

## GUAM POWER AUTHORITY

1 Guam Power Authority Revenue Refunding Bonds, 2017 Series A, \$148,670,000, Dated: December 21, 2017

2 Guam Power Authority, Revenue Bonds, 2014 Series A, \$76,470,000, Dated: September 30, 2014

3 Guam Power Authority Revenue Bonds, Series 2012 A, \$340,620,000, Dated: October 18, 2012

Series 2017A

### Power Supply Resources

Fiscal Year Ended September 30, 2021

	<u>Year Installed</u>	<u>Owner</u>	<u>Operator</u>	<u>Available Capacity (MW)</u>
<b>Baseload</b>				
Cabras Unit 1	1974	Authority	TEMES	55.0
Cabras Unit 2	1975	Authority	TEMES	55.0
MEC Unit 8	1999	Authority	MEC	44.2
MEC Unit 9	1999	Authority	MEC	44.2
<b>Intermediate</b>				
Macheche CT	1993	Authority	TEMES	20.0
Yigo CT	1996	Authority	TEMES	20.0
Piti Unit 7	1997	Authority	Authority	40.0
Dededo CT	1993	Authority	TEMES	40.0
Aggreko Temporary Power Plant	2016	Authority	Aggreko*/Authority	40.0
<b>Peaking</b>				
Diesel Units (10 Units)	1993	Authority	Authority	44.0
<b>Total</b>				<b>402.4</b>
<b>Renewable Resources</b>				
Dandan Solar Project	2015	GPS Solar Dandan	GPS Solar Dandan	25.0
Wind Turbine	2016	Authority	Authority	0.3
<b>Total</b>				<b>25.3</b>

\*On January 9, 2021, Aggreko International Projects Limited transferred the ownership of the 40MW units, formerly under the Temporary Power Rental Agreement, to GPA as part of the terms of said contract.

Series 2017A, 2014A, 2012A

### Principal Existing Resources

Description of any material change to the description of the generating units owned or contracted for by the Issuer or the transmission and distribution system of the Issuer

As of Fiscal Year End 2021

Although there were no changes to the structure of the generating units owned for by the Guam Power Authority (GPA) during the year, the age of the older Cabras Units 1 and 2 have been consistently derated to about 55 MW each throughout the year. In addition, on January 9, 2021, the rent-to-own contract for the 40MW Aggreko diesel generators ended and the ownership and operation of the power plant transferred to the Guam Power Authority. All others remain the same.

Series 2017A, 2014A, 2012A

**Fuel Supply - Fuel Oil Contracts****Description of any material new contracts or material renewals or non-renewals of existing contracts for fuel oil**

As of Fiscal Year End 2021

On November 16, 2017, the Invitation for Multi-Step Bid No. GPA-008-18 - Supply of Diesel Fuel Oil No. 2 was announced. After multiple delays caused by a protest of the procurement, two contracts were awarded. This bid calls for a minimum purchase of five hundred thousand barrels of diesel fuel oil per year for 4 sites with an estimated total diesel fuel requirement of one million barrels per year.

One contract was awarded to Mobil Oil Guam, Inc. with a 2-year base period and three one-year extension options. This contract commenced on January 1, 2020 and covers the deliveries of diesel to 3 of the 4 sites listed in the bid. These sites include Site 1 (Yigo CT and Aggreko diesel units), Site 3 (Piti 7) and Site 4 (Cab 1&2, MEC 8&9, Manenggon Diesel Plant and Talofofo Diesel Plant). Based on the sites awarded the estimated diesel fuel requirement is about 410,000 to 650,000 barrels per year.

The second contract was awarded to Isla Petroleum and Energy Holdings, LLC (IP&E Guam). It also has a 2-year base period with three one-year options for extension. This contract commenced on January 1, 2020 and covers the deliveries of diesel to Site 2 (Macheche CT and Dededo CT) for approximately 100,000 to 200,000 barrels per year.

The initial contract period for both contracts with Mobil and IP&E Guam expired on December 31, 2021. By June 2021, upon mutual agreement between GPA, Mobil and IP&E Guam, the optional three one-year extensions were exercised.

On September 10, 2020, GPA entered into a contract with Hyundai Corporation to supply Residual Fuel Oil No. 6 for a term of three (3) years with options to extend for two additional one-year terms upon mutual agreement of both parties. This contract is for the supply of one to two million barrels of fuel oil per year and began with the first shipment loaded on October 4, 2020.

