024. The MEX tool provides residential customers with a free, fast and easy way to perform an energy efficiency evaluation, complete with customized recommendations to help save on energy costs.





## Workforce Development

GPA continued its commitment to strengthening workforce development in 2024, taking meaningful strides to expand training opportunities, improve safety practices, and broaden its internship programs.

The Plant Operator/Maintenance Worker In-House Training Program, launched in January 2022, is an important part of GPA's workforce initiatives. Currently, 16 trainees are enrolled in this three-year program designed to equip participants with hands-on skills in operational and maintenance functions.

Working closely with experienced GPA employees, these trainees are developing the expertise required to operate and maintain GPA's power plants. Having advanced in their on-the-job training (OJT), they are on track to complete the program by 2025. Beyond skill-building, the program fosters mentorship and prepares participants for future leadership roles.

GPA also advanced its Transmission and Distribution (T&D) Apprenticeship Program, with 36 apprentices actively gaining critical skills for maintaining and expanding the island's electrical infrastructure. Recognized nationally by the U.S. Department of Labor, the apprenticeship program supports career development in roles such as Line Installer-Repairer, Substation Electrician, Meter Electrician, and Electric Relay Technician. With a projected retirement of 30–40% of GPA's eligible workforce by 2028, these apprenticeships play a key role in developing the next generation of skilled professionals. In 2024, the sixth cycle of approximately 16 apprentices graduated, and onboarding for the seventh cycle began, with about 20 new apprentices joining across the T&D and Power System Control Center (PSCC) divisions.



Internship opportunities also expanded in 2024 through GPA's ongoing partnership with the University of Guam. These internships allow college students to gain valuable exposure to careers in the power utility industry. Participants receive real-world experience in fields including Engineering, Cybersecurity, Human Resources, Finance, and Communications. The internship program complements GPA's broader succession planning efforts, including its Department of Labor-certified Apprenticeship Program.

Recognizing the need to sustain technical expertise, GPA recruited three new engineers in Fiscal Year 2024. The development of young engineering talent remains critical to maintaining the authority's long-term technical capabilities.

Employee recognition and communication initiatives also saw renewed emphasis. On November 30, 2023, GPA held its Employee Service Awards ceremony, recognizing 64 staff members for their dedicated years of service. Spearheaded by the Human Resources Office, the event marked the return of this annual tradition. Additionally, in October 2023, GPA launched a weekly employee newsletter titled "EmPOWERing You," highlighting staff activities, promotions, new hires, and relevant workforce news.

Adding to these workforce achievements, GPA earned the American Public Power Association's Safety Award of Excellence for outstanding safety practices in 2024. The utility received the prestigious Diamond Award in the category for organizations with 250,000 to 999,999 worker-hours of annual exposure, underscoring its continued dedication to safe and effective operations.

## Technology & Cybersecurity Solutions

GPA continued to embrace technological innovation to improve its services and deepen its connection with customers. This dedication was exemplified through several key initiatives that showcased GPA's adaptability and commitment to innovation.

### Digital Transformation

Throughout the fiscal year, GPA continued the advancement of digital transformation that yielded new and improved ways of delivering services to its valued customers. These digital advancements allowed for more efficient and responsive interactions, ultimately enhancing the overall customer experience. They accomplished this through E-newsletters, social media, online applications, and communicating information to village mayors through WhatsApp chats.

To further improve customer convenience, GPA launched My Energy Xpert. This tool provides customers with a free level 1 home energy audit by answering a simple online questionnaire. Once completed, customers receive customized recommendations to help lower energy costs. GPA also migrated their Interactive Voice Response (IVR) to a single automated phone payment system with GWA that allows customers to pay their utility bills under one toll-free number.

### Cybersecurity

GPA is expanding its IT workforce and implementing automated security training solution to provide and monitor security training compliance. They've done so with increased investments in new infrastructure, implementation of Multi-Factor Authentication on all GPA workstations, utilization of GPA Fiber Communications for secure communications, lockdown of open physical ports, implementation of Zero Trust Architecture, and enforcement of Cyber controls in vendor contracts.

GPA is accelerating Cyber and Operational Technology (OT) Protections with key partnerships focusing on strengthening infrastructure resilience. The authority has actively facilitated and participated in key events, including the Society of American Military Engineers (S.A.M.E.) Guam Industry Forum and the Pacific Vantage Tabletop Exercise, where it shared critical insights on cybersecurity, strengthening Guam's infrastructure, addressing the unique challenges posed by the island's geographic location, outlining strategies to combat these issues, and highlighting current and future projects designed to improve the utilities' cybersecurity structure.



As part of its ongoing commitment to infrastructure resilience GPA's IT personnel continue to collaborate closely with various federal entities to strengthen Guam critical systems. GPA also played a key role in the University of Guam's Conference on Island Sustainability (CIS), particularly during the Guam Clean Energy Transition Track Preconference. This event brought together more than 40 distinguished speakers from both on-island and off-island organizations, energy consultants, and national laboratories such as National Renewable Energy Laboratory (NREL) and Pacific Northwest National Laboratory (PNNL) to discuss a wide range of critical topics. Presentations covered GPA's Clean Energy Master Plan (CEMP), Guam Energy Strategies, Battery Energy Storage System (ESS) Technology, cybersecurity strategies, marine energy development, energy security, grid and digital transformation, renewable energy integration, electric vehicle (EV) charging infrastructure, community energy outreach, demand response initiatives, and energy efficiency.

### Geographic Information System (GIS)

As an electric utility utilizing GIS (Geographic Information System), our mission is to provide accurate and comprehensive geospatial data and analysis to support the planning, design, operation, and maintenance of the electric utility network. We strive to enhance reliability, efficiency, and safety through the integration of geospatial technology and information. We are committed to continuously improving our GIS capabilities, ensuring data integrity, and fostering collaboration across departments to meet the evolving needs of our customers and the community.

At the 9th Assembly of Planners, the Guam Power Authority (GPA) showcased the transformative role of Geographic Information System (GIS) technology in building a more resilient Guam. From enhancing disaster readiness to supporting economic planning, GIS data enables deeper insight into risks and drives the creation of smarter, safer plans for the island's future. By integrating advanced tools such as drone imagery and geanalytics, GPA is doing more than delivering electricity—we're helping to power a brighter, more secure tomorrow for Guam.



# Community-Powered Commitment

## GPA'S OUTREACH IN FISCAL YEAR 2024

As an integral part of the community it serves, GPA remains steadfast in its mission to give back and enrich the lives of those it serves. Guided by the ethos of “power to serve” and “community powered,” GPA actively sought opportunities for outreach and engagement with residents throughout Fiscal Year 2024. Here are some highlights of GPA’s outreach efforts:

### 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 40+ 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.

### 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 Weatherization Assistance Program (WAP), 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.



### 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.

### Participation in Other Government or Non-Government Organization Events

GPA has participated in various events hosted by local and federal partners as guest speakers or panelist. In 2024, GPA participated in the Bureau of Statistics and Plan’s Assembly of Planner’s Symposium, the Society of American Military Engineer’s Guam Industry Forum, Guam Contractor’s Association Membership Luncheon Meetings, Bureau of Ocean Energy Management’s Guam Intergovernmental Renewable Energy Task Force and many others. This highlights GPA’s commitment to the community by sharing industrial knowledge through the island.



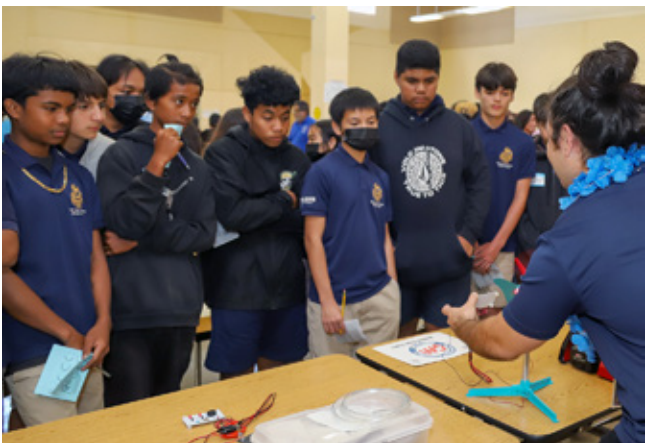
### Community Engagement and Outreach:

In addition to these strategic partnerships, GPA’s commitment to community-powered initiatives extends to various enjoyment and outreach support and activities:

### Education Initiatives

As part of their school outreach program, GPA visits schools regularly to share information on energy conservation/efficiency, and participate in Career Day. In fiscal year 2024, GPA conducted presentations throughout a total of 10 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 donates science, technology, engineering, and math (STEM) teacher kits and Energy Audit kits in support of STEM 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 to help save on energy efficient appliance purchases and reduce the family home power bill, to take home 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 results and parental engagement.



### Community Support

GPA partnered with local organizations like Alee Shelter, The Salvation Army and Guam special Olympics, demonstrating its commitment to the well-begin of the community’s most vulnerable members. We help these organizations fill their food pantries and replenish their supplies. A total of 2,827 food items and 627 toys were donated to Salvation Army and Alee Shelter respectively, supporting the collection efforts. In addition, GPA executive management and employees participated in the 2023 Holiday Gift Wrapping Supply Drive, donating over 1,100 supplies including tissue paper sheets, wrapping paper rolls, gift bows, scotch tape, ribbon rolls and gift tag stickers. All donations were dropped off to Catholic Social Service on Wednesday, December 13th in time for the start of the “Toys for Tots” shopping dates.

GPA also assisted Special Olympics Guam through much needed donations and employees volunteering their time during weekends to assist with their sporting event! Our goal is to help these organizations with the services they bring to the public and aid them in giving back to the community, and enable the spirit of giving and teamwork through volunteerism.





# Looking Ahead

## THE PATH FORWARD

GPA continues to face a critical shortfall of public power generation supply for Guam. GPA will overcome this energy gap with the commissioning of the new 198 MW Ukudu Power Plant in September 2025. In the meantime, GPA developed an action plan for recovery of existing capacity and adding new capacity to address the shortfall. It will complete the boiler tube repairs of Cabras 2 baseload unit, the repairs on Piti 7 CT and Yigo CT units and rehabilitate other smaller/peaking units. GPA procured a 20 MW temporary power generator with Aggreko, began shifting existing Battery Energy Storage System (ESS) about 16 MWH to be utilized during peak hours and continues to receive assistance from our U.S. Navy partners to utilize the Orote power plant during peak hours.

Looking ahead, with the highly fuel-efficient Ukudu Power Plant and all 330 MW Phase IV renewable energy project online, GPA is anticipated to achieve over 50% renewable energy a few years ahead of the 2035 legislative mandate, reduce fuel imports by over 900,000 barrels, or 39 million gallons per year, resulting in overall reduction in energy bills and net savings to our customers.

