NEW ISSUE – BOOK-ENTRY-ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Guam Power Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2024A Senior Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that, under 48 U.S.C. Section 1423a, interest on the 2024A Senior Bonds is exempt from taxation by the Government of Guam, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. Bond Counsel observes that interest on the 2024A Senior Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024A Senior Bonds. See "TAX MATTERS" herein.

$54,830,000
GUAM POWER AUTHORITY
Revenue Refunding Bonds, 2024 Series A

Dated: Date of Delivery **Due: October 1, as shown on the inside front cover**

This cover page contains certain information for general reference only. It is not a summary of the security for or terms of the 2024A Senior Bonds. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the "**2024A Senior Bonds**"), will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository of the 2024A Senior Bonds. Individual purchases of the 2024A Senior Bonds will be made in book-entry form only. Interest on the 2024A Senior Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2024. The 2024A Senior Bonds will be issued only in book-entry form in denominations of $5,000 or any integral multiple thereof. Payments of principal and redemption price of, if applicable, and interest on the 2024A Senior Bonds are required to be made to purchasers by DTC through the DTC participants. See "APPENDIX F – BOOK-ENTRY SYSTEM" herein. Purchasers will not receive physical delivery of 2024A Senior Bonds purchased by them.

The 2024A Senior Bonds are subject to redemption prior to maturity, as described herein.

The 2024A Senior Bonds are being issued pursuant to an Indenture, dated as of December 1, 1992, as subsequently amended and supplemented by supplemental indentures, including by the Ninth Supplemental Indenture, dated as of July 1, 2024 (collectively, the "**Senior Indenture**"), each by and among the Guam Power Authority (the "**Authority**"), the Bank of Guam, as trustee, and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as co-trustee.

The 2024A Senior Bonds are being issued for the purposes of (i) refunding a portion of the Authority's outstanding 2014 Senior Bonds, and (ii) paying expenses incurred in connection with the issuance of the 2024A Senior Bonds and the refunding of such 2014 Senior Bonds. See "REFUNDING PLAN" herein.

The 2024A Senior Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues, subject to the prior application of such Revenues for the payment of Maintenance and Operation Expenses, all of the proceeds of the 2024A Senior Bonds (except proceeds allocated to refund the 2014 Senior Bonds) and any other amounts held in any Fund or Account established pursuant to the Senior Indenture (except amounts held in the Rebate Fund), on a parity with any outstanding and future Senior Bonds. "**Revenues**" generally consist of any and all rates and charges received in connection with the operation of the electric power system of the Authority. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS."

Neither the Government of Guam nor any political subdivision thereof is obligated to pay the principal or redemption price of, if applicable, or interest on the 2024A Senior Bonds, except from such Revenues, and neither the Authority, the Government of Guam nor any political subdivision thereof has pledged its faith or credit to the payment of such principal, redemption price, if applicable, and interest.

AN INVESTMENT IN THE 2024A SENIOR BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED HEREIN UNDER THE HEADINGS "INTRODUCTION," "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS," "THE GUAM POWER AUTHORITY," "FINANCIAL MATTERS," AND "BONDHOLDER RISKS," AND ELSEWHERE IN THIS OFFICIAL STATEMENT.

The 2024A Senior Bonds will be offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel to the Authority. It is expected that the 2024A Senior Bonds, in book-entry form, will be available for delivery through the DTC book-entry system in New York, New York on or about July 31, 2024.

Wells Fargo Securities **BofA Securities**

July 16, 2024

MATURITY SCHEDULE

$54,830,000
Guam Power Authority
Revenue Refunding Bonds, 2024 Series A

Maturity (October 1)	Principal Amount	Interest Rate	Yield*	CUSIP† No. 400653
2025	$1,810,000	5.00%	3.31%	KL4
2026	1,905,000	5.00	3.31	KM2
2027	2,000,000	5.00	3.30	KN0
2028	2,100,000	5.00	3.34	KP5
2029	2,205,000	5.00	3.36	KQ3
2030	2,310,000	5.00	3.41	KR1
2031	2,430,000	5.00	3.44	KS9
2032	2,550,000	5.00	3.46	KT7
2033	2,675,000	5.00	3.49	KU4
2034	2,810,000	5.00	3.49	KV2
2035	2,950,000	5.00	3.52‡	KW0
2036	3,100,000	5.00	3.57‡	KX8
2037	3,255,000	5.00	3.64‡	KY6
2038	3,420,000	5.00	3.68‡	KZ3
2039	3,590,000	5.00	3.75‡	LA7
2040	2,845,000	5.00	3.81‡	LB5
2041	2,990,000	5.00	3.88‡	LC3
2042	3,135,000	5.00	3.94‡	LD1
2043	3,290,000	5.00	4.00‡	LE9
2044	3,460,000	5.00	4.05‡	LF6

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* Reoffering yields have been provided by the Underwriters. See "UNDERWRITING."

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Guam Economic Development Authority ("GEDA") or the Underwriters and are included solely for the convenience of the holders of the 2024A Senior Bonds. None of the Authority, GEDA or the Underwriters are responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the 2024A Senior Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the 2024A Senior Bonds.

‡ Yield computed to first optional redemption date of October 1, 2034 at par.

CONSOLIDATED COMMISSION ON UTILITIES

Joseph T. Duenas
Chairman

Francis E. Santos
Vice Chairman and
Chairman of Finance and Budget Committee

Pedro Roy Martinez
Secretary

Michael Limtiaco
Commissioner

Simon A. Sanchez II
Commissioner

GUAM POWER AUTHORITY

John M. Benavente, P.E.
General Manager

John J.E. Kim
Chief Financial Officer

Jennifer G. Sablan, P.E., CEA, CEM
Assistant General Manager, Operations

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

Beatrice P. Limtiaco
Assistant General Manager, Administration

Marianne Woloschuk
General Counsel

GOVERNMENT OF GUAM

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

GUAM ECONOMIC DEVELOPMENT AUTHORITY

Melanie Mendiola
Chief Executive Officer/Administrator

Carlos Bordallo
Deputy Administrator

Christina D. Garcia
Public Finance Manager

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP

Trustee and Depositary
Bank of Guam
Hagåtña, Guam

Independent Auditors
Ernst & Young LLP

Co-Trustee and Paying Agent
U.S. Bank Trust Company, National Association
Los Angeles, California

Dissemination Agent
Digital Assurance Certification, L.L.C.
Winter Park, Florida

Verification Agent
Robert Thomas CPA LLC
Overland Park, Kansas

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024A Senior Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2024A Senior Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements contained or incorporated by reference in this Official Statement are not intended to reflect historical facts but are estimates and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the expectations or forecasts described herein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "assume," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements described herein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority does not plan to issue any updates or revisions to such forward-looking statements whether or not its expectations, or any events, conditions or circumstances on which such statements are based, do or do not occur.

The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions stated herein or in the affairs of the Authority since the date hereof.

The 2024A Senior Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2024A Senior Bonds have not been registered or qualified under the securities laws of any state.

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Revenue Refunding Bonds,
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INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover page, table of contents and appendices hereto (collectively, the "**Official Statement**"), is to provide information in connection with the offering by the Guam Power Authority (the "**Authority**") of its $54,830,000 Revenue Refunding Bonds, 2024 Series A (the "**2024A Senior Bonds**"). All capitalized terms used in this Official Statement and not otherwise defined in this Official Statement shall have the respective meanings given to them in the Senior Indenture hereinafter mentioned.

This Introduction is not a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in this entire Official Statement, including the cover and inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement. Brief descriptions of the 2024A Senior Bonds, the Authority and the Territory of Guam ("**Guam**") are provided herein. Such descriptions do not purport to be comprehensive or definitive. All references to the 2024A Senior Bonds and the Senior Indenture are qualified in their entirety by reference to the complete forms thereof. The summaries and descriptions of other documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each such document, statute and constitutional provision. The offering of the 2024A Senior Bonds to potential investors is made only by means of this entire Official Statement.

Authorization

The 2024A Senior Bonds are authorized to be issued pursuant to Chapter 8 of Title 12 of the Guam Code Annotated (the "**Act**") and by Public Law No. 37-95, approved by the 37th Guam Legislature on April 26, 2024, and signed by the Governor of Guam on May 8, 2024 (the "**Authorizing Legislation**"). The Consolidated Commission on Utilities (the "**CCU**") has approved the issuance, sale and delivery of the 2024A Senior Bonds pursuant to Resolution No. 2024-23, adopted on May 28, 2024 (the "**2024A Senior Bond Resolution**"). The issuance and sale of the 2024A Senior Bonds have also been approved by Guam Economic Development Authority ("**GEDA**") pursuant to Resolution No. 24-005, adopted on May 30, 2024 (the "**2024 GEDA Resolution**"). The terms of the 2024A Supplemental Senior Indenture (as defined herein) and the respective amounts and certain terms of the 2024A Senior Bonds were approved by the Guam Public Utilities Commission (the "**PUC**") on May 30, 2024, pursuant to GPA Docket No. 24-19 (the "**PUC 2024 Bond Docket**").

The 2024A Senior Bonds are being issued pursuant to an Indenture, dated as of December 1, 1992 (the "**General Indenture**"), as subsequently amended and supplemented, including as supplemented by the Ninth Supplemental Indenture, dated as of July 1, 2024 (the "**2024A Supplemental Senior Indenture**" and together with the General Indenture as previously amended and supplemented, the "**Senior Indenture**"), each by and among the Authority, Bank of Guam, as trustee (the "**Senior Trustee**") and depositary (the "**Depositary**"), and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as co-trustee (the "**Senior Co-Trustee**").

As of July 1, 2024, the Authority had outstanding pursuant to the Senior Indenture $442,740,000 aggregate principal amount of Senior Bonds (as defined herein), consisting of $232,955,000 aggregate principal amount of its Revenue Refunding Bonds, 2022 Series A (Tax-Exempt Forward Delivery) (the "**2022 Senior Bonds**"), $143,990,000 aggregate principal amount of its Revenue Refunding Bonds, 2017 Series A (the "**2017 Senior Bonds**"), and $65,795,000 aggregate principal amount of its Revenue Bonds, 2014 Series A (the "**2014 Senior Bonds**"), a portion of which will be refunded with the proceeds of the 2024A Senior Bonds. The 2014 Senior Bonds, the 2017 Senior Bonds and the 2022 Senior Bonds are collectively referred to herein as the "**Prior Senior Bonds**." The Prior Senior Bonds, the 2024A Senior Bonds and any additional revenue bonds that may be issued under the Senior Indenture on a parity therewith are collectively referred to herein as the "**Senior Bonds**." The 2024A Senior Bonds, when issued, will be secured on a parity with all other Senior Bonds that have been and may be issued and outstanding under the Senior Indenture.

No Subordinate Bonds are currently outstanding under the Subordinate Indenture, dated as of June 1, 2010 (the "**Subordinate Indenture**"), by and among the Authority, the Bank of Guam as trustee, and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as co-trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Subordinate Obligations."

Purposes of the 2024A Senior Bonds

The 2024A Senior Bonds are being issued for the purposes of (i) refunding a portion of the outstanding 2014 Senior Bonds and (ii) paying expenses incurred in connection with the issuance of the 2024A Senior Bonds and the refunding of such 2014 Senior Bonds. See "REFUNDING PLAN."

Security for the 2024A Senior Bonds

The 2024A Senior Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues (as defined herein), subject to the prior application of such Revenues for the payment of Maintenance and Operation Expenses, all of the proceeds of the 2024A Senior Bonds (except proceeds allocated to refund the 2014 Senior Bonds) and any other amounts held in any Fund or Account established pursuant to the Senior Indenture (except amounts held in the Rebate Fund), on a parity with any outstanding and future Senior Bonds. "**Revenues**" generally consist of any and all rates and charges received in connection with the operation of the electric power system of the Authority (the "**System**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS."

Senior Bond Reserve Fund

The Senior Bonds, including the 2024A Senior Bonds, are secured by a Bond Reserve Fund established under the Senior Indenture (the "**Senior Bond Reserve Fund**"), the balance in which is required to be maintained in an amount equal to the maximum annual debt service on the outstanding Senior Bonds (the "**Senior Bond Reserve Fund Requirement**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Senior Bond Reserve Fund."

Additional Senior Bonds

The Senior Indenture provides that the Authority may issue additional bonds payable from the Revenues on a parity basis with the then outstanding Senior Bonds, subject to the terms and conditions of the Senior Indenture, as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Additional Senior Bonds."

Rate Covenant

The Authority has covenanted in the Senior Indenture to at all times that any Senior Bonds remain Outstanding under the Senior Indenture 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 Net Revenues, with respect to the then immediately ensuing 12 months, which are equal to at least 1.30 times the Annual Debt Service on Outstanding Senior Bonds to be paid from Net Revenues during such 12-month period. "**Net Revenues**" are defined in the Senior Indenture to mean, for any particular period, all of the Revenues received during such period less all Maintenance and Operation Expenses incurred during such period. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Senior Rate Covenant."

Investment Considerations

The purchase of the 2024A Senior Bonds involves certain investment risks that are described throughout this Official Statement. In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider the risks associated with the 2024A Senior Bonds. For a summary of certain risk factors associated with an investment in the 2024A Senior Bonds, see “BONDHOLDER RISKS.”

Continuing Disclosure

Pursuant to a Master Continuing Disclosure Agreement, as supplemented by a supplemental Continuing Disclosure Agreement, the forms of which is attached hereto as APPENDIX E, the Authority will covenant for the benefit of the holders and beneficial owners of the 2024A Senior Bonds to provide annually certain financial information and operating data relating to the System by not later than 240 days following the end of each Fiscal Year of the Authority (which Fiscal Year currently ends September 30) (the “**Annual Report**”), commencing with the report for Fiscal Year 2024, and to provide notices of the occurrence of certain events listed in Rule 15c2-12 of the Securities Exchange Commission (“**Rule 15c2-12**”). Each Annual Report, and any notices of specified events, will be filed by the Authority with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“**EMMA**”) system website. The specific nature of the information to be contained in the Annual Reports and the specified events of which the Authority is to provide notice are set forth in “APPENDIX E – MASTER CONTINUING DISCLOSURE AGREEMENT AND PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12.

Forward-Looking Statements

Certain statements contained or incorporated by reference in this Official Statement are not intended to reflect historical facts but are estimates and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the expectations or forecasts described herein. In this respect, the words “estimate,” “project,” “forecast,” “anticipate,” “expect,” “assume,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority does not plan to issue any updates or revisions to such forward-looking statements whether or not its expectations, or any events, conditions or circumstances on which such statements are based, do or do not occur.

Miscellaneous

Certain demographic, economic and financial information regarding Guam is included in APPENDIX A. The basic financial statements of the Authority for the Fiscal Years ended September 30, 2023 and 2022 have been audited by Ernst & Young LLP, independent auditors and contained an emphasis of matters. Reference should be made to the audited financial statements included in APPENDIX B for a complete understanding of the information provided therein.

The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made with respect hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the System since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the 2024A Senior Bonds.

REFUNDING PLAN

The Authority is issuing the 2024A Senior Bonds (i) to refund a portion of the Authority's outstanding 2014 Senior Bonds and (ii) to pay expenses incurred in connection with the issuance of the 2024A Senior Bonds and the refunding of such 2014 Senior Bonds.

The 2014 Senior Bonds to be refunded are shown in the table below (the "**Refunded Bonds**"). The Refunded Bonds will be defeased and refunded to the redemption date with a portion of the proceeds of the 2024A Senior Bonds and other available funds of the Authority.

REFUNDED BONDS

Guam Power Authority
Revenue Bonds, 2014 Series A

Maturity Date (October 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP No. (400653)†
2025	$1,935,000	5.00%	10/29/2024	100%	HC8
2026	2,035,000	5.00	10/29/2024	100	HD6
2027	2,135,000	5.00	10/29/2024	100	HE4
2028	2,245,000	5.00	10/29/2024	100	HF1
2029	2,355,000	5.00	10/29/2024	100	HG9
2030	2,470,000	5.00	10/29/2024	100	HH7
2031	2,595,000	5.00	10/29/2024	100	HJ3
2032	2,725,000	5.00	10/29/2024	100	HK0
2033	2,860,000	5.00	10/29/2024	100	HL8
2034	3,005,000	5.00	10/29/2024	100	HM6
2039†	17,440,000	5.00	10/29/2024	100	HN4
2044†	17,150,000	5.00	10/29/2024	100	HP9

† Term Bond

The refunding of the Refunded Bonds is expected to be effected by depositing a portion of the proceeds of the 2024A Senior Bonds, together with other available funds of the Authority, in an escrow fund (the "**Escrow Fund**"). The moneys in the Escrow Fund will be applied to the purchase of non-callable and non-prepayable obligations of the United States of America (the "**Escrow Securities**") or held uninvested as cash. The Escrow Securities, if any, will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their terms, such amounts, and/or any amounts held as cash in the Escrow Fund, will provide sufficient available moneys to pay the redemption price (*i.e.*, 100% of the principal amount) of and accrued interest on the Refunded Bonds on the redemption date. The Escrow Fund will be held by the Senior Co-Trustee, as escrow agent, in an irrevocable trust, and used for the payment of the principal of and interest on the Refunded Bonds when due.

Upon the making of the deposit described in the immediately preceding paragraph, the pledge of the Revenues and other moneys and securities securing the Refunded Bonds (other than amounts in the Escrow Fund) will be discharged, and the Refunded Bonds will no longer be deemed to be Outstanding under the Senior Indenture.

Not later than the date of delivery of the 2024A Senior Bonds, the Authority will receive a report from Robert Thomas CPA LLC, a firm of independent certified public accountants (the "**Verification Agent**"), verifying the adequacy of the maturing principal amounts of the Escrow Securities and/or cash on deposit in the Escrow Fund to pay the redemption price of and accrued interest on the Refunded Bonds on the Redemption Date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2024A Senior Bonds are expected to be applied as shown below:

	2024A Senior Bonds
Sources:	
Principal Amount	$54,830,000.00
Plus Original Issue Premium	5,157,011.40
Funds released from Bond Fund	982,500.00
Total Sources	$60,969,511.40
Uses:	
Deposit to Escrow Fund	$59,848,984.62
Costs of Issuance[1]	1,120,526.78
Total Uses	$60,969,511.40

[1] Includes Underwriters' discount, Senior Trustee and Senior Co-Trustee fees, escrow and verification fees, legal fees and expenses, rating agency fees, printing costs and other miscellaneous costs of issuing the 2024A Senior Bonds and of refunding the Refunded Bonds.

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THE 2024A SENIOR BONDS

Authority for the 2024A Senior Bonds

The 2024A Senior Bonds are authorized to be issued pursuant to the Act, the Authorizing Legislation and by the 2024A Senior Bond Resolution. Section 50103(k) of the Act provides that agencies and instrumentalities of the Government of Guam (the "**Government**"), including public corporations, shall issue bonds only through the agency of GEDA, and the Act requires the terms of the Senior Indenture and the amount and certain terms of the Senior Bonds to be approved by the PUC. The issuance and sale of the 2024A Senior Bonds have been approved by the Board of Directors of GEDA pursuant to the 2024 GEDA Resolution. The terms of the 2024A Supplemental Senior Indenture and the respective amounts and certain terms of the 2024A Senior Bonds were approved by the PUC pursuant to the PUC 2024 Bond Docket.

For a summary of certain provisions of the Senior Indenture, see APPENDIX C hereto. For a description of the pledged Revenues and the existing liens on the Revenues, see "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS."

Description of the 2024A Senior Bonds

The 2024A Senior Bonds are being issued in the aggregate principal amounts and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover of this Official Statement.

The 2024A Senior Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). So long as DTC, or its nominee, is the registered owner of all 2024A Senior Bonds, all payments of principal and Redemption Price, if applicable, of and interest on the 2024A Senior Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners of the 2024A Senior Bonds will be the responsibility of the DTC Participants as more fully described herein. If the book-entry system is discontinued, interest on and principal (including Redemption Price) of the 2024A Senior Bonds will be payable by check mailed by first-class mail to the persons in whose names the 2024A Senior Bonds are registered on the 15th day of the calendar month immediately preceding each such Interest Payment Date (each, a "**Record Date**"), or, upon the written request of a registered owner of $1,000,000 or more in aggregate principal amount of 2024A Senior Bonds of a Series received prior to the applicable Record Date, by wire transfer. See "APPENDIX F – BOOK-ENTRY SYSTEM" herein.

The 2024A Senior Bonds will be dated their date of issuance, and bear interest from that date, payable semiannually on April 1 and October 1 of each year (each an "**Interest Payment Date**"), commencing October 1, 2024. Interest will be calculated on the basis of a 360-day year comprised of 12 30-day months.

Redemption of the 2024A Senior Bonds

Optional Redemption. The 2024A Senior Bonds maturing on or before October 1, 2034, are not subject to optional redemption prior to their respective stated maturities. The 2024A Senior Bonds maturing on or after October 1, 2035, are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, 2034, as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

Extraordinary Optional Redemption. The 2024A Senior Bonds are subject to redemption on any date prior to their respective stated maturities, at the option of the Authority, as a whole, or in part (by lot), and if in part so that the reduction in Annual Debt Service for the 2024A Senior Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or any portion thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, as provided in the Senior Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

Selection of 2024A Senior Bonds to Be Redeemed

For purposes of selecting 2024A Senior Bonds for redemption, such 2024A Senior Bonds will be deemed to be composed of $5,000 portions, and any such portion may be separately redeemed. If less than all of the 2024A Senior Bonds of any maturity are called for redemption at any one time, the Senior Co-Trustee will select the particular 2024A Senior Bonds or portions thereof to be redeemed within such maturity by lot.

Notice of Redemption

The Senior Co-Trustee is to give notice of redemption of any 2024A Senior Bonds not less than 20 nor more than 60 days prior to the date fixed for redemption, by first class mail to each of the registered owners of the 2024A Senior Bonds designated for redemption at their addresses appearing on the bond registration books of the Senior Co-Trustee on the date the 2024A Senior Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the 2024A Senior Bonds of such maturity to be redeemed and, in the case of 2024A Senior Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said 2024A Senior Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2024A Senior Bonds then be surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of such 2024A Senior Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each 2024A Senior Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any 2024A Senior Bonds. See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Redemption of Senior Bonds."

Any notice of optional redemption of the 2024A Senior Bonds may be conditional, and if any condition stated in such notice is not satisfied on or prior to the applicable redemption date, such notice shall be of no force and effect, and the Authority shall not be required to redeem the 2024A Senior Bonds thereby called for optional redemption, the optional redemption shall be cancelled and the Senior Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of optional redemption was given, that such condition or conditions were not met and that the optional redemption is cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in such notice of optional redemption, rescind and cancel such notice and corresponding optional redemption, and the Senior Co-Trustee shall thereupon give notice of such cancellation to the recipients of the notice of the redemption being cancelled.

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DEBT SERVICE REQUIREMENTS

Table 1 below sets forth the amounts required by the Authority during each year ending September 30 of the years shown for the payment of debt service on the Authority's outstanding Senior Bonds, including the 2024A Senior Bonds.

Table 1
Debt Service Schedule

Fiscal Year Ending September 30	Prior Senior Bonds Debt Service(1)(2)	2024A Senior Bonds Principal	2024A Senior Bonds Interest	Total Senior Bonds Debt Service(3)
2024	$ 25,424,750	--	$ 464,532	$ 25,889,282
2025	33,061,750	$ 1,810,000	2,741,500	37,613,250
2026	33,056,000	1,905,000	2,651,000	37,612,000
2027	33,058,750	2,000,000	2,555,750	37,614,500
2028	33,057,750	2,100,000	2,455,750	37,613,500
2029	33,056,250	2,205,000	2,350,750	37,612,000
2030	33,062,250	2,310,000	2,240,500	37,612,750
2031	33,058,250	2,430,000	2,125,000	37,613,250
2032	33,057,500	2,550,000	2,003,500	37,611,000
2033	33,062,500	2,675,000	1,876,000	37,613,500
2034	33,060,500	2,810,000	1,742,250	37,612,750
2035	23,239,250	2,950,000	1,601,750	27,791,000
2036	23,237,000	3,100,000	1,454,250	27,791,250
2037	23,234,500	3,255,000	1,299,250	27,788,750
2038	23,235,000	3,420,000	1,136,500	27,791,500
2039	23,236,500	3,590,000	965,500	27,792,000
2040	24,162,000	2,845,000	786,000	27,793,000
2041	24,157,450	2,990,000	643,750	27,791,200
2042	24,161,550	3,135,000	494,250	27,790,800
2043	24,161,550	3,290,000	337,500	27,789,050
2044	24,160,200	3,460,000	173,000	27,793,200
Total(3)	$593,001,250	$54,830,000	$32,098,282	$679,929,532

(1) Does not include the Refunded Bonds.
(2) Does not include bond interest payments made on April 1, 2024.
(3) Totals may not add due to rounding.

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SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS

The ability of the Authority to pay principal of and interest on the 2024A Senior Bonds will depend upon the receipt by the Authority of sufficient Revenues from the sale of power and energy generated by the resources available to the Authority. For information regarding the Authority's financial condition, see "FINANCIAL MATTERS." Rates for electric service are established by the CCU and regulated by the PUC. The Act provides that rates established by the PUC must be at least adequate to cover the full cost of its service to its customers, subject to any contractual agreements of the Authority with the holders of any bonds, and that the PUC shall increase rates from time to time as may be necessary pursuant to any such contractual obligations. All future rate increases of the Authority are subject to the approval of the PUC. The Authority has no taxing power. For additional information regarding the CCU and the Authority's electric rates and charges, see "THE GUAM POWER AUTHORITY – Governance" and "RATES."

Security for the Senior Bonds

The Senior Bonds, including the 2024A Senior Bonds, are limited obligations of the Authority payable solely from, and secured solely by a lien on and pledge of, the Revenues. As defined in the Senior Indenture, "**Revenues**" consist of any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the System (but not including refundable deposits made by customers of the System to establish the creditworthiness of such customers, customer advances for construction or contributions in aid of construction), any moneys received or receivable by the Authority pursuant to contract and designated as Revenues in such contract and all earnings on any investment of any Revenues. No obligations may be issued that have a lien on the Revenues prior to the lien of the Senior Bonds, and the Senior Bonds have a parity lien on Revenues.

The Senior Indenture requires the Authority to transfer all Revenues upon receipt to the Depositary for deposit in the Revenue Fund (except that all interest and other profit from the investment of moneys in the Construction Fund will be retained therein). Amounts in the Revenue Fund are used to pay budgeted Maintenance and Operation Expenses as such expenses become due and payable. Amounts in the Revenue Fund are also transferred to the Rebate Fund as required by the Senior Indenture and to the Bond Fund to satisfy any deficiency in either such Fund in accordance with the Senior Indenture.

Pursuant to the Senior Indenture, on or before the fifth day of each calendar month, the Depositary shall transfer moneys in the Revenue Fund remaining after payment of Maintenance and Operation Expenses for deposit in the following funds, in the amounts (including making up any deficiencies in any such fund or account resulting from a lack of Revenues sufficient to make any earlier required deposit) and in the following order of priority:

(1) into the Bond Fund held by the Senior Co-Trustee an amount equal to (a) the amount of interest payable on each Senior Bond on a current uncompounded basis on any interest payment date in equal monthly amounts over the Interest Accrual Period for each such Senior Bond ending on such interest payment date (or in the case of a variable rate Senior Bond, the amount of interest that would have accrued during the next preceding calendar month if such Senior Bond had borne interest at the maximum rate, less any excess deposited for the next preceding calendar month), and the amount of interest payable on each Senior Bond on a deferred compounded basis on any interest payment date in equal monthly amounts over the Principal Payment Period for each such Senior Bond ending on the maturity date for such Senior Bond, plus (b) during the Principal Payment Period for each Senior Bond, an amount which, if paid in equal monthly amounts in each month during such Principal Payment Period, would yield moneys sufficient to pay the principal or Mandatory Sinking Account Payment due and payable on the next succeeding principal payment or mandatory sinking account payment date for each such Senior Bond;

(2) into the Senior Bond Reserve Fund, held by the Senior Co-Trustee, the amount, if any, necessary to increase the balance in such Fund to the Bond Reserve Fund Requirement;

(3) into the Working Capital Fund, held by the Depositary, the lesser of (i) the amount, if any, necessary to increase the amount in the Working Capital Fund to the Working Capital Requirement, and (ii) an amount equal to one-sixth of the Working Capital Requirement; and

(4) into the Surplus Fund, held by the Depositary, the balance remaining in the Revenue Fund after the foregoing deposits for application as provided in the Senior Indenture.

If, on the fifth day before any interest payment date, the amount in the Bond Fund is insufficient to pay the principal of, mandatory sinking account payments for and interest on the Senior Bonds due on such next interest payment date, such deficiency is required to be funded by transfers to the Bond Fund from the following funds in the following order of priority: (1) the Revenue Fund, (2) the Surplus Fund, (3) the Working Capital Fund, (4) the Senior Bond Reserve Fund, and (5) any other fund or account established pursuant to the Senior Indenture (except the Rebate Fund).

The Senior Indenture provides that all amounts in the Surplus Fund on the fifth day of each month after the deposits required under the Senior Indenture have been made shall be paid by the Depositary to the Authority, free and clear of the pledge and lien of the Senior Indenture, subject to the satisfaction of any deposits required under the Subordinate Indenture described below. No Subordinate Bonds are currently outstanding under the Subordinate Indenture; however, the Authority may in the future issue additional subordinate bonds under the Subordinate Indenture or under a separate indenture. See "– Subordinate Obligations" below.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" for definitions of the capitalized terms used above and descriptions of certain of the Funds and Accounts referenced above.

Senior Rate Covenant

The Authority has covenanted in the Senior Indenture at all times that any Senior Bonds remain Outstanding under the Senior Indenture 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 ensuing 12 months, Net Revenues equal to at least 1.30 times the sum of (1) the interest falling due on then outstanding Senior Bonds (assuming that all then outstanding Serial Senior Bonds are retired on their respective maturity dates and that all then outstanding Term Senior Bonds are retired at the times of and in amounts provided for by the Mandatory Sinking Account Payments applicable to such Term Senior Bonds), but not including Capitalized Interest, (2) the principal amount of then outstanding Serial Senior Bonds falling due by their terms, and (3) the aggregate amount of all required Mandatory Sinking Account Payments (all as calculated for the applicable Bond Year) on the Outstanding Senior Bonds to be paid from Net Revenues during such 12-month period. For the purpose of determining the interest payable on Variable Rate Senior Bonds, the interest rate used in such calculation shall be the actual interest rate for periods prior to the date of calculation and the maximum rate then permitted on such Variable Rate Senior Bonds for periods subsequent to the date of calculation. "**Net Revenues**" means, for any particular period, all of the Revenues received during such period less all Maintenance and Operation Expenses incurred during such period. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Sources of Payment; Rate Covenant; Use and Allocation of Revenues." Currently, none of the Authority's Outstanding Senior Bonds are Variable Rate Senior Bonds.

Additional Senior Bonds

The Senior Indenture permits the Authority to issue additional Senior Bonds ("**Additional Senior Bonds**") secured on a parity with all then-Outstanding Senior Bonds upon the satisfaction of the conditions and requirements set forth in the Senior Indenture, including, among others, the following:

(1) No Event of Default shall have occurred and be continuing under the Senior Indenture;

(2) The Supplemental Indenture providing for the issuance of such Additional Senior Bonds (A) specifies the purposes for which such Additional Senior Bonds are being issued, which shall be one or both of the following: (i) to provide moneys for deposit into the Construction Fund and withdrawal therefrom in accordance with law for purposes other than the refunding of Outstanding Senior Bonds; or (ii) to refund all or any part of the Senior Bonds of any one or more Series outstanding under the Senior Indenture by depositing with the Senior Co-Trustee, in trust, cash and noncallable Federal Securities in the necessary amount to discharge all liability of the Authority with respect to such Senior Bonds to be refunded as provided in the Senior Indenture; and (B) provides for a deposit to be

made to the Senior Bond Reserve Fund on the date such Additional Senior Bonds are issued in an amount necessary to make the balance in that Fund at least equal to the Bond Reserve Fund Requirement with respect to all Senior Bonds outstanding under the Senior Indenture, including the Additional Senior Bonds;

(3) The aggregate principal amount of Senior Bonds issued under the Senior Indenture shall not exceed any limitation imposed by law or by any Supplemental Indenture;

(4) Unless the requirement described in paragraph (6) is satisfied, Net Revenues for the last Fiscal Year or last recorded 12-month period preceding the date of the Supplemental Indenture providing for the issuance of such Additional Senior Bonds, as shown by a certificate of an independent consultant, plus

(i) An allowance for Net Revenues from any Projects to be financed with the proceeds of such Additional Senior Bonds or with the proceeds of Senior Bonds previously issued under the Senior Indenture, and for Net Revenues from any improvements to the System which have been made from moneys from any source, but which, during all or any part of such Fiscal Year or last recorded 12-month period, were not in service, all in an amount equal to 75% of the estimated additional average annual Net Revenues to be derived from such Projects or such other improvements for the first 36 months in which each Project or improvement is, respectively, to be in operation, all as shown by such certificate, and

(ii) An allowance for additional Revenues arising from any increase in rates for services provided by the System which has become effective prior to the issuance of such additional Series of Senior Bonds but which, during all or any part of such Fiscal Year or last recorded 12-month period, was not in effect, in an amount equal to 75% of the amount by which the Net Revenues would have been increased if such increase in rates had been in effect during the whole of such Fiscal Year or last recorded 12-month period, as shown by such certificate,

shall have produced a sum equal to at least 1.30 times the Maximum Annual Debt Service on the Senior Bonds then Outstanding under the Senior Indenture and on such Additional Senior Bonds;

(5) Unless the requirement described in paragraph (5) is satisfied, (i) the Authority shall have complied with the rate covenant requirements of the Senior Indenture for the most recent Fiscal Year for which audited financial statements are available; and (ii) for each of the five full Fiscal Years beginning with the first full Fiscal Year following the issuance of such additional Series of Senior Bonds (or, if later, the first full Fiscal Year in which less than 10% of the interest coming due on such Series is Capitalized Interest), Net Revenues are projected to equal at least 1.30 times the Maximum Annual Debt Service on the aggregate of the Senior Bonds then Outstanding under the Senior Indenture and on such Additional Senior Bonds, all as shown by a certificate of an independent consultant. Pursuant to the Senior Indenture, the independent consultant's projection shall be made subject to the following assumptions and limitations:

(i) Net Revenues from new Projects and from any other projected improvements to the System may be taken into account only if such Projects and improvements are expected to be completed with moneys then set aside for such purpose or with the proceeds of Senior Bonds previously issued or the proceeds of such additional Series of Senior Bonds (*i.e.*, without additional borrowing after the issuance of such Additional Senior Bonds); and

(ii) Load growth may only be projected to occur if and to the extent that it represents the expected electric power requirements of:

(a) major developments (whether commercial, residential, industrial or military) already physically in process (e.g., facilities that are under construction, as opposed to facilities that are planned but not yet under construction);

(b) major developments (whether commercial, residential, industrial or military) that have been fully approved by the Territorial Land Use Commission (or its successor) or, in the case of military developments, by the appropriate military authority, but only to the extent that such major developments (whether commercial, residential, industrial or military) are expected to be constructed;

(c) residential and small commercial development expected to occur as a result of the developments referred to in (i) and (ii) above; and

(d) residential and small commercial development expected to occur other than as a result of the developments referred to in (i) and (ii) above; and

(6) If any of the Senior Bonds of such Series of Additional Senior Bonds are Variable Rate Senior Bonds, Maximum Annual Debt Service on such Variable Rate Senior Bonds shall, for purposes of these provisions, be calculated using the greater of the maximum rate permitted on such Variable Rate Senior Bonds and the maximum rate payable to any Credit Provider for such Additional Senior Bonds (whether or not the obligation to such Credit Provider is subordinate to the Senior Bonds).

Senior Bond Reserve Fund

The 2024A Senior Bonds are secured by the Senior Bond Reserve Fund, established pursuant to the Senior Indenture and required to be funded and maintained in an amount equal to the Senior Bond Reserve Fund Requirement.

All amounts in the Senior Bond Reserve Fund are required to be used and withdrawn by the Senior Co-Trustee solely for the purpose of making up any deficiency in the Bond Fund in the manner and to the extent set forth in the Senior Indenture. The Senior Bond Reserve Fund is not available to secure payment of principal of or interest on any Subordinate Bonds.