Series 2017A, 2014A, 2012A

**Power Sales to the Military; Island Wide Power System - Customer Agreement****Description of any renewal, cancellation or material changes in terms of the Issuer's Utility Services Contract with the U.S. Navy and the Department of Defense**

Fiscal Year Ended 2021

The Navy's Minimum Reserved Capacity was reduced by three and a half (3.5%) from 40,819 kW to 39,390 kW for the Contract Year beginning 1 August 2020. All else remained the same.

Series 2017A, 2014A, 2012A

**Table 1 Largest Customers (Top Ten Customers)**

Fiscal Year ended September 30, 2021

	<u>Customer</u>	<u>Industry</u>	<u>Energy Sales (KWh)</u>	<u>Energy Sales Revenues</u>
1	US Navy Public Works Center	Dept of Defense bases	311,742,587	\$ 57,878,612
2	Guam Waterworks Authority	Water/Waste Water Services	53,593,640	12,507,650
3	Department of Education	Islandwide Schools	37,579,210	9,471,370
4	Guam International Airport Authority	Airport	21,289,179	4,404,756
5	Guam Healthcare Development Inc	Hospital	11,333,750	2,169,791
6	Hyatt Regency Guam	Hotel	9,530,080	1,806,507
7	Pacific Island Club	Hotel	9,518,040	1,805,051
8	GTA Teleguam Holdings LLC	Telecommunications	8,013,675	1,689,469
9	Guam Memorial Hospital Authority	Hospital	7,422,837	1,547,199
10	University of Guam	University	6,890,660	1,684,668
			476,913,658	\$ 94,965,074
	Average Monthly Total		39,742,805	7,913,756
	% of Authority Total (Annual Basis)		30.67%	29.29%
	Total Revenues		1,554,967,377	\$ 324,234,363

Series 2017A, 2014A, 2012A

**Insurance****Table 2 The balance in the self-insurance fund**

As of Fiscal Year End 2021

The balance of the Self-insurance fund at September 30, 2021 was \$19,469,799.

Source: FY2021 Audited Financial Statements Balance Sheet (page 23)

Series 2017A, 2014A, 2012A

**Table 3 Historical Customers, Energy Sales, Peak Demand and Revenues**

Fiscal Year Ending September 30:	2017	2018	2019	2020	2021
Number of Customers (Average):					
Residential	43,756	44,006	44,479	44,191	44,749
Small Commercial	6,143	6,179	6,193	6,283	6,260
Large Commercial	161	165	164	162	120
Auxiliary/ Standby/Other	3	3	2	2	2
Public and Private Outdoor Lighting	779	1,018	1,138	1,132	1,133
Navy	1	1	1	1	1
<b>Total Customers</b>	<b>50,843</b>	<b>51,372</b>	<b>51,977</b>	<b>51,771</b>	<b>52,265</b>
Energy Requirements (MWh):					
Energy Sales					
Residential	506,336	495,347	496,773	532,239	584,344
Small Commercial	384,731	373,298	374,412	349,235	377,533
Large Commercial	389,471	382,019	373,266	324,747	273,456
Auxiliary/ Standby/Other	1,004	480	398	385	425
Public and Private Outdoor Lighting	9,965	9,449	9,638	7,440	7,467
Total Civilian Energy Sales	1,291,507	1,260,592	1,254,488	1,214,046	1,243,225
Total Navy Energy Sales	318,586	306,460	313,798	309,352	311,743
Total Energy Sales	1,610,093	1,567,052	1,568,286	1,523,398	1,554,967
System Losses	83,949	84,855	88,398	93,682	89,880
Total IWPS Energy Requirements	1,694,042	1,651,907	1,656,684	1,617,080	1,644,847
Peak Demand (kW)	261,000	254,000	255,000	247,000	257,000
Revenues (\$000)					
Residential	\$ 100,602	117,823	124,466	111,984	116,590
Small Commercial	88,453	100,631	105,824	87,165	86,759
Large Commercial	81,157	94,772	97,507	76,220	57,793
Auxiliary/ Standby/Other	211	162	110	92	88
Public and Private Outdoor Lighting	5,746	5,821	6,119	5,255	5,126
Navy	54,905	59,119	65,707	52,852	57,879
<b>Total Revenues</b>	<b>\$ 331,074</b>	<b>\$ 378,329</b>	<b>\$ 399,733</b>	<b>\$ 333,567</b>	<b>\$ 324,234</b>
Usage/Customer-w/ Navy and Lighting (kWh)	\$ 31,668	\$ 30,504	\$ 30,173	\$ 29,426	\$ 29,752
Usage/Customer-w/o Navy and Lighting (kWh)	\$ 25,598	\$ 24,848	\$ 24,487	\$ 23,828	\$ 24,168
Usage/Residential Customer/Month (kWh)	\$ 964	\$ 938	\$ 931	\$ 1,004	\$ 1,088
Customer Growth	1.3%	1.0%	1.2%	-0.4%	1.0%
Energy Growth	2.3%	-2.7%	0.1%	-2.9%	2.1%
Demand Growth	1.2%	-2.7%	0.4%	-3.1%	4.0%
Navy	0.2%	-3.8%	2.4%	-1.4%	0.8%