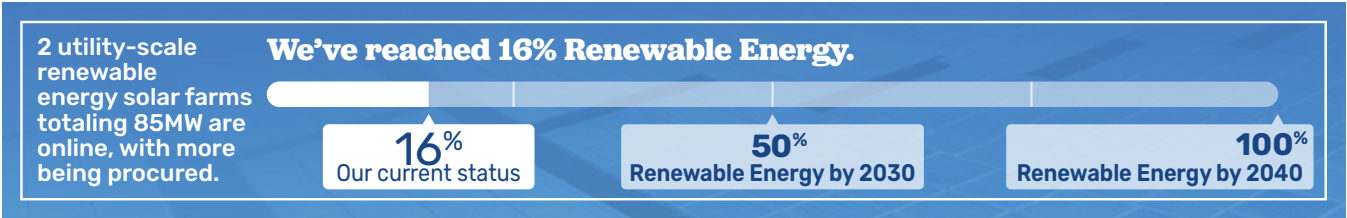
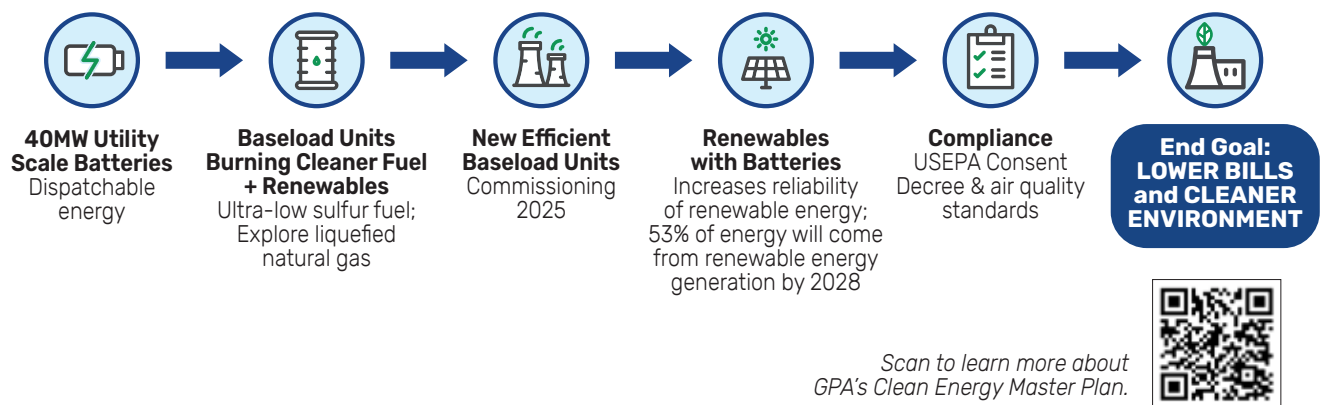
### Clean Energy Master (CEM) Plan/Integrated Resource Plan (IRP)

- GPA is leading the exciting journey to achieve reliable, resilient, affordable clean, renewable energy for all Guam ratepayers.
- The multifaceted GPA CLEAN ENERGY PLAN (Integrated Resource Plan)
  - Reduces our carbon footprint
  - Improves energy reliability
  - Ensures energy resiliency
  - Reduces waste
  - Improves affordability
- GPA commits to 50% renewable energy production by 2030 and 100% renewable energy and non-GHG emissions energy production by 2040.
- GPA's Roadmap to Clean Energy includes:
  - Renewable Energy Acquisition (Technology Agnostic)
  - Energy Efficiency
  - Demand Response
  - Transportation Electrification
  - Renewable Integration

- Grid Transformation
- Digital Transformation
- Cyber and Physical Security
- Smart Grid
- Communications Infrastructure

### USEPA/DOJ Negotiated Consent Decree

- GPA continues to comply with Consent Decree and adjust compliance action plans for issues beyond GPA's control. Most of the Consent Decree requirements have been met with the exception of a few outstanding items.
  - New Power Plant - Ukudu Operation date with ULSD and capable of liquefied natural gas (Delayed, targeting COD September 2025).
  - Cabras 1 & 2 - Permanent retirement of aging plants (Delayed, targeted NLT March 2026)
  - Permits & Reports - Commenced and Ongoing
  - Solar & ESS - Complete construction of 100 MW solar (Ongoing and delayed. New proposed COD NLT March 30, 2026.)



### Planning for the Future and Sustainable Guam

#### Ukudu Power Plant – Long-term Generation Capacity in Progress; Cornerstone for Renewables

- This new power plant, which is under construction and scheduled for commissioning in 2025, encountered several delays due to COVID-19 and damages sustained from Typhoon Mawar.
- The new plant will provide improved generation reliability and substantially reduce fuel operating costs once commissioned.
- The new plant is a critical part of the USEPA-GPA Consent Decree which also requires the retirement of aging units, (Cabras units 1&2) within 6 months of the Ukudu plant's commissioning.
- Ukudu Power Plant is a highly efficient combined-cycle unit that will contribute to reducing fuel cost. The new plant is expected to reduce fuel consumption by over 900,000 barrels, or 39 million gallons per year.

#### Making it All Work! Reliable, Resilient, Affordable Power

GPA has been taking measured steps toward increasing renewable energy integration into its grid—leveraging advancements in technology and reductions in technology costs. GPA is now in a fast Sprint towards 50% Renewable Energy. Solar PV, Wind Power, and other Inverter Based Resources (IBR) make the grid less stable, less reliable, and less resilient. The next three years are all about adding the systems necessary to make it all work and improve power system stability, reliability, resiliency, and affordability.

#### GPA has been preparing for this transition

- 2008 Integrated Resource Plan (IRP) and its subsequent updates in 2012, 2016, and 2022.
- 2014 Energy Storage Feasibility Study
- 2018 System Improvement Study
- GPA Cybersecurity Plan
- System Impact Studies

### Next Three Years' Focus

- An Integrated System of distributed Battery Energy Storage Systems (BESS) for grid services
- An Autonomous AI-Based Grid Controller
- Synchronous Condensers
- Demand Response Programs
- Relay Upgrade Program
- Transportation Electrification
- Building Organizational Infrastructure for sustainable operations under a much different grid.

### PHASE IV RENEWABLES BID

- Bids from proponents have been received. All five (5) bidders have progressed to next phase. Approximately 330 MW of renewable energy with energy shifting Energy Storage Batteries is what will be contracted. Contract which would shift at least 50% energy production from daytime supply to nighttime supply to meet peak and reduce conventional unit production. Commissioning may take about 3 years from CCU & PUC approvals.
- GPA may achieve 50% renewables a few years ahead of the 2035 legislative mandate.
- The energy storage systems will help increase GPA generation capacity substantially.
  - Two of the five qualified proponents have substantially completed the System Impact Studies and contract negotiations with GPA. The parties are prepared to proceed to the award phase of the procurement process.
  - On August 27, 2024, the CCU authorized GPA to seek PUC approval to proceed with an initial award to proponents KEPCO/EWP/Samsung and Core Tech Solar. Together, 192MW solar PV Plant with 97MW/380MWh ESS capacity will be awarded.



Cybersecurity and Physical Security Strategies

- **Cybersecurity** is crucial because modern power systems rely on complex networks that are vulnerable to cyberattacks. **Physical Security** plays a critical role for GPA in safeguarding the organization’s physical assets, personnel, information and reputation by implementing comprehensive security measures and protocols. The convergence of both cybersecurity and physical security strategies within GPA creates a more robust and resilient defense against threats.
- 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 and GWA have jointly initiated cybersecurity policies and protocols and conducted system testing and assessment to identify necessary security improvements.
- Physical security measures such as access control, intrusion detection and surveillance, to include physical security training and awareness programs augment the cyber security practices.
- **Challenges of Cybersecurity and Physical Security for Utilities:** Digitalization of services incorporating new technology combined with the rise of Geo Political agendas has increased the concerns of electronic warfare and cybersecurity. These challenges combined with the growing demand for Cyber and IT professionals, ever changing technology requirements, and supply chain security issues and delays in procuring new technology has exacerbated these challenges.
- **Cyber Risks:** Utilities are increasingly reliant on digital technologies, including SCADA (supervisory control and data acquisition) systems, which are vulnerable to cyber-attacks, cyber threats are becoming more sophisticated and frequent, with attackers using tactics such as social engineering, phishing, ransomware, and advanced persistent threats (APTs), the rise of the Internet of Things (IoT) has created new attack surfaces, as utilities connect more devices and sensors to their networks and nation-state actors are increasingly targeting utilities, with the goal of disrupting critical infrastructure and causing widespread damage.
- **Physical Risks:** Utilities face physical risks from natural disasters such as hurricanes, tornadoes, earthquakes, and floods, which can damage infrastructure and disrupt service, climate change is increasing the frequency and severity of these types of events, which puts additional pressure on utilities to maintain resilient systems, physical attacks on utilities, such as theft, vandalism or sabotage, can also cause significant damage and disruption to service. In some regions, utilities may face threats from terrorism or civil unrest, which can lead to targeted attacks on infrastructure.
- **Ongoing Improvements:** GPA is expanding its IT team workforce to include new Position FTE’s to increase cybersecurity workforce, and training of existing staff skillsets and certifications in the area of cybersecurity and networking. Implementing automated security training solution to provide and monitor security training compliance. Collaborate with Federal Partners and utilization of available tools and services. Investment in new infrastructure, implement Multi-Factor Authentication on all GPA workstations. Utilize GPA Fiber Communications for secure communications,

lockdown of open physical ports, implement Zero Trust Architecture, and enforcing Cyber controls in vendor contracts.

GPA is also expanding its Physical Security workforce in the creation of new Position FTE’s to provide technical and professional physical security analyst work in overall Protection Programs, Policies and Procedures. GPA employees a certified Physical Security Professional that collaborates and networks with Federal and Industry Partners in determining solutions and deployment recommendations to strengthen the Authority’s physical security posture.

- **Accelerating Cyber & OT Protections:** Key partnerships are focused on strengthening our cyber protections and OT infrastructure – a necessity for our modern power system, as cyber threats become more sophisticated and can undermine overall operations and reliability.
- **The Authority’s approach** to Physical security is “defense-in-depth” to effectively deter, detect, assess, delay, deny, and defend against an attack. GPA has completed a Physical Security Design project for the standardization of physical security buildouts for Substations, Remote Sites, Generation Plants and other GPA assets.

GPA continues enhancing its physical security program by upgrading existing physical security elements, establishing physical security protections and enhancing protection of existing and future assets and resources.