"**Senior Bond Reserve Fund Requirement**" is defined in the Senior Indenture to mean, on any date of calculation, an amount equal to Maximum Annual Debt Service on all then Outstanding Senior Bonds, or such higher amount as may be specified by Supplemental Indenture. As of the date of issuance of the 2024A Senior Bonds, the Senior Bond Reserve Fund Requirement will be approximately $37.6 million. See "REFUNDING PLAN," "ESTIMATED SOURCES AND USES OF FUNDS" and "FINANCIAL MATTERS – Financial Contracts and Investments."

Upon the Request of the Authority, any amount in the Senior Bond Reserve Fund on any October 5 in excess of the Senior Bond Reserve Fund Requirement may be transferred to the Senior Trustee for deposit into the Revenue Fund on such date. The Senior Bond Reserve Fund Requirement may be wholly or partially satisfied by a Credit Facility, provided such Credit Facility is provided by a Credit Provider rated, at the time of deposit of such Credit Facility, in the highest rating category by Moody's Investors Service ("**Moody's**") and S&P Global Ratings ("**S&P**"). For purposes of the Senior Bond Reserve Fund, "**Credit Facility**" is defined in the Senior Indenture to mean any instrument designated by a Supplemental Indenture as providing supplemental credit support for a series of Senior Bonds substituting for a deposit in the Senior Bond Reserve Fund which is approved as to form and issuer by each Credit Provider for each series of Senior Bonds so long as the Credit Facility for such series of Senior Bonds is in effect.

Events of Default; Remedies

The Senior Indenture specifies a number of Events of Default and remedies. For descriptions of the Events of Default and various remedies under the Senior Indenture, see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Events of Default."

Subordinate Obligations

The Senior Indenture does not prevent the Authority from issuing or incurring any indebtedness secured by a lien or charge on Revenues that is junior and subordinate to the lien and charge of the Senior Bonds; however, the Authority does not currently have any such subordinate indebtedness outstanding.

THE GUAM POWER AUTHORITY

General

The Authority is a retail electric utility that provides electric generation, transmission and distribution service throughout Guam, as well as wholesale power to the United States ("**U.S.**") military bases on Guam, and is currently the only retail provider of electricity in Guam. The Authority serves a population of approximately 160,000 with a power supply portfolio that consists of various fuel-oil based generating units with a combined net capacity of approximately 351 MW (approximately 91 MW of which constitutes capacity reserves). The Authority's electric system also includes 29 substations, 204 miles of transmission lines and over 1,650 miles of distribution lines. Table 2 below presents selected statistics regarding Authority operations for Fiscal Year 2023 based on audited financial information.

Table 2
Selected Fiscal Year Ended September 30, 2023 Statistics

Total Number of Customers	52,642
Peak Load (kW)	257,000
Megawatt-hour Sales	1,447,602
Operating Revenues[(1)]	$ 554,012,942
Gross Investment in Utility Plant	$1,235,841,509
Net Utility Plant Investment	$ 467,564,981
Total Assets and Deferred Outflows	$ 924,639,639
Total Liabilities and Deferred Inflows	$ 894,346,410
Total Net Position	$ 30,293,229

(1) Does not include bad debt expense of $1,197,996.
Source: Guam Power Authority

History

Electric utility operations on Guam date back to the post-World War II period when electric power production facilities consisted of individual diesel plants located at the then-existing principal military load centers. Government electric operations were originally undertaken by the Government, and subsequently by Public Utility Agency of Guam ("**PUAG**"). In 1968, the Authority was established by an act of the Legislature of Guam (the "**Guam Legislature**"), and subsequent laws have affirmed the continuation of its status as a public corporation of the Government.

Over the years, the U.S. Navy (the "**Navy**") has transferred a number of electric facilities to the Government, PUAG and the Authority. As described herein, the Navy is a significant customer of the Authority and distributes electricity purchased from the Authority throughout the military bases on Guam.

Governance

In 2001, by virtue of the passage of Public Law 26-76, oversight of the Authority was delegated to the newly created CCU. The CCU, a five-member board elected in a general election to staggered four-year terms, is charged with oversight of both the Authority and Guam Waterworks Authority ("**GWA**"). The enabling legislation empowers the CCU with contracting authority, as well as the authority to make decisions regarding service policies, management, budgeting, and financing of the Authority's operations. Certain actions, such as issuing bonds for financing utility capital projects, also require approval by the Guam Legislature and the PUC. The CCU also has responsibility for the setting of rates of the Authority, subject to the regulatory review and approval of the PUC. The original CCU members took office on January 3, 2003.

In addition, pursuant to statutory requirements, the Guam Legislature, the Governor of Guam, GEDA, and the PUC are required to approve the issuance of bonds by the Authority, and each has approved the issuance of the 2024A Senior Bonds.

The current members of the CCU are:

Joseph T. Duenas, Chairman. Mr. Duenas was elected as Chairman of the CCU in January 2015. Elected to the CCU and member since January 2009, Mr. Duenas's government and community service has included serving as Finance Officer for the Archdiocese of Hagåtña, Director of the Guam Department of Revenue and Taxation, President of the Guam Housing Corporation, Vice Chairman of the Guam Election Commission, PUC Chairman, Board of Directors Chairman for the American Red Cross, Vice Chairman of the Board of Trustees for Guam Community College, and former President of the Rotary Club of Guam. Mr. Duenas has a B.A. in Business Management from the Chaminade University of Honolulu.

Francis E. Santos, Vice Chairman. Mr. Santos is serving his third term as an elected CCU Commissioner. He has over 25 years of experience in the private and public sectors, specializing in healthcare and business management. Mr. Santos currently serves as the Corporate Business Development Director for Tan Holdings and TakeCare Insurance. His extensive healthcare experience includes positions as Senior Vice President for Strategic Planning and Business Development for Guam Regional Medical City, Guam's only private accredited hospital, Plan Administrator for StayWell Health Plan, President/Chief Executive Officer of Island Home Insurance Company, and member/director of Global Health Systems, which specializes in wound care and hyperbaric medicine. His public sector service has included an acting appointment as Superintendent of Guam's Department of Education and chairman of the Guam Education Policy Board. Mr. Santos also served as chairman of the board of iLearn Academy Charter School, Guam's second public charter school. Mr. Santos served three terms as a Senator in the Guam Legislature. Mr. Santos' educational background includes an M.B.A. in Health Care Administration from Loma Linda University and a Bachelor's Degree in Business Management from Seattle University. He is a graduate of Father Duenas Memorial School, Guam.

Pedro Roy Martinez, Secretary. Mr. Martinez was sworn into the CCU in March 2021. He currently holds the Secretary position on the board. Mr. Martinez has a 27-year tenure in the government of Guam including roles as the Deputy Executive Manager of the A. B. Won Pat International Airport Authority and the Director of Development and Alumni Affairs at the University of Guam. Prior to his government service, Mr. Martinez gained entrepreneurship experience through his family-owned business, Pedro's, which encompassed an ice plant, cold storage, building rentals, and a retail and wholesale business. Mr. Martinez has also served as Chairman and Treasurer of the Guam Telephone Authority Board of Directors. Beyond his professional endeavors, he currently holds positions as Vice Chairman on the Board of Directors at Coast360 Federal Credit Union, member of the Father Duenas Memorial School Alumni Association, and, at St. Jude Thaddeus Catholic Church, President of the Parish Council and member of the Finance Council and Knights of Columbus. Mr. Martinez has a Master of Public Administration and a B.B.A. in Management from the University of Guam.

Michael Limtiaco, Commissioner. Mr. Limtiaco was elected to the CCU in 2019. He is currently the Executive Vice President of Pacific Unlimited Inc., and has 25 years of experience in strategic planning, business development, contract administration and operations. Mr. Limtiaco was elected as a Senator and served in the 32nd Guam Legislature. He served as a director on the Guam Memorial Hospital Board and as a transition team member for incoming Executive branch leadership. Mr. Limtiaco holds a B.A. in Business Administration and Business Economics from the University of San Diego.

Simon A. Sanchez II, Commissioner. Mr. Sanchez has served on the CCU since its inception in January 2003, including as chairman from January 2003 until January 2015. He is a former Senator and former Vice Chairman, Public Utilities Commission 1988-1994. Mr. Sanchez has served as Vice President/General Manager of Guam Dry Cleaners since 1988. He has served on numerous government and civic organization boards including the Guam Chamber of Commerce, the Guam Visitors Bureau, the Guam Hotel and Restaurant Association and the Guam Memorial Hospital. Mr. Sanchez graduated from Harvard University in 1980 with an M.A. in City and Regional Planning and from Stanford University in 1978 with a B.A. in history.

Key Management Personnel

Following are brief résumés of key management personnel of the Authority:

John M. Benavente, P.E, General Manager. Mr. Benavente has served as General Manager of the Authority since October 2014, and previously served as General Manager of the Authority from 1987 to 1993. Mr. Benavente previously served as General Manager of Consolidated Utility Services from 2005 to 2014 where he oversaw the Authority and GWA. Mr. Benavente has over 35 years of technical, engineering and management experience in the power and water related fields both in the government and private sectors. Mr. Benavente is experienced in management, operations and maintenance in both water and power utilities. His experience includes negotiating a customer supplier agreement with the U.S. Military and negotiating energy conversion agreements with private power providers. Mr. Benavente also has experience with strategic planning, succession planning, rate proceedings, legislative hearings, environmental permitting, power plant construction, transmission and distribution construction, energy management system, budgeting, collections, typhoon and earthquake recoveries. Mr. Benavente holds a Master of Science in Engineering Management degree from the University of Missouri and a Bachelor of Science Mechanical Engineering degree from the University of Dayton. He is also a registered Professional Mechanical Engineer in Guam.

John J.E. Kim, Chief Financial Officer. Mr. Kim joined the Authority as Chief Financial Officer in 2015. Prior to joining the Authority, Mr. Kim spent 11 years working in the telecommunications field. His projects included privatization of the last government-owned telecommunication company, merger and acquisition and financing. Mr. Kim also worked at Deloitte & Touche LLP for eight years and has industry audit experience in utilities, construction, hospitality, retail, wholesale and government. Mr. Kim holds a Bachelor of Science degree in Accounting from the University of Southern California. He is a certified public accountant.

Jennifer G. Sablan, P.E., CEA, CEM, Assistant General Manager, Operations. Ms. Sablan was appointed to her current position in May 2023 and manages the Authority's generation, transmission and distribution, SCADA/dispatching, facilities, and transportation divisions. Ms. Sablan has over 29 years of electric utility experience spanning technical, engineering, utility planning, project development and management, generation operations and management. Her experience includes procurement and negotiations of large contracts including fuel, performance management contracts, renewable energy purchase agreements and energy conversion agreements; integrated resource planning; renewable projects; efficiency programs; and smart grid. Ms. Sablan holds a Bachelor of Science degree in Mechanical Engineering from Marquette University. She is a licensed professional mechanical engineer in Guam. Ms. Sablan also holds a Certified Energy Auditor and Certified Energy Manager designation with the Association of Energy Engineers.

John J. Cruz, Jr., P.E., CEA, CEM, MBA, Assistant General Manager, Engineering and Technical Services. Mr. Cruz has over 33 years of experience with the Authority. Prior to joining the Authority, Mr. Cruz worked for Hughes Aircraft Company for seven years. Mr. Cruz has expertise in radar systems engineering, systems engineering, SCADA, communications/networking engineering, software programming, solar PV design and installation, renewable energy, energy storage, system planning, statistical testing and project management. Mr. Cruz also holds a Certified Energy Manager and Certified Energy Auditor designation from the Association of Energy Engineers. Mr. Cruz graduated from Gonzaga University. He holds a Bachelor of Science degree in Electrical Engineering, a Bachelor of Arts degree in Mathematics, a minor degree in business, and a Master in Business Administration degree. He is a registered Professional Electrical Engineer in Guam. From time to time, Mr. Cruz serves as an adjunct instructor at Guam Community College.

Beatrice P. Limtiaco, Assistant General Manager, Administration. Ms. Limtiaco joined the Authority in March 2017 to manage its customer service, human resources, safety and procurement divisions. Ms. Limtiaco has over 20 years of private sector administrative management experience in various industries including specialty chemicals and building material manufacturing. Prior to joining the Authority, she served as Special Assistant to the Governor of Guam and was directly involved with various local, regional and federal issues. Ms. Limtiaco holds a Juris Doctor degree from California Western School of Law and a Bachelor of Arts degree from Boston University.

Marianne Woloschuk, General Counsel. Ms. Woloschuk has served as General Counsel of the Authority since October 2023. Mr. Woloschuk has 27 years of legal experience, primarily in the public sector. She represents the Authority in practice before the Public Utilities Commission and local courts. Prior to joining the Authority, she worked at the Office of the Attorney General of Guam, representing the government in criminal and civil litigation in the Superior Court of Guam and the District Court of Guam, as well as civil and criminal appeals before the Supreme Court of Guam and the Ninth Circuit Court of Appeals. Ms. Woloschuk holds a Bachelor of Arts degree from the University of Saskatchewan, a Master of Science degree from the American University, and a Juris Doctor from the Georgetown University Law Center.

Typhoon Mawar

On May 24, 2023, Typhoon Mawar struck Guam as a Category 4 storm, with winds of approximately 140 miles per hour and heavy rain. Typhoon Mawar, the strongest tropical cyclone to hit the island in over 20 years, caused widespread damage on the island, including the Authority's electrical grid system. After the storm, 98% of the Authority's customers were left without power. The northern sector area of the island's power system infrastructure was the most heavily damaged. For more information about the typhoon and restoration efforts on Guam generally, see "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – Typhoon Mawar and Guam Restoration Efforts."

The Authority's pre-storm preparations included tree-trimming and vegetation control, assessing water systems generators, pre-staging emergency response equipment and supplies, securing facilities and activating staff for duty at the emergency operations center.

The Authority worked with other utilities and its federal counterparts on the recovery efforts. Led by the Authority's teams, integrated line crews from the Commonwealth of Northern Mariana Islands Commonwealth Utilities Corporation, Pohnpei Utilities Corporation, and Snohomish County Public Utility District worked for approximately 50 days to restore service to the Authority's customers. The Snohomish County Public Utility District crew worked on the main transmission line while the other utilities and contracted crews worked on village transmission lines. The Authority also coordinated with the Naval Facilities Engineering Systems Command (NAVFAC) and Commander Naval Forces Marianas (COMNAVMAR) to temporarily use their bucket trucks for line recovery. Furthermore, the Federal Emergency Management Agency ("**FEMA**") provided bucket trucks and emergency generators.

By July 15, 2023, the Authority had restored power service to nearly 99% of customers who lost power. As of July 1, 2024, crews continue to make remaining necessary repairs in the heavily damaged areas to restore customers without power, and to close out emergency work clearance requests from the Authority's customers.

Assets that were significantly damaged by the typhoon include the Yigo CT (responsible for supplying 20 MW) and the Ukudu Power Plant (which is currently under construction), as well as treated water tanks and streetlights. For Fiscal Year 2023, the Authority incurred approximately $17 million in repair and other costs due to damage from Typhoon Mawar. The Authority is working with FEMA to recover reimbursable costs and expects to to pay for other costs through revenues and the Authority's Self-Insurance Fund (as defined and further described herein). See "RATES – Surcharges – *Self-Insurance Fund Surcharge*," "OTHER MATTERS – Insurance; Self-Insurance Fund" and "BONDHOLDER RISKS – Events of Force Majeure; Typhoons and Earthquakes."

POWER SUPPLY

General

The Authority's power supply includes various fuel-oil based generating units that have an aggregate available capacity of 351.4 MW, as well as approximately 85.3 MW of net capacity from renewables. Except for the 85.3 MW of capacity from renewables, all of the Authority's power resources are powered by fuel oil. The Authority's power supply resources include generation units owned by the Authority, generation units owned and operated by third parties, and renewable resources. For brief descriptions of these current power supply resources, see "– Primary Power Supply Resources."

Table 3 below summarizes the electric generating resources currently available to the Authority for dispatch. However, moving forward, the Authority anticipates that a significant portion of its power supply will come from the Ukudu Power Plant, a 198 MW dual-fueled, combined cycle combustion turbine power plant, as well as from renewable resources. Furthermore, the Authority anticipates retiring Cabras Units 1 and 2 by March 31, 2026. See "—Power Supply Development" below.

Table 3
Power Supply Resources

	Year Installed	Owner	Operator	Available Capacity(1) (MW)
Baseload				
Cabras Unit 1	1974	Authority	TEMES	42.0
Cabras Unit 2	1975	Authority	TEMES	42.0
Piti Unit 8	1999	Authority	MEC	43.2
Piti Unit 9	1999	Authority	MEC	43.2
Intermediate				
Macheche CT	1993	Authority	TEMES	20.0
Yigo CT	1993	Authority	TEMES	20.0
Piti Unit 7	1997	Authority	Authority	40.0
Dededo CT	1993	Authority	TEMES	40.0
Yigo Diesel Power Plant	2016	Authority	Authority	8.0
Peaking				
Diesel Units (10 Units)(2)	1993	Authority	Authority	33.0
Aggreko Diesel Units (24 Units)(3)	2024	Aggreko	Aggreko	20.0
Total				**351.4**
Renewable Resources				
Dandan Solar Project	2015	GPS Solar Dandan	CleanCapital Operations LLC	25.0
Marbo Solar Project	2022	KEPCO Mangilao Solar	KEPCO Mangilao Solar	60.0
Wind Turbine	2016	Authority	Authority	0.3
Total				**85.3**

(1) Available capacity as of July 1, 2024.
(2) Units located in Manenggon, Tenjo and Talofofo.
(3) Units located in Yigo. Expected to be online mid-July 2024.
Source: Guam Power Authority.

Primary Power Supply Resources

Baseload Power Supply Resources

The Authority's baseload generating units are comprised of (i) Cabras Units 1 and 2, two oil-fired steam generating units, which have combined available capacity of 84 MW, and (ii) Piti Units 8 and 9, two diesel, slow speed reciprocating engines, which have combined available capacity of 86.4 MW.

Cabras Units 1 and 2 are owned by the Authority and operated and maintained, using Authority employees, by Taiwan Electrical and Mechanical Engineering Services, Inc. ("**TEMES**") pursuant to a performance management contract entered into on October 1, 2020, with a term of three years with an option to extend two additional years. The contract currently expires September 30, 2025. For Fiscal Year 2023, Cabras Units 1 and 2 provided 29% of the Authority's power supply.

Piti Units 8 and 9 are owned by the Authority and operated by Marianas Energy Company ("**MEC**"), an Independent Power Producer. The ownership of Piti Units 8 and 9 was transferred from MEC to the Authority, effective January 29, 2019. For Fiscal Year 2023, Piti Units 8 and 9 provided 36% of the Authority's power supply.

Intermediate Load Power Supply Resources

The Authority's intermediate load generating units are comprised of (i) Macheche CT, a combustion turbine generator ("**CTG**") with available capacity of 20.0 MW, which is owned by the Authority and operated by TEMES (the "**Macheche CT**"); (ii) Yigo CT, a CTG unit with available capacity of 20.0 MW, which is owned by the Authority and operated by TEMES (the "**Yigo CT**"); (iii) Piti Unit 7, a CTG unit with available capacity of 40.0 MW, which is owned and operated by the Authority (the "**Piti Unit 7**"); (iv) the Dededo CT, with two CTG units having combined available capacity of 40.0 MW, which is owned by the Authority and operated by TEMES (the "**Dededo CT**"); and (v) a diesel power unit at the Yigo substation site, with available capacity of 8.0 MW, which is owned and operated by the Authority (the "**Yigo Diesel Units**").

Peaking Power Supply Resources

The Authority's peak load generating units include 10 diesel units owned and operated by the Authority, which have a combined available capacity of 33.0 MW.

In April 2024, the Authority commissioned Aggreko ("**Aggreko**") to supply the Authority 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. The operating lease for the Aggreko generating units is for two years, with an estimated total cost of $19 million. Such operating lease payments to Aggreko will constitute Maintenance and Operation Expenses of the Authority.

Existing Renewable Resources

Public Law 29-62, signed into law on April 4, 2008, requires the Authority to establish a preliminary renewables portfolio standard goal of providing 5% of its net electricity sales from renewable generation by December 31, 2015, 8% by December 31, 2020, 10% by December 31, 2025, 15% by December 31, 2030 and 25% by December 31, 2035, the amount of renewable capacity to be subject to engineering and economic analysis by the Authority. Public Law 29-62 also provides that 10% of any traditional power supply that is constructed be furnished from a renewable resource. In 2019, Public Law 35-46 revised the goal to 50% renewable energy portfolio by 2035 and 100% renewable energy by 2045.

The Authority has a four-phase Renewable Energy Resource Acquisition program to acquire and integrate renewable generation resources into the System in order to comply with Guam Public Law 29-62 and Public Law 35-

46, as well as the Authority's 2022 IRP (as defined herein). As shown in Table 3 above, the Authority currently has approximately 85.3 MW of available capacity from renewable resources.

Phase I of the Renewable Energy Resource Acquisition program resulted in two 25-year power purchase agreements now with GPS Solar Dandan, LLC ("**GPS Solar**") for a combined output of 25 MW with respect to a solar facility located in Dandan and commissioned in October 2015 (the "**Dandan Solar Project**"). Pursuant to the agreement, GPS Solar guarantees delivery of a minimum of 51,944 MWh in the aggregate for the first contract year, with the guaranteed minimal amount decreasing slightly each contract year thereafter. The Authority's obligation to purchase power under these agreements is contingent upon delivery.

Phase II of the Renewable Energy Resource Acquisition program resulted in a 25-year power purchase agreement with KEPCO Mangilao Solar, LLC ("**KEPCO**"), for 60 MW of solar power installed capacity with respect to the facility located in Mangilao and commissioned in June 2022 (the "**Marbo Solar Project**"). Pursuant to the agreement, KEPCO guarantees delivery of a minimum of 141,630 MWh in the aggregate for the first contract year, with the guaranteed minimal amount decreasing slightly each contract year thereafter. The Authority's obligation to purchase power under these agreements is contingent upon delivery. The project includes a 32 MW battery energy storage system to smooth out the fluctuation of voltage for a stable grid. See also "– Power Supply Development – *Future Renewable Generation*."

Phase III of the Renewable Energy Resource Acquisition program was intended to acquire up to 60 MW of renewable capacity with energy storage, installed on predetermined military sites on Guam that the Authority had leased from the Navy; however, this bid has been cancelled due to the Navy's need to use these proposed sites for other purposes.

The Authority also has a 24 MW battery energy storage system at the Agana substation, which provides spinning reserve ancillary services, and a 16 MW battery energy storage system at the Talofofo substation, which mitigates the intermittency of the Dandan Solar Project and net metering customer systems. These systems were fully operational in March 2021.

In addition to the Renewable Energy Resource Acquisition program described above, the Authority has a 0.275 MW wind turbine pilot project (the "**Wind Turbine Project**") that was funded with a grant from the U.S. Department of the Interior, Office of Insular Affairs. The Wind Turbine Project was commissioned in January 2016.

Power Supply Development

Integrated Resource Plan

The Authority's integrated resources plans generally evaluate the need for new generation resources to meet future load growth, address environmental compliance requirements, and establish projects and initiatives over a 10-year timeframe. The primary objectives of the Authority's most recent plan, the 2022 Integrated Resource Plan (the "**2022 IRP**"), include 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. To meet these objectives, the Authority has entered into a contract to build the Ukudu Power Plant, a 198 MW dual-fueled, combined cycle combustion turbine power plant, which will allow for the retirement of Cabras Units 1 and 2, which are beyond their useful life. For more information regarding the Ukudu Power Plant, see "– *Ukudu Power Plant*."

Ukudu Power Plant

As part of the Authority's efforts to meet future demand and reliability requirements and to comply with current and upcoming environmental regulations, the Authority has entered into an Energy Conversion Agreement dated November 5, 2019, as amended (the "**Energy Conversion Agreement**"), with Guam Ukudu Power LLC, a limited liability company affiliated with KEPCO ("**GUP**"). Pursuant to the contract, GUP is building and will operate, own and transfer a 198 MW dual-fueled, combined cycle combustion turbine power plant (the "**Ukudu Power Plant**"). The overall project also includes two pipelines for ULSD and natural gas.

The Authority purchased land for the construction of the Ukudu Power Plant in 2017. Construction commenced in 2021; however, the commissioning of the plant has been delayed to September 30, 2025, due in part to damage caused by Typhoon Mawar. See "THE GUAM POWER AUTHORITY – Typhoon Mawar." As of April 30, 2024, the overall project is approximately 85.7% completed.

The Ukudu Power Plant is designed to use ULSD and LNG with the goal of providing the Authority with greater fuel diversity. The plant is expected to be more fuel-efficient than the Authority's existing baseload units, which would help offset the higher costs of ULSD as compared to residual fuel oil currently being used at the Authority's baseload facilities. Furthermore, the plant is designed to have fast-reacting units, which would allow the Authority to better respond to power supply fluctuations caused by the intermittent nature of the Authority's existing and proposed renewable power facilities.

The site of the Ukudu Power Plant is proximate to GWA's Northern District Wastewater Treatment Plant, which will allow the Authority to use treated water for plant cooling instead of extracting up to three million gallons of fresh water from Guam's water aquifer on a daily basis. The site is also adjacent to the Harmon Substation, which the Authority expects will reduce costs of transmission line construction, operations and maintenance, and maximize reliability.

Pursuant to the Energy Conversion Agreement, GUP will own and operate the Ukudu Power Plant and the Authority will provide fuel and pay fees to GUP until ownership of the facilities is transferred to the Authority, which is expected to occur in September 2050. The Authority's payments will include both an operating and maintenance component and a capital component. The operating and maintenance components will be payable as Maintenance and Operation Expenses of the Authority, and the capital components will be payable from Revenues, subordinate to the prior payment of Senior Bonds and any subordinate bonds, including any subordinate bonds issued under the Subordinate Indenture, and to the deposits and transfers described above under "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS—Security for the Senior Bonds." Capital lease payments under the Energy Conversion Agreement are expected to begin in Fiscal Year 2026 in the amount of $39.4 million and gradually increase thereafter until September 2050, unless terminated earlier in accordance with its terms.

The Authority has committed $40 million from its insurance claim funds from the Cabras Units 3 and 4 fire in 2015 to pay for the cost of the ULSD and natural gas fuel pipelines that will connect the Ukudu Power Plant to the Authority's fuel tanks.

The Authority considers LNG as part of its future energy plan for fuel diversity and energy security. In November 2023, the PUC approved the Authority's petition to conduct an LNG pre-development study for the Ukudu Power Plant. The Authority is currently working with a consultant on the study, which includes four phases. Phase I includes site evaluation, volume requirements, supply and shipping options, and risk development. Phases II and III will include infrastructure bid development, execution, and implementation. Phase IV will evaluate transshipment within the region supporting neighboring islands. Project development is still in its preliminary stages; however, the Authority anticipates a long series of information and collaboration with the CCU and PUC in order to obtain approvals for LNG infrastructure investments. No assurance can be given that the Authority will proceed with the development of the LNG conversion program or construction of LNG facilities.

Future Renewable Generation

As part of Phase II of the Renewable Energy Resource Acquisition program, the Authority also entered into a 25-year power purchase agreement with HEC Guam, LLC ("**Hanwha**") in 2018 to build two 30 MW solar plants in Dandan. However, significant increases in interconnection costs and construction issues resulting from the COVID-19 pandemic significantly delayed the project. Since 2018, Hanwha has submitted several proposals to modify the original scope of the contract, most recently in October 2023. Pursuant to the most recent proposal, Hanwha proposed a single 41 MW plant, with a 22 MW battery energy storage system which will be used to shift energy. The CCU and the PUC have approved the proposal; however, a contract amendment has not been finalized and the project is still under development. The Authority can provide no assurance with respect to the ultimate completion of the project.

In December 2022, the Authority issued a bid for Phase IV of the Renewable Energy Resource Acquisition program to acquire renewable energy from one or more renewable generation resources with a total minimum annual energy output of 500,000 MWh (180+ MW), with energy shifting capability. Technical proposals were received in November 2023 and five bidders with bids totaling 330 MW of renewable capacity have been notified of a potential award subject to the successful completion of a system integration study. The purpose of the studies is to determine system upgrades or improvements required and associated costs necessary for the selected renewable resource's integration into the Authority's transmission system. Such studies are conducted by an independent consulting firm and are targeted for completion by the end of July 2024. The Authority anticipates finalizing contracts in early 2025, which will be subject to approval by the CCU and PUC.

Distributed Generation

Customers may develop self-generation options, such as installing individual solar panels. In 2008, at the direction of the Guam Legislature, the Authority implemented a Net Energy Metering ("**NEM**") program. Under the program, residential NEM customers are limited to 25 kW, non-residential NEM customers are limited to 250 kW subject to certain circumstances, and there are no limits on public schools subject to certain circumstances. NEM customers are credited on a "one-for-one" basis (*i.e.*, customers are credited for energy fed into the System at the same retail rate they pay for power). As a result, NEM customers do not pay the full share of their allocable portion of certain transmission and distribution costs. As of March 31, 2024, approximately 2,645 NEM customers have installed individual solar panels, providing approximately 35.0 MW, with an annual estimated revenue impact of approximately $5.2 million.

The NEM policy provided for an unlimited NEM rider until the number of NEM customers exceeded 1,000, at which point the Authority could petition the PUC for review of the NEM program, including the full retail rate credit. The number of NEM customers exceeded 1,000 in 2016. In 2018, the Authority petitioned the PUC to modify the NEM tariff from providing retail rate NEM credits to avoided cost NEM credits. The PUC denied the petition and instead changed the NEM policy condition for PUC review of the NEM program to when the System exceeds an aggregate kW cap, set at 10% of the Authority's August 1, 2017 peak demand of 261 MW. In March 2020, the NEM policy was amended to zero out excess NEM credits annually. The current NEM policy also allows the Authority to petition the PUC for review of the program before reaching the aggregate kW cap upon completion of a distribution system impact study that includes a benefit-cost analysis of how distributed generation impacts the distribution system, and an independent study from a third-party consultant that identifies the specific value of those services to the NEM customers. Such studies have been completed and in November 2023 the Authority petitioned the PUC for review of the program and specifically to modify the NEM tariff. Discussions with the PUC regarding the NEM program are currently ongoing and there can be no assurance that the PUC will approve the Authority's petition.

FUEL SUPPLY

General

The Authority is responsible for providing fuel for all of its generating resources, including those owned and operated by private contractors. In Fiscal Year 2023, the Authority purchased three million barrels of oil products, 30% of those classified as 0.2% ultra-low sulfur fuel oil ("**ULSFO**") and 70% diesel. Fuel cost is the most significant element of the Authority's costs. The Authority has a program to adjust rates quarterly to address changes in fuel costs known as the Levelized Energy Adjustment Clause (the "**LEAC**"). See "RATES – Levelized Energy Adjustment Clause."

Fuel Oil Supply Contracts

The Authority receives approximately one tanker per month of residual fuel oil for generation. The Authority has approximately 90 days' storage capacity for both ULSFO and diesel. As a result, between its two fuels, the Authority generally has from 30 to 90 days' fuel supply on hand at any given time. The price paid by the Authority for its fuel is variable, based on a published index reflecting the then prevailing price of oil, plus a fixed premium. The Authority's cost of fuel is, therefore, subject to volatility, as world oil prices fluctuate.

The Authority has entered into four contracts for the purchase of fuel for its generation facilities, each described below.

In 2020, the Authority originally entered into a purchase contract with Hyundai Corporation, a South Korea-based company ("**Hyundai**"), for the period of September 1, 2020 through August 31, 2023 for the purchase of residual fuel oil No. 6 which included low sulfur fuel oil (LSFO) with a sulfur content limit of 1.19% by weight and high sulfur fuel oil (HSFO) with a sulfur content limit of 2.00% by weight for the Authority's baseload plants. In May 2022, this contract was amended to exercise the first year extension of the contract and to add the supply of ULSFO with a sulfur content limit of 0.20% by weight. In March 2024, this contract was further amended to exercise the second year extension of the contract due to the delay of Ukudu Power Plant from damages from Typhoon Mawar. The contract is set to expire on August 31, 2026. For Fiscal Year 2023, the Authority took delivery of approximately 861 thousand barrels of oil under the contract at a cost of approximately $123 million. Residual fuel oil represents approximately 30% of the Authority's usage in terms of barrels consumed.

In 2019, the Authority entered into purchase contracts with Isla Petroleum and Energy Holdings, LLC Guam ("**IP&E**"), and with Mobil Oil Guam, Inc. ("**Mobil**"), for diesel fuel oil to supply the Authority's peaking units and emergency standby generators by road tanker deliveries. The contracts will expire on December 31, 2024. The Authority issued a bid for this diesel fuel oil supply in April 2024; procurement is ongoing and the Authority anticipates entering into new contracts at the end of 2024. The new contracts are expected to be for an initial period of three years and is anticipated to commence on January 1, 2025 and to expire on December 31, 2027, with two one-year extension options.

In 2022, the Authority entered into a second contract with Mobil for the bulk supply of diesel fuel oil delivered by ocean tankers directly via pipeline to the bulk storage tanks that supply to the Piti Units 8 and 9 and a peaking unit, Tenjo Vista power plants. This contract expired on January 31, 2024. As such, the Authority entered into a new contract with Hyundai for the bulk supply of diesel fuel oil in February 2024 for Piti Units 8 and 9, and Tenjo Vista. Hyundai will also be providing bulk fuel for Ukudu Power plants during testing of the equipment and upon commissioning. This contract is for an initial period of three years and is set to expire on January 31, 2027, with two one-year extension options.

For Fiscal Year 2023, the Authority took delivery of approximately 2 million barrels of diesel fuel from IP&E and Mobil at a collective cost of approximately $238.3 million. Diesel fuel oil represents approximately 70% of the Authority's usage in terms of barrels consumed.

Fuel Price Risk Management Program

The Authority previously established, with PUC approval, a fuel hedging program utilizing financial derivative transactions to mitigate a portion of its exposure to fuel price fluctuations. The Authority last updated the fuel hedging program in January 2012 with the assistance of Leidos to base its hedging decisions on a statistical model that estimates volatility of the fuel markets and recommends changes in hedging position. However, the Authority has not entered into a hedging transaction under this program since 2009, and, as of July 1, 2024, is not a party to any fuel hedging transaction, and has no plans to execute a new hedge under the program.

TRANSMISSION AND DISTRIBUTION SYSTEM

General

The Authority is responsible for the transmission, distribution, metering and accounting of electrical power to consumers on Guam. The Authority operates and maintains overhead and underground power lines and associated hardware, substation equipment, energy/revenue meters and relay protective devices. In addition, the Authority provides new power installations, line extensions, work clearances and miscellaneous power-related services to its customers. The Authority's power delivery system includes 29 substations connected through approximately 204 miles of 115 kV and 34.5-kV transmission lines. The substations supply 67 distribution feeders with approximately 1,650 miles of distribution primary and secondary lines, more than 42% of which is rated 13.8 kV. Power delivery is controlled from the Power System Control Center. The power delivery system also includes other buildings, equipment, stores and related facilities.

System Resilience

The Authority began taking comprehensive steps to strengthen the resilience of its System over two decades ago. Such steps included undergrounding major power lines that connected certain significant generating facilities and substations and other power lines to certain significant customers of the Authority, including major hotels, Guam Memorial Hospital, Guam International Airport and major malls and shops. In addition to these projects, the U.S. military constructed an underground line between Andersen Air Force Base and the Dededo CT.

Furthermore, the Authority has an ongoing program to replace wooden electric utility poles with concrete poles that are more resistant to high winds. Currently, over 31,600 of Guam's 33,650 power line poles are steel or concrete. This program is ongoing; 511 concrete poles were installed in Fiscal Year 2023 and 110 have been installed in Fiscal Year 2024 to date. The Authority has also expanded the undergrounding of certain transmission and distribution lines, shifted to using concrete buildings to house its permanently installed generating units, and installed 220 standby diesel generators (of which 160 are currently operational), including 15 portable diesel generators to provide backup power for GWA's municipal water pumps, sewer lift pumps and two large sewer treatment plants. As of April 1, 2024, approximately 39% of the System's load (in key business areas and high-density residential regions) is served through underground infrastructure; 137 miles (19%) of primary lines are underground; and approximately 94% of distribution poles are made of concrete or steel.

As part of these efforts, the Authority is continuing implementation of its village underground hybrid system, which involves placing secondary lines underground.