Series 2014A, 2012A

**Table 4 Historical Costs of the Authority's Power Supply (\$000)**

<b>Fiscal Year Ended September 30:</b>	2017	2018	2019	2020	2021
Authority Operated Resources	\$ 166,426	\$ 217,568	\$ 238,868	\$ 176,992	\$ 180,807
Fuel Oil Costs	111,949	153,228	168,924	124,509	113,492
Other Production Expenses	17,762	17,415	16,814	18,334	18,951
Subtotal	\$ 129,711	\$ 170,642	\$ 185,738	\$ 142,843	\$ 132,443
IPP Operated Resources					
Fuel Oil Costs	\$ 54,477	\$ 64,340	\$ 69,944	\$ 52,483	\$ 67,315
Lease Payments- Energy Conversion Costs	\$ 19,935	\$ 17,552	\$ 13,967	\$ 12,203	\$ 10,712
Lease Payments- Debt Service	\$ 26,405	\$ 26,369	\$ 14,538	\$ 8,930	\$ 2,245
Subtotal	\$ 100,817	\$ 108,261	\$ 98,449	\$ 73,616	\$ 80,272
Total Cost of Power	\$ 230,528	\$ 278,903	\$ 284,187	\$ 216,459	\$ 212,715
Authority Energy Sales (GWh)	1,610	1,567	1,568	1,524	1,555
Average Unit Cost Per kWh of Energy Sold (cents/ kWh)	14.32	17.80	18.12	14.21	13.68
Total Cost of Power Less IPP Debt Service	\$ 204,123	\$ 252,534	\$ 269,649	\$ 207,529	\$ 210,470

Series 2017A, 2014A, 2012A

**Outstanding Indebtedness****An update to the balances of the Issuer's outstanding indebtedness**

As of Fiscal Year End 2021

2017 Series Revenue Refunding Bonds	\$ 148,355,000
2014 Series Senior Revenue Bonds	70,820,000
2012 Series Senior Revenue Bonds	305,740,000
2010 Series Senior Revenue Bonds	-
	\$ 524,915,000
Add premium on 2017, 2014 and 2012 bonds	31,905,390
Less discount on bonds	-
Total bonds	\$ 556,820,390
Obligations under capital leases	8,582,729
Total indebtedness	<u>\$ 565,403,119</u>

Source: Notes to Financial Statements (#7) on pages 43 of the Fiscal Year 2021 audited financial statements.

Series 2017A, 2014A, 2012A

**Working Capital and Liquidity****The balance in the Working Capital Fund**

As of Fiscal Year End 2021

The Working Capital Fund balance at September 30, 2021 was \$22,288,823

Source: Notes to Financial Statements (#2, page 23) of the Fiscal Year 2021 audited financial statements.

Series 2017A, 2014A, 2012A

**Fuel Supply Hedges****An update to the mark-to-market value of any fuel oil hedges of the Issuer**

As of Fiscal Year End 2021

There were no outstanding fuel hedge contracts as of September 30, 2021.

Series 2017A, 2014A, 2012A

Table 5 Operating Results and Debt Service Coverage (Cash Basis) (\$000)