Infrastructure Resiliency Planning

- **198 MW Ukudu Power Plant** - The new highly efficient combined cycle plant is slated for commissioning by September 2025. Plant construction progresses steadily with pre-commissioning and performance testing is scheduled early 2025. Major work includes: Installation of BESS Batteries, Hydrostatic testing of Natural Gas Pipeline, HRSG #1 Chemical Cleaning.
- **One Guam Power Infrastructure Plan** – This plan includes requesting \$6.4 billion estimated costs for immediate critical physical infrastructure needs, as well as an additional \$4 billion to underground remaining distribution systems. This work will ensure a more resilient and reliable energy supply for Guam, as well as quicker recoveries from natural disasters.
- **Battery Energy Storage Systems (ESS)** - Centralized ESS capacity provides significantly improved grid reliability, and adds significant flexibility by charging directly from utility-scale renewable energy systems in daytime and from conventional generation plants during early morning low-demand periods. GPA will seek CCU and PUC approval for 90MW/450MWH.

A centralized ESS, coupled with the new Ukudu Power Plant (dual-fired, initially with ULSD, then liquefied natural gas) and several utility-scale solar facilities significantly improves energy reliability and resiliency, and reduces the cost-impact triggered by world events. Resiliency and reliability substantially improved because the network of existing underground 34.5 KV transmission system and several overhead systems all connected to about 120 MW of reserve units in the north. Adding an underground transmission line between Dededo Substation completes an underground transmission system loop in the north.

ESS will provide fuel savings by offsetting more expensive generation. ESS provides capacity which allows retirement of aged conventional units. ESS could alleviate need for batteries for rooftop and other types of solar PV production. ESS provides capacity for growth and for lowering cost renewables power purchase agreements by requiring little if any shifting ESS.

- **Partnerships Assist with Grid Planning, Modernization and Resiliency**

Planning & Integration

- Comprehensive Security Planning
- Microgrids
- Guam 100 (Renewable Energy Integration)
- Grid-Enhancing Data Analytics
- Virtual Power Plant Program

- Energy Storage Batteries (180MW)
- Underground Transmission Lines, prioritizing critical infrastructure
- Underground Distribution Lines, prioritizing critical infrastructure
- Standby generators (critical infrastructure)
- New Transformer Technologies

Operation Resources

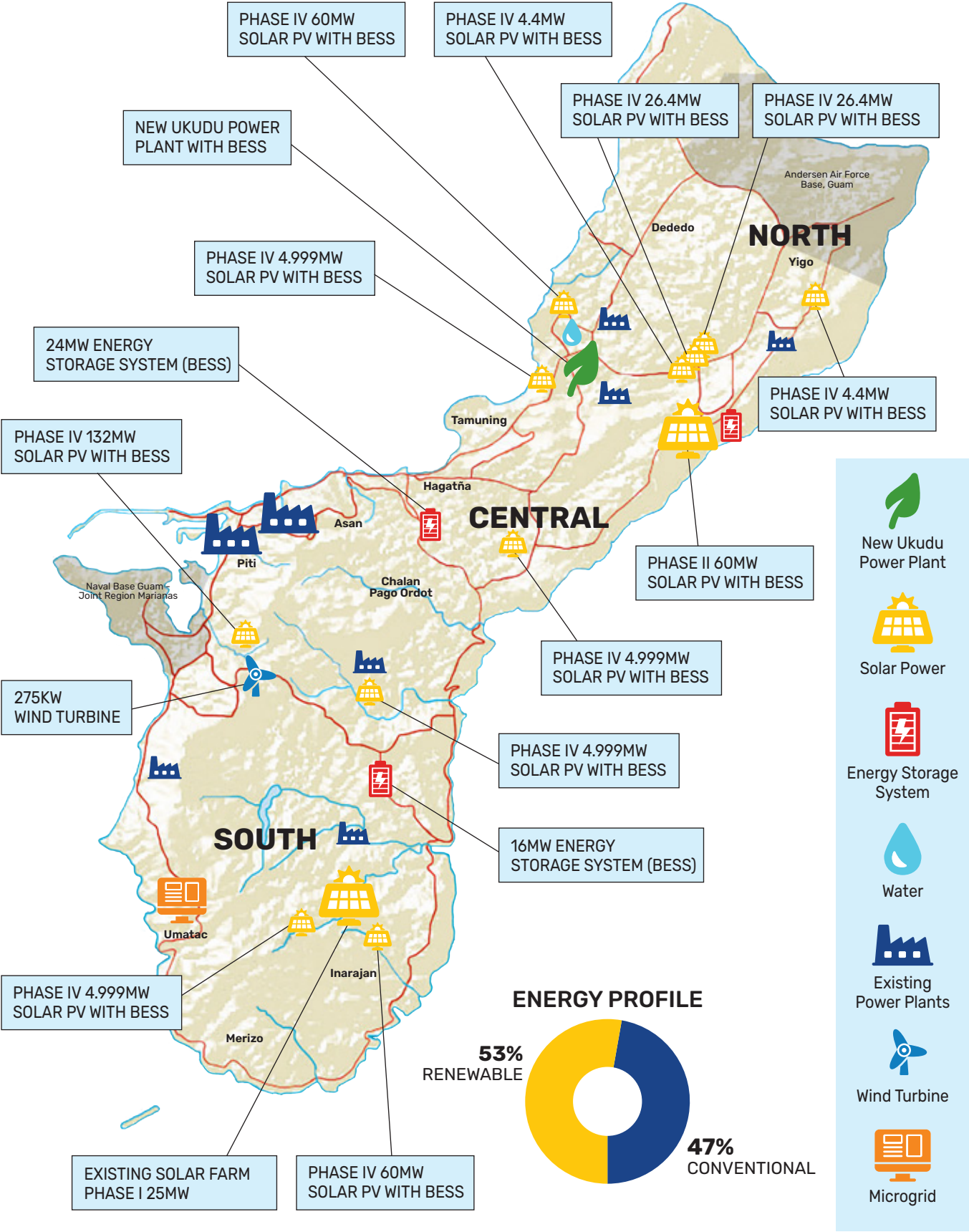
- Backup SCADA system
- Hybrid Bucket Trucks
- Engineering Training & Certification Program
- Operations Training & Certification Program

Guam’s Energy Future Is Near.  
*Brighter Days Are Ahead.*



# 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, 2024 and 2023  
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, 2024 and 2023

**Contents**

Report of Independent Auditors.....	F1
Management’s Discussion and Analysis .....	F4
Audited Basic Financial Statements	
Statements of Net Position.....	F14
Statements of Revenues, Expenses and Changes in Net Position .....	F16
Statements of Fiduciary Net Position .....	F17
Statements of Revenues, Expenses and Changes in Fiduciary Net Position .....	F18
Statements of Cash Flows.....	F19
Notes to Financial Statements.....	F21
Required Supplementary Information	
Schedule I - Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Plan.....	F64
Schedule II - Schedule of the Proportionate Share of the Net Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees.....	F65
Schedule III - Schedule of the Proportionate Share of the Net Pension Liability – Ad Hoc COLA Plan for DCRS Retirees .....	F66
Schedule IV - Schedule of the Pension Contributions.....	F67
Schedule V - Schedule of the Proportionate Share of the Total Other Postemployment Benefit Liability.....	F68
Note to Required Supplementary Information.....	F69
Supplementary Information and Other Information	
Schedule of Sales of Electricity .....	F70
Schedule of Operating and Maintenance Expenses .....	F71
Schedule of Salaries and Wages .....	F73





## 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, 2024 and 2023, 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, 2024 and 2023, 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, the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contribution and the Schedule of Proportionate Share of the Total OPEB Liability 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, 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 28, 2025 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 28, 2025

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

**Management’s Discussion and Analysis**

Years Ended September 30, 2024 and 2023

This Management’s Discussion and Analysis should be read in conjunction with the Guam Power Authority’s September 30, 2024 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, \$880 million in assets, and \$546 million in annual revenues. GPA currently serves approximately 53,777 customers, with the U.S. Navy being the largest, representing about 18% 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 is comprised of 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 of America (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.



Management’s Discussion and Analysis, 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 fluctuations in their bills.

In conjunction with 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, enables customers to view their statements online.

Customers can visit 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 damage 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.

Management’s Discussion and Analysis, continued

United States Environmental Protection Agency

The United States, 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 (USLD) and capable of burning liquified natural gas (LNG), convert the fuel delivery system from residual fuel oil to ULSD, build 100MW of solar power, install and operate a 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 damage from Typhoon Mawar in May 2023, the commissioning of the 198MW plant has been delayed until September 2025.

FINANCIAL HIGHLIGHTS

The table below highlights the financial comparison for fiscal years 2024, 2023, and 2022.

(in '000)	2024	2023	2022
Current assets	\$322.8	\$326.2	\$305.1
Lease assets, net	6.9	11.9	17.0
Non-current investments	17.5	28.2	11.2
Other non-current assets	14.6	22.5	39.6
Utility plant	<u>461.9</u> 823.7	<u>467.6</u> 856.4	<u>475.0</u> 847.9
Deferred outflows of resources	<u>62.7</u>	<u>68.2</u>	<u>66.5</u>
	<u>\$886.4</u>	<u>\$924.6</u>	<u>\$914.4</u>



Management’s Discussion and Analysis, continued

Management’s Discussion and Analysis, continued

FINANCIAL HIGHLIGHTS, continued

(in '000)	<u>2024</u>	<u>2023</u>	<u>2022</u>
Liabilities			
Current liabilities	\$ 83.5	\$100.2	\$ 68.6
Non-current liabilities	<u>701.7</u>	<u>710.7</u>	<u>764.9</u>
	785.2	810.9	833.5
Deferred inflows of resources	73.5	83.4	57.8
Net Position			
Net investment in capital assets	17.3	23.5	33.0
Restricted	29.4	38.1	14.0
Unrestricted	( 19.0)	( 31.3)	( 23.9)
	<u>27.7</u>	<u>30.3</u>	<u>23.1</u>
	<u>\$886.4</u>	<u>\$924.6</u>	<u>\$914.4</u>

The decrease in current assets in 2024 compared to 2023 is due to better receivables collections. In 2023, Typhoon Mawar impacted the island, and it was struggling to recover.

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

The decrease in current liabilities in 2024 compared to 2023 is due to the refunding of 2024 revenue bonds, which reduced the bond payment requirement. In addition, the fuel price decreased in 2024 compared to 2023, thus reducing outstanding payables.

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

Financial results summary:

- 2024 has a net loss of \$2.5 million compared to a net income of \$7.1 million in 2023.
- 2023 has a net income of \$7.1 million compared to a net income of \$13.4 million in 2022.

FINANCIAL HIGHLIGHTS, continued

The table below details certain items from GPA’s Statements of Revenue, Expenses, and Changes in Net Position for 2024, 2023, and 2022.