The Authority maintains inventory of essential transmission and distribution equipment on the island, which enables the Authority to help with recovery efforts during typhoons and other natural disasters.

Although the Authority believes these undergrounding projects and other projects will provide for improved service to those customers served and will mitigate revenue losses due to typhoons and other natural disasters, no assurance can be given that natural disasters will not materially adversely affect the operations and/or financial condition of the Authority. To mitigate any sudden financial burden to the Authority that may result from any natural calamity, the Authority maintains a Self-Insurance Fund. See "RATES – Surcharges – *Self-Insurance Fund Surcharge*" and "OTHER MATTERS – Insurance; Self-Insurance Fund."

Smart Grid Projects

The Authority has installed new smart meters for customers in its System. Since 2010, the Authority has completed several "smart grid" projects, including advanced meter infrastructure, electric smart meters, network communications, meter data management system, geographical information system, substation automation, broadband communication, outage management system, back-office infrastructure, improved cybersecurity and an e-portal. These improvements have resulted in reducing the duration of outages, increasing efficiency in delivering power, as well as in increased customer satisfaction. In 2018, the Authority installed and commissioned a supervisory control and data acquisition ("**SCADA**") system. The SCADA system provides remote telemetry and control to the substations and power plants.

AUTHORITY CUSTOMERS

General

The Authority serves a population of approximately 160,000 people in 2023 with a Fiscal Year 2023 peak demand of 257 MW and energy sales of 1.4 million MWh. The Authority's larger customers include the Navy, various components of the Government and the shopping and hotel industry. For Fiscal Year 2023, small commercial and government customers purchased 379,558 MWh of power, accounting for $156,137,000 (or 28.5%) of revenue; large commercial and government customers (including Independent Power Producers) purchased 275,798 MWh of power, accounting for $107,348,000 (or 19.6%) of revenue; residential customers purchased 495,408 MWh of power, accounting for $188,415,000 (or 4.3%) of revenue; the Government and private outdoor lighting customers purchased 5,531 MWh of power, accounting for $5,914,000 (or 1.1%) of revenue, and the Navy purchased 291,308 MWh of power, accounting for $90,867,000 (or 16.6%) of revenue.

Historical Energy Requirements

Table 4 below shows historical customers, energy sales, peak demand and Revenues for Fiscal Years 2019 through 2023. From Fiscal Year 2019 to Fiscal Year 2023, the Authority's peak demand load increased from 255 MW to 257 MW, or by a compounded annual rate of 0.2%. During the same period, the Authority's energy sales decreased from 1,568,286 MWh to 1,447,602 MWh, or by a compounded annual rate of -1.6%. The average number of total customers during this same period increased from 51,977 in Fiscal Year 2019 to 52,642 in Fiscal Year 2023, or by a compounded annual rate of 0.3%. In the aggregate, the usage per customer has decreased during this same period; however, usage in Fiscal Year 2023 was significantly impacted by Typhoon Mawar. See "THE GUAM POWER AUTHORITY – Typhoon Mawar." Specifically, the usage per residential customer decreased from approximately 931 kilowatt hours ("**kWh**")/month in Fiscal Year 2019 to approximately 919 kWh/month in Fiscal Year 2023; usage per customer (excluding the Navy and outdoor lighting) decreased from 2,041 kWh/month in Fiscal Year 2019 to approximately 1,863 kWh/month in Fiscal Year 2023; and usage per customer (including the Navy and outdoor lighting) decreased from approximately 2,514 kWh/month in Fiscal Year 2019 to approximately 2,292 kWh/month in Fiscal Year 2023.

For Fiscal Year 2024, the number of total customers as of March 31, 2024, was 53,482; total energy sales as of March 31, 2024 was 504,564 MWh, with system losses of 48,306 MWh, for total system energy requirements of 552,870 MWh; and peak demand was 249,000 kW. Total base rate and LEAC revenues totaled $256.2 million as of March 31, 2024.

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Table 4
Historical Customers, Energy Sales, Peak Demand and Revenues
Fiscal Years 2019-2023

Fiscal Year Ending September 30:	**2019**	**2020**	**2021**	**2022**	**2023**
Number of Customers					
Residential	44,479	44,191	45,292	45,364	44,943
Small Commercial/Government	6,193	6,283	6,294	6,364	6,421
Large Commercial/Government	164	162	105	101	111
Independent Power Producer	2	2	2	3	3
Government/Private Streetlight & Outdoor Lighting	1,138	1,132	1,131	1,172	1,163
Navy	1	1	1	1	1
Total Customers	51,977	51,771	52,825	53,005	52,642(1)
Energy Requirements (MWh):					
Energy Sales					
Residential	496,773	532,239	584,344	555,558	495,407
Small Commercial/Government	374,412	349,235	377,533	399,533	379,558
Large Commercial/Government	373,266	324,747	273,456	265,185	274,695
Independent Power Producers	398	385	420	775	1,103
Government/Private Streetlight & Outdoor Lighting	9,638	7,440	7,472	5,668	5,531
Navy	313,798	309,352	311,743	313,441	291,308
Total Energy Sales	1,568,286	1,523,398	1,554,967	1,540,160	1,447,602
System Losses(2)	88,398	93,682	90,945	89,245	91,502
Total System Energy Requirements(3)	1,656,684	1,617,080	1,645,913	1,629,404	1,539,104
Peak Demand (kW)(4)	255,000	247,000	257,000	260,000	257,000
Base Rate and LEAC Revenues (000's)					
Residential	$124,466	$111,984	$116,590	$167,564	$188,415
Small Commercial/Government	105,824	87,165	86,759	131,316	156,137
Large Commercial/Government	97,507	76,220	57,793	81,698	106,920
Independent Power Producers	110	92	88	253	428
Government/Private Streetlight & Outdoor Lighting	6,119	5,255	5,126	5,430	5,914
Navy	65,707	52,852	57,879	87,300	90,867
Total Base Rate and LEAC Revenues	$399,733	$333,567	$324,234	$473,561	$548,681
Usage/Customer-w/ Navy and Lighting/Annum (kWh)	30,173	29,426	29,436	29,057	27,499
Usage/Customer-w/o Navy and Lighting/Annum (kWh)	24,487	23,828	23,906	23,558	22,354
Usage/Residential Customer/Month (kWh)	931	1,004	1,075	1,021	919 (4)
Customer Growth	--	-0.2%	0.5%	0.5%	-0.3%
Energy Growth	--	-1.4%	-0.1%	-0.5%	-1.6%
Demand Growth	--	-1.6%	0.3%	0.5%	0.2%
Navy	--	-0.7%	-0.2%	0.0%	-1.5%

(1) Reflects no services due to damage of residential homes from Typhoon Mawar in Fiscal Year 2023. See "THE GUAM POWER AUTHORITY – Typhoon Mawar."
(2) Includes transmission losses and distribution losses.
(3) Reflects total net generation of the System excluding station use.
(4) Reflects total gross peak demand of the System.
Source: Guam Power Authority.

Civilian Energy Sales

From Fiscal Years 2019 through 2023, civilian energy sales, including the residential, small commercial and government and large commercial and government (including Independent Power Producers) customer classes, constituted approximately 80% and 83% (5-year averages) of the Authority's total energy sales and revenues, respectively. During the same period, civilian energy sales decreased at a compounded annual rate of -1.6% and revenues from civilian energy sale increase at a compounded annual rate of 6.6%.

Power Sales to the U.S. Military

U.S. Military Energy Sales. Energy sales to the Navy for Fiscal Years 2019 through 2023 accounted for approximately 20% (5-year average) of the Authority's total annual energy sales during such period, and Revenues generated from sales to the Navy during the same period accounted for 17% (5-year average) of the Authority's total annual revenues during such period. Energy sales to the Navy decreased from 313,798 MWh in Fiscal Year 2019 to 291,308 MWh in Fiscal Year 2023, at a compounded annual rate of -1.5%. Total revenues from the Navy increased from $65,706,812 in Fiscal Year 2019 to $90,867,260 in Fiscal Year 2023, at a compounded annual rate of 6.7%. For the Fiscal Year 2023, the Navy was the Authority's largest customer, accounting for approximately 17% of the Authority's energy sales revenues.

Agreements with the Navy. Historically, the Authority's power supply requirements have been supplied from generating facilities owned and operated by the Authority, generating facilities owned and operated by the Navy and generating facilities owned by the Navy and operated by the Authority. In July 2012, the Authority, the Department of Defense ("**DoD**"), the Navy and other interested parties finalized a Utility Services Contract (the "**2012 Utility Services Contract**") to replace an expiring customer services agreement. The 2012 Utility Services Contract went into effect on August 1, 2012 and expired on July 31, 2022. The CCU and the PUC approved the Authority's renewal of its 2012 Utility Services Contract with the Navy on January 25, 2022 and February 24, 2022, respectively. The renewed contract (the "**2022 Utility Services Contract**") is similar to the 2012 Utility Services Contract, and is scheduled to expire on July 31, 2032, subject to early termination in accordance with its terms. Under the 2022 Utility Services Contract, the Authority continues as the Navy's only power provider (with the Navy continuing to act as a transmission-level cost-of-service customer at rates approved by the PUC). The 2022 Utility Services Contract continues the asset transfers under the terms and conditions previously set forth in the original customer services agreement, retains the Authority's use of Navy assets and real property and allows for Navy easements and facilities to serve the Authority's customers when necessary. The 2022 Utility Services Contract also covers the proposed U.S. military build-up on Guam, providing that any capital additions to the Authority's System that are necessary to support the expected military build-up are not to be paid for by the Authority. If necessary, the Authority may finance such improvements, so long as any associated debt service is paid for only by military ratepayers. See "– Impact of New Development on Customer Base – *Potential Impact of U.S. Military Build-Up*."

The 2022 Utility Services Contract requires the Navy to continue to make weekly fuel payments, maintaining a minimum contract demand (but eliminating maximum limits), and requires that the Navy pay within 15 days of invoice presentation and be subject to late payment charges. The termination liability includes debt incurred during the previous contract period and adds the ability for the Authority to seek additional compensation from the Navy subject to PUC approval.

Top Ten Customers

Table 5 below sets forth the Authority's ten largest customers by energy sales revenues for Fiscal Year 2023.

Table 5
Largest Customers by Energy Sales Revenues
Fiscal Year 2023

Customer	Industry	Energy Sales (kWh)	Energy Sales Revenues
U.S. Navy Public Works Center	Military	291,307,631	$ 90,867,260
Guam Waterworks Authority	Utilities	57,986,454	24,389,710
Department of Education	Government Agency	38,887,081	17,032,119
Guam Int'l Airport Authority	Transportation	22,626,234	8,777,811
Pacific Islands Club	Hotel	11,414,664	4,193,039
Guam Healthcare Dev. Inc.	Hospital	9,858,398	3,763,857
Hyatt Regency Guam	Hotel	9,831,472	3,601,229
GTA Teleguam Holdings LLC	Telecommunications	8,404,939	3,330,229
The Tsubaki Tower & Nikko Hotel	Hotel	7,608,154	2,870,989
Guam Memorial Hospital	Hospital	7,607,992	2,962,399
Total		465,533,020	$161,788,641
% of Authority Total (Annual Basis)		32.2%	29.5%
Total Revenues			$548,681,198

Source: Guam Power Authority.

Conservation Programs

Demand-Side Management Program. The Authority launched its Demand-Side Management program on December 1, 2015. The program includes rebates to government, residential and commercial customers who purchase energy efficient appliances, including energy efficient ductless split air conditioning, central air conditioning and washers and dryers. The program is funded from LEAC charges upon approval by the PUC. Since the beginning of the program, the Authority has provided approximately $10 million in rebates to residential and commercial customers. The Authority anticipates providing approximately $3 million in rebates in Fiscal Year 2024. The program's fund balance as of April 30, 2024 is approximately $6.7 million.

Impact of New Development on Customer Base

Civilian Development. In the past five years, the Authority has added several large customers, including the Guam Regional Medical Facility, several large hotels and resorts, such as the Dusit Thani Hotel and the Tsubaki Tower, and a major retailer, the Village Donki, a subsidiary of Don Don Donki, which opened in April 2024. As development in the tourism and retail sectors increases, the number of commercial customers will also increase. See "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM."

Potential Impact of U.S. Military Build-Up. The U.S. military has a significant impact on the economy of Guam through the employment of civilian personnel, construction contracts and purchasing of material and services, and federal income taxes paid by military personnel which are remitted to the Government. In 2010, the Authority, the CCU, the Navy and the DoD entered into a Memorandum of Understanding in connection with the expected increase in Navy power requirements resulting from the relocation to Guam of a portion of the U.S. military base on Okinawa, Japan. In September 2010, the Navy signed a Record of Decision (the "**2010 ROD**") regarding the 2010 Final Environmental Impact Statement (the "**2010 EIS**") for Guam and the Commonwealth of the Northern Mariana

Islands Military Relocation, among other things. In the months and years following issuance of the 2010 ROD, the Navy and the DoD made various decisions that caused the Navy to supplement the 2010 EIS. In July 2015, the DoD released the Supplemental Environmental Impact Statement (the "**2015 SEIS**") for the purpose of supplementing the portions of the 2010 EIS regarding the establishment on Guam of a cantonment (main base) area, family housing, a live-fire training range complex, and associated infrastructure to support the relocation of a substantially reduced number of marines and dependents than was previously analyzed. On August 29, 2015, a record of decision based on the 2015 SEIS (the "**2015 ROD**") was released, which identifies the final locations for additional bases and facilities to accommodate the relocation of approximately 4,700 marines from Okinawa and Iwakuni to Guam. The proposed U.S. military build-up has been underway, with an anticipated construction period of approximately 13 years. In 2017, the DoD awarded and completed a $28,000,000 contract for the construction of a 34.5 kV underground electrical transmission line and related system to Camp Blaz and the Anderson Air Force Base. Camp Blaz officially opened on January 23, 2023; however, the base will not be fully operational until 2028. The marine facilities, which are largely complete, include hangers for aircraft, fitness centers, live-fire complex and headquarters building. As a result of the proposed military build-up, the Authority expects that revenues will increase. See also "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Military Activity – Military Personnel."

In addition, the Missile Defense Agency ("**MDA**"), a research, development and acquisition agency within the DoD, together with the U.S. Department of the Army, the Navy, the Air Force and the Federal Aviation Administration as cooperating agencies, is currently preparing an environmental impact statement ("**MDA EIS**") to evaluate the potential environmental impacts and potential mitigation of deploying and operating an Enhanced Integrated Air and Missile Defense System to defend Guam against advanced missile threats. Certain support facilities are expected to be constructed in support of the system components, including, among others, power plants and fuel storage facilities. The MDA EIS is expected to evaluate, among other things, the potential impacts of the project on infrastructure and utilities. Furthermore, MDA is expected to conduct certain surveys and studies to support the environmental impact analyses, including, among other things, a utilities and infrastructure study. A draft MDA EIS is currently planned for summer 2024 with a final MDA EIS and decision planned for early 2025. Whether the project will require the Authority's electric power system and any potential impacts to the System is currently unknown.

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RATES

General Rate Setting

Rates for electric service are established by the CCU, which acts as the Authority's Board of Directors, and are regulated by the PUC. The PUC must also approve all contracts to be entered by the Authority that could increase rates and charges.

The PUC is required by its governing statute to set rates and charges for services that are reasonable and sufficient to enable the Authority to meet its financial obligations, operating expenses, debt service and capital improvement needs. The statute also provides that rates established by the PUC must be at least adequate to cover the full cost of its service to customers, subject to any contractual agreements of the Authority with the holders of any bonds and that the PUC shall increase rates from time to time as may be necessary pursuant to any such contractual obligations. The PUC may require the Authority's rates to be adjusted upwards or downwards at any time in order to meet these conditions; however, rates must always be sufficient to satisfy the rate covenants set forth in the Senior Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Senior Rate Covenant."

The Authority rate structures consists of a base rate, which includes fixed costs and non-fuel related operating and maintenance expenses, and a charge permitting the Authority to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC component. The Authority has also from time to time charged, and may in the future charge, various surcharges to address certain costs.

Table 6 below sets forth the various components of the charges for a residential customer using 1,000 kWh of energy in a month, in effect as of April 1, 2024. The average residential customer uses approximately 931 kWh per month.

Table 6
Representative Monthly Charges for Residential Customer
As of April 1, 2024

	Unit Cost	Monthly Cost
kWh 1,000		
Fixed Monthly Charge	$ 15.00	$ 15.00
Non-Fuel Energy Charge		
First 500 kWh (per kWh)	0.06955	34.78
Over 500 kWh (per kWh)	0.08687	43.44
Emergency Water-Well Charge(1)	0.00279	1.40
Self-Insurance Surcharge (per kWh)(2)	0.00290	2.90
Subtotal (not including LEAC)		$ 97.51
LEAC (per kWh) (3)	0.261995	$ 262.00
Total		$ 359.50

(1) A charge approved by PUC to recover the cost associated with the financing, operation and maintenance of standby electric generators dedicated to GWA's water and wastewater facilities.

(2) Implemented until Self-Insurance Fund is restored to authorized minimum level of $18 million; $20 million cap. See "RATES – Surcharges – *Self-Insurance Fund Surcharge*" and "OTHER MATTERS – Insurance; Self-Insurance Fund."

(3) LEAC rate effective February 1, 2024, approved by PUC under GPA Docket 24-08 on January 25, 2024. See "– Levelized Energy Adjustment Clause."

Source: Guam Power Authority.

Base Rates

Since 2008, the Authority has petitioned the PUC five times for base rate increases. Since then, the PUC has granted at least a portion of the Authority's requests and enabled the Authority to satisfy the rate covenants and debt service coverage requirements required under the Senior Indenture. Although the PUC has historically granted at least a portion of the Authority's requests since 2008, no assurance can be given that the PUC will grant future requests by the Authority. Table 7 below shows, for Fiscal Years 2008 through 2023, the effective date of base rate increases, the requested base rate increase, the approved base rate increase and the principal reasons for such base rate increases.

Table 7
Historical Base Rate Increases
Fiscal Years 2008-2023

Effective Date of Base Rate Increases	Requested Base Rate Increase	Approved Base Rate Increase	Principal Reason for Base Rate Increase
March 1, 2008[1]	13.10%	8.53%	Phase I of updated revenue requirements and cost of service study performed in 2008.
March 1, 2010	11.20%	7.44%	Phase II of updated revenue requirements and cost of service study performed in 2008.
May 1, 2012	11.80%	6.00%	Revenue requirements and cost of service study performed in 2011.
December 1, 2012	-6.00%	-6.00%	"Rollback" of base rate increase received in May 2012, totaling $9.1 million, to compensate ratepayers for the debt service savings gained from 2012 refunding bond issuance. The "rollback" was in effect for 10 months.
October 1, 2013	7.30%	6.00%	Base rate increase to cover reductions in load and rising costs.

(1) Initially applied to Navy customer class; applied to other customer classes effective March 1, 2009.
Source: Guam Power Authority.

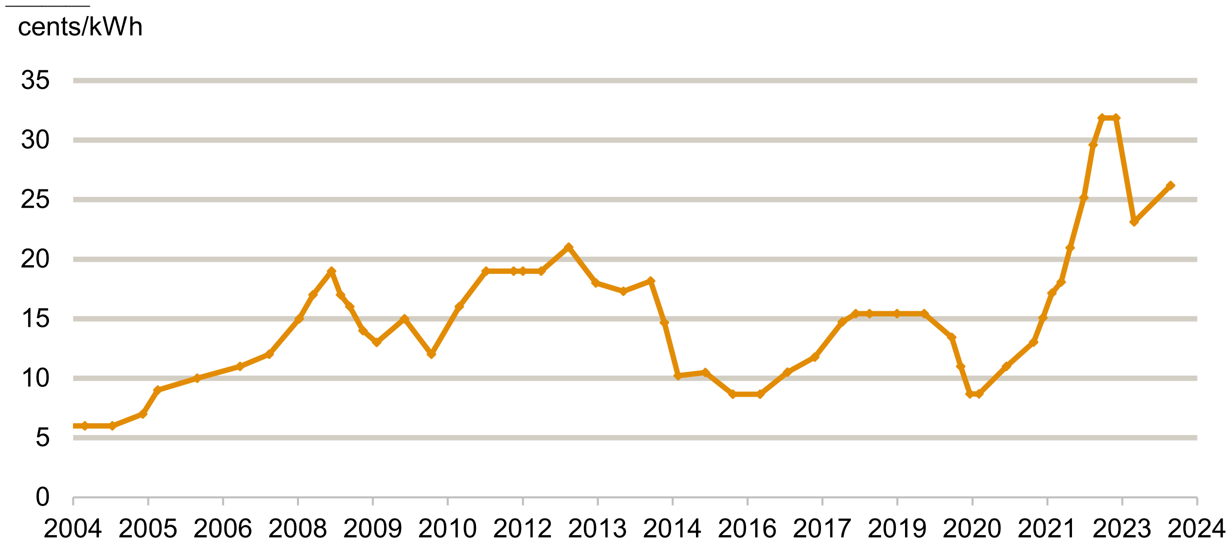
Cost of Service Study. In December 2023, the Authority engaged Utility Financial Solutions, LLC, to review the Authority's utility rates and cost of service and to prepare a cost of service study that, among other things, projects revenue requirements and recommends rate adjustments needed to meet targeted revenue requirements for the period from 2025-2029. The cost of service study is expected to be completed in August 2024.

Levelized Energy Adjustment Clause

The Authority is entitled to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC. LEAC adjustments to rates generally go into effect in February and August and are structured and set to recover costs within six months. The Authority is generally required to file before the PUC any proposed adjustments 45 days prior to the effective date of the proposed LEAC adjustment. The Authority can petition for an interim LEAC adjustment prior to the next scheduled biannual adjustment if the Authority's projected over/under recovery amount of fuel costs exceeds $2 million.

The most recent LEAC adjustment was approved by the PUC on January 25, 2024, and took effect February 1, 2024. The current LEAC rate is $0.261995/kWh. The following chart shows adjustments to the LEAC since 2004 through the most recent adjustment.

LEAC Adjustments
Fiscal Years 2004-2024



Source: Guam Power Authority.

As shown in the chart above, the LEAC rate began rising in February 2021 due to increasing fuel prices, which began to fall at the end of 2022. LEAC adjustments were authorized by the PUC during this time to mitigate under recovery of fuel and fuel-related costs. The LEAC rate peaked at a rate of $0.318576/kWh for the period from November 1, 2022 through May 31, 2023, and decreased to $0.231144/kWh for the period from June 1, 2023 to January 31, 2024, before the most recent adjustment described above. The Authority's under recovery was at its highest at approximately $47.1 million in August 2022 and has since decreased to approximately $27.9 million in April 2024. The Authority anticipates full recovery of the $47.1 million by February 2025 through the use of continued LEAC adjustments.

On May 28, 2024, the CCU authorized the Authority to petition the PUC to maintain the current LEAC rate of $0.261995/kWh for the period from August 1, 2024 through January 31, 2025. The PUC is anticipated to consider the docket at its July 25, 2024, meeting.

Surcharges

Self-Insurance Fund Surcharge. The rates charged by the Authority include a surcharge to fund the Authority's Self-Insurance Fund. The Self-Insurance Fund is replenished by a surcharge reflected in customer billings. The surcharge is automatically discontinued once the balance in the Self-Insurance Fund reaches the maximum level approved by the PUC (currently $20 million) and is reinstated if the amount in the Self-Insurance Fund drops below $18 million. In January 2021, the PUC authorized the Authority to withdraw $10 million from the Self-Insurance Fund to offset against the LEAC under recovery. As a result, the Self-Insurance Fund dropped below $18 million and the surcharge was reinstated in August 2021 and is currently in effect. As of May 31, 2024, the balance in the Self-Insurance Fund was approximately $13 million. The Authority estimates the current surcharge will be in effect until approximately June 2025. The Authority estimates the current Self surcharge will be in effect until approximately June 2025. See "OTHER MATTERS – Insurance; Self-Insurance Fund."

Water Well Surcharge. The rates charged by the Authority include an "Emergency Water Well and Wastewater" surcharge to recover the cost associated with the financing, operation and maintenance of standby electric generators dedicated to the water wells and wastewater facilities of GWA. As of April 2024, the Emergency Water Well and Wastewater surcharge is $0.00279 per kWh over 500 kWh.

Other Surcharges. The Authority has from time to time, and may in the future, petition the PUC to permit it to charge surcharges to address other costs. For example, in March 2011, the Authority received an invoice from the Government of Guam Department of Administration for $12.25 million, representing annual assessments for Fiscal Years 1998 through 2011 relating to certain requested revenue transfers. In September 2013, the Authority received another invoice for $875,000 from the Chamorro Land Trust Commission relating to the same annual assessment. The Authority obtained approval from the CCU to offer the Department of Administration a settlement amount of $2.6 million, conditioned upon PUC approval of a surcharge to recover the assessment from ratepayers. As of April 2024, the PUC has not approved such an assessment. See "APPENDIX B – FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 9."

Comparative Rates

Table 8 below shows a comparison of average monthly electric bills for selected residential, commercial and large customer loads to bills charged by certain other public and private electric utilities, which are island-based (and therefore not interconnected with other electric utilities) and dependent primarily on oil-fired generation.

Table 8
Average Monthly Electric Bills
As of April 1, 2024 (U.S. Dollars)

	Residential (1,000 kWh)	Commercial (25 kW, 16,000 kWh)	Large Customer/ Industrial (300 kW, 200,000 kWh)
Guam Power Authority[1]	**$359.50**	**$ 6,951.78**	**$ 72,610.95**
Commonwealth Utility Corp. (Saipan)	342.09	6,053.04	75,548.00
Hawaii Electric Light Co., Inc.	452.08	10,996.90	132,077.82
Kauai Island Utility Cooperative	425.97	5,923.89	71,958.63
Maui Electric Company, Ltd.	403.13	10,119.70	124,581.61
Virgin Islands Water & Power Authority[2]	432.99	7,589.55	80,649.18

(1) Rates effective February 1, 2024.
(2) Rates effective March 1, 2022.
Source: Guam Power Authority.

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FINANCIAL MATTERS

Historical Operating Results

Table 9 below sets forth the Authority's historical operating results and debt service coverages for Fiscal Years 2019 through 2023.

Table 9
Historical Operating Results and Debt Service Coverage
($000)

Fiscal Year Ending September 30:	**2019**	**2020**	**2021**	**2022**	**2023**
Operating Revenues:					
Energy Sales Revenues	$399,733	$333,567	$324,234	$473,561	$548,681
Other Electric Revenues	3,219	3,067	6,160	6,215	6,530
Total Operating Revenues	$402,952	$336,634	$330,394	$479,776	$555,211
Operating Expenses:					
Power Supply Costs[(1)]	$269,650	$207,529	$210,470	$344,879	$427,918
Transmission and Distribution Expenses	12,746	12,962	12,333	13,690	11,038
Customer Accounting[(2)]	6,215	7,134	7,792	8,563	7,840
Administrative and General	38,289	43,662	44,244	38,937	33,790
Total Operating Expenses	$326,900	$271,286	$274,839	$406,069	$480,586
Amounts Available for Debt Service					
Net Operating Revenues	$76,052	$65,348	$55,555	$73,707	$74,625
Interest/Other Income (Expense)[(3)]	2,746	2,377	15,341	(430)	(8,923)
Balance Available for Debt Service	$78,798	$67,725	$70,896	$73,277	$65,702
Senior Lien Debt Service	$44,158	$47,737	$47,736	$ 43,210	$48,001
Senior Lien Coverage Pursuant to Senior Indenture[(4)]	1.78	1.42	1.49	1.70	1.37
IPP Operated Resources – Lease Payments Capital[(5)]	$14,538	$8,930	$2,245	$0	$0
Balance Available for Debt Service	$64,260	$58,795	$68,651	$73,277	$65,702
Coverage of Senior Lien Debt by Balance Available for Debt Service after paying IPP Capital[(6)]	1.46	1.23	1.44	1.70	1.37

(1) Excludes capital component of lease payments under prior capital lease with Aggreko, which expired in Fiscal Year 2021. These amounts are reflected in IPP Operated Resources – Lease Payment Capital.
(2) Includes bad debt recovery or expense.
(3) Includes interest earned on investment less construction fund interest/deferred interest earned. For Fiscal Year 2023, FEMA recovery from Typhoon Mawar is not recorded.
(4) Calculated based on a net revenue basis. Excludes capital component of lease payments under the Energy Capital Leases. These amounts are reflected on IPP Operated Resources – Lease Payments Capital.
(5) Constitutes prior capital lease with Aggreko, which expired in Fiscal Year 2021.
(6) There are currently no Subordinate Lien Bonds outstanding.

Source: Guam Power Authority.

Outstanding Indebtedness

As of the date of delivery of the 2024A Senior Bonds (and taking into account the defeasance of the Refunded Bonds), the Senior Bonds will be outstanding in the aggregate principal amount of $438,620,000. The debt service requirements with respect to the Senior Bonds are set forth in "DEBT SERVICE REQUIREMENTS."

No Subordinate Bonds are currently outstanding under the Subordinate Indenture; however, the Authority may in the future issue additional subordinate bonds under the Subordinate Indenture or under a separate indenture.

The Authority does not currently have any outstanding capital leases, direct placements or other financial contracts payable on a parity with or prior to the lien of the Senior Bonds. However, capital lease payments under the Energy Conversion Agreement with respect to the Ukudu Power Plant are expected to begin in Fiscal Year 2026 in the amount of $39.4 million and gradually increase thereafter until September 2050, unless terminated earlier in accordance with its terms. See "POWER SUPPLY – Power Supply Development – *Ukudu Power Plant*."

Financial Contracts and Investments

Approximately $13.7 million of the Senior Bond Reserve Fund allocable to the 2022 Senior Bonds is invested pursuant to a forward delivery agreement, dated as of September 28, 2000, as amended as of October 1, 2012 and April 1, 2022 (collectively, the "**BofA Forward Delivery Agreement**"), by and among the Senior Co-Trustee, the Authority and Bank of America, N.A. ("**BofA**"). The BofA Forward Delivery Agreement is currently scheduled to terminate on October 1, 2034. In connection with the execution and delivery of the BofA Forward Delivery Agreement, the Authority received an up-front payment in the approximate amount of $13.5 million, representing the then-present value of the interest the Authority would otherwise have received over the term of the BofA Forward Delivery Agreement. BofA may at its option, but is not obligated, to cause a qualified dealer to deliver investment securities of one of the types listed in the BofA Forward Delivery Agreement, with a maturity value equal to the scheduled invested amount.

The Authority has also entered into an investment agreement (as amended, the "**BLB Investment Agreement**") with the Senior Co-Trustee and Bayerische Landesbank Giozentrale, acting through its New York Branch ("**BLB**"), providing for the investment of a portion of the amounts on deposit in the Senior Bond Fund allocable to debt service on the 2022 Senior Bonds. The BLB Investment Agreement has a rate of earnings of 6.02% per annum and is scheduled to terminate on October 1, 2034. Pursuant to the BLB Investment Agreement, under certain circumstances following the down-grade of BLB's credit rating to below the required rating levels, BLB may be required to post collateral.

The Authority expects the BofA Forward Delivery Agreement and the BLB Investment Agreement to remain in effect following the issuance of the 2024A Senior Bonds.

Liquidity and Working Capital Fund

The Authority maintains a Working Capital Fund pursuant to the Senior Indenture, which is required to be funded in an amount equal to $1/12^{th}$ of the aggregate amount of Maintenance and Operation Expenses, including fuel costs, budgeted to be paid from Revenues during the then-current Fiscal Year. For Fiscal Year 2024, the amount required to be on deposit in the Working Capital Fund is $39.8 million. As of May 31, 2024, the balance of the Working Capital Fund was $15.9 million.

In addition to using amounts on deposit in the Working Capital Fund to address fluctuations in working capital and cash resources, the Authority may also use amounts on deposit in the Operating Fund, the Surplus Fund and the Revenue Fund (in each case, after making required transfers and deposits), as well as under certain, limited circumstances, amounts on deposit in the Self-Insurance Fund to pay unexpected expenses. As of May 31, 2024, the Authority held an additional $40.1 million in unrestricted cash, not including the balance of the Working Capital Fund, as well as $13.0 million in the Self-Insurance Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS," "FUEL SUPPLY," "RATES – Surcharges – *Self-Insurance Fund Surcharge*" and "OTHER MATTERS – Insurance; Self-Insurance Fund."

Furthermore, the Authority is generally entitled to recover 100% of the cost of fuel and fuel-related costs in its rates through the LEAC. Although LEAC adjustments are generally made on a biannual basis, the Authority is authorized to seek, and has in the past sought, interim LEAC adjustments under certain conditions. See "RATES – Levelized Energy Adjustment Clause" and "BONDHOLDER RISKS – Risks Relating to Fuel."

Capital Improvement Program

As part of its planning process, the Authority has prepared a projection of the capital requirements and related costs for its electric system. The Authority's capital improvement program (the "**Capital Improvement Program**") consists largely of ongoing improvements and upgrades to existing generating and transmission and distribution facilities, extension of transmission lines and the construction of associated substations, as well as new generation resources. The Authority believes that these additions will help it to meet recent and projected System demand requirements while maintaining overall System reliability. The Authority is continuing to develop and refine its Capital Improvement Program.

The Authority currently projects the expenditure of approximately $115 million on its Capital Improvement Program from Fiscal Year 2024 through Fiscal Year 2028. Table 10 below sets forth the allocation of projected Capital Improvement Program project costs based on capital planning as of May 2024. The Capital Improvement Program projects and projected costs remain subject to change, as the Authority continues to evaluate, develop and refine the projects included in the Capital Improvement Program. The Authority currently expects to fund the Capital Improvement Program from a combination of operating revenues, remaining proceeds of Senior Bonds previously issued by the Authority, amounts released from the Self-Insurance Fund, grants, developer contributions and other outside contributions. The Authority does not currently expect to issue Additional Senior Bonds to finance the Capital Improvement Program during this projection period.

The Authority's current Capital Improvement Plan does not include costs related to the Ukudu Power Plant, which is currently under construction and anticipated to be commissioned in September 2025. Pursuant to the Energy Conversion Agreement with respect to the Ukudu Power Plant, GUP is constructing and will own and operate the Ukudu Power Plant and such costs are, therefore, not reflected in the current Capital Improvement Program. However, the current Capital Improvement Plan does include a fuel pipeline that will be connected to the Ukudu Power Plant and the Authority's fuel tanks. The cost of the ULSD and natural gas fuel pipelines is approximately $40 million and is expected to be paid from insurance settlement proceeds from Cabras Units 3 and 4 claim. See also "POWER SUPPLY – Power Supply Development – *Ukudu Power Plant*."

The Authority's current Capital Improvement Plan also does not include the cost of capital improvements directly related to increasing U.S. military presence resulting from the relocation of certain naval facilities to Guam. The Authority currently intends that any such capital improvement costs would be paid by the U.S. military (whether through direct capital contributions or through energy price increases sufficient to pay debt service on any bonds issued by or on behalf of the Authority to fund such costs), and such costs are, therefore, not reflected in the current Capital Improvement Program.

Table 10
Projected Capital Improvement Program
Fiscal Years 2022-2028
($000)

Fiscal Year Ending September 30:	**Historical 2022**	**2023**	**Projected[1] 2024**	**2025**	**2026**	**2027**	**2028**	**Five-Year Total**
Capital Improvements:								
Transmission System Additions and Improvements	$466	$150	$38	$1,450	$1,110	$1,110	$1,110	$4,788
Distribution System Additions and Improvements	4,117	2,983	2,348	2,300	2,300	2,300	2,300	11,548
Substation System Additions and Improvements	-	113	821	400	500	500	500	2,721
Generation Plant Additions and Improvements	13,964	14,489	12,902	11,420	45,000	5,000	5,000	79,322
General Plant Improvements and Replacements	9,220	10,008	9,220	5,400	1,250	350	700	16,920
Total Capital Improvement Program	**$28,149**	**$27,743**	**$25,329**	**$20,970**	**$50,150**	**$9,250**	**$9,600**	**$115,299**
Amounts Funded from:								
Prior Bond Proceeds[2]	$1,222	$22	-	-	-	-	-	-
Current Revenues[3]	13,915	21,026	$18,338	$15,970	$10,150	$9,250	$9,600	$63,308
Self-Insurance, Grants, Contributions from Outside Sources[4]	13,012	6,695	6,991	5,000	40,000	-	-	51,991
Total	**$28,149**	**$27,743**	**$25,329**	**$20,970**	**$50,150**	**$9,250**	**$9,600**	**$115,299**

(1) Projected amounts are based on capital planning as of May 2024.
(2) Reflects remaining bond proceeds from the Authority's prior bond issues.
(3) Revenues available for capital improvements after payment of Maintenance and Operation Expenses, debt service on the Authority's Senior Bonds, and other uses of cash.
(4) Includes $40 million payment in Fiscal Year 2026 for ULSD and natural gas fuel pipelines from insurance settlement fund.