Fiscal Year Ending September 30:	2017	2018	2019	2020	2021
Operating Revenues					
Energy Sales Revenues	\$331,074	\$378,329	\$399,733	\$333,567	\$339,234
Additional Future Requirements					
Other Electric Revenues	2,194	2,217	3,219	3,067	6,160
Total Operating Revenues	\$333,268	\$380,546	\$402,952	\$336,634	\$345,395
Operating Expenses					
Power Supply Costs	\$204,123	\$252,534	\$269,650	\$207,529	\$210,470
Transmission and Distribution Expenses	11,750	12,338	12,746	12,962	12,333
Customer Accounting	4,096	6,354	6,215	7,134	7,792
Administrative and General	32,484	33,972	38,289	43,662	44,244
Total Operating Expenses	\$252,453	\$305,198	\$326,900	\$271,286	\$274,839
Amounts Available for Debt Service					
Net Operating Revenues	\$80,815	\$75,348	\$76,052	\$65,348	\$70,556
Interest/ Other Income (Expense)	122	620	2,746	836	(245)
Balance Available for Debt Service	\$80,937	\$75,968	\$78,798	\$66,184	\$70,311
Senior Lien Debt Service					
Existing Senior Debt Service	\$30,532	\$30,086	\$44,158	\$47,737	\$47,736
Total Senior Lien Debt Service	\$30,532	\$30,086	\$44,158	\$47,737	\$47,736
Senior Lien Coverage Pursuant to the Senior Indenture	2.65	2.53	1.78	1.39	1.47
IPP Operated Resources-Lease Payments Capital	\$26,405	\$26,369	\$14,538	\$8,930	\$2,245
Balance Available for Debt Service	\$54,532	\$49,599	\$64,260	\$57,254	\$68,066
Coverage of Senior Lien Debt by Balance Available for Debt Service after paying IPP Capital	1.79	1.65	1.46	1.20	1.43
Amount Available After Senior Lien Debt and IPP Capital	\$24,000	\$19,513	\$20,102	\$9,517	\$20,330
Subordinate Lien Debt Service	\$0	\$0	\$0	\$0	\$0
Existing Subordinate Debt Service	\$0	\$0	\$0	\$0	\$0
Subordinate Lien Coverage Pursuant to the Subordinate Indenture	2.65	2.53	1.78	1.39	1.47
Subordinate Lien Coverage after paying IPP Capital	1.79	1.65	1.46	1.20	1.43
Total Debt Service Coverage after paying IPP Capital	1.79	1.65	1.46	1.20	1.43
Interest Income	\$756	\$1,167	\$1,323	\$793	\$793
Amount Available for Capital Improvements	\$24,756	\$20,680	\$21,425	\$10,310	\$21,123
Capital Improvement Program:					
Amount Funded from Current Revenues	\$12,952	\$18,148	\$11,467	\$17,884	\$17,884
Amount Funded from Bond or Loan Proceeds	12,914	6,937	20,803	6,577	6,577
Amount Funded from Grants	0	116	0	0	0
Amount Funded from Self insurance	0	0	0	0	0
Amount Funded from Insurance Proceeds	0	10,998	179	0	0
Total Capital Improvements	\$25,866	\$36,199	\$32,449	\$24,461	\$24,461
Remaining Balance Available	\$11,804	\$2,532	\$9,958	(\$7,574)	\$3,239
Energy Sales (MWh)	1,610,093	1,567,052	1,568,286	1,523,398	1,554,967
Cost of Power per kWh of Energy Sold (cents/ kWh)	15.7	19.5	20.8	17.8	17.7
Unit Revenue from Energy Sales per kWh (cents/ kWh)	20.70	24.28	25.69	22.10	22.21
Increase in Unit Revenue from Energy Sales Over Previous Year (percent)	5.4%	17.3%	5.5%	-16.3%	0.5%

Series 2017A, 2014A, 2012A

**Any adjustment in rates of the Issuer, the customer class to which the rate adjustment pertains and the effective date of the rate adjustment**

Series 2012A, 2010A  
As of Fiscal Year End 2021

Customer Class	Effective Date	% Inc/(Dec) <sup>(1)</sup>
1 Residential	10/1/2015	0.00%
2 Commercial	10/1/2015	0.00%
3 Government	10/1/2015	0.00%
4 Navy	10/1/2015	0.00%

Note (1) Effective October 1, 2015, the start of GPA's fiscal year, the last adjustment of the revenue neutral rate adjustments was implemented between the Lifeline Block and Tail block Energy Charges in the Residential rate schedule and the first and second block for Energy Charges of the Commercial and Government rate schedules as well as the demand rates for those customers who are billed for demand.

For the Residential rate schedule, the adjustment between the two blocks was part of the five-year phase-in of adjustments that would ultimately result in the Lifeline Block energy rate being equal to 80% of the Tail Block energy rate. The last increment of the phase-in became effective October 1, 2015.

Note(2) On July 31, 2015, the Self-Insurance Fund balance reached the cap set by the PUC of \$20M. As a result, the Self-Insurance Fund Surcharge was suspended for all meters read after July 31, 2015. More recently, in July 2021, GPA withdrew \$10M from the Self-Insurance Fund as authorized by the Guam Public Utilities Commission. As a result, the Self-Insurance Fund Surcharge was reinstated for meters read on or after August 1, 2021.