(in '000)	<u>2024</u>	<u>2023</u>	<u>2022</u>
Sales of Electricity, net	\$542,778	\$548,681	\$473,561
Other	<u>3,551</u>	<u>5,332</u>	<u>4,992</u>
Total operating revenues	546,329	554,013	478,553
Production Fuel	385,762	399,920	315,771
Operating and maintenance	104,914	79,468	89,075
Depreciation	<u>35,021</u>	<u>35,216</u>	<u>35,213</u>
Total operating expenses	<u>525,697</u>	<u>514,604</u>	<u>440,059</u>
Operating income	<u>20,632</u>	<u>39,409</u>	<u>38,494</u>
Interest income	5,114	4,007	1,222
Interest expense	( 22,951)	( 23,374)	( 24,914)
Allowance for funds used during construction	---	14	123
Other expense, net	( 5,338)	( 12,930)	( 1,552)
Income	<u>\$ ( 2,543)</u>	<u>\$ 7,126</u>	<u>\$ 13,373</u>

Operating Revenues – Sales of Electricity, net

Sales of electricity, net decreased by \$5.9 million, or 1.1%, in 2024 compared to 2023 due to a decline in global fuel prices.

Sales of electricity, net increased by \$75 million, or 15.8%, in 2023 compared to 2022. This is due to the increase in global fuel prices.

Electric Sales Information

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Peak Demand (MW)	247	257	260	257	264
Total Electric Sales (MWh in ‘000)	1,523,579	1,554,962	1,550,160	1,447,602	1,556,351
Sales Growth (%)	(2.9)	2.1	(1.0)	(6.0)	7.0
Total Customers	51,771	52,825	52,873	52,642	53,777

Energy sales increased by 7% in 2024 compared to 2023 from the recovery of Typhoon Mawar.

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



Management’s Discussion and Analysis, continued

Management’s Discussion and Analysis, continued

**FINANCIAL HIGHLIGHTS, continued**

**Operating and Maintenance**

GPA’s operating and maintenance expenses increased in 2024 compared to 2023 due to a lease of 20MW diesel generators to meet the load demand and increase in pension, water and material costs.

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

GPA’s headcount for 2024 and 2023 was 443 and 408, respectively. The increase is mainly due to fulfilling the vacant positions left by the retired workforce and areas where additional manpower is required. Apprentices who graduated from the GPA apprenticeship program were hired.

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

Station use in 2024 of 65,549 MWh increased compared to 2023 station use of 55,840 MWh.

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

Transmission and distribution (T&D) line loss increased to 95,758 MWh in 2024 compared to 91,502 MWh in 2023.

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

**Depreciation and Amortization**

Depreciation and amortization expenses for 2024, 2023, and 2022 remained the same.

**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.

**FINANCIAL HIGHLIGHTS, continued**

**Utility Cost Recovery Activities, continued**

**Production Fuel, continued**

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 terminated on March 2025.

In addition to solar, GPA has a 275kW wind turbine, which became operational in March 2016. A USDOJ Grant funded the \$2 million wind project, and 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, a 180MW renewable project bid, was issued, and 332MW of PV proposals were received. In February 2025, KES Yona Solar, LLC signed a contract with GPA to produce 132 MW solar PV with 50% shifting batteries. The project is anticipated to be completed in 2028. Negotiations are underway with other PV project proponents.

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

Interest income increased in 2024 compared to 2023 due to an increase in the interest rate.

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

Interest expense decreased in 2024 compared to 2023 due to lower outstanding bonds due to refunding of 2022 and 2024 revenue bonds.

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



Management’s Discussion and Analysis, continued

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 2024, 2023, and 2022 are as follows:

(in millions)	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash received from customers	\$554.2	\$566.8	\$457.0
Cash payments to suppliers	(436.5)	(429.6)	(404.1)
Cash payments to employees for services	( 45.1)	( 39.4)	( 41.4)
Cash payments to retiree benefits	( 4.4)	( 3.4)	( 4.3)
Net cash provided by operating activities	\$ <u>68.2</u>	\$ <u>94.4</u>	\$ <u>7.2</u>

Capital Activities

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

The largest capital costs incurred in 2024 were the fuel pipeline and tank 1935 overhaul (\$12.5M), peaking unit overhaul (\$2.1M), and substation and transmission improvements (\$6M).

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

Cash used in capital activities includes proceeds from bonds and revenue funds. Please refer to Note 11 to the financial statements for details of GPA’s capital activities.

Investing Activities

GPA’s cash flows from investing activities for 2024, 2023, and 2022 are as follows (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net cash provided by (used in) investing activities	\$ 15.6	\$(11.1)	\$24.4

Borrowing Activities

No new borrowing was made in 2024, 2023, and 2022; however, Revenue Bonds 2012 Series A was refunded in July 2022, and Revenue Bonds 2014 was refunded in July 2024. Please refer to Note 6 to the financial statements for details of GPA’s borrowing activities.

FINANCIAL HIGHLIGHTS, continued

GPA’s cash flows from the capital and non-capital financing activities for 2024, 2023, and 2022 are as follows (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net cash provided by non-capital financing activities	\$ 1.4	\$ 3.3	\$ 2.2
Net cash used in capital and related financing activities	\$(77.8)	\$(55.5)	\$(93.5)

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. Phase III project was terminated due to the long delay from the bid protest and the US Navy repurposing the land for military operations. In Phase IV 180MW renewal project, proponents turned in 330MW of solar PV. In February 2025, KES Yona Solar, LLC signed a contract with GPA to produce 132 MW solar PV with 50% shifting batteries. The project is anticipated to be completed in 2028. Negotiations are underway with other PV project proponents

Investing in solar farms and increasing net metering customers (NEM) led to a grid becoming physically and operationally very different from the past. 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.



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. 16MW of the 40 MW ESS system, operational in 2021, is allocated to level the power fluctuation and reduce intermittency trips. The remaining 24MW ESS is used to eliminate over 70% of short-duration outages due to generators.

The 198MW dual-fire combined cycle combustion turbine, which the project was approved by CCU in 2016, is set to be commissioned in September 2025. The project faced delays due to the Covid-16 pandemic and damages from typhoon Mawar in 2023. The new combined cycle is 37% more efficient than Cabras 1 & 2 and 22% more efficient than Piti 8 & 9. The new plant is projected to reduce burning 900,000 barrels or 37 million gallons of fuel annually.

**Future Borrowing**

With growing renewable energy, traditional power generation will need to be augmented with energy storage batteries and synchronous condensers to regulate voltage and improve grid stability.

The Ukudu 198MW power plant uses ultra-low sulfur diesel and can use natural gas (LNG). An economic and engineering feasibility study is being conducted, and we will know more when it is completed.

**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, 2023, is set forth in GPA’s report on the audit of the financial statement, which is dated May 16, 2024. For the year ended September 20, 2022, it is set forth in GPA’s report on the audit of financial statements dated August 16, 2023. That Discussion and Analysis explain in more detail the major factors impacting the 2023 and 2022 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).

Statements of Net Position

	September 30, <u>2024</u>	<u>2023</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>		
Current assets:		
Cash and cash equivalents – restricted	\$116,779,935	\$105,870,564
Cash and cash equivalents – unrestricted	<u>61,701,693</u>	<u>65,423,593</u>
Total cash and cash equivalents	<u>178,481,628</u>	<u>171,294,157</u>
Investments – restricted	18,561,431	18,528,966
Accounts receivable, net	48,701,947	52,912,281
Materials and supplies inventory, net	14,082,576	10,580,924
Fuel inventory	60,464,172	66,244,237
Prepaid expenses and other current assets	<u>2,548,197</u>	<u>6,651,973</u>
Total current assets	<u>322,839,951</u>	<u>326,212,538</u>
Utility plant, at cost		
Depreciable utility plant, net of accumulated depreciation	427,103,614	424,769,876
Non-depreciable utility plant	<u>34,837,318</u>	<u>42,795,105</u>
Total utility plant	<u>461,940,932</u>	<u>467,564,981</u>
Lease asset	<u>6,883,411</u>	<u>11,906,226</u>
Other non-current assets:		
Cash and cash equivalents – restricted	2,249,393	2,142,195
Investments – restricted	15,199,227	25,700,491
Unamortized debt insurance costs	<u>3,899</u>	<u>415,509</u>
Total other non-current assets	<u>17,452,519</u>	<u>28,258,195</u>
Regulatory assets:		
Uncovered fuel costs	<u>14,558,943</u>	<u>22,481,999</u>
Total regulatory assets	<u>14,558,943</u>	<u>22,481,999</u>
Total assets	<u>823,675,756</u>	<u>856,423,939</u>
Deferred outflows of resources:		
Unamortized loss on debt refunding	9,780,478	13,523,731
Pension	20,135,066	27,900,085
Other post-employment benefits	<u>32,832,154</u>	<u>26,791,884</u>
Total deferred outflows of resources	<u>62,747,698</u>	<u>68,215,700</u>
	<u>\$886,423,454</u>	<u>\$924,639,639</u>

*See accompanying notes.*



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

Statements of Net Position, continued

	September 30, 2024	2023
<b><u>Liabilities, Deferred Inflows of Resources and Net Position</u></b>		
Current liabilities:		
Current maturities of long-term debt	\$ 15,855,000	\$ 24,680,000
Accounts payable:		
Operations	25,816,881	18,965,883
Fuel	9,040,015	24,709,615
Accrued payroll and employees' benefit	1,058,475	427,050
Current portion of employees' annual leave	2,312,065	1,852,589
Current portion of lease liability	4,802,469	4,922,204
Interest payable	13,382,348	14,149,947
Customer deposits	<u>11,234,910</u>	<u>10,477,456</u>
Total current liabilities	<u>83,502,163</u>	<u>100,184,744</u>
Long-term debt, net of current maturities	457,395,893	477,616,271
DCRS sick leave liability	2,296,579	1,695,518
Lease liability	1,981,011	6,783,479
Net pension liability	82,928,842	91,535,179
Other post-employment benefits liability	154,610,401	130,691,710
Employees' annual leave, net of current portion	1,723,317	1,723,317
Customer advances for construction	<u>721,114</u>	<u>674,124</u>
Total liabilities	<u>785,159,320</u>	<u>810,904,342</u>
Deferred inflows of resources:		
Provision for self-insurance	15,816,693	12,696,791
Pension	7,826,304	5,772,445
Other post-employment benefits	<u>49,870,545</u>	<u>64,972,832</u>
Total deferred inflows of resources	<u>73,513,542</u>	<u>83,442,068</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	17,314,364	23,495,959
Restricted	29,392,631	38,113,770
Unrestricted	<u>( 18,956,403)</u>	<u>( 31,316,500)</u>
Total net position	<u>27,750,592</u>	<u>30,293,229</u>
	<u>\$886,423,454</u>	<u>\$924,639,639</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, 2024	2023
Revenues:		
Sales of electricity	\$542,777,760	\$548,681,198
Miscellaneous	<u>3,551,248</u>	<u>5,331,744</u>
Net operating revenues	<u>546,329,008</u>	<u>554,012,942</u>
Operating and maintenance expenses:		
Production fuel	385,761,787	399,920,099
Other production	<u>22,856,995</u>	<u>17,811,809</u>
	408,618,782	417,731,908
Administrative and general	47,360,409	33,790,472
Depreciation and amortization	35,021,336	35,215,950
Energy conversion costs	13,843,588	10,185,615
Transmission and distribution	13,791,473	11,037,863
Customer accounting	<u>7,061,383</u>	<u>6,642,222</u>
Total operating and maintenance expenses	<u>525,696,971</u>	<u>514,604,030</u>
Operating income	<u>20,632,037</u>	<u>39,408,912</u>
Non-operating revenues (expense):		
Interest income	5,114,054	4,007,116
Operating grants from the United States Government	1,152,300	3,611,725
Allowance for funds used during construction	---	14,236
Interest expense	( 22,951,049)	( 23,373,910)
Other expense, net	<u>( 6,489,979)</u>	<u>( 16,542,182)</u>
Total non-operating expense, net	<u>( 23,174,674)</u>	<u>( 32,283,015)</u>
Change in net position	( 2,542,637)	7,125,897
Net position at beginning of year	<u>30,293,229</u>	<u>23,167,332</u>
Net position at end of year	<u>\$ 27,750,592</u>	<u>\$ 30,293,229</u>

See accompanying notes.