Source: Guam Power Authority.

Collections

As of September 30, 2023, accounts receivable (not including unbilled accounts receivable) were approximately $41.9 million, approximately $6.7 million or about 16% of which are doubtful for collection. Substantially all of the Authority's customer accounts receivable are from individuals (18%), companies (28%) and Government agencies (23%). Concentrations largely result from accounts receivable from Government agencies and the U.S. Navy (10%).

With the implementation of smart grid projects, including smarts meters for all customers, substation automation, advanced metering infrastructure automation, and broadband communications, the Authority is able to remotely activate and de-activate accounts. Accounts over 45 days due are disconnected and reconnected remotely upon payment.

Individuals having difficulty managing their accounts are placed on debt recovery plans and their accounts are changed from postpaid service to prepaid service. With prepaid services, customers can manage the consumption of energy and debt recovery is automatically completed when the account is recharged.

OTHER MATTERS

Operational Initiatives

The Authority has initiated several programs intended to improve customer service and experience, focusing on improving its online customer platform and interface and online payment systems. The Authority has improved the management of web payment and its payment gateway, including with respect to its utility credit card rate, bill print system and billing software, and mobile payments. The Authority also has improved its social media presence for customer-communications and outage notifications. Furthermore, the Authority has implemented an online application process for its Demand-Side Management Program for customer rebates.

The Authority has made additional investments to improve system operations. These efforts include investment in additional smart grids and electric vehicles and other electrical infrastructure. The Authority has continued its ongoing system hardening and underground village hybrid system programs.

Employment and Labor Relations

As of September 30, 2023, the Authority had approximately 408 employees. The Authority's employees are not represented by labor unions. Management of the Authority believes relations with its employees remain positive. The Authority provides employees with a range of benefits, including health insurance, life insurance and a retirement plan.

In 2023, a market study of U.S. power utility salaries and pay scale in comparison to the Authority's 2017 pay scale recommended an adjustment and update to the Authority's pay scale to bolster the Authority's ability to reduce attrition, retain top-performing employees, attract employees with the necessary knowledge, skills and abilities to effectively plan, manage and maintain the Authority's System and safeguard its assets and customers, particularly in light of anticipated retirement of 32% of the Authority's current employees within the next five years. On May 28, 2024, the CCU approved the market study and the implementation of the incremental structural pay adjustments using a 2022 pay scale and market data to the 30th market percentile, effective June 2024, and incrementally thereafter to reach the 50th market percentile by Fiscal Year 2028.

Employees' Retirement Plan and Other Post-Employment Benefits

General. The Government of Guam Retirement Fund (the "**GGRF**") provides retirement annuities and other payments to retired Government employees and their dependents, including Authority employees and their dependents. Employees hired on or before September 30, 1995, are members of the Government of Guam Employees Retirement System (the "**DB Plan**"). Employees hired after September 30, 1995, became members of the Defined Contribution Retirement System (the "**DC Plan**"). From April 1, 2017 to December 31, 2017 and from June 1, 2023 to December 31, 2023, eligible, active DC Plan members could elect to become members of the Defined Benefit 1.75 Retirement System (the "**DB 1.75 Plan**"). In addition, new employees hired on or after January 1, 2024 will become members of the DC Plan and eligible, active DC Plan members may elect to become a member of the DB 1.75 Plan. The DB Plan, DC Plan, and DB 1.75 Plan are further described below.

DB Plan. The DB Plan is a single-employer defined benefit pension plan administered by the GGRF to which the Authority contributes based upon a fixed percentage of the payroll for those employees of the DB Plan. A single actuarial valuation is performed annually covering all DB Plan members, and the same contribution rate applies to each employer, including the Authority. Members of the DB Plan are required to contribute a certain percentage of their annual covered salary, which is currently 9.5%. The DB Plan member and employer contribution requirements are established by statute. According to the Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2023 (the "**2023 GGRF Valuation Report**"), the most recent valuation report as of the date of this Official Statement, there were a total of 933 active members (including 52 Authority employees), 7,201 retired members and 3,045 inactive members under the DB Plan as of September 30, 2023.

DC Plan. The DC Plan is a single-employer defined contribution pension plan administered by the GGRF. Contributions to the DC Plan by members are based on an automatic deduction of 6.2% of the member's regular base pay starting on January 1, 2018. Contributions are deposited into each individual employees' 401(a) account with the DC Plan. The default plan for all new Government employees, including Authority employees, is the DC Plan. According to the 2023 GGRF Valuation Report, there were a total of 7,697 active members (including 199 Authority employees) under the DC Plan as of September 30, 2023.

DB 1.75 Plan. The DB 1.75 Plan is a governmental defined benefit pension plan administered by the GGRF with an effective date of January 1, 2018. The DB 1.75 Plan members are required to contribute 9.5% of their base salary to the DB 1.75 Plan and 1% of their base salary to a Government deferred compensation plan. As described above under "– *General*," certain existing employees and members of the DC Plan were provided an opportunity to participate in the DB 1.75 Plan in 2017 According to the 2023 GGRF Valuation Report, there were a total of 2,640 active members (including 157 Authority employees), 292 retired members and 16 inactive members under the DB 1.75 Plan as of September 30, 2023.

As further described above under "– *General*," certain existing employees and members of the DC Plan currently have, and certain new employees and members of the DC Plan will have, an opportunity to participate in the DB 1.75 Plan.

DB Plan and DB 1.75 Plan Annual Valuation Results. The DB Plan's unfunded actuarial accrued liability ("**UAAL**") and funded ratio for Fiscal Years 2019-2023 are shown in the following table. The UAAL and funded ratio includes the DB 1.75 Plan.

Table 11
Unfunded Actuarial Accrued Liability and Funded Ratio of Defined Benefit Plans[(1)]
Fiscal Years 2019 through 2023
(in $ millions)

Fiscal Year	Accrued Liability	Actuarial Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
2019	$3,221.3	$2,066.0	$1,155.4	64.13%
2020	3,228.1	2,053.9	1,174.2	63.62
2021	3,267.5	2,125.3	1,142.2	65.04
2022	3,236.6	2,063.6	1,173.0	63.76
2023	3,232.6	2,019.3	1,213.3	62.47

(1) Does not include Cost-of-Living Allowance and Supplemental Annuity Liability.
Source: Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2023.

Significant actuarial assumptions and methods used in the 2023 GGRF Valuation Report included: (a) the interest rate used to discount future benefit payments to the present and long term expected rate of return on plan assets of 7.0%; (b) the Entry Age Normal method; (c) total payroll growth of 2.50% per year; (d) 3-year phase-in of gains/losses relative to interest rate assumption; and (e) amortization of UAAL to an end date of May 1, 2033. According to the 2023 GGRF Valuation Report, and based on the GGRF 2023 Audited Financial Statements, the GGRF actuary calculated an investment return on the total market value of assets of 11.6% for the fiscal year ending September 30, 2023. The average annual return on the market value of assets has been 3.2% for the last five fiscal years. The investment return on the actuarial value of assets (recognizing investment gains and losses over a 3-year period) was 2.2% for the Fiscal Year ended September 30, 2023.

The GGRF is subject to GASB Statement No. 67; each participating employer, including the Authority, is subject to GASB Statement No. 68 ("**GASB 68**"). GASB 68 was incorporated into the Authority's financial statements beginning in Fiscal Year 2015. For the Authority's proportionate share of the GGRF's net pension liability and pension expense for Fiscal Year 2020, see "APPENDIX B – FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 4."

Contribution Rates. Under Title 4, Chapter 8, Section 8137 of the Guam Code Annotated, as amended, the Government is required to completely fund the unfunded actuarial accrued liability by May 1, 2033. The actuarial employer contributions rates set forth in the annual valuations apply to the Fiscal Year beginning one year after the valuation date. Components of the actuarial employer contribution rates include percentages towards (1) the UAAL of the DB Plan and DB 1.75 Plan, (2) normal cost of the DB Plan and DB 1.75 Plan, and (3) contributions and expenses for the DC Plan.

Although the actuarial contributions rates are provided to the Guam Legislature by the GGRF in advance of each Fiscal Year and used for budget preparation, the Guam Legislature is not required to adopt such rates but has done so in recent years. The Government applies the same employer statutory contribution rate to all employees (*i.e.*, DB Plan members, DC Plan members, etc.). Of the amounts contributed by the employers under the DC Plan, an amount equal to 6.2% of the DC Plan member's regular base pay starting on January 1, 2018, is deposited into the member's individual annuity account; the remaining amount in excess of 6.2% starting on January 1, 2018, of the DC Plan member's regular base pay is contributed towards the UAAL of the DB Plan. The following table sets forth the actuarial employer contribution rates and the statutory employer contribution rates for Fiscal Years 2019-2023:

Table 12
Employer Contribution Rates – Actuarial and Statutory[(1)]
Fiscal Years 2019 through 2023

Fiscal Year	Actuarial Rate	Statutory Rate
2019	26.97%	26.56%
2020	28.32	26.28
2021	28.43	26.97
2022	29.43	28.32
2023	30.77	28.43

(1) The actuarial employer contributions rates set forth in the annual valuations apply to the Fiscal Year beginning one year after the valuation date. For example, the actuarial contribution rate determined in the valuation report as of September 30, 2021 (Fiscal Year 2021) is applied for the Fiscal Year beginning October 1, 2023 (Fiscal Year 2023).
Source: Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2023.

In addition, the statutory rates for Fiscal Years 2024 and 2025 are 29.43% and 30.77%, respectively.

The following table sets forth the actual contributions made by the Authority to the DB Plan during Fiscal Years 2019 through 2023. Such amounts were equal to the required contributions for those years.

Table 13
Authority's Contributions to DB Plan
Fiscal Years 2018 through 2023

Fiscal Year	Amount
2019	$5,147,076
2020	4,882,056
2021	4,854,376
2022	4,757,986
2023	4,440,890

Source: Guam Power Authority.

The following table sets forth the actual contributions made by the Authority to the DC Plan, as well as the portion of such contributions that are applied to the unfunded liability of the DB Plan during Fiscal Years 2019 through 2023. Such amounts were equal to the required contributions for those years.

Table 14
Authority's Contributions to DC Plan and DB Plan toward Unfunded Liability
Fiscal Years 2019 through 2023

Fiscal Year	DC Plan Amount	Portion of DC Plan Amount to DB Plan
2019	$2,264,343	$1,735,770
2020	2,312,780	1,767,360
2021	2,397,280	1,845,643
2022	2,716,497	2,121,703
2023	2,971,836	2,323,635

Source: Guam Power Authority.

COLA and Supplemental Annuity Payments. Public Law 25-72, passed in 1999, requires the payment of supplemental annuity and cost-of-living-allowance ("**COLA**") benefits to retirees and specifies that these payments are to be vested, limited-duration benefits to be provided by the GGRF. Public Law 36-107 increased ad hoc COLA payments of $2,000 per year to $2,200 per year to retired DB Plan and DC Plan members and spouse survivors. In addition, supplemental annuity payments of $4,238 (subject to an aggregate limitation of $40,000 per year when combined with the member's regular retirement annuity) have been provided to retired DB Plan members and survivors whose benefits commenced prior to October 1, 1995. These payments have been made outside of the GGRF trusts through annual allocations, and are anticipated to continue in future years. Effective Fiscal Year 2017 and pursuant to GASB Statement No. 73, the resultant actuarial liability relating to these payments have been included in the government-wide financial statements.

Other Post-Employment Benefits. The Government makes annual expenditures for certain postretirement healthcare benefits ("**OPEB**") to retirees who are members of the GGRF. The Government provides medical, dental, and life insurance coverage. Prior to Fiscal Year 2020, the retiree medical and dental plans were fully-insured products provided through insurance companies. Starting in Fiscal Year 2020, the Government began to phase in policy self-insurance: dental in Fiscal Year 2020, pharmaceuticals in Fiscal Year 2022 and medical in Fiscal Year 2024. Benefits under the dental plan are capped at $1,000 per subscriber. The Government shares in the cost of these plans, with its contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, the Government contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, the Government provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not contribute to the cost of this coverage. The OPEB unfunded actuarial accrued liability for the Government, including fiduciary funds and component units such as the Authority, was approximately $2.77 billion for Fiscal Year 2022 (most recent data available), $2.60 billion for Fiscal Year 2021, and $2.52 billion for Fiscal Year 2020. The OPEB unfunded actuarial accrued liability allocated to the Authority was approximately $164.0 million for Fiscal Year 2022, $160.4 million for Fiscal Year 2021, and $162.0 million for Fiscal Year 2020.

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. The Authority is then required to reimburse the General Fund for the OPEB costs of the Authority's retirees.

The following table sets forth the Government's contributions from the General Fund for OPEB for Fiscal Years 2018-2022, as well as the Authority's contributions to reimburse the Government for the OPEB costs of the Authority's retirees (*i.e.*, medical, dental and life insurance).

Table 15
Government Contributions from General Fund for OPEB and
Authority's Contribution to Reimburse OPEB
Fiscal Years 2018 through 2022

Fiscal Year	Government Contributions	Authority's Contribution to Reimburse OPEB
2018	$31,348,666	$4,253,779
2019	30,569,444	4,220,213
2020	27,920,521	4,027,373
2021	32,565,557	4,278,161
2022	N/A[(1)]	4,780,666

(1) The Government contribution amount for Fiscal Year 2022 is not yet available.
Sources: Extracted from Government of Guam Financial Statements for Fiscal Year 2022 and Guam Power Authority Audited Financial Statements for Fiscal Years 2023 and 2022.

Insurance; Self-Insurance Fund

The Authority maintains all risk insurance, directors' and officers' liability insurance, general liability insurance, pollution liability insurance, vehicle and marine cargo insurance and a blanket crime policy covering employee dishonesty. All policies provide coverage, with applicable deductibles, that the Authority believes to be standard, provided through qualified insurance companies. The estimated aggregate of the premiums for the current year is $7.1 million.

The Authority maintains a self-insurance fund (the "**Self-Insurance Fund**") upon which the Authority is authorized to draw for any transmission and distribution and generation losses or property losses in excess of $200,000, as well as for other purposes, subject to PUC approval. The Self-Insurance Fund is replenished by a surcharge reflected in customer billings. The surcharge is automatically discontinued once the balance in the Self-Insurance Fund reaches the maximum level approved by the PUC (currently $20 million) and is reinstated if the amount in the Self-Insurance Fund drops below $18 million. The General Manager is allowed to draw up to $5 million in the aggregate using self-certifications, but any draws in excess of $5 million require CCU approval.

In January 2021, PUC authorized the Authority to withdraw $10 million from the Self-Insurance Fund to offset against the LEAC under recovery. As a result, the Self-Insurance Fund dropped below $18 million and the surcharge was reinstated in August 2021 and is currently in effect. As of May 31, 2024, the balance in the Self-Insurance Fund was approximately $13 million. The Authority estimates the current surcharge will be in effect until approximately June 2025. See "RATES – Surcharges – *Self-Insurance Fund Surcharge*."

REGULATORY MATTERS

Energy Policy Act of 2005

The Energy Policy Act of 2005 ("**EPAct 2005**") addresses a wide array of energy matters that affect the entire electric utility industry, including the Authority.

The EPAct 2005 expands the jurisdiction of the Federal Energy Regulatory Commission ("**FERC**") to require open access transmission of municipal utilities that sell more than four million megawatt hours of energy and to order refunds under certain circumstances for municipal utilities that sell more than eight million megawatt hours of energy. The Authority's aggregate electricity sales for Fiscal Year 2023 were 1,447,602 MWh. The Authority is not able to predict when, if ever, its sales of electricity would reach eight million megawatt hours. Additionally, the EPAct 2005 authorizes FERC to require nondiscriminatory access to transmission facilities owned by large municipal, cooperative and other transmission companies not currently regulated by FERC (which includes the Authority), unless exercising this authority would violate a private activity bond rule for purposes of Section 141 of the Code (as defined herein). FERC is prohibited from requiring municipal cooperatives or other transmission companies not currently regulated by FERC (which includes the Authority) to join regional transmission organizations.

The EPAct 2005 provides for criminal penalties for manipulative energy trading practices and repeal of the Public Utility Holding Company Act of 1935, which prohibited certain mergers and consolidations involving electric utilities. The EPAct 2005 also requires the creation of an electric reliability organization to establish and enforce, under FERC supervision, mandatory reliability standards to increase system reliability and to minimize blackouts. FERC has designated the North American Electric Reliability Corporation as such an electric reliability organization. Failure to comply with such mandatory reliability standards exposes a utility such as the Authority to significant fines and penalties by the North American Electric Reliability Corporation.

Under the EPAct 2005, electric utilities are required to offer each of their customer classes a time-based rate schedule to enable customers to manage energy use through advanced metering and communications technology. It also authorizes FERC to exercise eminent domain powers to construct and operate transmission lines if FERC determines a state or territory has unreasonably withheld approval. The EPAct 2005 contains provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies. The EPAct 2005 also extends for 20 years the Price-Anderson Act, which concerns nuclear power liability protection and provides incentives for the construction of new nuclear plants.

The Authority does not believe that the EPAct 2005 will have an adverse impact on its operations.

Air Quality Compliance

The Clean Air Act (the "**CAA**") is a comprehensive federal law that addresses the nation's air quality and the stratospheric ozone layer, and authorizes the U.S. Environmental Protection Agency ("**USEPA**") to implement and enforce regulations reducing air pollutant emissions. Under the CAA, the USEPA is authorized to establish and enforce limits on certain air pollutants from various sources, including utilities. Pursuant to the CAA, the USEPA promulgated primary and secondary national ambient air quality standards ("**NAAQS**") with respect to certain air pollutants, including particulate matter ("**PM**"), sulfur dioxide ("**SO_2**"), and nitrogen oxide ("**NO_x**"). These standards are to be achieved by the application of control strategies developed by the states (including Guam) and included in implementation plans that must be approved by the USEPA to be effective. The Guam Environmental Protection Agency ("**Guam EPA**") has adopted a State Implementation Plan, which was approved by the USEPA, generally designed to achieve the NAAQS.

The CAA requires new major stationary sources of air pollution and certain modifications to existing sources to obtain an air permit before commencing construction. This permitting process is known as the New Source Review ("**NSR**"). The NSR program applies to sources that are located in areas that meet the NAAQS ("**Attainment Areas**"), areas that do not meet the NAAQS ("**Nonattainment Areas**") and areas that are unclassifiable with respect to the NAAQS. Permits for sources in attainment or unclassifiable areas are issued under the Prevention of Significant Deterioration ("**PSD**") permit program, and permits for sources in Nonattainment Areas are issued under the Nonattainment New Source Review permit program. The purpose of the PSD program is to prevent the development of new Nonattainment Areas, among other things. As part of the one-hour SO_2 NAAQS set in June 2010, the 1971 annual and 24-hour standards were revoked. In a July 2013 update, the USEPA indicated that it was not yet designating any areas outside of the continental U.S. as Nonattainment Areas and that the 2010 SO_2 NAAQS Nonattainment Area designations for Guam would be addressed in a separate future action. In an August 2017 letter to the Governor, the USEPA stated that they intended to designate a 6 km radius Nonattainment Area centered in the Cabras-Piti area and to designate the rest of Guam as unclassifiable/Attainment Area. The official declaration was made on April 9, 2018.

The CAA also establishes a permit program (the "**Title V Operating Permit Program**") for large industrial and commercial sources that release pollutants into the air above a specified threshold, (known as "**major sources**"). Title V operating permits include information on which pollutants are being released, how much may be released, and what kinds of steps the source's owner or operator is required to take to reduce pollution. Responsibility for the Title V Operating Permit Program in Guam was delegated to the Guam EPA.

The Authority's power plants are subject to the Title V Operating Permit Program under the CAA. The Title V operating permits for the Authority's generating plants at Cabras Power Plant, Dededo CT, Macheche CT, Manenggon, Tenjo, Talofofo and Yigo CT were issued in March 2009 in accordance with the Guam Air Pollution Control Standards Regulations and expired on March 1, 2014. The Authority submitted renewal applications for the Title V operating permits for these plants (other than the plants the Authority expected to retire from service) to the Guam EPA on September 4, 2013. Although the Authority has not received any formal notification from the Guam EPA that the expired Title V operating permits have been extended, the Authority is continuing to operate under the 2009 Title V operating permits. The Authority does not anticipate more stringent requirements under the new Title V operating permits and does not expect any issues with renewal of the Title V operating permits.

The Title V operating permits for the Tanguisson Power Plant and Piti Units 8 and 9 have been obtained by the Independent Power Producers. The Tanguisson Power Plant was officially retired on January 1, 2015, and the Title V operating permit was cancelled.

The Yigo Diesel Units were issued a Title V Permit in January 2017. The Yigo Diesel Units have Selective Catalytic Reduction Units ("**SCRs**") to control NO_x emissions to keep them under the 250 tons per year threshold, thereby making them minor sources and not be subject to the PSD permit program. The SCR installation was completed in 2017. The Yigo Diesel Units are currently operating under the 2017 Title V operating permit.

A new permit application is in the process that will include the new 24 diesel units owned by Aggreko. See "POWER SUPPLY – Primary Power Supply Resources – *Peaking Power Supply Resources.*"

Maximum Achievable Control Technology

The USEPA has issued regulations related to the requirements of Sections 111 and 112 of the CAA. Section 111 of the CAA requires the USEPA to set emissions limits for major new stationary sources referred to as New Source Performance Standards ("**NSPS**") regulations. Section 112 of the CAA requires the USEPA to issue technology-based standards for major sources and certain area sources for hazardous air pollutants ("**HAPs**"). The categories and subcategories of sources to be regulated under these provisions are listed in Section 112(c) of the CAA. For these sources, the USEPA is required to establish emissions standards that require the maximum degree of reduction in emissions of HAPs. These emissions standards are commonly referred to as maximum achievable control technology ("**MACT**") standards. Section 112(b) of the CAA contains a list of those pollutants that must be regulated as HAPs pursuant to CAA Section 112, and requires the USEPA Administrator to periodically review this list and, where appropriate, revise the list by adding pollutants which present or may present a threat of adverse human health effects or adverse environmental effects.

In connection with the Section 111 standards, on February 27, 2006, the USEPA promulgated amendments to the NSPS for PM, SO_2, and NO_x contained in the standards of performance for coal- and oil-fired electric utility steam generating units ("**EGUs**"). Subsequently, a lawsuit was filed against the USEPA in connection with these amendments, and on September 2, 2009, the USEPA was granted a voluntary remand without vacatur of these amendments. The final revisions to these amendments were approved on December 16, 2011.

In 2008, in response to a U.S. federal court decision and a related consent decree, the USEPA decided to regulate coal- and oil-fired EGUs, under Section 112(c) of the CAA. The USEPA also subsequently proposed Section 112 air toxic standards for these EGUs that reflect the application of MACT consistent with the requirements of the CAA. This proposal was also made final (with minor modifications) on December 16, 2011.

In March 2010, the USEPA published in the Federal Register established requirements applicable to diesel engine generators, referred to as reciprocating internal combustion engines maximum achievable control technology or "**RICE MACT**." The regulations include emission standards, mechanical modifications, operating limitations, compliance testing, scheduled testing, operating and record-keeping requirements. The RICE MACT rules require that standard slow speed and small diesel units meet carbon monoxide standards. These requirements are applicable to ten units at Manenggon, Talofofo and Tenjo, Cabras Units 3 and 4 (which have been retired) and Piti Units 8 and 9. The USEPA approved a one-year extension for the Authority's ten smaller diesel peaking units, and the Authority achieved compliance with respect to these units in May 2014. In April 2013, the Authority initiated discussions with the USEPA to negotiate a consent decree for Cabras Units 3 and 4 and Piti Units 8 and 9 to allow continued use of diesel without installing emission controls until LNG and/or combined cycle unit(s) are in place.

On February 16, 2012, the USEPA published in the Federal Register the final CAA Section 112 rule and the new CAA Section 111 standards. With respect to Section 112, the USEPA established HAP standards (known as "**National Emission Standards for Hazardous Air Pollutants**" or "**NESHAP**") for coal and oil-fired EGUs, including diesel engine generators, to meet standards for toxic air pollutants reflecting the application of the MACT. These standards, known as mercury and air toxics standards ("**MATS**"), are geared at reducing these types of emissions from new and existing coal and oil-fired EGUs. At the same time the MATS were promulgated, revised standards for new coal and oil-fired power plants, called New Source Performance Standards ("**NSPS**"), were also promulgated imposing more stringent numerical limits on PM, SO_2 and NO_x. The MATS became effective on April 16, 2012 and require the reduction of emissions of mercury, arsenic, chromium, nickel, and acid gases, including hydrochloric acid ("**HCl**") and hydrofluoric acid ("**HF**") by the imposition of more stringent emissions limits that reflect the application of MACT.

The MATS apply to EGU's larger than 25 MW that burn coal or oil for the purpose of generating electricity for sale and distribution to the public. In essence, the rule establishes: (i) numerical emission limits for mercury, PM, and HCl for all existing coal-fired EGUs; (ii) numerical emission limits for PM, HCl and HF for existing and new oil-fired EGUs, but compliance for HCl and HF may also be achieved by limiting the moisture content of the oil; (iii) alternative numeric emission standards, including SO2 (as an alternate to HCl), individual, non-mercury metal air toxics (as an alternate to PM), and total, non-mercury metal air toxics (as an alternate to PM) for certain subcategories of power plants; and (iv) work practices, instead of numerical limits, to limit emissions of organic air toxics, including dioxin/furan, from existing and new coal and oil-fired power plants, which require annual performance test program for each unit to ensure optimal combustion.

As for Section 111, the USEPA revised the NSPS for fossil-fuel-fired EGUs. The NSPS revised the standards that new coal and oil-fired power plants must meet for PM, SO_2, and NO_x, by establishing revised numerical emission limits for these. These standards apply to EGUs that burn fossil fuel to produce steam.

The Cabras Power Plant and the Tanguisson Power Plant were subject to the MATS, and the deadline for compliance by the Authority was April 2015. The Tanguisson Power Plant was officially retired on January 1, 2015. The Authority expects to comply with these ongoing requirements and the Consent Decree through installing new units, the retirement of certain units and the conversion to ULSD and/or LNG as the Authority's primary fuel source. The Cabras Power Plant is burning 0.2% ULSFO to comply with the CAA until the Ukudu Power Plant is operational, which is anticipated to be in September 2025.

Consent Decree with the USEPA and DOJ

On April 20, 2020, the District Court of Guam approved a consent decree ("**2020 Consent Decree**") with the Authority and Marianas Energy Company (the current operator of Piti Units 8 and 9) in resolution of a complaint filed by the USEPA under the CAA. Due to delays in permitting because of closures related to the COVID-19 pandemic, the Government's restrictions in travel and quarantine, and the Government's limited operations, including permitting and historic preservation work, the Authority began negotiating with the USEPA and the U.S. Department of Justice ("**DOJ**") for a delay in compliance dates under the 2020 Consent Decree. On January 14, 2022, the District Court of Guam issued an Order Approving Modification to the 2020 Consent Decree (the "**2022 Modified Order**"). Certain penalties associated with non-compliance were modified by the 2022 Modified Order, but all other terms and conditions of the 2020 Consent Decree remained unchanged.

The 2020 Consent Decree, as modified by the 2022 Modified Order (together, the "**Consent Decree**"), as applicable, sets forth, among other things, the following compliance requirements: (i) with respect to the fuel delivery system, complete construction of a new ULSD pipeline by December 31, 2021, and enter into a contract for the purchase and delivery of ULSD to Guam by January 1, 2021; (ii) with respect to Piti Units 8 and 9, complete installation of oxidation catalysts and use only ULSD as fuel to power Piti Units 8 and 9 by July 31, 2022; (iii) with respect to Ukudu Power Plant, enter into a contract to construct and operate of 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by May 20, 2020, complete on-site construction activities such as (a) pouring concrete foundations and pads by July 31, 2022, (b) completing an engineering report by January 31, 2021, and (c) installing the new generation units by November 1, 2022, and operate 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by April 30, 2024; (iv) with respect to Cabras Units 1 and 2, use a blended fuel with no greater than 0.2% sulfur by weight to power Cabras Units 1 and 2 by December 31, 2022, and permanently retire Cabras Units 1 and 2 by October 31, 2024; (v) with respect to Cabras Units 3 and 4 and Tanguisson Units 1 and 2, permanently retire by May 20, 2020; and (vi) with respect to solar and energy storage system, award a contract for at least 100 MW of solar power by May 20, 2020, complete construction by December 31, 2023 (in addition to 25 MW of solar power already installed at the Dandan facility), and complete installation and operation of a 40 MW energy storage system by March 1, 2021.

The operation of 180 MW of new generation utilizing ULSD initially but capable of burning natural gas by April 30, 2024 at Ukudu Power Plant, and the construction of 100 MW of solar power by December 31, 2023 are currently delayed. The Authority has, however, completed construction of 60 MW of the 100 MW solar power required by the Consent Decree (for more information, see the description of the Marbo Solar Project under "POWER SUPPLY – Primary Power Supply Resources – *Existing Renewable Resources*"). The Authority has met all other deadlines in the Consent Decree to date, and is working with the USEPA and DOJ to provide requested information and determine next steps.

See also "APPENDIX B – FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022, Note 9."

Greenhouse Gas Regulations

On April 2, 2007, the U.S. Supreme Court (the "**Supreme Court**") issued a CAA decision in *Massachusetts v. EPA*, 549 U.S. 497 (2007), concluding that greenhouse gases ("**GHG**") meet the CAA definition of an air pollutant and are subject to regulation under the CAA. More specifically, the Supreme Court found that the CAA authorizes the USEPA to regulate tailpipe GHG emissions if the USEPA determines they cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. The Supreme Court remanded the case to the USEPA to make such an "endangerment determination," which is the statutory prerequisite to authorizing regulations. On April 17, 2009, in response to the decision and after receiving public comments, the USEPA issued proposed "endangerment" and "cause or contribute" findings for GHGs under Section 202(a) of the CAA. On May 19, 2009, the USEPA issued a notice of intent to regulate GHG emissions for cars and trucks under Section 202 of the CAA, following up on the *Massachusetts* decision.

On September 30, 2009, the USEPA proposed new thresholds for GHG emissions that define when CAA permits under the NSR and Title V operating permits programs would be required. According to the USEPA, the proposed thresholds would "tailor" these permit programs to limit which facilities would be required to obtain permits and would cover nearly 70% of the nation's largest stationary source GHG emitters, including power plants, refineries, and cement production facilities, while shielding small businesses and farms from permitting requirements. Subsequently, the USEPA issued a number of rulemakings and announcements to lay a potential framework for GHG regulation under the CAA and future legislation. On October 30, 2009, the USEPA issued a final rule requiring mandatory monitoring in 2010 and reporting of GHGs emissions beginning in 2011 for virtually all industrial source categories across the country. This rule requires that sources above certain threshold levels monitor and report emissions, but does not require the sources to control GHGs. In connection with the issuance of the final rule, the USEPA stated that the rule did not indicate that the USEPA had made any final decisions on pending actions. The USEPA stated also that the mandatory GHG reporting program would provide the USEPA, other government agencies, and outside stakeholders with economy-wide data on facility-level (and in some cases corporate-level) GHG emissions, which should assist in future policy development. As required by the USEPA rule requiring GHG reporting, the Authority submitted its first report on GHG emissions in September 2011 and has timely submitted subsequent reports in accordance with the program requirements.

On December 7, 2009, the USEPA issued the final "endangerment" and "cause or contribute" findings regarding GHGs under Section 202(a) of the CAA. The USEPA received several Petitions for Reconsideration of the Endangerment and Cause or Contribute Findings. Although the findings did not themselves impose any requirements on industry or other entities, this action was a prerequisite to finalizing the USEPA's proposed GHGs emission standards for vehicles.

On May 13, 2010, the USEPA issued a final rule (the "**Tailoring Rule**") setting thresholds for GHG emissions from stationary sources that define when permits under the PSD and Title V Operating Permit Programs are required for new and existing industrial facilities. The Tailoring Rule tailors the requirements of these CAA permitting programs to limit which facilities will be required to obtain PSD and Title V operating permits, and established a schedule for implementing the Tailoring Rule.

The Authority believes that the Tailoring Rule is not applicable to the Authority, as it does not specifically address U.S. Territories. Even if the Tailoring Rule were determined to be applicable to U.S. Territories, the Authority does not believe that the Tailoring Rule will impact the Authority's operations, as all of the Authority's generators are below the 73 MW minimum under the Tailoring Rule. The Authority is continuing to monitor developments with respect to the Tailoring Rule, as well as with respect to other potential legislation and regulation regarding GHGs. The U.S. Congress may in the future enact legislation and the USEPA may adopt additional rules and regulations addressing GHGs, and no assurance can be given as to the potential impact of any such future legislation or regulations on the Authority or its operations.

Greenhouse Gas Emission Standard

In June 2014, the USEPA proposed regulations to establish guidelines for cutting carbon pollution generated by existing power plants, known as the "Clean Power Plan." The proposed regulations were intended to help reduce carbon emissions from the power sector by 30% from 2005 levels. Under those proposed regulations, the USEPA proposed state-specific goals for reducing CO_2 emissions from fossil fuel-fired power plants based on the "best system of emission reduction" provisions under Section 111(d) of the CAA, as well as various options for states to achieve these goals. In October 2014, the USEPA issued a supplemental proposal to the Clean Power Plan to address carbon pollution from affected power plants in Indian Country and U.S. territories, including Guam. In 2016, the Supreme Court put a stay on the Clean Power Plan. In 2017, the USEPA proposed to repeal the Clean Power Plan, contending that the Clean Power Plan was not consistent with the Clean Air Act. In 2019, the USEPA repealed the Clean Power Plan and issued the Affordable Clean Energy Rule. In January 2021, the United States Court of Appeals for the District of Columbia Circuit vacated the Affordable Clean Energy Rule and remanded it to the USEPA for further proceedings consistent with its opinion.

In May 2023, the USEPA proposed multiple actions under Section 111 of the CAA addressing greenhouse gas ("**GHG**") emissions from fossil fuel-fired EGUs. In April 2024, the USEPA issued final carbon pollution standards for existing coal-fired and new gas-fired power plants, the "New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule." Under the final rule, the USEPA is finalizing the repeal of the Affordable Clean

Energy Rule. Second, the USEPA is finalizing emission guidelines for GHG emissions from existing fossil fuel-fired steam generating EGUs, which include both coal-fired and oil/gas-fired steam generating EGUs. Third, the USEPA is finalizing revisions to the NSPS for GHG emissions from new and reconstructed fossil fuel-fired stationary combustion turbine EGUs. Fourth, the USEPA is finalizing revisions to the NSPS for GHG emissions from fossil fuel-fired steam generating units that undertake a large modification, based upon the 8-year review required by the CAA. The USEPA is not finalizing emission guidelines for GHG emissions from existing fossil fuel-fired stationary combustion turbines at this time; instead, the USEPA intends to take further action on the proposed emission guidelines at a later date. The final rule is effective on July 8, 2024. The final rule only applies to existing EGUs and EGUs that commence construction, modification or reconstruction after May 23, 2023. Accordingly, only Cabras Power Plant is subject to the rule; however, because the Authority plans to retire Cabras Units 1 and 2 by March 31, 2026, the Authority does not expect to be required to comply with the provisions of the final rule, which has a compliance date of January 1, 2030.

Water Quality Compliance

The Clean Water Act (the "**CWA**") is comprehensive federal law governing water pollution. Section 301 of the CWA prohibits the discharge of pollutants, including thermal discharges, from point sources (which include any discrete conveyances from industrial facilities) into waters of the U.S. (which includes bodies of water in Guam), except as authorized under the National Pollutant Discharge Elimination System ("**NPDES**") permit program. Although the USEPA may delegate the NPDES permitting authority to states (including Guam), the Guam EPA has retained this authority.