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

Statements of Fiduciary Net Position

	September 30, <u>2024</u>	<u>2023</u>
Asset		
Current asset:		
Cash and cash equivalents	\$ <u>19,765</u>	\$ <u>50,862</u>
	\$ <u>19,765</u>	\$ <u>50,862</u>
Liability and net position		
Current liability:		
Accounts payable - operations	\$ <u>19,765</u>	\$ <u>50,862</u>
	<u>19,765</u>	<u>50,862</u>
Commitments and contingencies		
Net position	<u>---</u>	<u>---</u>
	\$ <u>19,765</u>	\$ <u>50,862</u>

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>2024</u>	<u>2023</u>
Revenues	\$63,118,900	\$52,711,138
Miscellaneous	<u>63,118,900</u>	<u>52,711,138</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.

See accompanying notes.



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

Statements of Cash Flows

	Year Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$554,167,679	\$566,760,065
Cash payments to suppliers for goods and services	(436,482,727)	(429,632,534)
Cash payments to employees for services	( 45,118,175)	( 39,355,988)
Cash payments for retiree benefits	( 4,397,432)	( 3,382,011)
Net cash provided by operating activities	<u>68,169,345</u>	<u>94,389,532</u>
<b>Cash flows from investing activities:</b>		
Increase (decrease) in investments	10,468,799	( 16,981,439)
Interest on investments and bank accounts	5,114,054	4,007,116
Decrease in certificates of deposit	<u>---</u>	<u>1,818,139</u>
Net cash provided by (used in) investing activities	<u>15,582,853</u>	<u>( 11,156,184)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from the U.S. Government capital grant	1,354,567	3,301,718
Interest paid on long-term debt	( 19,517,815)	( 20,036,032)
Principal paid on long-term debt	( 28,800,000)	( 7,730,000)
Additions to utility plant	( 29,494,281)	( 27,742,677)
Net cash used in capital and related financing activities	<u>( 76,457,529)</u>	<u>( 52,206,991)</u>
Net change in cash and cash equivalents	7,294,669	31,026,357
Cash and cash equivalents at beginning of year	<u>173,436,352</u>	<u>142,409,995</u>
Cash and cash equivalents at end of year	<u>\$180,731,021</u>	<u>\$173,436,352</u>
<b>Consisting of:</b>		
Restricted	\$119,029,328	\$108,012,759
Unrestricted	<u>61,701,693</u>	<u>65,423,593</u>
	<u>\$180,731,021</u>	<u>\$173,436,352</u>

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

Statements of Cash Flows, continued

	Year Ended September 30,	
	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$20,632,037	\$39,408,912
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	35,021,336	34,592,340
Bad debts expense	1,245,504	1,197,996
Other pension income (expense)	1,212,541	( 1,029,641)
Other post-employment benefit costs	2,776,134	( 1,027,637)
(Increase) decrease in assets:		
Accounts receivable	2,762,563	9,407,100
Materials and supplies inventory	( 3,501,652)	2,664,930
Fuel inventory	5,780,065	( 3,961,321)
Prepaid expenses and other current assets	4,103,776	( 971,548)
Unrecovered fuel costs	7,923,056	17,072,795
Increase (decrease) in liabilities:		
Accounts payable	(15,308,581)	( 5,332,532)
Customer deposits	663,712	329,126
Customer advances for construction	46,990	132,623
Provision for self-insurance	3,119,902	1,680,278
Accrued payroll and employees' benefits	631,425	209,708
Employees' annual and DCRS sick leave	<u>1,060,537</u>	<u>16,403</u>
Net cash provided by operating activities	<u>\$68,169,345</u>	<u>\$94,389,532</u>

See accompanying notes.

See accompanying notes.



Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Notes to Financial Statements, continued

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. The sum of \$26,381,000 of this public law was appropriated from the Government of Guam General Fund for this purpose.

In December 2022, Public Law No. 36-123 was enacted to extend the ECP for the months of December 2022 to April 2023. In May 2023, Public Law No. 37-16 was enacted to further extend the ECP for the months of May to September 2023. The sum of \$52,762,000 for each of the enacted public laws were appropriated from the Government of Guam General Fund for this purpose.

In November 2023, Public Law No. 37-49 was enacted to extends the ECP for the months of October to December 2023 with \$100 credit for each month. In February 2024, Public Law No. 37-66 was enacted to extend the ECP for the months of January 2024 to March 2024 with \$100 credit for each month. Public Law No. 37-104 was enacted in June 2024 to further extend the ECP for the months of April 2024 to September 2024 with \$100 credit for each month. The sum of approximately \$63,119,000 for each of the enacted public laws were appropriated from the Government of Guam General Fund for this purpose.

1. Organization and Summary of Significant Accounting Policies, continued

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.

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.



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 AAA 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 \$1,026,094 and \$969,487 as of September 30, 2024, and 2023, respectively, and is included as a component of fuel inventory in the accompanying statements of net position.

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.

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.



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.

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.

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, that includes characteristics of nonexchange transactions, 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, 2024 and 2023, GPA has an under recovery of fuel costs of \$14,558,943 and \$22,481,999, respectively.



1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

In June 2022, GASB issued 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. The adoption of this statement does not have material effect on the financial statements.

Upcoming Accounting Pronouncements

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 year 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 defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. 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 year ending September 30, 2025.

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government’s accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management’s discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

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



Notes to Financial Statements, continued

2. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

The bond indenture agreements for the 2014, 2017, 2022 and 2024 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, 2024 and 2023, cash and cash equivalents, certificates of deposit and investments held by trustees and by GPA in these funds and accounts were as follows:

	2024					
	Cash and Cash Equivalents and Certificates of Deposit				Investments	
	Held By Trustees		Held By GPA	Cash Total	Held By Trustees	
	Bond Indenture Funds	PUC Restricted Funds	Unrestricted Funds		Bond Indenture Funds	Total
Construction funds	\$ 2,249,393	\$ ---	\$ ---	\$ 2,249,393	\$ ---	\$ 2,249,393
Interest and principal funds	12,473,874	---	---	12,473,874	15,199,227	27,673,101
Working capital funds	11,083,122	---	---	11,083,122	4,821,263	15,904,385
Bond reserve fund	34,260,606	---	---	34,260,606	13,740,168	48,000,774
Self-insurance fund	---	14,481,151	---	14,481,151	---	14,481,151
Revenue funds	9,054,712	---	---	9,054,712	---	9,054,712
Energy sense fund	---	6,047,165	---	6,047,165	---	6,047,165
Operating funds	---	---	61,701,693	61,701,693	---	61,701,693
Surplus funds	<u>29,379,305</u>	<u>---</u>	<u>---</u>	<u>29,379,305</u>	<u>---</u>	<u>29,379,305</u>
	<u>\$98,501,012</u>	<u>\$20,528,316</u>	<u>\$61,701,693</u>	<u>\$180,731,021</u>	<u>\$33,760,658</u>	<u>\$214,491,679</u>

	2023					
	Cash and Cash Equivalents and Certificates of Deposit				Investments	
	Held By Trustees		Held By GPA	Cash Total	Held By Trustees	
	Bond Indenture Funds	PUC Restricted Funds	Unrestricted Funds		Bond Indenture Funds	Total
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>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>\$217,665,809</u>

Notes to Financial Statements, continued

2. Cash, Cash Equivalents and Investments, continued

A. Cash and Cash Equivalents, continued

At September 30, 2024 and 2023, the operating funds include the remaining insurance proceeds of \$52,787,147 and \$51,545,647, 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, 2024 and 2023, the carrying amount of GPA’s total cash and cash equivalents and certificates of deposit was \$180,731,021 and \$173,436,352, respectively, and the corresponding bank balances were \$180,734,791 and \$174,461,712, respectively. Of the bank balance amount as of September 30, 2024 and 2023, \$82,155,868 and \$83,202,148, respectively, were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024 and 2023, bank deposits in the amount of \$628,626 and \$771,415, respectively, were subject to FDIC insurance coverage. GPA does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. At September 30, 2024 and 2023, \$81,527,342 and \$82,430,733, 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, 2024 and 2023 also include \$98,513,280 and \$90,199,625, 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.



Notes to Financial Statements, continued

Notes to Financial Statements, continued

2. Cash, Cash Equivalents and Investments, continued

B. Investments

As of September 30, 2024, 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:			
Toyota Motor Corporation (commercial paper)	\$13,740,168	Less than 1 year	P-1
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	<u>4,821,263</u>	Less than 1 year	Not rated
	<u>\$18,561,431</u>		
<i>Noncurrent:</i>			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	<u>\$15,199,227</u>	More than 10 years	Aa3

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

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.

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, 2024 and 2023, 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, 2024 and 2023, investments in Federated Government Ultrashort Duration Fund (mutual fund) are valued using Level 1 inputs.

3. Accounts Receivables, net

Accounts receivable at September 30, 2024 and 2023 were summarized as follows:

	<u>2024</u>	<u>2023</u>
Customers:		
Private	\$31,065,176	\$33,288,066
Government	<u>13,963,330</u>	<u>11,354,787</u>
	45,028,506	44,642,853
U.S. Government – Navy (Note 8)	3,870,937	4,637,865
U.S. Government – grants	859,835	1,062,102
Others	<u>6,834,577</u>	<u>9,247,633</u>
	56,593,855	59,590,453
Allowance for doubtful receivables	<u>( 7,891,908)</u>	<u>(6,678,172)</u>
	<u>\$48,701,947</u>	<u>\$52,912,281</u>

Unbilled accounts receivable included in the accounts receivable – private customers amounted to \$11,985,627 and \$11,346,806 as at September 30, 2024 and 2023, 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.



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.

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 \$2,300 and \$2,200 for 2024 and 2023, respectively. 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.



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 ½ 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 29.43% and 28.43% for the years ended September 30, 2024 and 2023, respectively. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2024 and 2023.

GPA’s contributions to the DB Plan for the years ended September 30, 2024 and 2023 were \$5,540,278 and \$4,440,890, 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, 2024 and 2023 were \$1,421,213 and \$1,400,822, 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, 2024 and 2023 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.

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, 2024 and 2023 were \$2,873,580 and \$2,971,836, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts \$2,267,278 and \$2,323,635 were or will be contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2024 and 2023, respectively.

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

*Pension Liability:* At September 30, 2024 and 2023, GPA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2024 and 2023, respectively, which is comprised of the following:

	<u>2024</u>	<u>2023</u>
Defined Benefit Plan	\$64,653,895	\$75,169,330
Ad Hoc COLA/supplemental annuity Plan for DB retirees	14,686,538	13,566,656
Ad Hoc COLA Plan for DCRS retirees	<u>3,588,409</u>	<u>2,799,193</u>
	<u>\$82,928,842</u>	<u>\$91,535,179</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, 2024 and 2023, GPA’s proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2024</u>	<u>2023</u>
Defined Benefit Plan	4.63%	5.06%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	5.46%	5.29%
Ad Hoc COLA Plan for DCRS retirees	4.58%	4.65%

*Pension Expense:* For the years ended September 30, 2024 and 2023, GPA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2024</u>	<u>2023</u>
Defined Benefit Plan	\$ 8,136,630	\$6,568,888
Ad Hoc COLA/supplemental annuity Plan for DB retirees	1,734,114	411,366
Ad Hoc COLA Plan for DCRS retirees	<u>643,262</u>	<u>176,633</u>
	<u>\$10,514,006</u>	<u>\$7,156,887</u>



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, 2024 and 2023, GPA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2024					
	Supplemental Annuity Defined Benefit Plan		Ad Hoc COLA Plan for DB Retirees		Ad Hoc COLA/ Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 663,865	\$ 727,256	\$ ---	\$ 594,812	\$ 351,570	\$ 46,164
Net difference between projected and actual earnings on pension plan investments	8,414,611	---	---	---	---	---
Changes of assumptions	---	390,175	224,998	748,253	694,718	635,270
Contributions subsequent to the measurement date	7,807,555	---	1,267,113	---	154,100	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	---	4,108,662	468,074	---	88,462	575,712
	<u>\$ 16,886,031</u>	<u>\$ 5,226,093</u>	<u>\$ 1,960,185</u>	<u>\$ 1,343,065</u>	<u>\$ 1,288,850</u>	<u>\$ 1,257,146</u>
	September 30, 2023					
	Supplemental Annuity Defined Benefit Plan		Ad Hoc COLA Plan for DB Retirees		Ad Hoc COLA/ Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
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	---	2,539,930	285,569	7,403	100,905	630,826
	<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>

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, 2024 will be recognized in pension (expense) income as follows:

Year Ending September 30,	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCR Retirees	Total
2025	\$ 718,628	\$(714,720)	\$ 13,205	\$ 17,113
2026	( 464,203)	64,727	13,204	( 386,272)
2027	4,330,627	---	13,205	4,343,832
2028	( 732,669)	---	16,824	( 715,845)
2029	---	---	12,408	12,408
Thereafter	---	---	(191,243)	( 191,243)
	<u>\$ 3,852,383</u>	<u>\$(649,993)</u>	<u>\$(122,397)</u>	<u>\$ 3,079,993</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.



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:

Asset Class	Target Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	26.0%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.5%	8.73%	0.64%
Global Infrastructure	2.0%	8.20%	0.16%
Expected arithmetic mean (1 year)			7.66%
Expected geometric mean (30 years)			6.94%

*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 4.09%, 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:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	\$79,402,552	\$64,653,895	\$52,028,888

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 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
Net Pension Liability	\$16,024,158	\$14,686,538	\$13,518,311

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
Net Pension Liability	\$4,049,946	\$3,588,409	\$3,198,157

C. Payables to the Pension Plans

As of September 30, 2024 and 2023, 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.

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

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/>.

*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, 2024 and 2023, GPA reimbursed GovGuam \$3,807,487 and \$3,246,043, 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, 2024	September 30, 2023
Measurement date:	September 30, 2023	September 30, 2022
Valuation date:	September 30, 2022	September 30, 2022

Total OPEB liability as of September 30, 2024 and 2023 is \$154,610,401 and \$130,691,710, respectively.

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

B. Total OPEB Liability, continued

*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:	For non-Medicare claims, 8% for FY2023, then 26% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.

For Medicare claims, 8% for FY2023, then 14% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.

For both Medicare and non-Medicare retiree contributions, 8% for FY2023, then 0% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.

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.
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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.
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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.
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Notes to Financial Statements, continued

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

B. Total OPEB Liability, continued

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.09% and 4.02% as of September 30, 2023 and 2022, 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.

C. Changes in the Total OPEB Liability

*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 (4.09%) in measuring the OPEB liability.

	1% Decrease in Discount Rate 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
OPEB Liability	\$179,217,787	\$154,610,401	\$134,640,345

*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 Trend Rates	Healthcare Cost Trend Rates	1% Increase Trend Rates
OPEB Liability	\$131,589,983	\$154,610,401	\$184,089,057

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, 2024 and 2023, GPA recognized OPEB expense of \$6,611,256 and \$3,058,744, respectively, for its proportionate share of the GovGuam total OPEB expense. At September 30, 2024 and 2023, GPA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,224,425	\$29,624,964	\$12,119,451	\$42,913,384
Difference between expected and actual experience	23,656,719	6,529,583	10,192,069	6,009,834
Contributions subsequent to the measurement date	3,807,487	---	3,246,043	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	143,523	13,715,998	1,234,321	16,049,614
	\$32,832,154	\$49,870,545	\$26,791,884	\$64,972,832

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,	
2025	\$( 2,805,912)
2026	( 5,295,479)
2027	( 4,556,601)
2028	( 5,321,911)
2029	( 5,321,911)
Thereafter	2,455,937
	\$(20,845,877)

Notes to Financial Statements, continued

Notes to Financial Statements, continued

6. Noncurrent Liabilities

A. Long-term Debt

Long-term debt as at September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
2024 Series Revenue Refunding Bonds, initial face value of \$54,830,000 interest at 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 \$1,810,000 in October 2025, increasing to a final payment of \$3,460,000 in October 2045.	\$ 54,830,000	\$ ---
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.	232,955,000	251,830,000
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.	143,990,000	148,040,000
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 \$1,080,000 in October 2045.	<u>6,845,000</u>	<u>67,550,000</u>
Total long-term debt	438,620,000	467,420,000
Less current maturities	<u>( 15,855,000)</u>	<u>( 24,680,000)</u>
	422,765,000	442,740,000
Add premium on bonds	<u>34,630,893</u>	<u>34,876,271</u>
Total bonds	<u>\$457,395,893</u>	<u>\$477,616,271</u>

6. Noncurrent Liabilities, continued

A. Long-term Debt , continued

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.

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.

Proceeds of the 2024 Series Revenue Refunding Bonds were used to refund portion of GPA’s 2014 Series Senior Revenue Bonds and to pay costs of issuance of the 2024 Senior Bonds and the refunding of 2014 Senior Bonds.

All gross revenues have been pledged to repay the bonds principal and interest. For the years ended September 30, 2024 and 2023, the debt service for the series bonds were \$25,889,282 and \$27,809,983, respectively, or approximately 4.7% and 5.0% of pledged gross revenues, respectively.

Premium associated with the bonds as at September 30, 2024 and 2023 are being amortized on the effective interest method over the life of the applicable debt.

As of September 30, 2024, 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>
2025	\$ 15,855,000	\$ 20,090,813	\$ 35,945,813
2026	16,525,000	20,675,125	37,200,125
2027	17,350,000	19,828,250	37,178,250
2028	18,220,000	18,939,000	37,159,000
2029	19,130,000	18,005,250	37,135,250
2030 through 2034	110,985,000	74,302,875	185,287,875
2035 through 2039	99,315,000	46,977,375	146,292,375
2040 through 2044	114,760,000	21,346,650	136,106,650
2045	<u>26,480,000</u>	<u>656,600</u>	<u>27,136,600</u>
	<u>\$438,620,000</u>	<u>\$240,821,938</u>	<u>\$679,441,938</u>



Notes to Financial Statements, continued

Notes to Financial Statements, continued

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

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.

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.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding, continued

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.

In July 2024, GPA refunded portion of its 2014 Series bonds through the issuance of the 2024 Series bonds. At the time of refunding, the 2014 Series bonds had a principal balance outstanding of \$58,950,000. 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 2014 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the portions of the 2014 bonds were removed from GPA's financial statements. The advance refunding resulted in a gain on defeasance totaling \$2,583,926 representing the difference between the reacquisition price and the carrying amount of the 2014 bonds. The advance refunding resulted an economic gain (difference between the present values of the old debt and the new debt service payments) of \$4,619,292.

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, 2024 and 2023, the net unamortized balance of the loss on refunding amounted to \$9,780,478 and \$13,523,731, respectively.

At September 30, 2024 and 2023, bonds outstanding amounting to \$594,765,000 and \$535,815,000, respectively, were considered defeased.

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

Notes to Financial Statements, continued

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, 2024 and 2023 are as follows:

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
Long-term debt:					
2014 Series Senior bonds	\$ 67,550,000	\$ ---	\$ (60,705,000)	\$ 6,845,000	\$ 1,845,000
2017 Series Senior bonds	148,040,000	---	( 4,050,000)	143,990,000	4,245,000
2022 Series Senior bonds	251,830,000	---	(18,875,000)	232,955,000	9,765,000
2024 Series Senior bonds	---	54,830,000	---	54,830,000	---
Unamortized premium on bonds	<u>34,876,271</u>	<u>---</u>	<u>( 245,378)</u>	<u>34,630,893</u>	<u>---</u>
	<u>\$502,296,271</u>	<u>\$ 54,830,000</u>	<u>\$ (83,875,378)</u>	<u>\$473,250,893</u>	<u>\$15,855,000</u>

	Outstanding October 1, 2022	Increases	Decreases	Outstanding September 30, 2023	Current
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>

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, 2024 and 2023.

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.

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.