With respect to thermal discharges, Section 316(a) of the CWA authorizes the USEPA to establish effluent limitations for these types of discharges. In addition, Section 316(b) of the CWA requires that NPDES permits for cooling water intake structures ensure that the location, design, construction, and capacity of these structures reflect the best technology available to minimize adverse environmental impacts, which include the impingement and entrainment of fish and egg larvae. Impingement refers to the killing of these aquatic organisms by being pinned against intake screens and other parts of the facility. Entrainment refers to the killing of these aquatic organisms by being sucked into the cooling water structures.

The Authority's power plants have discharges associated with their process water systems, cooling water systems and storm water discharges. For these discharges, the Authority's power plants are required to comply with NPDES permits under the CWA. Renewed NPDES permits were issued to the Authority for the Cabras Power Plant effective February 1, 2020 and expire on January 31, 2025. The Tanguisson Power Plant was officially retired on January 1, 2015. As requested by the Authority, the USEPA terminated NPDES Permit GU0000027 for the Tanguisson Power Plant effective September 1, 2015.

Section 316(a) of the CWA allows the USEPA to impose alternative effluent limitations for the control of the thermal component of a discharge (*i.e.*, a thermal variance from the otherwise applicable effluent limit). According to the USEPA regulations, in order to get a thermal variance, a permit holder must demonstrate that the otherwise applicable thermal discharge effluent limit is more stringent than necessary to assure the protection and propagation of the water body's balanced, indigenous population of shellfish, fish and wildlife.

Pursuant to a consent decree with environmental organizations, the USEPA has issued past rulemaking under Section 316(b) of the CWA in three phases. In pertinent part, existing large electric-generating facilities were addressed in Phase II rulemaking finalized in February 2004, and existing small electric-generating and all manufacturing facilities were addressed in Phase III rulemaking finalized in June 2006. However, the Phase II rulemaking and a portion of the Phase III rulemaking were subject to a legal challenge and were remanded to the USEPA for reconsideration. As a result, on April 20, 2011, the USEPA published a draft rule pertaining to Section 316(b) of the CWA. On May 19, 2014, the USEPA finalized standards under the rule. Compliance with this rule is established in reference to the date of issuance of the final rule.

This regulation has three components. First, existing facilities that withdraw at least 25% of their water from an adjacent water body exclusively for cooling purposes and have a design intake flow of greater than 2 million gallons per day are required to reduce fish impingement. To comply with this requirement, the owner/operator of the facility will be able to choose from one of seven options for meeting best technology available ("**BTA**") requirements for reducing impingement. Second, existing facilities that withdraw very large amounts of water (at least 125 million gallons per day) are required to conduct studies to help their permitting authority determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms sucked into (entrained by) cooling water systems, which process will include public input. Third, new units that add electrical generation capacity at an existing facility would be required to add technology that achieves one of two alternatives under the national BTA standards for entrainment for new units at existing facilities: (i) the owner or operator of a facility must reduce actual intake flow at the new unit, at a minimum, to a level commensurate with that which can be attained by the use of a closed-cycle recirculating system or (ii) the owner or operator of a facility must demonstrate that it has installed, and will operate and maintain, technological or other control measures for each intake at the new unit that achieves a prescribed reduction in entrainment mortality of all states of fish and shellfish that pass through a sieve with a maximum opening dimension of 0.56 inches.

The Cabras Power Plant is not currently in compliance with the impingement and entrainment of fish and egg larvae requirements set forth in Sections 316(b) of the CWA. However, the Authority plans to retire Cabras Units 1 and 2 by March 31, 2026, in accordance with the Consent Decree. The Authority submitted a permit renewal application for the Cabras Power Plant in June 2024 for a five-year operating period beginning February 1, 2025. The application includes the impingement and entrainment studies required by Section 316(b) of the CWA, as described above.

Spill Prevention Control and Countermeasure Plan

Under the authority of Section 311 of the CWA, the USEPA has issued regulations setting forth requirements for prevention of, preparedness for, and response to oil discharges at specific non-transportation-related facilities. To prevent oil from reaching navigable waters and adjoining shorelines, and to contain discharges of oil, the regulation requires these facilities to develop and implement Spill Prevention Control and Countermeasure ("**SPCC**") plans and establishes procedures, methods and equipment requirements. Some facilities are also required to implement Facility Response Plans depending on the fuel storage capacity and risk of harm to navigable waters and extent of risk they present with respect to an oil spill to a body of water and to comply with the U.S. Coast Guard regulations under the Oil Pollution Act of 1990.

The Authority has a program to comply with SPCC requirements that became effective in November 2011, which addressed the containment of potential leakage from oil containing electrical equipment in its distribution substations. The Authority has implemented the monitoring and inspection requirements under these regulations (40 C.F.R. §112.7(k)).

All of the Authority's required SPCC plans and Facility Response Plans are in place and are being implemented in accordance with the USEPA and U.S. Coast Guard regulations, respectively.

Hazardous Substances and Wastes

The Authority's operations may be regulated or impacted by various federal laws, including those described below, and their Guam counterparts, related to the handling of hazardous substances and wastes, including petroleum and related substances.

The Oil Pollution Act of 1990 ("**OPA**") imposes substantial penalties for spills of oil or the USEPA listed hazardous substances into bodies of water and for the failure to report such spills. In addition, OPA imposes strict liability on certain responsible parties for the cleanup of oil spills in bodies of water. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("**CERCLA**"), on the other hand, also imposes strict liability and joint and several liability to certain potentially responsible parties for damages and remedial action related to contamination caused by hazardous substances. Under CERCLA, liability can be imposed on any generator of hazardous substances that arranged for disposal or treatment at the affected facility. As such, potentially responsible parties can be held liable for cleanup costs associated with superfund actions.

CERCLA provides for reporting requirements to cover the release of hazardous substances generally into the environment, including water, land and air. When these substances are processed, stored, or handled, reasonable and prudent measures must be employed to prevent a release to the environment. In addition, pursuant to the TSCA, the USEPA has issued regulations imposing stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls ("**PCB**") and associated equipment. There are regulations governing PCB notification and manifesting, restrictions on disposal of drained electrical equipment, spill cleanup, recordkeeping requirements, among other things.

Moreover, under the Emergency Planning and Community Right-to-Know Act of 1986 (the "**EPCRA**"), which forms part of CERCLA, entities that store or manage hazardous chemicals in specified quantities must comply with a program of emergency planning and a community right-to-know designed to inform the public about routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. Among other things, EPCRA requires reporting of hazardous chemicals by means of specified reports that are filed with the USEPA and other public entities.

Furthermore, pursuant to the Resource Conservation and Recovery Act ("**RCRA**"), the USEPA has the authority to control hazardous waste from the "cradle-to-grave." This includes the generation, transportation, treatment, storage, and disposal of hazardous waste. RCRA also set forth a framework for the management of non-hazardous solid wastes, and includes provisions that enable the USEPA to address environmental problems that could result from underground tanks storing petroleum and other hazardous substances. Certain waste, including spent boiler cleaning solutions, waste solvents and certain waste oils generated by the Authority may be considered hazardous wastes under RCRA.

Future Legislative Actions

Numerous bills have been under consideration in the U.S. Congress concerning U.S. energy policies and various environmental matters, including those related to energy supplies, global warming and water quality. Many of these bills, if enacted into law, could have a significant impact on the Authority.

Environmental Matters

All of the Authority's generating plants and associated facilities must comply with Guam and federal environmental laws and regulations. Certain legal and financial liabilities may be associated with regulatory requirements. The federal Clean Water Act and Clean Air Act are the two most significant environmental statutes affecting the Authority's operations. Some aspects of these programs are administered by the USEPA and some are administered by the Guam EPA. The USEPA administers permits for wastewater discharges and new sources of air emissions relative to the Authority. The acid rain provision of the Federal Clean Air Act (Title IV), which provision established an allowance program for sulfur dioxide and nitrous oxide emissions, affects only electric utilities in the continental U.S. and, consequently, does not apply to Guam. Guam EPA is responsible for administration of the island's operating permit program for air pollution sources including all of the Authority's power plants. The Authority must also comply with the provisions of the Oil Pollution Act of 1990 and the Toxic Substances Control Act ("**TSCA**") as well as other laws and regulations.

For a discussion of various federal and territorial environmental regulation requirements and the Authority's compliance therewith, as well as potential issues and regulatory hurdles relating to the future development or repowering of Authority resources, see "– Air Quality Compliance," "– Maximum Achievable Control Technology," "– Greenhouse Gas Regulations," "– Clean Power Plan," "– Water Quality Compliance," "– Spill Prevention Control and Countermeasures Plan" and "– Hazardous Substances and Wastes." See also "BONDHOLDERS RISKS – Environmental Issues."

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BONDHOLDER RISKS

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain risks associated with the 2024A Senior Bonds. There follows a discussion of some, but not necessarily all, of the possible considerations and risks that should be carefully evaluated by prospective purchasers of the 2024A Senior Bonds prior to purchasing any 2024A Senior Bonds. The following discussion of investment considerations does not necessarily reflect the relative importance of the various topics discussed. The 2024A Senior Bonds may not be suitable investments for all persons. Prospective purchasers should be able to evaluate the risks and merits of an investment in the 2024A Senior Bonds and should confer with their legal and financial advisors before considering a purchase of the 2024A Senior Bonds. Prospective purchasers of the 2024A Senior Bonds are advised to consider the following factors, among others, and to review the other information in this Official Statement, including the Appendices hereto, in evaluating the 2024A Senior Bonds. Any one or more of the considerations discussed and others could lead to a decrease in the market value and/or the liquidity of the 2024A Senior Bonds.

General

The principal of and interest on the 2024A Senior Bonds are payable pursuant to the Senior Indenture solely from the Revenues. The ability to pay debt service on the 2024A Senior Bonds will depend on the receipt of sufficient Revenues, pledged as payment for the 2024A Senior Bonds, subject to the provisions of the Senior Indenture.

The Authority's ability to generate Revenues depends in large measure on the local economy, which is heavily dependent on tourism, as well as the U.S. military presence. A decrease in tourism results in reduced revenues from hotels and other related tourist facilities. In addition, lower levels of employment tend to reduce the revenue available to the Authority. The COVID-19 pandemic had, and is expected to continue to have, a negative effect on Guam's economy. A weak economy, future epidemics or pandemics, natural disasters and war or the threat of terrorist activity, among other influences which are beyond the Authority's control, can adversely affect the tourism industry. To the extent the Authority is unable to make up for revenue shortfalls, the ability to pay debt service on the 2024A Senior Bonds may be adversely affected. See "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM" for more information about the tourism industry and the U.S. military presence.

Limitations on Remedies

Under certain circumstances, Holders of the 2024A Senior Bonds may not be able to pursue certain remedies or enforce covenants contained in the Senior Indenture. The remedies available to the Holders of the 2024A Senior Bonds upon an Event of Default under the Senior Indenture are in many respects dependent upon judicial actions which are often subject to discretion, delay and substantial costs or that otherwise may not be readily available or may be limited. Under existing law, the remedies specified by the Senior Indenture and the 2024A Senior Bonds may not be readily available or may be limited.

The federal Bankruptcy Code dictates which entities are eligible to seek relief as debtors under each chapter of that federal law. Neither the Government nor the Authority are legally able to seek bankruptcy relief under current federal law. No proposed debt restructuring legislation has been introduced in the Guam Legislature, nor to the Authority's knowledge is any such legislation being contemplated or discussed, and the Governor is opposed to enacting any such legislation. The Authority can neither predict nor provide any assurances regarding any future changes in law or legislative proposals.

The various legal opinions to be delivered concurrently with the delivery of the 2024A Senior Bonds (including Bond Counsel's approving opinion) will be qualified, as to enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors. See "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION."

For a description of the various remedies and limitations thereon set forth in the Senior Indenture, see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Uncertainties of Projections and Assumptions

This Official Statement contains certain assumptions, estimates, projections and other forward-looking statements. Demonstration of compliance by the Authority with certain of the covenants contained in the Senior Indenture also may be based upon assumptions, estimates and projections. Actual results, however, may differ, perhaps significantly, from those projected. In addition, certain assumptions with respect to future business and financing decisions, including the decision to undertake, or to postpone or cancel, future capital improvements of the System may not occur and are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the existence of any particular future set of facts or circumstances, and prospective purchasers of the 2024A Senior Bonds are cautioned not to place undue reliance upon any forecasts, estimates, plans or projections or requirements for forecasts or projections. If actual results are less favorable than the results projected or if the assumptions used in preparing projections prove to be incorrect, the ability of the Authority to make timely payment of the principal of and interest on the 2024A Senior Bonds may be materially and adversely affected.

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "intend," "expect," "project" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements.

General Factors Affecting the Authority

The future operations and financial condition of the Authority may be materially adversely affected by a number of factors or circumstances. Such factors or circumstances include, among others:

(a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, including the potential for significantly increased costs relating to such compliance;

(b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, including potential reductions in energy consumption, or increased Authority costs related thereto;

(c) changes that might result from a national energy policy made applicable to Guam;

(d) "self-generation" by certain industrial and commercial customers, which could reduce the electricity purchased from the Authority;

(e) effects of inflation on the operating and maintenance costs of the Authority, as well as the unanticipated costs of construction of installation of any new facilities or improvements; and

(f) deviations from projected future load requirements.

The Authority cannot predict what effects, if any, such factors will have on its business operations and financial condition. There can be no assurances that the financial condition of the Authority will not be materially adversely affected by the occurrence of one or more of the circumstances described above, or other factors.

Risks Relating to Fuel

As described herein in "FUEL SUPPLY" fuel commodity and handling costs accounted for approximately 70% of the Authority's total expenses in Fiscal Year 2023. The cost of fuel is volatile. Although the LEAC component of the Authority's rates has been adjusted a number of times the last several years, the scheduled biannual LEAC rate adjustments generally lag behind fuel costs increases by as long as six months, which in the past has resulted in depletion of the Working Capital Fund and the Authority's overall liquidity. Although the Authority is permitted in certain circumstances to petition the PUC for an interim LEAC adjustment prior to the next scheduled biannual adjustment and the PUC has historically granted these interim adjustments, no assurance can be given that the PUC will always approve such requests at the times and in the amounts requested by the Authority. Continued volatility in the cost of fuel could materially adversely affect the financial condition, including the liquidity, of the Authority. In addition, because of Guam's geographic location, all of the fuel used by the Authority is imported by tanker ship. Given recent geopolitical events, based on information from its fuel suppliers, the Authority does not expect disruptions to its fuel supply; however, disruptions in the delivery of fuel, whether due to shortages generally, or shipping or other delivery problems, which generally are outside the Authority's control, could significantly adversely affect the operations and financial condition of the Authority.

Guam Economy; Impact of Tourism and Military Presence

General. The Authority's ability to generate Revenues depends in large measure on the local economy, which is heavily dependent on tourism and the U.S. military presence, both of which are dependent on world economic, social and political events.

Tourism. Tourism represents a significant share of the economic activity on Guam. Historically, the tourism industry, both worldwide and on Guam, has correlated closely with the state of the world's economies and levels of real disposable income. A weak economy, war, epidemic outbreaks, natural disasters or the threat of terrorist activity, among other influences that are beyond the Authority's control, can adversely affect the tourism industry. For example, the outbreak of COVID-19 in calendar year 2020 had a significant impact on the tourism industry. See "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – COVID-19 Pandemic" and "– GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry." Currency exchange rates, trade balances, political relationships, and conflicts within and between countries are also increasingly important influences on tourism.

Economic, social and political conditions in South Korea, Japan and throughout the Pacific Rim, and the resulting effect on overseas travel from these countries, are a major determinant of tourism on Guam. For example, in response to the COVID-19 pandemic, many countries, including South Korea and Japan, issued shelter-in-place orders and travel warnings and restrictions. Total visitor arrivals decreased from a high of approximately 1.6 million in Fiscal Year 2019 to a low of approximately 61 thousand in Fiscal Year 2021. Total visitor arrivals in Fiscal Year 2023 were approximately 600 thousand. Any continued or future significant downturn in tourism, including a downturn related to South Korean or Japanese economic conditions or social policies, may result in reduced collection of Revenues. While the Guam Visitors Bureau expects visitor arrivals to rebound, no assurance can be given that Guam will not experience continued reductions in the number of visitors from South Korea, Japan and other visitor markets because of the COVID-19 pandemic or other economic, social or political conditions. See "– Worldwide Health Concerns" below and "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry." In addition, lower levels of employment tend to reduce the revenue available to the Authority. To the extent the Authority is unable to make up for revenue shortfalls, the ability to pay debt service on the Bonds may be adversely affected.

U.S. Military Presence. Guam's economy and the Authority's level of Revenues are also affected by the U.S. military presence on Guam. The U.S. military presence affects economic activity on Guam in various ways, such as through individuals' demand for commercial, construction and other services. Expansions in the U.S. military presence, such as the expansions expected to occur over the next several years, can also have a direct, positive impact on the Guam economy and the Authority's level of Revenues by spurring new economic activity and attracting visitors to Guam. However, economic, geopolitical, and other influences that are beyond the Government and the Authority's control might result in a decision by the U.S. government to reduce the existing presence of the U.S. military on Guam or forego some or all of the planned enhancements to its presence on Guam.

Based on the 2015 SEIS and 2015 ROD, which have not been updated since their initial publication, the DoD planned to relocate approximately 5,000 military personnel and 1,300 dependents to Guam over a 12-year period, which was expected to increase the military population on Guam by approximately 50% over levels at that time. The population increase was expected to peak at 9,721 people in calendar year 2023, including military personnel, dependents, construction and civilian personnel associated with the military realignment, and gradually reach a steady state of 7,411 people by calendar year 2028 as construction declines and construction personnel leave Guam. However, based on reports from the Defense Manpower Data Center, the highest number of military personnel on Guam since December 2015 was 11,638 in September 2022 (an increase of 2,254 military personnel since December 2015). The number of military personnel on Guam has since decreased to 10,523 in March 2024. If the U.S. military changes its current plans with respect to staffing and other strategic improvements on Guam or if the planned population increase does not materialize, expected benefits may not be realized and the economy and the Authority's level of Revenues could be adversely affected. If the U.S. military elects to reduce or eliminate its presence on Guam, the economy and the Authority's level of Revenues could decline.

H-2B Visas. The anticipated relocation of U.S. Marines from Okinawa, Japan and other economic projects has generated and is expected to continue to generate a significant amount of additional construction activity on Guam. The construction industry is heavily dependent on skilled foreign workers that require H-2B visas to work on Guam. As of June 3, 2024, there were approximately 5,508 individuals with H-2B visas on Guam. From time to time, the U.S. Citizenship and Immigration Service ("**USCIS**") has changed, amended or modified its policies with respect to approval of H-2B visas. Future approval of new H-2B visas or extensions of existing H-2B visas is uncertain and could impact future military construction, public infrastructure and private sector projects on Guam. The National Defense Authorization Act for federal fiscal year 2021 included a provision that specifically allows Guam to bring in H-2B workers for civilian projects, which had not been allowed in previous years. For more information regarding the status of H-2B visas, see "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Economy – H-2B Visas."

In the past, the Authority has had success in working with the DoD to secure H-2B visas for contractors working on U.S. military realignment projects under the National Defense Authorization Act. However, the denial of H-2B visas or the decline of available skilled construction workers in the future could negatively impact the Authority's ability to construct its other capital projects by increasing construction timeframes and driving up costs.

Worldwide Health Concerns

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies, including Guam. For example, the COVID-19 pandemic significantly impacted Guam and resulted in prolonged stay-at-home orders that impacted the System. In addition to certain direct impacts on the operations and finances of the Authority, the COVID-19 pandemic had significant and varied impacts on general economy activity at the local, national and global levels, including supply chain and labor market disruptions. Such disruptions, among other effects, resulted in increases in materials, labor and other costs across a wide number of sectors, as well as delays in delivery of projects and equipment. The Authority has experienced, and may in the future experience, increases in certain costs, such as for bulk chemical supplies, and delays in the delivery of equipment as a result of a disruption of supply chains from the COVID-19 pandemic. Additionally, such disruptions may result in schedule delays for the Authority's capital projects or increased costs for such projects. See "– Implementation of Capital Improvement Program" and "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – COVID-19 Pandemic" and "– GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Tourism Industry."

Uncertainties Relating to Political and Military Actions

Guam is approximately 3,800 miles west-southwest of Honolulu, Hawaii, the nearest major city of the U.S. The significant U.S. military presence on Guam, its distance from locations in the U.S. and its location in relation to potential sites of political and military conflict in Asia make Guam both a location of great value to the U.S. militarily and a potential site of military conflict. Political events in Asia may create the risk of conflict for the region in general and, in some cases, for Guam. For example, in response to threats in 2013 by North Korea to launch ballistic missile attacks against U.S. military targets, including targets on Guam, the U.S. military deployed a missile defense system to Guam. Threats by North Korea in 2017 contributed, in part, to the declining number of tourists visiting Guam in Fiscal Year 2018, which was approximately 2.0% below the total number of tourists in Fiscal Year 2017. No assurance can be given that these threats, any future military actions will not have an adverse effect on Guam tourist activity and, as a result, the availability of Revenues sufficient to pay debt service on the Bonds, including the 2024A Senior Bonds.

In addition, Russia's invasion of Ukraine beginning in February 2022 caused global fuel prices to increase. With the embargo of natural gas from Russia, many European nations started using diesel for power generation, causing a global shortage in diesel fuel, sudden increases in diesel prices, and disruptions in the supply chain for chemicals. Moreover, the conflict between Hamas and Israel beginning in the fourth quarter of 2023 has also contributed to the increase of global fuel prices.

Events of Force Majeure; Typhoons and Earthquakes

The occurrence of a force majeure event, including but not limited to damaging storms, typhoons, tsunamis, winds and floods, fires and explosions, outbreaks of disease, sabotage, wars, blockades and riots, may result in significant unanticipated costs which could have a significant adverse effect on the System and the Authority's ability to make payments under the 2024A Senior Bonds.

More specifically, because of its location on the southern end of the Mariana Island chain, Guam is exposed to periodic typhoons, tsunamis, floods and earthquakes. In the past, typhoons have caused flooding and significant damage to infrastructure on Guam, including the Authority's facilities. Most recently in 2023, Typhoon Mawar caused significant damage to the island's infrastructure, including the Authority's electrical grid system. See "THE GUAM POWER AUTHORITY – Typhoon Mawar." Guam's relatively small size, and the concentrated location of many of Guam's businesses in Tumon Bay, means that it is possible that a natural disaster could adversely affect numerous businesses at the same time. To counter this risk, Guam has taken numerous precautions to protect the island in the event of certain weather and seismic related events. Building codes in Guam are specifically designed to ensure that structures can sustain strong typhoon winds and earthquakes. To that end, the vast majority of the building structures on Guam are constructed of reinforced concrete or masonry and construction on Guam is governed by the International Building Code (the same standard used in most seismically active regions of the United States). Existing Authority structures were designed to satisfy the building codes as then in effect and new structures or existing structures undergoing structural rehabilitation are designed or upgraded to comply with Guam's current building codes. The Guam National Weather Service also monitors tropical storms, and warnings are generally issued in advance of any weather-related event. Businesses also typically have preparations in place for typhoon season, and most of the hotels in Guam have back-up generators in the event of a typhoon-related power outage. In addition, over the last two decades much of the power distribution system in the Tumon area has been "hardened" (e.g., replacement of wooden poles with concrete poles, relocating power lines underground and including back-up generators at all hotels) to avoid any major interruptions in business activity should a natural disaster hit.

In addition, in case of an emergency, the Authority maintains at least 30 days of fuel, collectively, in its fuel tanks, and maintains additional fuel in each of the Authority's power plants. Furthermore, the Authority is planning to maintain at least 30 days of fuel in the fuel tank at the Ukudu Power Plant, which is currently under construction and expected to be commissioned in September 2025. See "POWER SUPPLY – Power Supply Development – *Ukudu Power Plant.*"

Although the FEMA makes disaster relief assistance available after significant typhoon or earthquake damage, there can be no assurance that future typhoons and/or earthquakes will not cause significant damage to the System or business in Guam, or that FEMA will provide disaster relief assistance if significant damage is experienced. There can also be no assurance that, even with FEMA assistance, damage that results from future typhoons or earthquakes will not adversely affect business activity on Guam or the operation of the System for an extended period of time and, as a result, Revenues sufficient to pay debt service on the 2024A Senior Bonds.

Climate Change and Risk of Sea Level Rise and Flooding Damage

Potential impacts of climate change, including rising sea levels, excessive rainfall, stronger tropical storms, drought, ocean acidification, coral bleaching, saltwater intrusion, storm surges, rising temperatures and increased migration, may threaten Guam's security and resources and have detrimental socioeconomic impacts to Guam. The Government has started system-wide coordination and long-range planning efforts to mitigate the potential adverse environmental and socioeconomic impacts. For more information regarding such efforts, see "APPENDIX A – GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Climate Change and Risk of Sea-Level Rise and Flooding Damage."

The Authority's long-range planning efforts also take climate change and risk of sea level rise and flooding damage into consideration. For example, the location of the Ukudu Power Plant, which is currently under construction, was selected in large part because of its elevation at 300 feet above sea level. However, the Authority is unable to predict the level of damage, if any, to the System that may result from sea-level rise or other impacts of climate change. There can be no assurance that any such damage will not adversely affect the operation of the System for an extended period of time and, as a result, Revenues sufficient to pay debt service on the Bonds, including the 2024A Senior Bonds.

Rates

The Authority has covenanted in the Indenture to at all times, 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 Revenues sufficient to comply with the rate covenant in the Senior Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR BONDS – Senior Rate Covenant." The ability of the Authority to increase rates is subject to limitation, including review and approval by the PUC.

Cybersecurity

The Authority relies on a complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other networks and systems (collectively, the "**Systems Technology**"). As a recipient and provider of personal, private or sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to the Authority's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

Cybersecurity breaches could damage the Authority's Systems Technology and cause material disruption to the Authority's finances and operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Authority to litigation and other legal risks which could cause the Authority to incur significant costs related to such legal claims or proceedings.

To mitigate the risk of business operations impact and damage from cybersecurity incidents or cyber-attacks, the Authority invests in cybersecurity and operational safeguards, including multi-factor authentication, training and awareness programs and phishing simulations and has an in-house cybersecurity team that detects and responds to cybersecurity threats. The Authority and GWA have jointly initiated cybersecurity policies and protocols and conducted system testing and assessment to identify necessary security improvements. However, no assurance can be given by the Authority that such measures will ensure against cybersecurity threats and attacks. Cybersecurity breaches could damage the Authority's finances and operations.

The Authority has developed an interim cybersecurity policy based on the "Framework for Improving Critical Infrastructure" prepared by the National Institute of Standards and Technology, and a cybersecurity awareness training program. In addition, the Authority has adopted new standard operating procedures on cybersecurity and continues to work to strengthen its capabilities to protect against cybersecurity threats and attacks. The Authority works closely with the Guam Homeland Security, the federal Cybersecurity and Infrastructure Security Agency (CISA), and the U.S. Department of Energy to increase its awareness in the cybersecurity sector. Furthermore, the Authority, in conjunction with the U.S. Department of Energy, joined the Cybersecurity Risk Information Sharing Program (CRISP). This includes implementing network monitoring and data gathering analytics on the Authority's business and operational network. Network activity is monitored for network anomalies, malware, suspicious traffic and intrusion activity.

The Authority periodically conducts network security and vulnerability assessments to identify any issues that need to be remediated. The Authority last conducted a network security and vulnerability assessment in 2023.

Separate from the Authority, the Government has an in-house cybersecurity team that detects and responds to cybersecurity threats. The Government's cybersecurity team reports to the Guam Homeland Security Advisor (the "**Guam HSA**") and the Mariana Regional Fusion Center Director (the "**MRFC Director**"). The Guam HSA and MRFC Director oversee the management of a chief information security officer's cybersecurity program and initiatives to ensure compliance and protection from cybersecurity threats. In addition, the Government is currently working with the National Governors Association on strategies to enhance cybersecurity.

Physical Security

Certain physical security concerns present a risk to the Authority's facilities, such as sabotage, terrorist attacks and other crime. The Authority relies on comprehensive security systems and measures to ensure critical assets are protected. The Authority has carefully implemented a number of integrated security measures, including but not limited to, strategically placed security cameras, electronic access control, security lighting, restricted access areas, perimeter intrusion alarms, 24/7 monitoring, fencing, signage, policies, procedures and employee training programs.

Self-Insurance and Legal Proceedings

The Authority has adopted a policy of self-insuring certain potential risks relative to its property, plant and equipment. The Authority is also self-insured as to general liabilities claims. However, a substantial casualty or claim could have a material adverse effect upon the financial affairs of the Authority.

Government Regulation

The federal and local governments significantly regulate the operations of the Authority. Regulations and conditions affecting the acquisition, development, ownership and operation of the System could increase the operating expenses of the System or could otherwise have a material adverse effect on the operations and financial condition of the Authority.

Utility Regulation

The Authority is subject to regulation at the federal and local level, either of which can have an impact on the Authority's financial condition or its operations. Regulatory changes have in the past and may in the future imposed significant new compliance costs (both capital and operating) on the Authority. For a discussion of local regulation, see "REGULATORY MATTERS."

Liquidity

The Authority's working capital and available cash resources fluctuate (sometimes significantly), which the Authority generally attributes to frequent fuel price changes and the lag between incurring increased fuel costs and recovering of such increased costs through the LEAC. Over the past several years the Authority has taken several actions to help minimize the impact of such fuel price increases on the Authority's liquidity, including, among other things, increasing the frequency of petitions for interim LEAC adjustments. See "RATES – Levelized Energy Adjustment Clause."

The Authority maintains a Working Capital Fund pursuant to the Senior Indenture. As of May 31, 2024, the balance of the Working Capital Fund was $15.9 million. In addition to the amount on the deposit in the Working Capital Fund, the Authority also holds certain other funds and accounts that are available to the Authority to pay unexpected costs. As of May 31, 2024, the Authority held an additional $40.1 million in unrestricted cash, not including the balance of the Working Capital Fund. There can be no assurance, however, that the Authority will maintain sufficient working capital and liquidity to address fuel price volatility, unexpected increases in costs or declines in Revenues, or other demands on the Authority's cash resources. Insufficient liquidity and cash resources could materially adversely affect the financial condition of the Authority.

Changes in Federal Laws or Regulations

The electric utility industry in the U.S. mainland has changed from a regulated monopoly business to a more deregulated, competitive industry. FERC has mandated wholesale wheeling and open access for transmission facilities owned by utilities that engage in interstate commerce. The requirements of FERC, including those regarding wholesale wheeling, are generally not applicable to the Authority because it is not engaged in transactions in interstate commerce. In addition, there are currently no wholesale clients in Guam, and the Authority is not required to offer a wheeling service. As a result, the Authority has operated as a monopoly in the sale of electricity which has allowed it to charge rates determined by reference to its costs of service rather than by competitive forces. Changes in federal legislation, market development and other factors, however, could expose the Authority to competition.

Environmental Issues

Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any Authority facility will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in penalties, additional capital expenditures to comply, reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

The environmental aspects of the Authority's operations are heavily regulated under federal and Guam statutes and associated rules and regulations. In the past, there have been various instances of non-compliance by the Authority with U.S. federal and Guam environmental laws and regulations, which have resulted in monetary penalties and injunctive relief against the Authority.

There can be no assurance that the federal and Guam government agencies regulating environmental matters will not bring enforcement actions under existing statutes, which could require unexpected capital and/or operating expenditures. For more information regarding the Authority's compliance with environmental laws and regulations, see "REGULATORY MATTERS – Environmental Matters."

The Authority has budgeted for compliance with current, applicable environmental requirements, the actual cost of compliance and the Authority's total capital expenditures may vary substantially depending on, among other things, (i) the availability of an adequate pool of qualified contractors to carry out needed projects, (ii) the inflationary environment with respect to the costs of labor and supplies needed to implement the compliance program, (iii) weather conditions that could adversely affect construction schedules and consumption patterns, (iv) population trends and political and economic developments in Guam that could adversely affect the collection of operating revenues, (v) the willingness of the USEPA to cooperate with respect to various issues that may arise as the Authority implements its operating and capital plans, (vi) the possibility of new environmental legislation or regulations affecting the Authority's facilities and operations, and (vii) unanticipated costs or potential modifications to projects resulting from requirements and limitations imposed by environmental laws and regulations.

There can be no assurance that the actual cost of compliance will not be significantly higher than the Authority's current estimate (budgeted amount), nor can any assurance be given that the Authority will be able to avoid the imposition of additional monetary penalties. No assurance can be given that the Authority will be able to finance, through the issuance of bonds or otherwise, the estimated costs of the needed capital improvements during the next five years or of any additional capital improvement requirements that may be imposed on the Authority, or that rate increases will be implemented on a timely basis to support any such additional obligations.

In addition, although new or future environmental regulatory requirements may provide for a period of time to achieve compliance with, or provide a plan to comply, such regulatory requirements may also require additional capital and operating expenditures. For more information on these regulatory requirements, see "REGULATORY MATTERS—Environmental Matters." It is not possible for the Authority to determine at this point the magnitude of these expenditures.

Implementation of Capital Improvement Program

The costs of the Authority's Capital Improvement Program for Fiscal Year 2024 through Fiscal Year 2028 are currently estimated to total approximately $115 million, which does not include the Ukudu Power Plant.

The estimated costs of, and the projected schedules for, the projects under Capital Improvement Program are subject to a number of uncertainties. The ability of the Authority to complete the Capital Improvement Program projects may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, earthquakes or other casualty events, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation and (xi) environmental issues. No assurance can be made that the Capital Improvement Program projects will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to issue Additional Senior Bonds.

The Authority expects to fund the Capital Improvement Program from a combination of existing funds, which may include remaining proceeds of Prior Senior Bonds, if any, operating revenues, grants, and other outside contributions. In the event one or more of these funding sources is not available to the Authority in the amount or on the schedule contemplated in the Capital Improvement Program, the implementation of some of the Capital Improvement Program projects may be delayed.

LITIGATION

At the time of delivery of the 2024A Senior Bonds, an appropriate officer of the Authority will be required to certify and counsel to the Authority will be required to deliver an opinion to the effect that there is no litigation or proceeding pending with service of process accomplished or, to the knowledge of the Authority, threatened (either in Guam, state or federal courts) seeking to restrain or enjoin the execution, issuance, sale or delivery of the 2024A Senior Bonds or the collection, pledge or payment of Revenues by the Authority under the Senior Indenture, or in any way contesting or affecting the legal existence of the Authority or the titles of certain relevant officials of the Authority to their offices or the validity or enforceability of the 2024A Senior Bonds or the Senior Indenture. The Attorney General will deliver an opinion to the effect that the legislation approving the issuance of the 2024A Senior Bonds has been duly enacted by the Guam Legislature and signed by the Governor, and that the Governor has duly executed and delivered the required approval with respect to the Senior Indenture.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”). Bond Counsel is of the further opinion that interest on the 2024A Senior Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that, under 48 U.S.C. Section 1423a, interest on the 2024A Senior Bonds is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. Bond Counsel observes that interest on the 2024A Senior Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024A Senior Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the 2024A Senior Bonds is less than the amount to be paid at maturity of such 2024A Senior Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2024A Senior Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2024A Senior Bonds which is excluded from gross income for federal income tax purposes and is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. For this purpose, the issue price of a particular maturity of the 2024A Senior Bonds is the first price at which a substantial amount of such maturity of the 2024A Senior Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2024A Senior Bonds accrues daily over the term to maturity of such 2024A Senior Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2024A Senior Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2024A Senior Bonds. Beneficial Owners of the 2024A Senior Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024A Senior Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2024A Senior Bonds in the original offering to the public at the first price at which a substantial amount of such 2024A Senior Bonds is sold to the public.

2024A Senior Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024A Senior Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024A Senior Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024A Senior Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024A Senior Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2024A Senior Bonds may adversely affect the value of, or the tax status of interest on, the 2024A Senior Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2024A Senior Bonds is excluded from gross income for federal income tax purposes and, under 48 U.S.C. 1423a, is exempt from taxation by the Government, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2024A Senior Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024A Senior Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2024A Senior Bonds. Prospective purchasers of the 2024A Senior Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2024A Senior Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("**IRS**") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2024A Senior Bonds ends with the issuance of the 2024A Senior Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the 2024A Senior Bonds in the event of an audit examination by the IRS.

Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2024A Senior Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2024A Senior Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments on the 2024A Senior Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2024A Senior Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2024A Senior Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2024A Senior Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

INDEPENDENT AUDITORS

The financial statements of the Authority for the Fiscal Years ended September 30, 2023 and 2022 have been audited by Ernst & Young LLP, Tamuning, Guam, independent auditors, as stated in their report, dated May 16, 2024, appearing in APPENDIX B to this Official Statement. Reference should be made to the audited financial statements included in APPENDIX B for a complete understanding of the information provided therein.

UNDERWRITING

The 2024A Senior Bonds are to be purchased from the Authority by Wells Fargo Bank, National Association (the "**Representative**") and BofA Securities, Inc. (collectively, the "**Underwriters**") pursuant to the terms of the Bond Purchase Agreement between the Representative and the Authority. The purchase price of the 2024A Senior Bonds is $59,501,863.44, representing the aggregate principal amount of the 2024A Senior Bonds ($54,830,000.00), plus original issue premium of $5,157,011.40 and less Underwriters' discount of $485,147.96. The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2024A Senior Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Forward Delivery Bond Purchase Agreement, including the approval by counsel of certain legal matters.

The Underwriters reserve the right to join with dealers and other Underwriters in offering the 2024A Senior Bonds to the public. The Underwriters intend to offer the 2024A Senior Bonds for sale at the prices or yields set forth on the inside cover page hereof. Such initial public offering prices or yields may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the 2024A Senior Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside front cover page.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association

("**WFBNA**"), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the 2024A Senior Bonds, has entered into an agreement (the "**WFA Distribution Agreement**") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("**WFA**"), for the distribution of certain municipal securities offerings, including the 2024A Senior Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2024A Senior Bonds with WFA. WFBNA has also entered into an agreement (the "**WFSLLC Distribution Agreement**") with its affiliate Wells Fargo Securities, LLC ("**WFSLLC**"), for the distribution of municipal securities offerings, including the 2024A Senior Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

BofA Securities, Inc., one of the Underwriters of the 2024A Senior Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2024A Senior Bonds.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

CERTAIN LEGAL MATTERS

The validity of the 2024A Senior Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its general counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA LLC (the "**Verification Agent**") will verify from the information provided to them the mathematical accuracy as of the date of the closing on the 2024A Senior Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and/or cash deposits listed in the underwriters' schedules, to be held in escrow, will be sufficient to pay, when due, the principal or redemption price of and interest on the Refunded Bonds. The Verification Agent will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the redemption price and principal of and interest on the Refunded Bonds will be paid as described in the accompanying schedules, nor as to the exemption from taxation of the interest on the 2024A Senior Bonds.

CONTINUING DISCLOSURE

Pursuant to a Master Continuing Disclosure Agreement, as supplemented by a supplemental Continuing Disclosure Agreement with the Senior Trustee and Senior Co-Trustee for the Senior Bonds, the Authority has agreed to provide annually to the Municipal Securities Rulemaking Board ("**MSRB**"), through its EMMA system, a copy of its annual audited financial statements, as well as certain financial information and operating data relating to the Authority and the System. Such audited financial statements are required to be prepared in accordance with generally accepted accounting principles applicable to government utilities. The Authority has covenanted to provide to the MSRB such information and its audited financial statements within 240 days after the end of its Fiscal Year, which currently ends on September 30. In addition, the Authority has agreed to give timely notice to the MSRB of the occurrence of certain events listed in Rule 15c2-12. See "APPENDIX E – MASTER CONTINUING DISCLOSURE AGREEMENT AND PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT." These agreements have been made in order to assist the Underwriters in complying with Rule 15c2-12. The Authority has engaged DAC (Digital Assurance Corporation) to act as dissemination agent.

On May 28, 2023, the due date of the Annual Report for Fiscal Year 2022, the Authority caused to be filed to EMMA a notice indicating that the audited financial statements and certain required financial information and operating data relating to the Authority and the System for Fiscal Year 2022 (collectively, the "**2022 Annual Report**") would not be timely filed. At that time, the 2022 Annual Report was pending the release of the actuarial valuations for the Government of Guam Retirement Fund and the Government of Guam OPEB plan, which was outside of the Authority's control. A draft 2022 Annual Report, which included certain preliminary financial information and operating data relating to the Authority and the System but did not include audited or unaudited financial statements, was filed to EMMA on June 5, 2023. The Authority's audited financial statements for Fiscal Year 2022 were finalized on August 16, 2023, and subsequently filed to EMMA on September 1, 2023. A final 2022 Annual Report, which updated certain financial information relating to retirement and OPEB from the draft 2022 Annual Report pursuant to the audited financial statements for Fiscal Year 2022, was filed to EMMA on September 6, 2023.

RATINGS

Moody's, S&P and Fitch Ratings ("**Fitch**") have assigned their ratings of "Baa2," "BBB," and "BBB," respectively, to the 2024A Senior Bonds. Such ratings reflect only the views of the rating agencies assigning such ratings at the time such ratings are given, and do not constitute a recommendation to buy, sell or hold the 2024A Senior Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at Moody's Investors Service, 7 World Trade Center, New York, New York 10007, S&P Global Ratings, 55 Water Street, New York, New York 10041, and Fitch Ratings, One State Street Plaza, New York, New York 10004. Certain information and materials not included in this Official Statement were furnished to the rating agencies by or on behalf of the Authority. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions made by the rating agencies. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of either such rating agency circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the 2024A Senior Bonds any proposed revision or withdrawal of the ratings of the 2024A Senior Bonds or to oppose any such proposed revision or withdrawal. The Authority has, however, undertaken, as part of its continuing disclosure obligation (see "CONTINUING DISCLOSURE"), to file with the MSRB all rating changes relating to the 2024A Senior Bonds. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market prices of the 2024A Senior Bonds.

MISCELLANEOUS

The attached Appendices are integral parts of this Official Statement and should be read in their entirety. The capitalized terms used in this Official Statement in respect of the Senior Bonds shall have the meanings ascribed to them in the text or in the Senior Indenture (see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE"). The Authority has reviewed the information contained herein and has approved all such information for use in this Official Statement. Any statements in this Official Statement involving matters of opinion or estimates are intended hereby as expressions of opinion or as good faith estimates and no assurance can be given that facts will materialize in accordance with such opinions or estimates.

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The execution and delivery of this Official Statement have been duly authorized by the Authority.

GUAM POWER AUTHORITY

By: /s/ John M. Benavente
John M. Benavente, P.E.
General Manager

APPENDIX A

GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM

Guam is the westernmost territory of the United States of America (the "**U.S.**"), as well as the largest and southernmost island of the Marianas archipelago, and the largest of the 2,000 islands in Micronesia. Located at 13 degrees north latitude, 144 degrees east longitude in the western Pacific Ocean, the island is about 30 miles long and varies from four to nine miles wide, with a total land area of approximately 212 square miles. Guam is approximately 3,800 miles west-southwest of Honolulu, Hawaii, 1,550 miles south-southeast of Tokyo, Japan and 1,600 miles east of Manila, Philippines. The Mariana Trench, which has the deepest known ocean depth (36,070 feet), extends from northeast to southwest of Guam. The U.S. Census Bureau estimated Guam's population in 2020 was approximately 153,836 (the most recent date for which such information is available).

Guam was first settled approximately 4,000 years ago. Its strategic location in the western Pacific historically made it a desirable property for the world's superpowers. The indigenous Chamorro people first came in contact with Europeans in 1521 when Ferdinand Magellan landed at Guam's Umatac Bay. Miguel Lopez de Legazpi claimed the island for Spain in 1565. Spanish colonization of Guam began in 1668 and lasted until the end of the Spanish-American War in 1898. As outlined in the Treaty of Paris, signed in December 1898, Guam was ceded to the U.S. along with Cuba, Puerto Rico and the Philippines. Guam has since remained under U.S. administration, except for two and a half years of Japanese occupation during World War II. On July 21, 1944, U.S. forces recaptured Guam and reestablished a naval government. In 1950, the U.S. Congress passed the Organic Act of Guam 48 U.S. Code 1421 (the "**Organic Act**") granting the Chamorro people U.S. citizenship and establishing a civilian government.

Guam's current political status is that of an unincorporated territory of the U.S. The organization and powers of the Government of Guam (the "**Government**" or "**GovGuam**") are determined by the Organic Act. The Government consists of three branches: executive, legislative and judicial. A governor ("**Governor**") and lieutenant governor, elected jointly at large every four years, head the executive branch. The Government maintains a staff of approximately 12,040 employees (as of September 2023, the most recent date for which such information is available) under the direction of the Governor and the Governor's department heads. The unicameral legislature consists of 15 senators elected at large every two years. The judicial branch consists of the Superior Court of Guam, which is the court of general trial jurisdiction, and the Supreme Court of Guam, the court of highest appeal, established in 1996. Guam also has a Federal District Court and is within the jurisdiction of the Ninth Circuit U.S. Court of Appeals and the U.S. Supreme Court. Guam has one non-voting delegate to the U.S. House of Representatives elected at large every two years. The Government is the sole taxing authority in Guam. There are no separate municipal, county, school district or improvement district taxes.

Tourism revenues and U.S. federal and military spending contribute to Guam's economy. Guam's location in the Pacific region, a three- to five-hour flight from many Asian countries, greatly contributes to the diversity of Guam's population and its visitor industry. This geographic feature also provides U.S. military operations with significant flexibility compared to other locations in the Pacific and Asia.

Typhoon Mawar and Guam Restoration Efforts

On May 24, 2023, Typhoon Mawar struck Guam as a Category 4 storm, with strong winds of approximately 140 miles per hour and heavy rains as reported by the National Weather Services (NWS), Guam. Typhoon Mawar, the strongest tropical cyclone to hit the island in over 20 years, caused widespread damage on the island.

President Joseph R. Biden, Jr. approved an emergency declaration on May 25, 2023, stating that a major disaster exists in the territory of Guam and ordered federal aid to supplement territory and local recovery efforts in the areas affected by Typhoon Mawar. The declaration authorized the Federal Emergency Management Agency ("**FEMA**") to respond to the disaster. Specifically, FEMA was authorized to identify, mobilize and provide, at its discretion, equipment and resources necessary to alleviate the impacts of the emergency. Emergency protective measures, limited to direct federal assistance, under the public assistance program, will be provided at 75% federal funding. On August 9, 2023, President Biden made additional disaster assistance available to Guam to supplement recovery efforts by authorizing the federal cost-share for the major disaster declaration to be increased from 75% to 90%.

Typhoon Mawar affected travelers and visitors who were on Guam during the typhoon. The Guam Visitors Bureau ("**GVB**") provided assistance to almost 5,000 stranded visitors impacted by Typhoon Mawar. GVB reached out to tour agents, local bus companies, hotels, and industry partners to transport visitors and provide a sense of security by covering a portion of the cost of their lodging and meals as they waited for availability of seats on outbound airlines to their home country.

The Guam International Airport Authority ("**GIAA**") closed all operations at the A.B. Won Pat International Airport (the "**Airport**") on May 24, 2023, opened for humanitarian and essential cargo operations on May 27, 2023, and resumed normal operations on May 29, 2023.

The Guam Power Authority ("**GPA**") restored power service to nearly 99% of pre-Typhoon Mawar customers by July 15, 2023. Although nearly 99% restoration has been achieved, crews continue to make necessary repairs in the heavily damaged areas to restore customers without power, and close out emergency work clearance requiring customer-side repair. The GPA received more than 1,500 emergency work clearances for customer related damages such as weather heads.

The Guam Waterworks Authority ("**GWA**") recovered quickly from Typhoon Mawar. The GWA water and wastewater system did not sustain major damage from the storm. Water service was restored to 62% of customers by June 6, 2023 (day 13), to 92% of customers by June 17, 2023 (day 24) and to all 19 municipalities by June 23, 2023 (day 29).

Historically, Guam has experienced short-term impacts of natural disasters. Since 2000, a total of 23 typhoons (including Typhoon Mawar) have tracked within 200 miles of Guam. In 2002, Typhoon Pongsona caused extensive damage to Guam, destroying 1,300 homes. Typhoon Pongsona passed to the east of the island with wind speeds of 150 mph — equivalent to a Category 4 storm. By contrast, according to reports by FEMA and the American Red Cross, Typhoon Mawar destroyed approximately 437 out of an estimated 55,000 homes which reflects progress in Guam's efforts to harden facilities against disasters.

COVID-19 Pandemic

Introduction. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and later spread globally, including to Guam. On March 11, 2020, the World Health Organization ("**WHO**") declared the COVID-19 outbreak to be a pandemic. The COVID-19 pandemic dramatically altered the behavior of businesses and people in a manner that is having negative effects on the global and Guam economies. The pandemic, and governmental actions in response to the pandemic, caused, a significant disruption of daily life and business activity globally, nationally and on Guam. These disruptions included the mandatory quarantining of visitors to Guam, cancellation and prohibition of public gatherings, the prohibition of non-essential workers working outside of their homes, and the closure of some governmental buildings, schools, gyms, religious institutions, bars, dine-in restaurants and other commercial facilities. The COVID-19 pandemic and related consequences also disrupted supply chains and disrupted or delayed certain construction activities.

On March 13, 2020, then-President Donald J. Trump declared a national state of emergency as a result of the COVID-19 pandemic, and on March 14, 2020, the Governor declared a Public Health Emergency in Guam. On January 6, 2023, the Governor's public health emergency ended. WHO declared the pandemic over as of May 5, 2023.

Federal Funding. The Government, Guam residents and Guam businesses received an estimated $3.8 billion through various federal stimulus programs enacted following the start of the COVID-19 pandemic. Guam received $1.8 billion under the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"), the Government received its full share of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (the "**CRSSA**") ($553.6 million) and Guam received $1.5 billion from the American Rescue Plan Act of 2021 (the "**ARPA**").

GEOGRAPHIC, DEMOGRAPHIC AND ECONOMIC INFORMATION

Geography and Climate

The island of Guam was formed by an uplift of undersea volcanoes. It is surrounded by coral reefs near the shore and consists of two distinct areas of approximately equal size. The northern region of Guam is a high coralline limestone plateau rising up 850 feet above sea level. It contains the northern water lens, which is the main source of fresh water on the island. The southern region of Guam is mountainous with elevations of 700 to 1,200 feet above sea level. Apra Harbor, one of the largest protected deep-water harbors in the world, is located on the western side of Guam.

Guam's climate is warm year-round. The average annual temperature is 85 degrees Fahrenheit. The general temperature ranges from the low 70s to 80s degrees Fahrenheit. Annual rainfall averages 85 inches in the western coastal area to 110 inches in the highest mountain locations in the south. Three-quarters of the total annual rainfall occurs between the months of June and December.

Like other Pacific islands, Guam is periodically subject to typhoons and tropical storms. Guam lies in the path of typhoons and it is common for the island to be threatened by tropical storms and possible typhoons during the wet season. From 1962 to date, typhoons that have caused major damage on Guam include: Typhoon Karen in 1962, Typhoon Pamela in 1976, Typhoon Paka in 1997, Typhoon Pongsona in 2002 and Typhoon Mawar in 2023.

In 2002, Guam adopted the International Building Code, and subsequently adopted the 2009 Edition, requiring all new construction to be designed to withstand wind velocities of 155 miles per hour. Due to its location near the Mariana Trench, Guam also occasionally experiences seismic activity, including earthquakes and tsunamis. Other than a major earthquake of 8.1 magnitude on August 8, 1993, no recent earthquakes or tsunamis have caused significant damage on Guam.

Climate Change and Risk of Sea-Level Rise and Flooding Damage

Potential impacts of climate change, including rising sea levels, excessive rainfall, stronger tropical storms, drought, ocean acidification, coral bleaching, saltwater intrusion, storm surges, rising temperatures and increased migration, may threaten Guam's security and resources. Pursuant to a July 2019 study released by the University of Guam (the "**UOG**"), one-third of Guam's coral reefs died between 2013 and 2017 because of rising ocean temperatures caused by increased global carbon dioxide output. The impact of climate change and climate variability may also have detrimental socioeconomic impacts to Guam.

In 2016, the U.S. Department of the Interior granted $450,000 to Guam for climate change action plan projects that support multi-sector collaboration and long-term planning. Funded projects include (i) a comprehensive report by the UOG of long-term climate change impacts on infrastructure and other assets; (ii) a visual demonstration by the Guam Office of Technology of existing conditions and different climate scenarios; (iii) sustainability planning workshops; (iv) workshops by the University of Guam to build resiliency and strengthen climate change adaptation measures; and (v) updates by the Department of Public Works ("**DPW**") to the Storm Water Management Plan and Storm Water Manual to account for climate change effects.

The Government has started system-wide coordination and long-range planning efforts to mitigate the potential adverse environmental and socioeconomic impacts of climate change. On August 8, 2019, pursuant to Executive Order No. 2019-19, a Climate Change Resiliency Commission (the "**Climate Change Resiliency Commission**") was established. The objective of the Climate Change Resiliency Commission is to develop an integrated strategy to build resiliency against the adverse effects of climate change and to reduce contributing factors such as greenhouse emissions. *The Guam Coral Reef Resilience Strategy ("**GRRS**")* was developed collaboratively by the Guam Coral Reef Initiative, which includes partners from local and federal agencies, research institutions, non-profit organizations, and the private sector. The goal of the GRRS is to enhance the resilience of Guam's coral reef ecosystems and human communities to the impacts of climate change by 2025.

In September 2019, Governor Lourdes Leon Guerrero and Lt. Governor Joshua F. Tenorio promulgated Executive Order 2019-23, creating a working group of government, academia, private sector, non-profit, and youth partners to transition Guam toward a sustainable future. The Guam Green Growth initiative is a public-private partnership that develops tangible solutions to sustainability challenges and contributes to a green economy for the island region and is facilitated by the University of Guam Center for Island Sustainability.

In November 2020, the Pacific Islands Regional Climate Assessment and the East-West Center published a report entitled *Climate Change in Guam: Indicators and Considerations for Key Sectors*. The report is one in a series of reports aimed at assessing the state of knowledge about climate change indicators, impacts and adaptive capacity of the U.S-Affiliated Pacific Islands and the Hawaiian archipelago. Major challenges detailed in the report on climate change in Guam include hotter weather threatening human health risk, risks to freshwater supplies, increasing wildfire, and the potential for damage to infrastructure caused by future sea level rise and stronger typhoons.

Guam Economy

On April 15, 2024, the Bureau of Economic Analysis of the U.S. Department of Commerce ("BEA") released its estimated gross domestic product ("GDP") and gross domestic income for Guam for 2022 (the most recent data available). As set forth in Table A-1, the BEA's estimates indicate that after declining in Calendar Year 2020 due to COVID-19, Guam's GDP continued to grow from $6.234 billion in 2021 to $6.910 billion in 2022, an increase of 5.1%. The 2022 GDP figure primarily consists of approximately $4.140 billion in personal consumption expenditures, $4.633 billion in government consumption expenditures and gross investment and $2.013 billion in private fixed investments less $3.876 billion in net export of goods and services.

TABLE A-1
GUAM GROSS DOMESTIC PRODUCT
CALENDAR YEARS 2018 – 2022
(Millions of Dollars)

Calendar Year	Gross Domestic Product [1]
2018	$6,051
2019	6,355
2020	5,916
2021	6,234
2022	6,910

[1] Estimates for 2018 to 2021 have been revised to incorporate improvements to source data and methods.
Source: U.S. Department of Commerce Bureau of Economic Analysis

The BEA estimates that Guam's GDP, increased from $6.051 billion in 2018 to $6.355 billion in 2019 prior to the COVID-19 pandemic. An expected decrease in 2020 was reflected with GDP at $5.916 billion followed by a 2.1% increase in 2021. The increase in Guam's economy in 2022 reflected increases in private fixed investments by 14.7%, federal government spending by 4.6%, territorial government spending by -3.4% and personal consumption expenditures by 1.2%.

The GDP by industry data reflected that the private sector was the source of decline in GDP in 2020. The decline in the private sector was primarily caused by decreases in accommodations, food services, and amusements attributed to the COVID-19 pandemic. Due to COVID-19, visitor arrivals declined 80.3% in Calendar Year 2020. In relation, wholesale and retail trade decreased as nonessential businesses throughout the island were subject to mandatory restrictions affecting daily operations. The government sector increased by 1.4% in 2020 reflecting growth in compensation for federal government employees.

TABLE A-2
GUAM GROSS DOMESTIC PRODUCT VALUE ADDED BY INDUSTRY
CALENDAR YEARS 2017 – 2021
(Millions of Dollars)

Calendar Year	2017	2018	2019	2020	2021
Private Industries					
Construction	$388	$412	$453	$522	$604
Wholesale and retail trade [(1)]	624	625	683	496	570
Accommodations, food services, and amusements[(2)]	736	759	838	397	349
Other private	1,962	1,946	2,024	2,039	2,149
Government					
Federal	1,288	1,303	1,353	1,439	1,471
Territorial	1,016	1,007	1,003	1,023	1,046
Gross Domestic Product[(3)]	$6,013	$6,051	$6,355	$5,916	$6,234

[(1)] Previously labeled "distributive services."
[(2)] Previously labeled "accommodations and amusement" Includes arts, entertainment, and recreation (NAICS 71) and accommodations and food services (NAICS 72).
[(3)] Estimates for 2018 to 2020 have been revised to incorporate improvements to source data and methods.
Source: U.S. Department of Commerce Bureau of Economic Analysis

The BEA reported that the increase in Other private fixed investments reflected growth in equipment and structures with private-sector construction projects including a 60-megawatt solar farm, resort renovations, and retail outlets. Government spending growth reflected an increase in federal spending that was offset by a decrease in territorial government spending. U.S. Department of Defense construction was a notable source of growth, as progress continued on multiple U.S. military projects, including housing and dining facilities for a new Marine Corps base. The increase in personal consumption expenditures was supported by widespread growth among consumer spending categories. Consumer spending was supported by growth in compensation and direct cash assistance administered by the territorial government.

The BEA announced that in 2022, Guam's Real GDP grew 5.1%, higher than any other region in the U.S. Guam's real personal consumption expenditure of goods and services increased 0.4% in 2019, and decreased 5.0% in 2020, reflecting the mandatory reductions in operations for nonessential businesses throughout Guam due to the COVID-19 pandemic. Guam's real personal consumption expenditure of goods and services increased 8.2% in 2022 from the prior year. According to the Guam's Bureau of Statistics and Plans, Guam's consumer price index in 2022 increased 11.2% compared to the same period one year earlier.

According to the U.S. Department of Labor Bureau of Labor Statistics, the average annual wage for residents of Guam increased from $36,930 in 2019 to $42,210 in 2022.

Population

Guam's residents originate from all parts of the Asia-Pacific region in addition to the U.S. mainland. In addition to Guam's indigenous Chamorro people, who comprise approximately 47% of the population, mainland Americans, Filipinos, Chinese, Japanese and South Koreans constitute the bulk of Guam's population. There are also substantial numbers of Micronesian islanders, Vietnamese and East Indians. Guam's diverse population makes it one of the most cosmopolitan communities in the western Pacific.

The U.S. Census Bureau estimates that Guam's population in 2020 was approximately 153,836, the latest data available. Guam currently has 41 public schools (all accredited by the Western Association of Schools and Colleges), 20 private schools, four U.S. DOD schools, seven charter schools, one community college and one university. For the school year 2023-2024, approximately 24,322 students attended Guam's public schools. The University of Guam reported an enrollment of 2,962 undergraduate and graduate students (as of December 2022), and the Guam Community

College (the "**GCC**") reported 1,669 undergraduates enrolled (as of January 2023). The University of Guam and Guam Community College both are accredited by the Western Association of Schools and Colleges.

Employment

Prior to the COVID-19 pandemic, Guam had experienced steady job growth in all sectors, and the total number of jobs increased from 63,410 in Calendar Year 2016 to 67,580 in 2019, an increase of 6.5% over the four-year period.

The December 2022 preliminary employment report released by the Guam Department of Labor ("**GDOL**"); Bureau of Labor Statistics indicated that a total of 65,380 individuals were employed on Guam. Of those employed, approximately 75% of Guam's workforce were in the private sector, with the remainder in government, both local and federal. The total number of jobs increased by 3,190 over December 2021. Employment in December 2022 saw the greatest increases in construction, services, retail trade and transportation and public utilities. Employment numbers began a moderate rebound in December 2020 with the recovery continuing through December 2022.

The total number of jobs decreased by 7,590 between December 2019 and December 2020. Tourism industry and pandemic-related business reduction caused employment to begin to decline in March 2020 through September 2020 and employment began to rebound moderately in December 2020. Between December 2019 and December 2020, the construction industry showed the greatest increase with 980 jobs, followed by an increase of 70 jobs in the agriculture industry. Guam's individual and household incomes have fairly equal distributions, as compared to other nations, islands or territories in similar stages of economic development.

The distribution of civilian employment on Guam based on payrolls as of December 31 for Calendar Years 2019 through 2022 and through September 2023 for Calendar Year 2023 (the most recent date for which such information is available), is listed by industry in Table A-3. Excluded from the civilian employment estimates in Table A-3 are self-employed individuals, active-duty military personnel, proprietors, volunteers and unpaid family workers. The payroll survey in Table A-3 includes all civilian personnel on payroll, including multiple jobholders counted at each place of employment, and nonresident alien workers.

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TABLE A-3
Civilian Employment [1]
(as of December for Calendar Years 2019 – 2022 and through September 2023 for Calendar Year 2023)

	2019	2020	2021	2022	2023[3]
Private sector:					
Agriculture	230	300	310	320	250
Construction	7,350	8,330	9,480	10,820	12,080
Manufacturing	1,460	1,430	1,590	1,600	1,480
Transportation & Public Utilities	4,700	3,690	3,660	3,800	3,720
Wholesale Trade	2,520	2,410	2,270	2,290	2,230
Retail Trade	14,160	10,920	11,410	11,750	12,110
Finance, Insurance, and Real Estate	2,650	2,510	2,370	2,320	2,320
Services	18,890	14,650	15,120	16,320	16,180
Total private	**51,960**	**44,150**	**46,210**	**49,220**	**50,370**
Public sector:					
Federal Government	3,910	3,890	3,970	3,900	4,110
Government of Guam[2]	11,710	11,910	12,010	12,260	12,040
Total public	**15,620**	**15,800**	**15,980**	**16,160**	**16,150**
Total Payroll Employment	**67,580**	**59,950**	**62,190**	**65,380**	**66,520**

(1) Data include both full-time and part-time employees who worked during any part of the pay period, temporary alien workers and employees less than 16 years of age. Data are based upon the number of paychecks issued by employers. Dual and multiple jobholders are counted once for each job held. Proprietors, unpaid family workers, domestic servants and military active-duty personnel are excluded.
(2) Includes temporary contractual employees, autonomous agencies, Agency for Human Resources Development Disaster Recovery and senior/youth employment programs.
(3) As of September 2023.
Source: Current Employment Report, Department of Labor, Government of Guam

The preliminary employment data as of September 2023 (the most recent date for which such information is available), showed an increase of total employment by industry division of 1,140 jobs from December 2022. Construction gained 1,260 jobs, retail trade gained 360 jobs and federal employment increased by 210 jobs from December 2022. The number of jobs increased by nearly 2,000 jobs with the increase in private sector employment by 1,840 jobs over September 2022.

Unemployment

The Government reports employment and unemployment separately. Prior to the COVID-19 pandemic, Guam's unemployment rate was 3.6% as of September 2019, flat from September 2018.

Table A-4 lists unemployment statistics for September 2019 to September 2023. Differences in the employment figures between Table A-3 and Table A-4 arise as a result of differences in the surveys' coverage and exclusions. For example, the household survey in Table A-4 excludes civilians living within military installations or in military housing, and employees under the age of 16 years.

Pursuant to a September 2020 unemployment report released by the GDOL, the unemployment rate on Guam for September 2020 was 17.9%, an increase of 14.3% from September 2019, reflecting the impact of the COVID-19 pandemic on Guam. The total number of persons unemployed in September 2020 was 12,650, as compared to 2,580 unemployed persons in September 2019.

In the September 2021 unemployment report, the unemployment rate in Guam was 8.8%, a decrease of 9.1% from September 2020 figure of 17.9%. The total number of persons unemployed in this period was 5,660, a decrease from 12,650 in September 2020. The September 2021 figures demonstrate Guam's recovery from the island's closure due to the increase in COVID positive cases since the September 2020 report.

Guam's labor market has been on a steady path to recovery with the unemployment rate falling to 4.6% in September 2022, a decrease of 0.4% from June 2022. This rate also represents a decline of 4.2% from September 2021, when the unemployment rate was 8.8%. According to the latest Unemployment Situation report, the total number of persons unemployed in September 2022 was 3,130, a substantial decrease of 2,530 from September 2021.

The September 2022 unemployment rate of 4.6% is 14.8% below the peak rate of 19.4% in December 2020, when unemployment rose in the U.S. overall due to the COVID-19 pandemic.

In the September 2023 unemployment report, the unemployment rate in Guam was 4.1%, a decreased of 0.3% from September 2022 figure of 4.4%. The total number of persons unemployed in this period was 2,980 from 3,130 in September 2022. The September 2023 figures continue to demonstrate Guam's recovery from the COVID-19 pandemic.

The COVID-19 pandemic had a material adverse effect on employment in Guam. As described under "GENERAL INFORMATION REGARDING THE TERRITORY OF GUAM – COVID-19 Pandemic," the Government received approximately $1.06 billion from the federal government under the CARES Act for its Pandemic Unemployment Assistance program and the Federal Pandemic Unemployment Compensation program.

Table A-4 shows the annual unemployment statistics for Guam.

TABLE A-4
Unemployment Statistics [1]
September 2019 – 2023

As of	Total Labor Force	Number of Unemployed	Unemployment Rate (%)
September 2019	70,590	2,580	3.6%
September 2020	70,620	12,650	17.9%
September 2021	69,920	5,660	8.1%
September 2022	71,680	3,130	4.4%
September 2023	71,990	2,980	4.1%

(1) Data include civilian non-institutional population 16 years of age and older but exclude non-immigrant aliens and civilians living within military installations or in military housing. Individuals with one or more jobs or dual jobs are counted once.
Source: Guam Department of Labor, Bureau of Labor Statistics

Construction

The number and value of building permits generally provide a measure of Guam's construction industry. Building permits constitute an important economic indicator of the type and level of construction activities planned as well as corresponding employment increases once the buildings are completed. Total construction activity in Guam has averaged approximately $602.2 million annually over the past five years.

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Table A-5 lists the dollar value of the construction permits issued during the period from Fiscal Years 2019 through 2023. Values given include permits for new construction and additions.

TABLE A-5
Fiscal Year Building and Construction Permits
Fiscal Years 2019 – 2023 (Dollars in Thousands)

	2019	2020	2021	2022	2023[2]
Residential	$66,447	$36,797	$98,626	$100,053	$480,735
Commercial & Industrial	118,753	149,653	80,191	238,936	307,384
Government	125,047	147,293	100,041	82,250	174,077
Other[1]	51,327	45,861	29,070	158,801	419,972
Total	$361,574	$379,612	$307,928	$580,040	$1,382,169

(1) Includes permit renewals, demolitions, relocations and church buildings.
(2) Preliminary and unaudited.
Source: Guam Bureau of Labor Statistics, Department of Labor

In Fiscal Year 2019, construction permitting declined slightly by approximately $4.0 million or 1.1% when compared to the previous year. In Fiscal Year 2020, despite the COVID-19 pandemic, construction activity increased by approximately $18.0 million or 4.8% compared to Fiscal Year 2019. Although residential construction declined compared to Fiscal Year 2019, a total of 124 permits for new homes were recorded. In Fiscal Year 2021, construction permitting declined by approximately $72 million or 18.9% compared to Fiscal Year 2020. The decline in construction permitting in Fiscal Year 2021 reflected a decline in commercial and industrial permitting by 46.4% and government construction permitting by 32.1%. In Fiscal Year 2022, construction permitting increased by approximately $272 million or 88.4% compared to Fiscal Year 2021.

In Fiscal Year 2023, construction permitting increased by approximately $822 million or 1.38% compared to Fiscal Year 2022. Commercial and industrial projects included two new restaurants, a construction warehouse, construction of a parking lot for Don Don Donki Mall and a new commercial building. Residential projects included a new 8 building 64-unit apartment complex and the remaining were for single family dwellings.

The statistics in this section do not include construction on military bases. For that information, see "Military Procurement of Services and Constructions" and "Recent Military Project Awards" below.

<u>Hotel and Residential Construction</u>

In support of Guam's Tourism 2020 Strategic Plan introduced in 2014, the Government marketed Guam to new hotel developers leading to the development of several new hotel and condominium projects in the Tumon Bay area, the lodging area for a majority of the visitors to Guam. The Tsubaki Tower, a 26-story, 340-room five-star hotel, was constructed by P.H.R. Micronesia, Ken Corp. at an estimated cost of $164 million. Construction was completed in April 2020 and the facility opened on July 1, 2020, following a delay in opening due to COVID-19. Adjacent to the tourist district of Tumon is Summer Towers, a $100 million four-tower, 192-unit luxury condominium development completed in 2020.

There are a number of affordable and low-income housing projects currently under construction or in the planning phase. Located in the northern village of Dededo, a $64.1 million, 240-unit Summer Town Estates is the first low-income housing tax credit development for senior citizens in Guam. Summer Town Estates Phases II, III and IV, a 399-unit low-income housing project financed in part by tax credits, was completed in 2018 (Phase II and III) and in 2020 (Phase IV). Villa Del Mar LLC completed a $50 million 138-unit housing project off the Kanada-Toto Loop in the central village of Barrigada for low-income families as well as for homeless veterans on Guam, a project funded by federal tax credits.

Also, in the northern part of Guam and adjacent to the Two Lovers Point, a popular tourist destination, the# Eiger Towers received approval from the Hybrid Land Use Commission to construct two 20-story condominium buildings. Construction of the phase one tower, with 209 units, is expected to take two years to be completed. Investment on phase one is $100 million. A second tower will be built on phase two of the project, which will bring the total number of residences up to 335. Three subdivisions were announced to be constructed in Yigo, include the Bay Gardens, a $2.3 million 20-home subdivision, Songsong Hills Subdivision, with 72 homes that is expected to be completed late 2024 and Tre Vista with 36 homes.

In the central part of Guam, Summer Breeze I, LLC was awarded a $36.6 million contract on November 26, 2021, to build as many as 64 affordable housing units in Radio Barrigada utilizing federal tax credits. Summer Breeze, I opened in December 2023. On November 17, 2020, a groundbreaking was held for a 16 three-bedroom home subdivision, Paradise Courts, in central Mangilao. Construction is ongoing. Also, in the central part of Guam, projects to be constructed include a $4.0 million Palisades Subdivision at Tiyan Parkway and a $1.6 million 8-unit townhomes in Mangilao.

Commercial, Retail and Office Space Construction

Major ongoing commercial, retail and office space construction projects and projects completed within the last five years are described below.

- A new Medical Arts Center, with an estimated cost of approximately $25 million, was completed in 2022. The 50,000 square foot, three-story commercial building is located across from the Guam Regional Medical City Hospital in Dededo and houses medical offices, hospice care, senior care facilities, a hemodialysis center, a pharmacy, diagnostic and therapeutic services, and others.

- The Fishermen's Co-Op project, estimated to cost approximately $6 million and still in the planning phase, will include a 220-foot sea wall as docking area for larger vessels such as fishing, charter and dolphin watching vessels.

- Jollibee Foods Corp., a Manila-based fast-food company, re-opened a stand-alone restaurant in April 2019 in the Micronesia Mall Parking Lot in Dededo, and opened a second Guam restaurant at the Agana Shopping Center on June 27, 2024.

- In the area known as Tiyan, Barrigada, a new Guam Trades Academy Headquarters and Training Center opened in January 2021. Also, under construction in Tiyan is Guam's first purpose built cold storage and climate-controlled warehouse facility. The warehouse will provide supply chain management, frozen, chilled, and climate-controlled warehousing as well as third-party logistics and distribution services for commercial and military customers.

- Japanese retail store Don Quijote, a big-box retailer, broke ground on February 10, 2020, and held a grand opening on April 25, 2024, for its approximately $150 million retail discount store as Don Don Donki which is located near the Guam Airport in Tamuning.

- The Texas chain restaurant LongHorn Steakhouse opened on May 17, 2021, in Tamuning.

- American Grocery opened a second location in Yigo in June 2021 and constructed a third location in Barrigada; the opening date has not been released.

- A groundbreaking was held on June 11, 2021, for the construction of the iLearn Academy Charter school to be located in Dededo. The construction was completed in August 2022. iLearn Academy Charter school provides academic curriculum for Grades K-5.

- Jack in the Box opened a second restaurant on Guam in the heart of Tamuning along Marine Corps Drive in August 2022.