Notes to Financial Statements, continued

Notes to Financial Statements, continued

6. Noncurrent Liabilities, continued

B. Other Long-term Liabilities

Changes in other long-term liabilities in fiscal years 2024 and 2023 were as follows:

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
Others:					
DCRS sick leave liability	\$ 1,695,518	\$ 601,061	\$ ---	\$ 2,296,579	\$ ---
Employees' annual leave	3,575,906	459,476	---	4,035,382	2,312,065
Lease liabilities	11,705,683	---	(4,922,203)	6,783,480	4,802,469
Net pension liability	91,535,179	---	(8,606,337)	82,928,842	---
OPEB liability	130,691,710	23,918,691	---	154,610,401	---
Customer advances for construction	674,124	46,990	---	721,114	---
	<u>\$239,878,120</u>	<u>\$25,026,218</u>	<u>\$(13,528,540)</u>	<u>\$251,375,798</u>	<u>\$ 7,114,534</u>
	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>

7. Leases

Leased assets at September 30, 2024 consists of the following:

Lease Description	Classification	Gross Balance	Accumulated Amortization	Net Balance
Fuel Storage	Fuel Storage	\$19,870,827	\$13,365,577	\$ 6,505,250
Ground lease	Land	563,486	281,743	281,743
Copier equipment	Equipment	401,779	401,779	---
Office building	Building	279,104	182,686	96,418
		<u>\$21,115,196</u>	<u>\$14,231,785</u>	<u>\$ 6,883,411</u>

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

Lease Description	Classification	Gross Balance	Accumulated Amortization	Net Balance
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>

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 then extended until May 2024. In May 2024, GPA exercised the option to extend the lease term until 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. In May 2024, GPA exercised the option to extend the lease term until June 2026.

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

Year ending September 30,	Principal	Interest	Total
2025	\$4,802,469	\$100,578	\$4,903,047
2026	1,880,763	22,437	1,903,200
2027	<u>100,248</u>	<u>1,992</u>	<u>102,240</u>
	<u>\$6,783,480</u>	<u>\$125,007</u>	<u>\$6,908,487</u>

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.

Notes to Financial Statements, continued

Notes to Financial Statements, continued

8. Agreements with the U.S. Navy, continued

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, 2024 and 2023, GPA billed the Navy \$95,580,987 and \$90,867,260, respectively, for sales of electricity under the USC. Receivables from the Navy were \$3,870,937 and \$4,637,865 as at September 30, 2024 and 2023, 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, 2024.

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.

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. In March 2024, both parties amended the second one-year term extension, extending the contract for two years, with the Fuel Purchase Contract expiring on August 31, 2026. The minimum purchase under the contract is 1,000,000 barrels per year of Ultra-Low Sulfur Fuel Oil.

9. Commitments and Contingencies, continued

**Fuel Purchase Contracts, continued**

In February 2024, GPA entered into a bulk supply contract for diesel fuel with Hyundai Corporation. The agreement is for three years commencing on or about February 6, 2024 and continuing until February 5, 2027 with options to extend for two (2) additional one (1) year terms, upon mutual agreement of both parties.

**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 second one-year term extension was exercised, extending the contract until September 30, 2025. The minimum payment for the year ending September 30, 2025 approximated \$2,773,220.

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>
2025	\$3,633,854
2026	<u>363,003</u>
	<u>\$3,996,857</u>



Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

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 until September 30, 2026, with an option to extend the contract for two additional one-year terms.

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.

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 until 2047. 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. The other remaining 60MW project was terminated in March 2025.

At September 30, 2024, the minimum future renewable energy purchases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$ 20,784,159
2026	20,883,476
2027	20,942,081
2028	20,988,248
2029	21,054,053
2030 through 2034	106,064,403
2035 through 2039	108,138,665
2040 through 2044	72,879,096
2045 through 2047	<u>34,014,167</u>
	<u>\$425,748,348</u>

Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

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. In March 2023, an amendment was made to extend the management until January 2029. 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, 2024 and 2023 were \$959,400 and \$3,663,180, of which \$466,972 and \$4,817,674, respectively, were prepaid. Of the total amount, \$5,310,103 and \$3,249,069 was for capital projects which were recorded in utility plant assets for the years ended September 30, 2024 and 2023, respectively. 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, 2024 and 2023.

As amended, effective January 30, 2024, the recapitalization fees clause was deleted in its entirety and the related prepaid expenses and other current assets and liabilities reversed in the accompanying statement of net position.

In November 2019, GPA entered into a 25-year energy conversion agreement with Guam Ukudu Power LLC (Ukudu) under which, GPA is contracted to purchase all of the capacity and output from the power plant facility to be constructed. In addition, GPA shall pay Ukudu \$40 million on the operation date which is anticipated to be by September 30, 2025. Ukudu will transfer to GPA all ownership, custody and control of the all or relevant part of the facility at the end of the 25-year term.

Capital Commitments

As of September 30, 2024, GPA has various on-going construction contracts with a total contract price of \$10.2 million, of which \$8.8 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.

9. Commitments and Contingencies, continued

Self-Insurance, continued

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 \$14,481,151 and \$11,844,666 as at September 30, 2024 and 2023, respectively, and is included in the cash and cash equivalent – restricted in the accompanying statements of net position.

Litigation

GPA has several asserted and unasserted claims outstanding as of September 30, 2024. 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.

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.

9. Commitments and Contingencies, continued

U.S. Environmental Protection Agency, continued

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. GPA applied to the USEPA for extensions of time to meet these milestones in the consent decree and all of the requests were approved on December 9, 2024.

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.



9. Commitments and Contingencies, continued

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, 2024 and 2023. 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, 2024 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, 2024 and 2023, 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

The 2012 developed Integrated Resource Plan (IRP) of GPA was updated in 2022 (2022 IRP). The objectives of the Authority's 2022 IRP includes identifying the timing, size and technology of future power generating units and addressing issues such as fuel diversification and the renewable portfolio standards. More specifically, the 2022 IRP is focused on (1) transitioning the Authority's fuel supply from residual fuel oils to ULSD and LNG by building new facilities fueled by ULSD and/or LNG and retrofitting existing facilities to be fueled by ULSD, and (2) retiring facilities that are operating beyond their expected useful life.

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.

9. Commitments and Contingencies, continued

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 years ended September 30, 2024 and 2023, approximately \$5,696,000 and \$17,081,000 in repair and other costs due to damages from typhoon Mawar is included as a component of other expense, net in the accompanying statements of revenues, expenses and changes in net position.

Aggreko Temporary Power

In April 2024, GPA commissioned Aggreko to supply GPA with 24 diesel units owned and operated by Aggreko that will provide 20 MW of additional power for two years, beginning mid-July 2024. Aggreko will supply, install, operate and maintain the temporary power services at the Yigo CT site. The CCU and PUC approved the temporary power purchase in January 2024 and February 2024, respectively. The temporary power is anticipated to address energy shortfalls when existing generators are down for maintenance or repair and to address renewable shortfalls during cloudy or rainy weather. During the year ended September 30, 2024 approximately \$3,353,000 is included in other production costs in the accompanying statement of revenue, expenses and changes in net position.

10. Related Party Transactions and Balances

During the years ended September 30, 2024 and 2023, GPA billed GovGuam agencies amounting to \$70,437,252 and \$77,582,680, respectively, for sales of electricity included in the accompanying statements of revenues, expenses and changes in net position. Receivables from GovGuam agencies were \$13,963,330 and \$11,354,787 as at September 30, 2024 and 2023, respectively (see Note 3), included in the accounts receivable, net in the accompanying statements of net position.

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, 2024 and 2023 were \$21,891,776 and \$24,390,789, respectively, for sales of electricity included in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables were \$1,912,578 and \$1,710,779 as at September 30, 2024 and 2023, respectively, which are included in the GovGuam agencies receivable mentioned above.

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 \$272,632 and \$120,916 for the years ended September 30, 2024 and 2023, respectively, and is included in miscellaneous revenues in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables totaled \$153,172 as of September 2024 are included in accounts receivables, net in the accompanying 2024 statement of net position. No outstanding receivables as at September 30, 2023.

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 \$620,400 and \$555,337 for the years ended September 30, 2024 and 2023, respectively, and are included in miscellaneous revenues in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables were \$30,382 and \$24,158 as at September 30, 2024 and 2023, respectively, and were included in accounts receivables, net in the accompanying statements of net position.

GWA billed GPA for water and sewer charges totaling \$2,914,300 and \$1,186,554 for the years ended September 30, 2024 and 2023, respectively, and are included in other production expenses in the accompanying statements of revenues, expenses and changes in net position. The amount due to GWA at September 30, 2024 and 2023 was \$2,494,554 and \$117,259, 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, 2024 and 2023, respectively, net position was restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Debt service	\$14,290,754	\$23,315,859
Budgeted maintenance and operating expenses	9,054,712	8,829,443
Demand Side Management Program and projects	<u>6,047,165</u>	<u>5,968,468</u>
	<u>\$29,392,631</u>	<u>\$38,113,770</u>

Notes to Financial Statements, continued

12. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024 is as follows:

	<u>Estimated Useful Lives in Years</u>	<u>Beginning Balance October 1, 2023</u>	<u>Transfers and Additions</u>	<u>Transfers and Deletions</u>	<u>Ending Balance September 30, 2024</u>
<u>Depreciable:</u>					
Other production plant	12 - 25	\$ 419,518,538	\$ 23,708,534	\$ ---	\$ 443,227,072
Distribution plant	15 - 45	259,478,480	8,578,904	( 1,394,552 )	266,662,832
Transmission plant	30 - 45	233,379,073	123,306	( 175,553 )	233,326,826
Steam production plant	25 - 50	130,142,846	90,063	---	130,232,909
General plant	3 - 60	118,060,951	5,029,820	( 398,107 )	122,692,664
Production plant under capital lease	15 - 40	<u>32,466,516</u>	<u>---</u>	<u>---</u>	<u>32,466,516</u>
		1,193,046,404	37,530,627	( 1,968,212 )	1,228,608,819
Accumulated depreciation		<u>( 768,276,528 )</u>	<u>( 34,826,790 )</u>	<u>1,598,114</u>	<u>( 801,505,204 )</u>
		<u>424,769,876</u>	<u>2,703,837</u>	<u>( 370,098 )</u>	<u>427,103,615</u>
<u>Non-depreciable:</u>					
Land and land rights		12,249,830	---	---	12,249,830
Construction work in progress		<u>30,545,275</u>	<u>11,257,288</u>	<u>( 19,215,076 )</u>	<u>22,587,487</u>
		<u>42,795,105</u>	<u>11,257,288</u>	<u>( 19,215,076 )</u>	<u>34,837,317</u>
Utility Plant, net		<u>\$ 467,564,981</u>	<u>\$ 13,961,125</u>	<u>( 19,585,174 )</u>	<u>\$ 461,940,932</u>
<u>Lease assets:</u>					
Cost		\$ 21,115,196	\$ ---	\$ ---	\$ 21,115,196
Accumulated amortization		<u>( 9,208,970 )</u>	<u>( 5,022,815 )</u>	<u>---</u>	<u>( 14,231,785 )</u>
Lease assets, net		<u>\$ 11,906,226</u>	<u>\$( 5,022,815 )</u>	<u>\$ ---</u>	<u>\$ 6,883,411</u>



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

Notes to Financial Statements, continued

12. Capital Assets, continued

A summary of changes in capital assets for the year ended September 30, 2023 is 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	<u>32,466,516</u>	<u>---</u>	<u>---</u>	<u>32,466,516</u>
		1,176,037,098	18,333,873	( 1,324,567 )	1,193,046,404
Accumulated depreciation		<u>734,209,291</u>	<u>( 35,215,950 )</u>	<u>1,149,013</u>	<u>( 768,276,528 )</u>
		<u>441,827,807</u>	<u>( 16,882,077 )</u>	<u>( 175,554 )</u>	<u>424,769,876</u>
<u>Non-depreciable:</u>					
Land and land rights		12,249,830	---	---	12,249,830
Construction work in progress		<u>20,946,680</u>	<u>27,924,897</u>	<u>( 18,326,302 )</u>	<u>30,545,275</u>
		<u>33,196,510</u>	<u>27,924,897</u>	<u>( 18,326,302 )</u>	<u>42,795,105</u>
Utility Plant, net		\$ <u>475,024,317</u>	\$ <u>11,042,820</u>	\$ <u>( 18,501,856 )</u>	\$ <u>467,564,981</u>
<u>Lease assets:</u>					
Cost		\$ 21,115,196	\$ ---	\$ ---	\$ 21,115,196
Accumulated amortization		<u>( 4,135,933 )</u>	<u>( 5,073,037 )</u>	<u>---</u>	<u>( 9,208,970 )</u>
Lease assets, net		\$ <u>16,979,263</u>	\$ <u>( 5,073,037 )</u>	\$ <u>---</u>	\$ <u>11,906,226</u>

Required Supplementary Information

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 \$1.83 million and \$2.08 million during the years ended September 30, 2024 and 2023 due to the revised estimated useful life of these power plants.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Government of Guam net pension liability	\$ 1,396,762,577	\$ 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	\$ 64,653,895	\$ 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	4.63%	5.06%	5.31%	5.49%	5.70%	5.50%	5.15%	5.20%	5.19%	5.38%
GPA's covered-employee payroll**	\$ 27,612,538	\$ 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 employee payroll	234.15%	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	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%

\*\* Covered-employee 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\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Government of Guam net pension liability***	\$ 268,893,090	\$ 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	\$ 14,686,538	\$ 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	5.46%	5.29%	5.15%	5.16%	5.07%	4.88%	4.85%	4.77%	4.67%
GPA's covered payroll**	\$ 32,581,720	\$ 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	45.08%	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\*

	2024	2023	2022	2021	2020	2019	2018	2017
Total Government of Guam net pension liability***	\$ 78,375,419	\$ 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	\$ 3,588,409	\$ 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	4.58%	4.65%	4.84%	5.07%	5.86%	5.76%	5.95%	6.19%
GPA's covered-employee payroll**	\$ 15,944,913	\$ 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 employee payroll	22.51%	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-employee 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 IV

Required Supplementary Information

Schedule of the Pension Contributions

(Unaudited)

Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 6,764,525	\$ 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>6,847,485</u>	<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>\$ (82,960)</u>	<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-employee payroll **	<u>\$ 27,612,538</u>	<u>\$ 28,084,220</u>	<u>\$ 28,273,584</u>	<u>\$ 28,273,584</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-employee payroll	24.80%	24.32%	23.64%	23.11%	23.86%	25.70%	22.85%	24.69%	26.51%

\* This data is presented for those years for which information is available.  
\*\* Covered-employee 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 the Proportionate Share of the Total OPEB Liability  
(Unaudited)

Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability **	\$ 2,734,605,674	\$ 2,296,447,530	\$ 2,771,848,089	\$ 2,518,489,145	\$ 2,553,523,376	\$ 1,874,970,335	\$ 2,431,048,672	\$ 2,532,753,040
GPA's proportionate share of the total OPEB liability	\$ 154,610,401	\$ 130,691,710	\$ 174,910,068	\$ 160,364,667	\$ 161,936,073	\$ 120,278,683	\$ 145,955,861	\$ 154,134,007
GPA's proportion of the total OPEB liability	5.65%	5.69%	6.31%	6.37%	7.97%	8.64%	6.00%	6.00%
GPA's covered-employee payroll	\$ 30,828,217	\$ 30,828,217	\$ 40,268,155	\$ 31,845,149	\$ 31,141,489	\$ 29,507,688	\$ 25,806,659	\$ 25,806,659
GPA's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	501.52%	423.94%	434.36%	503.58%	520.00%	407.62%	565.57%	597.26%

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

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

\*\*\* This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

Note to Required Supplementary Information  
(Unaudited)

Year Ended September 30, 2024

Changes of Assumptions – Pension Plans

Amounts reported in the 2023 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in the 2022 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in the 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in the 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in the 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in the 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change of assumption for payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expenses reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in the 2016 actuarial valuation reflect a change of assumption for administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in the 2015 actuarial valuation reflect a change of assumption for payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of expectations for salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change of assumption for valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.



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

Schedule of Sales of Electricity  
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Commercial	\$189,397,474	\$191,816,579
Residential	187,362,047	188,414,679
U.S. Navy	95,580,987	90,867,260
Government of Guam	<u>70,437,252</u>	<u>77,582,680</u>
	<u>\$542,777,760</u>	<u>\$548,681,198</u>
Annual Electric Sales in kWh		
Residential	537,878,244	495,407,459
Commercial	520,896,718	482,372,090
U.S. Navy	321,758,778	291,307,631
Government of Guam	<u>175,817,236</u>	<u>178,514,825</u>
	<u>1,556,350,976</u>	<u>1,447,602,005</u>

Supplementary Information and Other Information

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

Schedule of Operating and Maintenance Expenses  
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Administrative and General		
Salaries and wages:		
Regular pay	\$ 7,269,380	\$ 6,242,706
Overtime	258,576	227,074
Premium pay	10,189	8,986
Benefits	4,406,361	3,091,465
Pension adjustment	12,192,592	10,113,605
OPEB adjustment	<u>2,776,134</u>	<u>( 1,027,637)</u>
Total salaries and wages	<u>26,913,232</u>	<u>18,656,199</u>
Insurance	9,158,423	8,425,554
Contract	5,833,637	4,797,262
Retiree healthcare and other benefits	4,397,432	1,981,189
Utilities	280,627	1,186,976
Other administrative expenses	285,166	282,876
Travel	306,236	196,583
Miscellaneous	183,632	169,013
Trustee fee	131,242	113,742
Operating supplies	99,213	106,762
Training	198,164	58,642
Office supplies	92,274	43,837
Overhead allocations	64,933	19,301
Lease expense	170,644	( 318,133)
Completed work orders	<u>( 754,446)</u>	<u>( 1,929,331)</u>
Total administrative and general	<u>\$47,360,409</u>	<u>\$33,790,472</u>
Customer Accounting:		
Salaries and wages:		
Regular pay	\$ 2,185,943	\$ 2,043,005
Benefits	201,152	178,215
Overtime	22,400	47,296
Premium pay	<u>854</u>	<u>1,200</u>
Total salaries and wages	<u>2,410,349</u>	<u>2,269,716</u>
Collection fee	2,178,935	2,112,497
Demand-side management program	1,581,841	1,564,983
Contracts	444,069	394,727
Communication	308,754	279,708
Office supplies	11,402	6,844
Miscellaneous	<u>126,033</u>	<u>13,747</u>
Total customer accounting	<u>\$ 7,061,383</u>	<u>\$ 6,642,222</u>

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

Schedule of Operating and Maintenance Expenses, continued

	<u>2024</u>	<u>2023</u>
Fuel:		
Salaries and wages:		
Regular pay	\$ 161,888	\$ 129,119
Overtime	13,529	13,059
Premium pay	<u>829</u>	<u>353</u>
Total salaries and wages	<u>176,246</u>	<u>142,531</u>
Fuel	<u>385,585,541</u>	<u>399,777,568</u>
Total production fuel costs	<u>\$385,761,787</u>	<u>\$399,920,099</u>
Other Production:		
Salaries and wages:		
Regular pay	\$ 7,020,298	\$ 6,138,895
Overtime	3,594,208	3,459,872
Premium pay	264,629	235,635
Benefits	<u>539,519</u>	<u>588,381</u>
Total salaries and wages	<u>11,418,654</u>	<u>10,422,783</u>
Contract	6,304,247	4,646,551
Operating supplies	2,462,884	2,729,008
Overhead allocations	2,440,240	74,064
Completed work orders	223,234	( 67,604)
Office supplies	<u>7,736</u>	<u>7,007</u>
Total other production	<u>\$ 22,856,995</u>	<u>\$ 17,811,809</u>
Transmission and Distribution:		
Salaries and wages:		
Regular pay	\$ 8,997,518	\$ 7,270,392
Benefits	488,706	441,226
Overtime	326,552	56,564
Premium pay	<u>67,554</u>	<u>693,868</u>
Total salaries and wages	<u>9,880,330</u>	<u>8,462,050</u>
Overhead allocations	1,773,104	1,584,574
Completed work orders	762,293	( 87,113)
Operating supplies	660,276	453,819
Contract	707,035	621,071
Office supplies	<u>8,435</u>	<u>3,462</u>
Total transmission and distribution	<u>\$ 13,791,473</u>	<u>\$ 11,037,863</u>



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

Schedule of Salaries and Wages  
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Salaries and wages:		
Regular pay	\$25,635,028	\$21,824,117
Overtime	4,215,265	4,188,527
Premium pay	344,055	302,738
Benefits	5,635,738	4,551,930
Pension adjustment	12,192,592	10,113,605
OPEB adjustment	<u>2,776,134</u>	<u>( 1,027,637)</u>
Total salaries and wages	<u>\$50,798,812</u>	<u>\$39,953,280</u>

Leadership

The Honorable Lourdes A. Leon Guerrero  
The Honorable Joshua F. Tenorio

Governor of Guam  
Lieutenant Governor of Guam

Consolidated Commission on Utilities

Joseph “Joey” T. Duenas  
Francis E. Santos  
Pedro Roy Martinez  
Simon A. Sanchez II  
Michael Limtiaco

Chairman  
Vice Chairman  
Secretary  
Commissioner  
Commissioner

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Jamie L.C. Pangelinan  
Jon-Rey P. Aguigui  
Melvyn C. Kwek, CISA, GICSP

General Manager  
Assistant General Manager of Operations  
Assistant General Manager of Engineering and Technical Services  
Assistant General Manager of Administration  
Staff Attorney  
Chief Financial Officer  
Assistant Chief Financial Officer  
Controller  
Manager of Engineering  
Manager of Strategic Planning and Operations Research  
Manager of Power Systems Control Center  
Manager of Generation  
Assistant Manager of Generation (Retired)  
Manager of Transmission & Distribution  
Assistant Manager of Transmission & Distribution  
Safety and Physical Security Manager  
Facilities Manager  
Environmental Manager  
Communications Manager  
Fleet Support Services Manager  
Internal Auditor  
Chief Budget Officer  
Utility Services Administrator  
Assistant Manager of Customer Services  
Supply Management Administrator  
Personnel Services Administrator  
Chief Information Technology Officer

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