- On April 2023, a $3.8 million new McDonalds single-story fast-food restaurant in Mangilao broke ground and is expected to open by the end of summer 2024.

- A groundbreaking was held on August 6, 2023, for a new $37.3 million state-of-the-art facility for the Guam Army National Guard's 1224h Engineering Support Company in Barrigada. The project is estimated to be completed by late February 2025.

In the banking industry construction projects included: the Community First Guam Federal Credit Union which opened its new corporate office in Hagåtña on September 5, 2023, and the Coast 360 Federal Credit Union, which opened its new $8.8 million member center in Upper Tumon on January 22, 2024. On August 9, 2023, a groundbreaking was held for the construction of a new $10 million Bank of Hawaii West Pacific Regional Headquarters in Tamuning. The planned completion date is by late 2025.

While the COVID-19 pandemic impacted many businesses, a number of new business enterprises opened and several announced expansions during the pandemic. New businesses that recently opened or announced expansions include Selfpix Café, a new coffee and milk tea café, opened in Mangilao on November 2, 2020. Island Falafel & More, serving health-conscious meals out of the Chamorro Village in Hagåtña, opened on December 1, 2020, and Savage Sandwich Co. opened on December 28, 2020 and is operated by the same owners that opened Primo Pizzakaya, a Tumon-based venture.

In January 2021, Hafa Tea opened at the East West Business Center in Upper Tumon. Max's Restaurant, a popular Philippine-based multinational restaurant chain that serves fried chicken and other Filipino dishes, opened at the Micronesian Mall in February 2021. California Pizza Kitchen opened a second location in Hagatna in May 2021 and Jamaican Grill opened a fourth Guam location in Mangilao in September 2021. King's Restaurant has plans to double its operations with two new locations in Dededo and Mangilao. Construction dates have yet to be disclosed.

On March 4, 2022, Ross Dress for Less opened a third 22,500 sq. ft. store at the Agana Shopping Center.

On April 29, 2023, Auntie Anne's franchise opened its first location at Guam Premier Outlets and opened a second location in the food court in the Village of Donki store in Tamuning in April 2024.

Dream Galaxy, a new 5,000 square foot state of the art arcade for adults and kids, opened at the Guam Premier Outlet in January 2024 with an estimated investment of over $2 million.

Government Construction Projects

Major ongoing government construction projects and projects completed within the last five years are described below. Ongoing or recently completed Government construction projects include approximately $1.143 billion of new capital improvements.

- On November 17, 2023, UOG held a groundbreaking of two new buildings. The first project is for the construction of a new three-story research facility for the Water and Environmental Research Institute (WERI) of the Western Pacific. The second project is the Margaret Perez Hattori-Uchima School of Health Nursing Annex. The WERI and Nursing Annex construction projects are expected to cost $22.7 million and are funded through grants from the U.S. Department of Commerce's Economic Development Administration, Department of the Interior funds, the UOG Endowment Foundation, and the University of Guam. The two buildings are expected to be completed in 2025.

- On December 15, 2023, UOG broke ground for the construction of its $7.9 million School of Engineering. The project's estimated completion date is March 2025. On January 10, 2024, the University of Guam also broke ground for the $22.9 million Dr. Lucio Chan Tan Student Success Center ("**Center**"). The Center features 45,000 square feet over two stories and is funded by the USDA Rural Development and a $1 million gift from Lucio Chua Tan. The Center is expected to be completed in April 2025.

- In 2018, the UOG received a sub-award of $12.0 million from the Office of the Governor which relates to the Guam Cultural Repository ("**GCR**") grant award of the Department of Defense Office of Economic Adjustment for the construction of a cultural repository to enhance capacity of curatorial services and provide storage for historical artifacts discovered during the military buildup. The construction of the GCR was completed in June 2022.

- The Guam Community College closed on a $6 million USDA Community Facilities Direct Loan in December 2016 for the expansion and hardening of the Guam Community College Gregorio G. Perez Crime Lab (completed in February 2022); the Guam Community College Building #100 was completed in September 2019. GCC's Building 300, a $4.5 million project that houses a multipurpose auditorium, opened on August 31, 2023. The project is partially funded through the Federal Emergency Management Agency.

- The Guam Department of Education is in the planning stage for the reconstruction of the Simon Sanchez High School in Yigo.

- GWA has recently completed construction of several improvements to its water and wastewater system that include projects related to water production, treatment, distribution and storage, wastewater collection and treatment. Three projects were deemed critical to the military realignment: (i) upgrading the Northern District wastewater treatment plant (the "**Northern District WWTP**") to secondary treatment and installing the related outfall diffuser; (ii) refurbishing the interceptor sewer that runs from the Andersen Air Force Base to the Northern District WWTP; and (iii) expanding and rehabilitating the Northern Guam Lens Aquifer Monitoring System including in the northwest field area of the Andersen Air Force Base.

- GPA awarded a $534 million project to a consortium led by Korea Electric Power Corporation (KEPCO) as the engineering, procurement and construction turnkey operator for a 198-megawatt combined cycle plant in Dededo. The 198 MW combined-cycle units are estimated to be commissioned by September 30, 2025 (delayed due to damage caused by Typhoon Mawar in May 2023). The new facility will replace the two Cabras power plants, located in Piti near the Jose D. Leon Guerrero Commercial Port (the "**Port**"), which were left inoperable by an explosion and fire in August 2015. The new facility will allow integration of existing solar photovoltaic sources of renewable energy and an additional 120 megawatts from planned solar photovoltaic farms.

- DPW awarded a $42.6 million contract to widen Route 3 between Route 28 and Chalan Kareta in Dededo in 2018. This new road expansion project is located between the new Marine Corps base in Finegayan, Dededo and the new back gate of Andersen Air Force Base. Work entailed reconstructing and widening Route 3 from a two-lane roadway to a four-lane highway (two lanes in each direction plus a median lane). A groundbreaking ceremony was held on March 22, 2018, and construction was completed in February 2021. Hawaiian Rock was awarded a $7.2 million contract for a complete resurface of Route 1 in Tamuning to the airport road intersection. The complete resurfacing of the major road will impact all seven lanes. The project also includes reconstruction of the median and a complete reconstruction of the International Trade Center intersection in Tamuning.

- A $12.9 million Route 5 Reconstruction and Widening project was completed on April 17, 2024. The project was funded by the Federal Highway Administration and completed by InfraTech International LLC. Route 5 covers the road between Hagat and Malesso.

- GIAA's Third Floor International Arrivals Corridor project consisted of construction of a new international arrivals corridor that separates arriving non-Transportation Security Administration ("**TSA**")-screened passengers from departing TSA-screened passengers, as well as seismic upgrades to the passenger terminal building infrastructure to support the new Third Floor International Arrivals Corridor. The west concourse was completed and operational in December 2021, and the east concourse was completed and operational in April 2022. Total project costs were approximately $135 million. Sources of funding for this project included proceeds from GIAA bonds, GIAA funds and FAA grants.

- GIAA's Aircraft Rescue and Firefighting facility project consists of construction of a new aircraft rescue and firefighting facility that will improve response time to potential emergencies. The facility was completed and fully operational as of October 2023. Total project costs were approximately $28.9 million and were 90% funded with FAA discretionary funds and 10% funded with GIAA funds.

- GIAA's Runway 6L/24R Rehabilitation (Phase 1a and 1b). This project includes the rehabilitation and reconstruction of over 1,550 linear feet of runway (Phase 1a) and the rehabilitation and reconstruction of an additional 1,450 linear feet of runway (Phase 1b). Phase 1a and Phase 1b was completed and fully operational as of March 2023. Total project costs were approximately $28.2 million. Sources of funding for this project included FAA grants (90%) and GIAA funds (10%).

- GIAA's Apron & Taxiway Rehabilitation. This project includes the rehabilitation of 150,000 square yards of terminal aprons, aircraft parking areas, and adjacent taxiways. The project is divided into four phases. Phase 1 Groundbreaking was held on April 2024 with an estimated project completion (Phase 1) by December 2025. Estimated project costs are approximately $41.7 million. Sources of funding for this project included FAA grants (90%) and GIAA funds (10%).

- GIAA's Terminal Roofing System. A new roofing system will be installed at the airport to ensure a leak-free and weathertight roof assembly compliant with current Guam building codes. Estimated project costs are approximately $42.8 million. Sources of funding for this project included FAA grants (90%) and GIAA funds (10%).

- In June 2018, the Port Authority of Guam issued revenue bonds to fund approximately $47.5 million of capital projects at the Port. Projects include rehabilitation of Hotel Wharf and access road, relocation of waterlines, repair of the Equipment Maintenance & Repair Building, repair of Warehouse 1 and repair and upgrades of Golf Pier and construction of an annex building and bridge to the Administration Building.

- A $2.5 million construction project for the Central Police Precinct Command Facility was completed in June 2019 in Sinajana, funded with a U.S. Department of Housing and Urban Development grant.

- In October 2019, Core Tech International, a Guam-based firm, was awarded a $27.2 million contract to build a new cell at the Guam Layon Landfill, which was completed in 2021. The project was funded by proceeds from general obligation bonds issued by the Government in July 2019.

- On August 5, 2020, a groundbreaking was held for a two-story Central Community Arts Hall in Sinajana. The $660,000 construction project was funded by a 2019 grant from the U.S. Department of Housing and Urban Development. The Central Community Art Hall officially opened on October 18, 2022.

- A $10.3 million Chalan Pago-Ordot Multipurpose Center is expected to be completed by December 2024.

- A groundbreaking ceremony was held on March 30, 2021, for a $2.35 million Salvation Army's Lighthouse Recovery Center for Women a collaboration with the Guam Housing and Urban Renewal Authority. The construction was completed in January 2023.

- The National Defense Authorization Act ("**NDAA**") for Fiscal Year 2021 authorized the expenditure of $19.0 million for the construction of a public health laboratory.

- The Guam Housing and Urban Renewal Authority broke ground on February 23, 2023, for a total of 96 one, two- and three-bedroom units in the 12 building Summer Vista 1 housing development in Dos Amantes in Dededo (the northern part of Guam) and plans to construct a new Guam Police Department station in Talo'fo'fo (the southern part of Guam).

H-2B Visas

The H-2B program in Guam has allowed employers to bring skilled foreign workers into the U.S. to fill temporary jobs in sectors other than agriculture. Employers of all sizes, primarily in construction but also in a variety of other industries, use the H-2B program when they cannot identify enough skilled U.S. workers to hire.

The denial of nearly all H-2B visas by the U.S. Citizenship and Immigration Service ("**USCIS**") in Fiscal Years 2016 and 2017 resulted in a labor shortage for Guam. In October 2016, 11 Guam-based companies and the Guam Contractors Association ("**GCA"**) initiated a class-action lawsuit against USCIS and other federal agencies, alleging that, starting in 2016, USCIS began rejecting their H-2B visa petitions for work during exceptionally busy periods at a rate approaching 99% compared to a prior Guam average approval rate of approximately 95% through 2015. In January 2018, the U.S. District Court of Guam preliminarily enjoined USCIS from relying on the failure to satisfy peak-load or one-time occurrence conditions as grounds for denying H-2B visa petitions and ordered USCIS to reconsider H-2B visa petitions that were previously denied (the "**2018 Preliminary Injunction Order**").

In April 2018, the U.S. District Court of Guam certified a class of businesses in Guam, thereby permitting Guam employers who believed they had unlawful denials of H-2B visa petitions by USCIS to seek temporary relief under the 2018 Preliminary Injunction Order. On May 20, 2022, the District Court of Guam dismissed the case. According to the court order, federal laws passed since the lawsuit was filed have rendered the case moot, and none of the remaining plaintiffs want to pursue the case further. For more information on the federal laws passed, see "National Defense Authorization Act (NDAA)" below.

As of June 3, 2024, there were approximately 5,508 H-2B workers on Guam, the highest it has been in over 30 years. It is expected that higher numbers will be seen for at least the next two years as construction volume is expected to increase in the short term and remain high at least through Fiscal Year 2026 without any significant decrease below current levels.

National Defense Authorization Act (NDAA)

The 2019 NDAA eliminated the annual cap of 4,000 H-2B workers and further built on the authorization in the 2018 NDAA by providing further flexibility for the U.S. Customs and Immigration Services to administer the H-2B visa program on Guam, specifically, the exemption from the temporary work recruitment until December 31, 2023. It further allows for the admittance of healthcare workers to Guam through the H-2B visa program to augment the increased need for skilled healthcare supporting the military build-up at medical facilities that joint serve members of the armed forces, dependents, and civilians on Guam.

The 2021 National Defense Authorization Act ("**2021 NDAA**") broadened the options under which a project may qualify under the NDAA provisions, opening the recruiting of foreign labor for smaller contractors and related businesses for their projects that have been left out from previous years NDAAs. The 2021 NDAA included a new provision that specifically allows Guam to bring in H-2B workers for civilian projects, which had not been allowed in previous years.

On February 8, 2022, the USCIS issued updated policy guidance to clarify how petitioners may demonstrate that they qualify for an exemption from the temporary need requirement for a nonimmigrant visa petition for H-2B workers. The new policy states that GDOL will be able to write letters supporting civilian construction contractors' applications for H-2B visa workers in response to the military buildup. A letter from GDOL will validate the contractors need for workers to support the military realignment, such as building more housing. The letter will further validate, upon GDOL review, that the contractors are adversely affected by factors such as worker shortages, for non-military projects. For more information on the annual NDAA, see "Military Procurement of Services and Constructions."

The 2024 NDAA extended the H-2B visa program admission in Guam to December 31, 2029.

Other Economic Activity

The Government is seeking, through legislative and regulatory efforts, to streamline business and construction permitting processes, to obtain an exemption from the Jones Act (a federal law that governs domestic shipping, which would expand the market for shipments to Guam and reduce the cost of imports), to develop the captive insurance market for the Asian market, and to continue the pursuit of the visa waiver program for Chinese and Filipino tourists.

Other developments being pursued by the Government, private enterprise or both, include a bonded warehouse on Guam as a consolidation and customs clearance center, a hub for the collection and transshipment of recyclable materials in the region, a redevelopment of the Hagåtña area, light domestic manufacturing of construction materials, expanded eco and sports tourism, and television and commercial film production for Asian producers. In May 2019, filmmakers with Netflix were on Guam filming a movie called "Operation Christmas Drop," which was released in December 2020.

Economic Expansion Initiatives

Agriculture

There are many opportunities available to agricultural producers including establishing a land lease between landowners and agricultural producers to accommodate and identify unique pathways for sustained future in agricultural production. Governor Leon Guerrero is exploring initiatives including developing agriculture incubator programs, establishing a slaughterhouse and creating an agriculture master plan.

Aquaculture and Fisheries

As part of the integrated economic strategy, Governor Leon Guerrero is advancing the growth of aquaculture and fishing to create jobs and keep more local dollars circulating in the economy instead of being spent on imports. In April 2019, the Governor signed an executive order creating the Guam Aquaculture Task Force, which is intended to reinvigorate efforts to develop a potentially $7 billion aquaculture industry, starting with shrimp farming. As part of the task force, the Guam Economic Development Authority ("GEDA") in March 2022, released its Guam Aquaculture Industry Feasibility Study, funded by the U.S. Economic Development Administration. The study provides a comprehensive analysis of Guam's aquaculture industry and serves as a roadmap for policymakers and stakeholders to support the industry.

Telecommunication

Guam is equipped with 3G, 4G and 5G broadband coverage and is considered to be the most technologically connected among the surrounding islands in the Pacific. Mobile broadband has rapidly grown since the launch of the High-Speed Packet Access and Long Term Evolution service. DOCOMO PACIFIC, through its parent company NTT DOCOMO INC., officially began operations of its DOCOMO 5G Open Lab Guam on March 27, 2019, at its Tamuning headquarters. The DOCOMO 5G Open Lab Guam is NTT DOCOMO INC.'s first 5G verification center outside of Japan.

Guam-based telco GTA Teleguam ("**GTA**") is currently building a new cable landing station ("**CLS**") and data center in Tamuning on the north of the island. The project known as the Alupang data center, began construction in October 2022 and is expected to be completed in the first quarter of 2025. Once completed the two story building will offer 4 medium wave capacity across 31,000 square feet (2,875 square meters). GTA is also planning to build a new CLS in Inalahan on the southeast of Guam. The two-story building will total around 19,440 square feet (1,800 square meters). Though the site will have a small amount of server space, it will be largely unmanned. The GTA landing station on Guam serves as a crucial hub for telecommunications in the Pacific region. It connects Guam to international submarine fiber optic cables, facilitating high-speed internet and telecommunications services to Guam itself and the broader Pacific region.

Guam is currently the landing point for 12 subsea cables. In addition to GTA, Tata Communication operates one CLS on Guam and AT&T operates two CLS on Guam.

On January 18, 2024, Google announced the construction of two new undersea cables from Guam to Fiji and to French Polynesia. For Guam, the cables are expected to greatly increase Internet connectivity speeds and reduce latency. According to Google, more than 90 percent of the world's Internet traffic passes through subsea cables. Google has a leading role in building the capacity. Guam plays a part in landing those cables, which in turn will help bridge the digital divide throughout the Pacific. The cost of the projects is currently unknown. The projects are expected be completed by 2026.

On May 8, 2024, GTA announced it is rolling out GTA Fiber across Guam. GTA Fiber marks a transformative shift in internet technology, with 100% Fiber Internet directly to homes and businesses with speeds up to 1 GIG, or 1,000 Mbps.

On December 29, 2020, Governor Leon Guerrero, in partnership with the Guam Economic Development Authority and the Guam Chamber of Commerce, established the Governor's Economic Diversification Working Group, a group charged with executing new industries to rebound from the adverse effects of the COVID-19 pandemic. Proposed alternative industries included:

- Aquaculture and Agriculture
- Alternative Dispute Resolution
- Guam Captive Insurance / Trust Incentives Act Program
- Relocation of High Wealth Businesses/Individuals from Asia
- Pharmaceutical Manufacturing
- Construction & Labor
- Ship Repair
- Safe Haven Port
- Silicon Village Initiative
- Satellite Launching

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Guam Tourism Industry

Tourism represents a large source of income for Guam's economy. Annual visitor arrivals rose to over 1,000,000 travelers for the first time in 1994 and, prior to the COVID-19 pandemic, had remained above that level. The COVID-19 pandemic, however, had a material adverse effect on tourism in Guam, as global travel restrictions led to significant decreases in tourism. See "COVID-19 Pandemic" herein.

Table A-6 sets forth the annual number of visitors to Guam for Fiscal Years 2019 through 2023. Fiscal Year 2019 was the highest year for visitor arrivals on record with 1.63 million. Fiscal Year 2020 and Fiscal Year 2021 visitor arrivals dropped to 757,385 and 61,607, respectively due to the COVID-19 pandemic. Fiscal Year 2022 visitor arrivals of 216,915 improved when compared to Fiscal Year 2021 visitor arrivals of 61,607. Total visitor arrivals for Fiscal Year 2023 (preliminary and unaudited) was 602,594 which was 177.8% from Fiscal Year 2022 and 63% of 2019.

TABLE A-6
Annual Visitor Arrivals to Guam
Fiscal Years 2019 – 2023

Fiscal Year	Visitor Arrivals
2019	1,631,049
2020	757,385
2021	61,607
2022	216,915
2023	602,594[1]

[1] Preliminary and unaudited.
Source: Guam Visitors Bureau

Table A-7 (which is presented by calendar year as opposed to Table A-6, which is presented in fiscal year) provides a comparison of visitor arrivals by month to Guam for Calendar Years 2019 through 2023. The growth in arrivals since 2018 was directly related to the overall increase in available airline seats to Guam. Calendar Year 2019 arrivals were comprised of 45% of visitors from South Korea and 41% of visitors from Japan. The slowdown in arrivals from February 2020 to December 2021 is related to the impact of the COVID-19 pandemic, but Guam slowly has regained traction, with Calendar Year 2022 arrivals exceeding Calendar Year 2020 arrivals by 273 visitors. Calendar Year 2022 visitor arrivals improved when compared to Calendar Year 2021. Calendar Year 2023 arrivals exceeded Calendar Year 2022 arrivals by 50%, based on preliminary data from the Guam Visitors Bureau ("**GVB**").

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TABLE A-7
VISITOR ARRIVALS TO GUAM BY MONTH
CALENDAR YEARS 2019 – 2023 AND 2024 (YEAR TO DATE) (1)

	2019	2020	2021	2022	2023 (1)	2024(1)
January	147,507	157,479	4,526	9,060	56,687	82,670
February	137,244	116,746	3,478	7,096	56,253	74,154
March	146,332	35,310	3,716	9,401	65,603	68,623
April	121,004	1,557	3,814	11,323	55,354	56,773
May	120,411	1,502	4,352	20,008	44,347	51,284
June	123,528	2,221	7,438	28,278	17,310	--
July	136,878	1,385	12,860	41,091	52,154	--
August	159,856	2,048	8,675	37,835	67,842	--
September	137,680	2,912	5,735	28,028	52,286	--
October	134,830	2,331	6,416	40,934	54,099	--
November	143,987	2,562	9,615	39,852	60,862	--
December	157,408	2,120	8,764	55,540	73,173	--
Total	1,666,665	328,173	79,389	328,446	655,970	333,504

(1) Preliminary Monthly Visitor Arrival Statistics are compiled from the Guam Customs and Quarantine Mandatory Customs Declaration forms and may exclude Armed Forces Sea arrival statistics. Annual numbers are updated once Armed Forces information is received.
Source: Guam Visitors Bureau

Guam Visitors Bureau

The Guam Visitors Bureau is a nonprofit membership corporation that has existed in its current form since 1984. GVB's mission is to efficiently and effectively promote Guam as a safe and satisfying destination for visitors and to derive maximum benefits for the people of Guam. Policy for GVB is set by a 12-member board of directors, consisting of five directors appointed by the Governor with the advice and consent of the Guam Legislature, two directors appointed by the Speaker of the Guam Legislature, four directors elected by the other members, and one director selected by at least a two-thirds vote of the other 11 directors. A board-appointed President and Chief Executive Officer administers the activities of GVB. Membership in GVB is not restricted to any particular group. The Guam Legislature appropriates funding for GVB's operations from amounts available in the Tourist Attraction Fund.

Recent promotions by GVB include a Guam branding initiative; efforts to expand visitor markets through expansion of the visa waiver program and similar initiatives; encouraging longer stays and repeat visits by enhancing and promoting tourist and cultural destinations and events in Guam and working with travel agents to market group-travel initiatives and coordination of more focused familiarization ("fam") tours. In April 2019, GVB welcomed familiarization tours and meetings, incentives, conventions and events groups from different markets. In February 2022, GVB welcomed three groups of ambassadors to the island for a fam tour that re-introduced Guam's activities and attractions to a recovering Japan market.

Prior to the COVID-19 pandemic, GVB hosted international media, influencers, celebrity runners and travel agents during the United Airlines Guam Marathon weekend, where 4,000 participants from Guam and 20 countries around the world drew valuable exposure for the race and Guam. Tours and meetings included the Globus Travel Agent FAM tour from Novobirsk, Russia, the Golden Insurance Brokers Ltd. from Taiwan, the Mapua Group and the PRU-LIFE group from the Philippines. The GVB team also promoted Guam at the MATTA Travel Exchange in Malaysia, at events in Japan and through the Guam Cultural Wave Inspection in South Korea. In July 2019, Guam hosted the 31st Annual Guam Micronesia Island Fair, Pride Month events and the Electrical Island Festival, which contributed to the July 2019 increase in arrivals compared to the same time period from the prior year.

As part of the COVID-19 recovery effort and further easing of travel restrictions, for Fiscal Year 2023, GVB's marketing campaign included major markets such as South Korea, Japan, North America and other main markets. GVB's recent marketing efforts included in October 2022 the Tourism EXPO Japan to showcase Guam's current offerings to thousands of attendees in the Japan market. GVB is also focusing on the return of the Guam Island Fiesta Tour (“**GIFT**”). The GIFT program began more than 10 years ago as a way to introduce visitors into the homes of local families during various village fiestas. GVB also participated in ITB Asia (Asia's Leading Travel Trade Show) that was hosted at the same time and location as the Meetings, Incentives, Conventions & Exhibitions (MICE) Show Asia and Travel Tech Asia.

In November 2022, GVB re-established ties with Kashiwa City in the Chiba prefecture of Japan as part of its ongoing tourism recovery efforts. In December 2022, in an effort to enhance cooperation with targeted market segments in South Korea, GVB signed a Memorandum of Understanding (“**MOU**”) with CHA University and Baekseok University during its end-of-the-year mission to the country. Under these MOUs, both universities have agreed to strengthen medical tourism, cultural exchange programs, and tourism-related jobs between Guam and South Korea.

In January 2023, GVB marked an important milestone in the shared history of Taiwan and Guam in celebrating the 50^{th} anniversary of a significant sister city agreement. Guam signed the sister city agreement with Taipei City on January 12, 1973, by the island’s first elected Governor Carlos Camacho and then Taipei Mayor Chang Feng-hsu. The sister city agreement with Taipei City is a celebration of Guam’s role in diplomatic relations and cultural ties with the Taiwanese people over the last several decades. According to GVB, overall, this is the third sister city agreement that was signed between Taipei City and the United States.

Recent Events in Guam’s Visitor Market

In November 2020, Guam was included in National Geographic’s ‘Destinations on the Rise for 2021’ – a list of “25 amazing places to inspire future journeys and remind us why we love to travel.” The National Geographic article noted that these 25 “timeless places” including Guam would define future itineraries. The list was made by the global editors of National Geographic Travel and framed by five categories (Adventure, Culture and History, Nature, Family, Sustainability).

Key Visitor Markets

Guam receives visitors from a variety of countries and GVB has historically made efforts to further diversify Guam’s visitor base. Prior to the COVID-19 pandemic, four of Guam’s top five visitor markets included South Korea, Japan, Taiwan and China.

Fiscal Year 2018 was the third best year on record for total visitor arrivals, with Guam welcoming 1,525,219 visitors. The South Korea market grew to become Guam’s top source market in Fiscal Year 2018. Guam welcomed 752,715 South Korean visitors in Fiscal Year 2018, making up almost 50% of the market share. The Japan market remained the second largest visitor market and accounted for 35% of visitor arrivals in Fiscal Year 2018. Other markets that showed growth in Fiscal Year 2018 included the U.S. mainland/Hawaii (5.8%), Taiwan (1.8%), the CNMI and Micronesia (1.35%), the Philippines (1.2%) and China (1.1%). Total civilian air arrivals decreased by 2.8%, while total sea arrivals, which account for less than 1.0% of Guam’s visitor arrivals, increased by 60.6% during Fiscal Year 2018 over the previous Fiscal Year 2017.

Fiscal Year 2019 was Guam’s best year on record for tourism, with 1,631,049 visitor arrivals to Guam. Japanese visitor arrivals totaled 664,784, an increase of 25.4% for Fiscal Year 2019 compared to Fiscal Year 2018. The South Korea market, which had been Guam’s top visitor market for the preceding two fiscal years, declined by 2.4% from 752,715 in Fiscal Year 2018 to 734,339 in Fiscal Year 2019. According to GVB, this was mainly due to the loss of Korean Air’s non-stop flight to Busan and a decrease of seasonal oversupply from Incheon compared to the prior year. Other markets that showed growth in Fiscal Year 2019 included the U.S. mainland/Hawaii (5.3%), Taiwan (2.9%), the Commonwealth of the Northern Mariana Islands (“**CNMI**”) (9.0%) and the Philippines (8.8%).

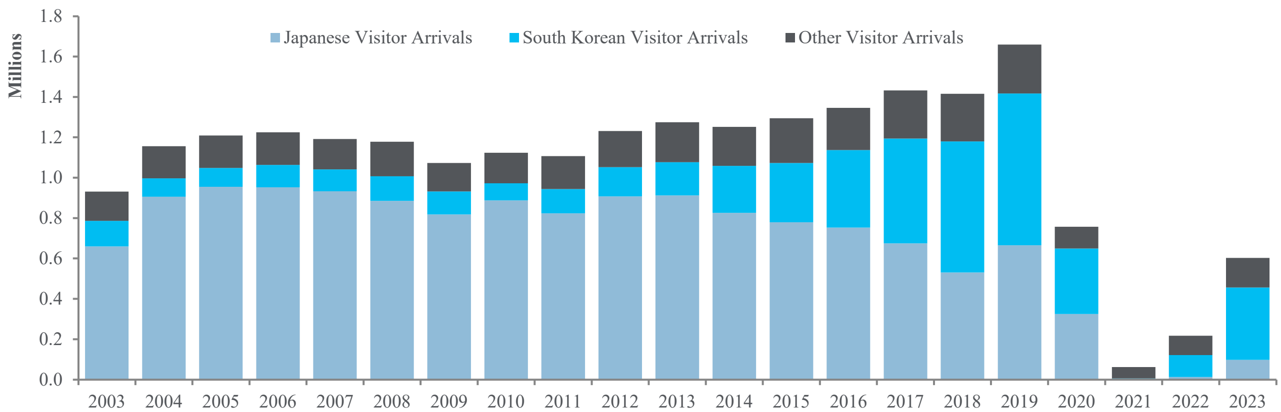
Following the start of the COVID-19 pandemic, Guam’s visitor market started to experience a decline in visitor arrivals starting in February 2020 which saw arrivals decrease from 137,244 in February 2019 to 116,746 in February 2020, representing a 14.9% decrease. Visitor arrivals totaled 1,631,049 in Fiscal Year 2019, 757,385 in Fiscal Year 2020 (a 53.6% decline compared to Fiscal Year 2019), 61,607 in Fiscal Year 2021 (a 91.9% decline compared to Fiscal Year 2020).

Guam has seen improvements in Fiscal Year 2022 and Fiscal Year 2023 but still far from its pre-COVID-19 pandemic numbers. In Fiscal Year 2022, there was a 277.0% increase in visitor arrivals from Japan, a 5157.1% increase in visitor arrivals from South Korea, a 81.2% decrease in visitor arrivals from Taiwan, a 235.5% increase in visitor arrivals from China, a 56.6% increase in visitor arrivals from U.S. mainland/Hawaii, a 175.4% increase in visitor arrivals from the Philippines, and a 145.6% increase in visitor arrivals from other markets combined.

Although visitor arrivals increased in Fiscal Year 2022, GVB considers Fiscal Year 2019 the benchmark for recovery efforts. Visitor arrivals totaled 602,594 based on preliminary data for Fiscal Year 2023, a 177.8% increase from Fiscal Year 2022 but still a fraction or 36.9% of the pre-pandemic 1.631 million arrivals in Fiscal Year 2019. In Fiscal Year 2023, there was a 651.2% increase in visitor arrivals from Japan, a 230.6% increase in visitor arrivals from South Korea, a 1169.7% decrease in visitor arrivals from Taiwan, a 386.8% increase in visitor arrivals from China, a 28.2% increase in visitor arrivals from U.S. mainland/Hawaii, a 118.2% increase in visitor arrivals from the Philippines, and a 78.3% increase in visitor arrivals from other markets combined.

Figure 1

Historical Fiscal Year Japanese and S. Korea Visitor Arrivals as a Percentage of Total Visitor Arrivals



Fiscal Year 2003 to Fiscal Year 2023

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other	18%	14%	14%	12%	14%	15%	15%	14%	16%	16%	14%	17%	15%	16%	15%	16%	14%	14%	91%	44%	24%
S. Korea	11%	8%	9%	9%	10%	10%	8%	10%	13%	13%	17%	22%	28%	34%	42%	49%	45%	43%	3%	50%	60%
Japan	71%	78%	77%	79%	76%	75%	77%	76%	72%	71%	68%	62%	57%	50%	43%	35%	41%	43%	6%	3%	16%

Source: Guam Visitors Bureau

Visitor arrivals from South Korea grew significantly over the five fiscal years preceding the start of the COVID-19 pandemic, with much of the increase attributed to additional flight service from South Korea.

Visa Waiver Program.

In November 2009, the United States updated its policies relating to the visa waiver program available for travel to Guam for tourism or business. The current program allows visitors holding passports from Australia, Brunei, Hong Kong, Japan, Malaysia, Nauru, New Zealand, Papua New Guinea, Republic of Korea, Singapore, Taiwan and the United Kingdom to visit Guam and/or Commonwealth of the Northern Mariana Islands without a visa for a period of up to 45 days.

Although a visa waiver has not been granted for Chinese tourists to travel to Guam, in November 2014, the U.S. and China agreed to extend visa validity from a one-year, single-use visa to a 10-year, multi-use visa. This greatly reduces time and cost required for a U.S. visa and removes one of the roadblocks to attracting Chinese tourists to Guam. Visitor arrivals from China to Guam peaked at 23,239 in Fiscal Year 2017 but dropped to 12,588 in Fiscal Year 2019. The loss in seat capacity from Taiwan and limited charter opportunities normally operated by Dynamic Air (due to regional competition) from secondary cities in China such as Guangzhou, Chengdu, Dalian, Nanjing, Shenyang, and Zhengzhou, contributed to the decline in seats from these two potentially large markets for Guam.

Table A-8 sets forth a comparison of visitor arrivals to Guam by country for Fiscal Years 2019-2023.

TABLE A-8
Fiscal Year Visitor Arrivals by Country
Fiscal Years 2019– 2023

	2019		2020		2021		2022		2023 [3]	
	Arrivals	Percent of Total	Arrivals	Percent of Total	Arrivals	Percent of Total	Arrivals	Percent of Total	Arrivals	Percent of Total
Japan	664,784	40.76%	324,574	42.85%	3,454	5.61%	13,022	6.00%	97,823	16.23%
South Korea	734,339	45.02%	325,109	42.93%	2,063	3.35%	108,454	50.00%	358,570	59.50%
U.S.Mainland/Hawaii	94,141	5.77%	48,263	6.37%	41,239	66.94%	64,572	29.77%	82,794	13.74%
Taiwan	28,346	1.74%	10,691	1.41%	2,253	3.66%	423	0.20%	5,371	0.89%
China P.R.C.	12,588	0.77%	4,287	0.57%	124	0.20%	416	0.19%	2,025	0.34%
CNMI	22,566	1.38%	10,318	1.36%	3,178	5.16%	12,625	5.82%	14,383	2.39%
Micronesia[1]	19,788	1.21%	9,858	1.30%	2,849	4.62%	5,290	2.44%	15,903	2.64%
Philippines	20,708	1.27%	9,344	1.23%	2,262	3.67%	6,230	2.87%	13,593	2.26%
Australia	2,250	0.14%	1,297	0.17%	360	0.58%	1,079	0.50%	1,253	0.21%
Europe	2,340	0.14%	1,116	0.15%	697	1.13%	826	0.38%	1,485	0.25%
Hong Kong	6,395	0.39%	1,226	0.16%	31	0.05%	125	0.06%	708	0.12%
Russia	5,189	0.32%	996	0.13%	67	0.11%	63	0.03%	148	0.02%
Singapore	1,525	0.09%	493	0.07%	914	1.48%	562	0.26%	853	0.14%
Others/Unknown	5,995	0.37%	4,290	0.57%	1,192	1.93%	2,241	1.03%	4,088	0.68%
Total Air [2]	1,620,954	99.38%	751,862	99.27%	60,683	98.50%	215,928	99.54%	598,997	99.40%
Total Sea	10,095	0.62%	5,523	0.73%	924	1.50%	987	0.46%	3,597	0.60%
Total Air & Sea	1,631,049	100.00%	757,385	100.00%	61,607	100.00%	216,915	100.00%	602,594	100.00%

(1) Includes the Republic of Palau ("**Palau**"), Federated States of Micronesia ("**FSM**") and the Republic of the Marshall Islands ("**RMI**").
(2) Includes military air arrivals.
(3) Preliminary and unaudited.
Source: *Guam Visitors Bureau*

Table A-9 highlights the percentage change in annual visitor arrivals to Guam by country for Fiscal Years 2019 through 2023.

TABLE A-9
Percentage Change in Annual Visitor Arrivals by Country
Fiscal Years 2019-2023

	2019	2020	% Change From 2019	2021	% Change From 2020	2022	% Change From 2021	2023 [(3)]	% Change From 2022
Japan	664,784	324,574	-51.2%	3,454	-98.9%	13,022	277.0%	97,823	651.2%
South Korea	734,339	325,109	-55.7%	2,063	-99.4%	108,454	5157.1%	358,570	230.6%
U.S. Mainland / Hawaii	94,141	48,263	-48.7%	41,239	-14.6%	64,572	56.6%	82,794	28.2%
Taiwan	28,346	10,691	-62.3%	2,253	-78.9%	423	-81.2%	5,371	1169.7%
China P.R.C.	12,588	4,287	-65.9%	124	-97.1%	416	235.5%	2,025	386.8%
CNMI	22,566	10,318	-54.3%	3,178	-69.2%	12,625	297.3%	14,383	13.9%
Micronesia [(1)]	19,788	9,858	-50.2%	2,849	-71.1%	5,290	85.7%	15,903	200.6%
Philippines	20,708	9,344	-54.9%	2,262	-75.8%	6,230	175.4%	13,593	118.2%
Australia	2,250	1,297	-42.4%	360	-72.2%	1,079	199.7%	1,253	16.1%
Europe	2,340	1,116	-52.3%	697	-37.5%	826	18.5%	1,485	79.8%
Hong Kong	6,395	1,226	-80.8%	31	-97.5%	125	303.2%	708	466.4%
Russia	5,189	996	-80.8%	67	-93.3%	63	-6.0%	148	134.9%
Singapore	1,525	493	-67.7%	914	85.4%	562	-38.5%	853	51.8%
Others / Unknown	7,520	4,290	-43.0%	1,192	-72.2%	2,241	88.0%	4,088	82.4%
Total Air [(2)]	1,622,479	751,862	-53.7%	60,683	-91.9%	215,928	255.8%	598,997	177.4%
Total Sea [(3)]	10,095	5,523	-45.3%	924	-83.3%	987	6.8%	3,597	264.4%
Total Air & Sea	1,632,574	757,385	-53.6%	61,607	-91.9%	216,915	252.1%	602,594	177.8%

(1) Includes the Republic of Palau ("**Palau**"), Federated States of Micronesia ("**FSM**") and the Republic of the Marshall Islands ("**RMI**").
(2) Includes military air arrivals.
(3) Preliminary and unaudited.
Source: *Guam Visitors Bureau*

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Military Visitors on Guam

According to the Guam Hotel and Restaurant Association there are about 3,000 military and federal government personnel that are permanently staying in Guam's hotels at any given point in time due to a variety of reasons including Permanent Change of Status orders, temporary housing for individuals moving to Guam or individuals working on temporary assignment.

In December 2021, the United States Navy's Nimitz-class aircraft carrier USS Vinson, along with other ships assigned to the Carl Vinson Carrier Strike Group, the Ticonderoga-class guided-missile cruiser USS Lake Champlain and Arleigh Burke-class guided-missile destroyer USS Stockdale arrived at Naval Base Guam for a port visit, relaxation and an opportunity to celebrate during the holidays for its 5,000 sailors. This marked the strike group's second visit to Guam during deployment to the U.S. 7th Fleet area of operations, with the first visit occurring over Veterans Day weekend in 2021.

Guam military exercises and military visits provide an instant economic boost to Guam as the crew members stay in the hotels, eat at local restaurants and tour the island. For Calendar Year 2022 there were six military exercises, Exercise Sea Dragon 22 (January 2022), Exercise Cope North 2022 (February 2022). On March 2, 2022, the USS Abraham Lincoln and the guided missile destroyer USS Spruance arrived on Guam with 5,100 crew members for a port visit, resupply and refuel. On December 12, 2022, the Republic of Korea Navy's training ship, ROKS Hansando, and the multipurpose fast combat support ship, ROKS Daecheong docked at Naval Base Guam for four days on Guam with 164 midshipmen in the class.

For Calendar Year 2023, Exercise Cope North 2023 (February 2023) with more than 1,000 U.S. Airmen, Marines, and Sailors worked alongside 1,000 combined Japan Air Self-Defense Force and Royal Australian Air Force and French Air and Space Force service members. In April 2023, the United States hosted a two-week joint military exercise in Guam with military units from Japan, Korea, India and Canada. On July 12, 2023, the United States Army Pacific hosted six South Asian countries in the region's first-ever Disaster Response & Exchange Exercise. In October 2023, the U.S. and the Republic of Korea navies completed the biennial combat theater anti-submarine warfare exercise, "Silent Shark".

For Calendar Year 2024, Exercise Cope North 2024 was held at Andersen Air Force Base, Guam, from February 5, 2024, through February 23, 2024. Approximately 1700 U.S. Airmen, Marines, and Sailors will train alongside 700 Japan Air Self-Defense Force, Royal Australian Air Force, French Air and Space Force, Royal Canadian Air Force and Republic of Korea Air Force service members. About 85 aircraft from the United States, Australia, Japan, France, and South Korea flew 1400 missions across three islands and six airfields. From April 10 through April 16, 202, Exercise Agile Reaper brought approximately 800 U.S. Air Force airmen on Guam, which rehearsed capabilities in an operationally relevant environment and provided air dominance, global mobility and command and control with a hub and spoke system based out of Andersen Air Force Base, Guam. Valiant Shield 2024 is a multinational exercise conducted by the United States and its allies in the Indo-Pacific region. The exercise took place from June 7, 2024, through June 18, 2024. From June 19, 2024, through June 21, 2024, the USS Ronald Reagan visited Guam. During the port visit, the crew of approximately 5,000 sailors had the opportunity to tour Guam, which generated revenues for local businesses such as hotels, restaurants and shops.

Cruise Industry

The cruise industry has historically been a modest visitor market for Guam. In May 2018, Carnival Cruise Line announced that it would expand its service to include a 24-day trans-Pacific crossing, which included a port call in Guam. In November 2018, the arrival of the Coral Princess cruise ship helped to boost visitor arrivals by bringing in 1,900 visitors to Guam. A Carnival Splendor Cruise, carrying 3,000 passengers and 1,200 crewmembers, visited Guam on October 20, 2019, and spent twelve (12) hours in Guam. Although Guam's economy benefits from large cruise ships like the Carnival Splendor, the cruise industry sustainability goal is to target small cruise ships, with no more than 500 passengers at a time allowing for a manageable influx of tourists at the Port.

Governor Leon Guerrero tasked the government and private sector partners to expand the small cruise ship industry by appointing government and private sector leaders to spearhead an initiative to make Guam a home-base for a small cruise ship that will take visitors throughout the Micronesian islands. In August 2019, Guam joined the South Pacific Cruise Alliance ("**SPCA**"), becoming its ninth member. Guam's location in the northern Pacific and close proximity to Asia makes it an ideal cruising destination from the eastern markets and a potential homeport for cruising around Micronesia. SPCA members include American Samoa, Cook Islands, Fiji, French Polynesia, Guam, Pitcairn Islands, Samoa, Tonga and Wallis & Futuna. In 2020, 723 cruise ships had been expected to call on these SPCA ports and destinations; however, the global cruise industry was adversely impacted by the COVID-19 pandemic, significantly reducing the number of cruises.

Since the onset of the pandemic, eight cruise liners have visited Guam. The Diamond Princess, the second cruise liner to come to Guam since the beginning of the COVID-19 pandemic, arrived on March 3, 2023, carrying 1,545 passengers and 1,097 crew.

On January 3, 2024, Guam welcomed MSC Bellissima cruise ship which brought 5,494 passengers and crew, the first of potentially 12 total cruise ship visits in 2024. Since then, Guam has welcomed the MS Zuiderdam with 2,000 passengers, the MV Artania with 1,920 passengers, the MS Asuka II with 1,201 passengers, the MS Queen Elizabeth with 2,882 passengers, the Le Soleal, the Carnival Luminosa with 2,894 passengers, and the MV Seabourn with 471 passengers. At least five more cruise ships are expected to make port before the end of 2024.

Hotels

Tumon Bay, located on the west coast of the island, is the heart of Guam's tourist industry. The hotels in Tumon Bay provide lodging to the majority of visitors to Guam. During the 1990s and early 2000s, Guam's inventory of hotel rooms increased over 100%, with substantial growth in the number of hotel rooms occurring from 1991 to 1993 and from 1995 to 2001. As of September 2023, there were 32 hotels in Guam, including many notable international hotel operators, with an inventory of approximately 8,722 rooms.

Pursuant to Section 30101(b), Title 11, Guam Code Annotated, the Hotel Occupancy Tax is an excise tax levied and imposed by the Government against transient occupants of a room or rooms in a hotel, lodging house or similar facility located in Guam. The Hotel Occupancy Tax has been levied at the rate of 11% of the rental price charged or paid per occupancy per day since April 1, 1995.

Table A-10 below shows the amount of Hotel Occupancy Tax revenues collected for Fiscal Years 2019 through 2023. Hotel Occupancy Tax revenues in Fiscal Year 2023 were $26.3 million, a 44.8% increase from Fiscal Year 2022 but 41% lower than Fiscal Year 2019 prior to the onset of the COVID-19 pandemic. Hotel Occupancy Tax revenues in Fiscal Year 2022 were $18.2 million, a 47% increase from Fiscal Year 2021 but 59% lower than Fiscal Year 2019 prior to the onset of the COVID-19 pandemic. Hotel Occupancy Tax Revenues in Fiscal Year 2021 were $12.4 million, a 72% decrease from Fiscal Year 2019 due to the closure of hotels on island and the global travel restrictions as a result of the COVID-19 pandemic. In Fiscal Year 2019, total Hotel Occupancy Tax revenues were $44.7 million. Fiscal Year 2019 is the highest year for visitor arrivals on record.

TABLE A-10
Annual Hotel Occupancy Tax Revenues
Fiscal Years 2019 – 2023

Fiscal Year	Taxes Collected ($)
2019	44,701,482
2020	26,366,511
2021	12,372,113
2022	18,168,635
2023[(1)]	26,310,551

(1) Preliminary and unaudited.

Sources: Tourist Attraction Fund Audited Financial Statements for Fiscal Years 2018-2022

Table A-11 lists the weighted average hotel occupancy and weighted average room rates from Fiscal Years 2019 through 2023.

TABLE A-11
Weighted Average Hotel Occupancy and Room Rates
Fiscal Year 2019-2023

Year	Weighted Average Hotel Occupancy Rate (%)	Weighted Average Room Rate ($)
2019	88	211
2020	56	189
2021	45	157
2022	53	173
2023[1]	65	197

(1) Preliminary and unaudited.
Source: Guam Visitors Bureau

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Table A-12 lists the top 15 hotel operators by number of existing rooms as of September 2023.

TABLE A-12
Top 15 Hotel Operations in Guam
As of September 2023

Hotel/Resort	Year Opened	Location	Number of Rooms [(1)]
Pacific Islands Club	1980	Tumon	777
Hilton Guam Resort & Spa	1972	Tumon	646
Dusit Beach Resort Guam [(2)]	1999	Tumon	604
Guam Plaza Hotel	1983	Tumon	505
Hotel Nikko Guam	1992	Tumon	470
Hyatt Regency Guam	1994	Tumon	450
Westin Resort Guam	1996	Tumon	430
Hoshino Resorts RISONARE Guam[(3)]	1992	Tamuning	430
Guam Reef & Olive Spa Resort	1974	Tumon	428
Dusit Thani Guam	2015	Tumon	421
Tsubaki Tower	2020	Tumon	340
Crowne Plaza Resort Guam[(4)]	1971	Tumon	321
RIHGA Royal Laguna Guam Resort [(5)]	2007	Tamuning	318
Leo Palace Resort Guam	1993	Yona	266
Holiday Resort & Spa Guam	1996	Tumon	252
Top 15 Total			6,658
Other Hotel Rooms			2,210
Total Hotel Rooms			8,868

(1) Numbers may not reflect actual capacity as hotel management may make rooms unavailable at any given time.
(2) Formerly the Outrigger Guam Resort.
(3) Formerly the Onward Beach Resort.
(4) Formerly the Fiesta Resort Guam.
(5) RIHGA Royal acquired Sheraton Laguna Guam Resort; reopened as RIGHA Royal Laguna Guam Resort on April 21, 2022.
Source: Guam Visitors Bureau.

Over the past few years, several existing hotels have undertaken significant renovations. In April 2020, the Fiesta Resort Guam closed for an extensive, $45 million refurbishment renovation to transform the Tumon hotel into a luxurious getaway and reopened as Crowne Plaza Resort Guam in 2023. The Westin Resort Guam completed a $1.5 million renovation to its dining area that houses its buffet in 2020 and completed a $1.5 million renovation project to the hotel's six bungalows in March 2024. Similarly, renovations at the Hyatt Regency Guam of guest rooms and the President Suites were a multi-million dollar investment. In March 2024, the Hilton Resort & Spa completed $8.0 million of upgrades throughout the property.

The Tsubaki Tower, a 26-story, 340-room luxury five-star hotel located in Tumon, opened in July 2020. The Pacific Star Hotel closed in 2020, due to foreclosure.

Airlines

The Airport is operated by GIAA, which is a public corporation and autonomous instrumentality of the Government. The Airport is the only commercial air carrier airport serving Guam and is the principal air carrier airport serving the surrounding Micronesian islands.

The Airport has approximately 874,000 square feet of terminal space, which includes the Third Floor International Arrivals Corridor, along with approximately 250,000 square feet of adjacent facilities, including hangars, maintenance facilities, warehouse space, storage facilities, office space and expansive ground space.

As of June 2024, 12 airlines provide service at the Airport, including one major U.S.-flag air carrier, six foreign-flag air carriers, one regional/commuter airlines that provides inter-island service and four cargo airlines. In addition, the Airport was served by other charter flights, including military charter flights, operated by various airline carriers.

United Airlines ("**United**") is the largest air carrier serving the Airport. The Airport serves as a hub in United's global route network. United's Guam hub serves: (1) regional origin & destination passengers on short-haul flights to and from Guam, (2) origin & destination passengers on long-haul flights, primarily tourists visiting Guam, and (3) transit passengers on connecting or through flights.

United operates 5 daily flights from Narita and recently launched direct service to Tokyo Haneda International Airport in central Tokyo on May 1, 2024. United also operates daily flights to Osaka and 4 times weekly flights to Nagoya and Fukuoka. Japan Airlines also provides direct services to Narita Airport 5 times weekly. United and Philippine Airlines are the only two airlines servicing the Manila-Guam route.

South Korean air carriers (Korean Air, Jeju Air, Jin Air and T'way Air) provide daily scheduled air service to and from Incheon. Jin Air also provides daily schedule air service to and from Busan.

In Fiscal Year 2023, the total number of passenger movements reached 1,629,183, more than twice the activity in Fiscal Year 2022 of 745,717 movements. Enplanements, constituting 882,664 movements, represented 54.2% of the overall traffic, while arriving passengers comprised 45.8%. According to Fiscal Year 2023 statistics published by the Guam Visitor's Bureau, 60% of arriving travelers in Fiscal Year 2023 originated from South Korea, making it a pivotal market for Guam. Additionally, 26% of arrivals came from Japan, China, Taiwan, and the Philippines. Domestic markets, including Hawaii and the Commonwealth of the Northern Marianas Islands, accounted for 14% of the total arrivals.

Air service development remains a priority for GIAA. Diversification is a key objective, and the largest potential visitor base is the Chinese market. Regional resort destinations such as Guam are capitalizing on the increasing Chinese outbound market due to visa waiver authority (which Guam does not have) or more liberal entry requirements. As the COVID-19 pandemic recovery continues, the Airport intends to resume a more active and aggressive role in gaining China visa waiver authority.

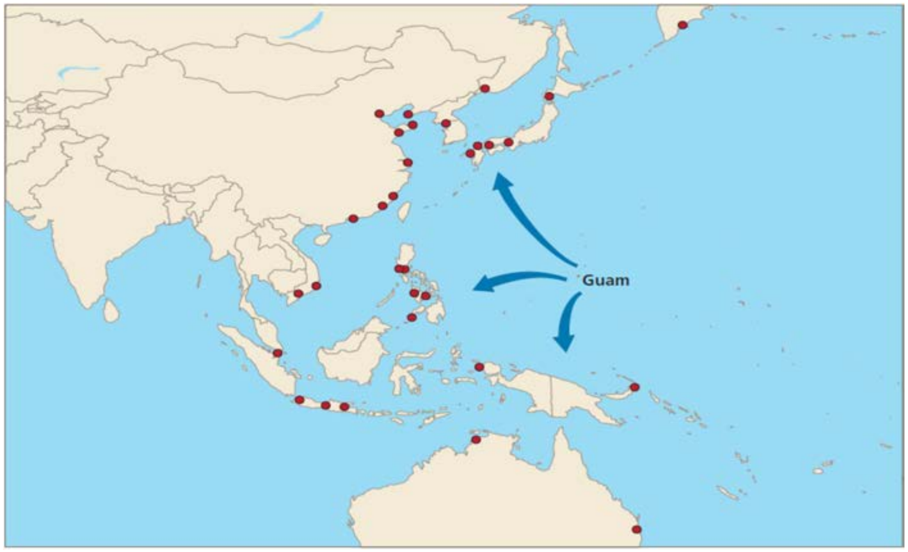
Seaport

The Port Authority of Guam is the only commercial seaport on Guam and the primary seaport in Micronesia. The Port consists of a cargo terminal, industrial terminal, four berths, cargo handling equipment and numerous support buildings and facilities. The Port's facilities are located on Cabras Island along the northern shoreline of the Outer Apra Harbor, a natural lagoon enclosed by a submerged coral bank and a barrier reef enhanced with a breakwater. The Port receives and processes more than 90% of the total volume of goods and supplies needed to support activities on Guam, making it vital to Guam's future development and sustainability.

The U.S. flag carriers serving Guam include Matson (which is fully compliant with the Jones Act), American President Lines, Seabridge and Waterman Steamship Corporation. The foreign flag carriers include Marianas Express Lines Limited and Kyowa Shipping Co. Ltd. These foreign flag carriers provide the majority of transshipment services to other ports in the region including the Port of Saipan, the Port of Majuro and other smaller ports.

The COVID-19 pandemic did not materially impact operations at the Port, as the demand for imported products increased with residents increasing their purchases following the announcement of the first confirmed cases of COVID-19 on Guam. The Port initially closed following Typhoon Mawar, but reopened on May 28, 2023, four days after Typhoon Mawar.

The map below identifies major ports that can be reached from Guam via sea in five days or less.



Political Self-Determination

Guam's political status and ability to self-govern have been discussed for decades. In the 1970s, Guam's leaders created special commissions to discuss political status. These commissions recognized the desires of Guam's people and examined Guam's political conditions and the status options available to Guam. There has been no change to Guam's political status yet and Guam remains an unincorporated territory of the U.S.

In 1997, the Commission on Decolonization (the "**Commission**") was established for the implementation and exercise of Chamorro Self-Determination. The Commission was tasked with educating Guam on the three status options available: free association, independence and statehood. However, the Commission was inactive for most of the early 2000s and was re-launched in 2011. Since then, more native inhabitants have been registered to vote. Governor Leon Guerrero appointed a new Commission in February 2019.

In 2011, a non-Chamorro resident of Guam was denied from registering to vote for the political status plebiscite and subsequently sued the Government. In 2017, the U.S. District Court of Guam ruled in favor of the plaintiff and banned the Government from holding a plebiscite that limits voters to "native inhabitants of Guam." In 2019, the U.S. Court of Appeals for the Ninth Circuit affirmed the District Court's decision. The Government subsequently filed an appeal with the U.S. Supreme Court to overturn the Ninth Circuit's decision striking down the Guam law authorizing a non-binding political status plebiscite. In 2020, the U.S. Supreme Court announced it would not review a case that could affect the political status of Guam. The order issued means the Ninth Circuit's ruling will stand and Guam's native inhabitants cannot be the sole participants in a political status plebiscite. Governor Leon Guerrero is currently reviewing options to move forward with the Commission.

Military Activity

World events over the last several years have increased recognition of Guam's strategic military value and has resulted in increased military presence on Guam, bolstering the military's contribution to the Guam economy. A strong U.S. presence in the Pacific demonstrates active support for Japan, South Korea, Australia and other Pacific Rim allies and supports U.S. economic and security interests. Guam is positioned geographically to constitute an extended homeland defense perimeter, protecting the U.S. west coast and Hawaii from acts of aggression, and has the only substantial military facilities on U.S. soil in the Western Pacific Ocean. Military bases and defense systems on Guam can support forward deployed capabilities in Asia and allow rapid response to any threat to the stability of the Asian region or any threat to the U.S. originating in the Asian region. In 1995, Joint Base Guam was created which placed all land in Guam that was previously managed by the various military departments under the Department of the Navy. Other military considerations regarding Guam's location include:

- Geographic Location: Closer to potential flashpoints of conflict in Asia and the Middle East.

- U.S. Sovereign Territory: No need for host nation consent to pre-position war munitions, deploy weapons or conduct operations.

- U.S. Air Force, Navy, Marine Corps, Coast Guard, National Guard and Reserve facilities with substantial munitions, fuel supply, communications, command and control capabilities.

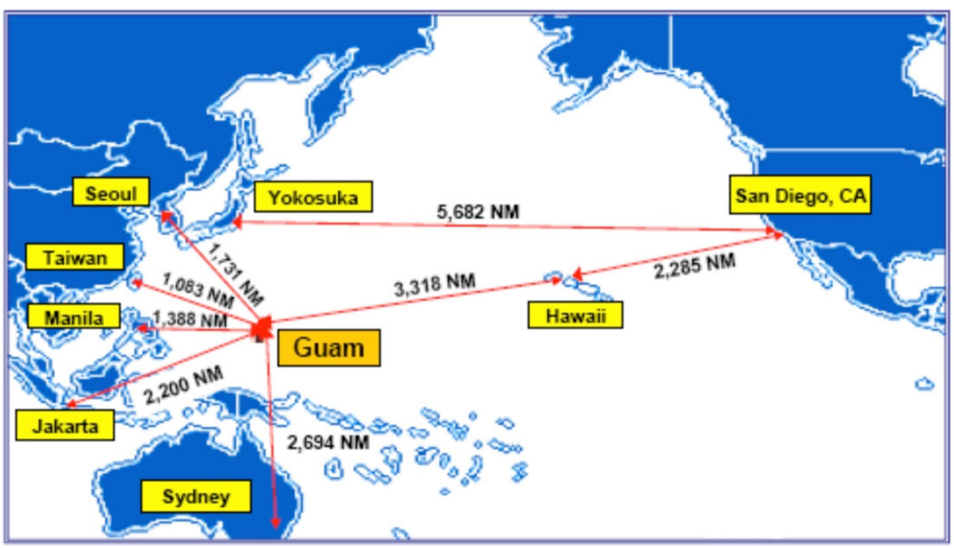
- Unencumbered air and sea space for live fire and special operations training including Explosive Ordnance Disposal and Sea, Air & Land (SEAL) elements and other joint military special operational readiness initiatives.

- Deep-water harbor with 17,000 linear feet of wharfage with ability to handle three million pounds of ordnance (net explosive weight – the actual weight in pounds of explosive mixtures or compounds, including the trinitrotoluene equivalent of energetic material, that is used in determination of explosive limits and explosive quantity data arcs).

- Significant airfield capability including dual, two-mile-long runways with contingency, mobilization and surge capable civilian airfields on Guam and the CNMI.

- Repair capabilities for surface vessels, submarines, aircraft and combat equipment at the Intermediate Maintenance Facility, private ship repair facilities, the submarine tender, Naval Base Guam, Andersen Air Force Base and civilian facilities.

The map below shows Guam's location in the Pacific and relative distances between major cities in the Pacific Rim.



Military Personnel

In July 2010, the Joint Guam Program Office of the Department of the Navy released its Final Environmental Impact Statement ("**EIS**") pertaining to the proposed U.S. military build-up on Guam, and in September 2010 the DOD issued its Record of Decision pertaining to the EIS. At the time the EIS was released, it was anticipated that the military build-up would have three major parts: (i) relocation of part of the Third Marine Expeditionary Force from Okinawa, Japan, (ii) creation of the infrastructure for an aircraft carrier berthing and (iii) installation of an Army Air and Missile Defense Task Force.

In July 2015, the DOD released its Supplemental Environmental Impact Statement ("**SEIS**"), which identified potential impacts associated with several alternatives for the cantonment/family housing component of this relocation, as well as for the live firing training range complex. According to the Navy, the SEIS showed a significantly decreased footprint and a significant decrease in the potential strain on Guam's infrastructure. Rather than the initially contemplated seven years of construction, the SEIS stated there would be 13 years of moderate construction with a gradual phase-out to follow.

The 2015 Record of Decision identified the final locations for additional bases and facilities to accommodate the Marines. The National Defense Authorization Act for fiscal year 2015 set the maximum cost of moving the Marines from Japan to Guam at $8.6 billion, of which $3.1 billion of the cost will be provided by Japan, and the remaining cost will be provided by the United States.

The expected impact from the military build-up on Guam's population is highlighted in Table A-13. These projections have not been updated since their initial publication, so the estimates shown in Table A-13 are not intended to reflect actual results.

TABLE A-13
ESTIMATED TOTAL MILITARY RELATED POPULATION INCREASE BY CALENDAR YEAR (1)
2015-2028

Year	Direct DOD	Indirect and Induced	Off Island Construction	Civilian Military Workers	Dependents	Total
2015	33	89	161	4	60	347
2016	46	254	1,071	5	348	1,724
2017	46	531	2,301	38	702	3,618
2018	46	663	3,227	75	910	4,921
2019	505	686	2,871	113	767	4,942
2020	3,898	897	2,587	150	660	8,192
2021	4,327	1,082	3,175	188	814	9,586
2022	4,327	1,046	2,978	225	810	9,386
2023	5,582	915	2,205	263	756	9,721
2024	5,582	716	1,350	300	636	8,584
2025	6,079	612	618	338	499	8,146
2026	6,300	513	46	338	335	7,532
2027	6,300	455	0	338	320	7,413
2028	6,300	453	0	338	320	7,411

(1) Estimates shown are not additions from year to year; they represent the aggregate project related increase as of any given year relative to base year of 2015. Estimates have not been updated to reflect actual increases to date.

Sources: 2015 Final Supplemental Environmental Impact Statement (SEIS), Guam and CNMI Military Relocation Report

Based on reports from the Defense Manpower Data Center, as of September 2023, there were approximately 11,638 military personnel (consisting of active duty, reserves and civilian military workers), an increase of 2,254 military personnel since December 2015.

The U.S. government may choose to relocate military fleets, equipment and personnel from time to time to either increase or decrease the U.S. military presence on Guam, and the Government cannot predict whether or when such adjustments may occur. However, the military presence on Guam is generally expected to increase due to the factors discussed above.

Table A-14 lists active-duty military personnel on Guam from September 2019 through 2023.

TABLE A-14
Active Duty Military Personnel on Guam
Fiscal Years 2019-2023 (1)

Year	Air Force(2)	Army	Coast Guard	Marines	Navy	Total
2019	2,006	167	0	25	3,362	5,560
2020	2,108	183	0	48	3,801	6,140
2021	2,165	211	0	133	3,764	6,273
2022	2,169	207	0	290	4,001	6,667
2023	2,890	98	313(3)	117	3,994	7,412

(1) Excludes Reservists.
(2) Includes Space Force.
(3) U.S. Coast Guard Forces Micronesia/Sector Guam
Source: Defense Manpower Data Center (DMDC)

Air Force

Andersen Air Force Base located on the northern tip of Guam is a major airfield operated by the U.S. Air Force 36th Wing. North of Andersen Air Force Base's primary airfield is Northwest Field an airfield built during World War II. Northwest Field is currently used for training, ammunition storage and live fire ranges. Most Air Force assets such as B-52, B1 and B2 bombers fly in from stateside air bases on a temporary (3-6 month) rotational basis while air assets from visiting Naval aircraft carriers utilize Andersen Air Force Base as well. Permanent air assets based at Andersen Air Force Base include Navy unmanned reconnaissance aircraft (MQ-4 and RQ-4 Global Hawks) and Navy helicopters (MH-60S Seahawks). The Republic of Singapore Air Force is planning to base a permanent rotational presence of fighter jets (F-15Gs, F-16C/Ds and possible F-35Bs) starting in 2029.

Also in Andersen Air Force Base, the U.S. Space Force maintains the Guam Tracking Station, operated by the 21st Space Operation Squadron, Detachment 2. This unit is part of the Air Force Satellite Control Network, which provides support to military operations. Two military members and 35 contractors execute the 24/7 mission enabling real-time Satellite C2 in support of the war fighter.

Army

Permanent U.S. Army presence on Guam consist of two organizations, an active-duty Terminal High Altitude Area Defense ("**THAAD**") battery and the Guam Army National Guard. The Army deployed a THAAD battery on Guam in 2013. In 2022, the U.S. Indo-Pacific Command issued new requirements to upgrade Guam's missile defense. The U.S. Missile Defense Agency ("**MDA**") is developing the Enhanced Integrated Air and Missile Defense System to defend Guam against advanced missile threats. The MDA is planning on spending $1.7 billion to implement the integrated missile defense system in Guam. In May 2024, the MDA awarded an approximately nearly $460.6 million contract to Boeing Co. for the engineering design and development of the missile defense system on Guam.

In June 2024, the MDA released an environmental assessment detailing its plans to conduct missile defense flight test and tracking exercises in cooperation with the Air Force, Army, Navy and Coast Guard. The proposed action would involve up to two tests each year over the next decade from Guam as the MDA works to develop the Enhanced Integrated Air and Missile Defense System above. The first test is expected to take place at the end of 2024. The environmental assessment concluded that the proposed testing would have no significant direct, indirect, or cumulative environmental impacts to Guam. The MDA is soliciting public comment on the assessment through August 2, 2024.

Coast Guard

The U.S. Coast Guard ("**USCG**") has been present in Guam since 1905, however, the U.S. Coast Guard Forces Micronesia/Sector Guam **(**"**Guam Coast Guard**") was established on Guam on November 8, 2023 as part of the Consolidated Appropriations Act of 2023 and expands the U.S. Coast Guard's mission support in the Indo-Pacific region. The Guam Coast Guard operates out of Naval Base Guam. The unit is home to the USCG Sequoia, the USCG Myrtle Hazard, the USCG Oliver Henry, the USCG Frederick Hatch and the USCG Washington. The Guam Coast Guard comprises more than 300 dedicated members based in Guam and the Commonwealth of the Northern Mariana Islands.

Marines

The major Marine facility on Guam is Marine Corps Base Camp Blaz, which was activated on October 1, 2020, and is the first new Marine Corps base activated in the entire United States since 1952. The SEIS and 2015 Record of Decision anticipate that approximately 5,000 Marines and 1,500 Marine Corps family members from Okinawa and other locations will be relocated to Guam by Fiscal Year 2028, with the first 2,500 Marines moving to a new Marine Corps Base Camp Blaz by Fiscal Year 2026. To support plans of strengthening defense on Guam, construction is currently underway at several locations including: the newly activated Marine Corps Base Camp Blaz – Main Cantonment at Finegayan, Apra Harbor United States Marine Corps ("**USMC**") Sea Embarkation, Andersen Air Force Base ("**AAFB**") Northwest Field – Mason Live Fire Training Range Complex, USMC ACE Ramp at Andersen, Family Housing at AAFB and AAFB South – Skaggs Urban Combat Training Complex. The Marine Corps held an activation ceremony on January 29, 2023, for Base Camp Blaz, which will be home to about 5,000 Marines and will serve as a "strategic hub" in the Indo-Pacific with its eye on China and North Korea. On June 2024, the Marines announce that the first 100 Marines are moving Guam by December 2024.

Navy

Navy Base Guam in Apra Harbor operates a port that can accommodate the largest Navy warships, including aircraft carriers. Within the harbor, Polaris Point Submarines Base is the homeport for five Los Angeles-class nuclear-power fast attack submarines on Guam: the USS Annapolis, USS Asheville, USS Jefferson City, the USS Key West, and the USS Springfield. Also based out of Naval Base Guam are two Navy submarine tender ships, the USS Frank Cable and the USS Emory S. Land, which are surface vessels that provide support and services for the submarines' forward-deployed operations. The submarines and tenders are maintained as part of the U.S. Navy's forward-deployed submarine force and are readily capable of meeting global operational requirements.

Military Procurement of Services and Construction

The Department of Defense ("**DOD**") is planning to make additional investment in military infrastructure on Guam and to increase the number of service members on Guam. DOD's five-year plan outlined in the Future Years Defense Program calls for spending about $7.3 billion on Military Construction on Guam from Fiscal Year 2024 through Fiscal Year 2028. This includes enhancing Navy and Air Force infrastructure to support air and sea operations, the new Marine Corps Base and installation of a new missile defense system and support for the personnel needed to operate the missile defense system. MILCON spending on Guam is expected to peak in Fiscal Year 2025, as major construction for the planned missile defense system is executed.

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Congressional authorizations for appropriations for military construction and family housing projects are depicted in Table A-15.

TABLE A-15
U.S. Military Construction Authorizations for Guam
Fiscal Years 2020-2024

Fiscal Year	Total Authorizations
2020	$290,457,000
2021	571,205,000
2022	765,217,000
2023	1,691,325,000
2024	4,233,723,000

Source: The Committee on Armed Services, National Defense Authorization Acts

The 2020 NDAA was signed into law on December 20, 2019 and included approximately $290.5 million for military construction on Guam. Major projects included the funding of the Machine Gun Range ($91.3 million), an Explosive Ordinance Disposal Compound ($61.9 million) and Bachelor Enlisted Quarters ($34.1 million).

The 2021 NDAA was signed into law on January 1, 2021 and included approximately $571.2 million for military construction on Guam. The 2021 NDAA included an important provision specific to Guam that authorized H-2B labor for civilian projects on Guam (see "GEOGRAPIC, DEMOGRAPHIC AND ECONOMIC INFORMATION – Guam Economy- H-2B Visas").

The 2022 NDAA was signed into law on December 27, 2021 and included approximately $765.2 million for construction projects on Guam. The 2022 NDAA budget prioritized a missile defense system to defend Guam against advanced missile threats. See "– Army" above. According to the Joint Region Marianas, the Missile Defense Agency is evaluating 18 to 20 parcels of military-owned land in Guam for the different elements of a defense system. Planning for the missile defense is ongoing.

The 2023 NDAA, passed in December 2022, included up to $1.7 billion of appropriations as part of the military buildup on Guam. The 2023 NDAA extended the Pacific Deterrence Initiative ("PDI") through Fiscal Year 2023, identified an additional $11.5 billion in investments to support PDI objectives, and authorized an additional $1 billion to address unfunded requirements identified by the U.S. Indo-Pacific Command. PDI is a set of prioritized defense investments and activities established by Congress to enhance U.S. deterrence and defense, assure allies and partners, and counter adversary threats in the Indo-Pacific region in response to China's growing military power.

The 2024 NDAA, passed in December 2023, includes over $4.2 billion of appropriations as part of the military buildup. The 2024 NDAA directs the assessment of the infrastructure, capacity, resources, and personnel requirements for Guam during fiscal year 2024 through 2029 to meet United States strategic objectives and directs the development of a comprehensive strategy for developing, acquiring, and operationally establishing integrated air and missile defense architecture. The 2024 NDAA also extended the H-2B visa program admission in Guam until December 31, 2029. See "H-2B Visas" above in this Appendix A.

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The projects funded in the 2024 NDAA are listed in the following Table A-16.

TABLE A-16
2024 NDAA Projects Located in Guam ($000s)

Navy	($000s)
Construction projects inside Naval Base Guam	$950,656
Family Housing - Improvement	290,365
Extension of 2021 Project Joint Communication Upgrade	166,000
Artillery Battery Facilities	137,550
Replace Andersen Housing (AF) Phase 8	121,906
Joint Consol Communication Center	107,000
Training Center	89,640
Replace Andersen Housing (AF) Phase 7	83,126
Satellite Communications Facility (INC)	56,159
Missile Integration Test Facility	56,140
Child Development Center	55,220
Religious Ministry Services Facility	46,350
Recreation Center	34,740
Joint Communication Upgrade	31,330
9th ESB Training Complex	27,536
Consolidated MEB HQ/NCIS PhII	19,740
Total Navy Appropriations	**$2,273,458**
Airforce	**($000s)**
Construction projects inside Anderson Airforce Base Guam	$497,620
Construction and Land Acquisition Project	411,000
North Aircraft Parking Ramp	109,000
Air Force Reserve Facilities Aerial Port Facility	27,000
Total Airforce Appropriations	**$1,044,620**
Army National Guard	**($000s)**
Extension of 2021 Project Space Control Facility #5	$20,000
Cost to Complete National Guard Readiness Center	6,900
Total Army National Guard Appropriations	**$26,900**
Defense-Wide	**($000s)**
Guam Defense Development	$544,578
Construction projects for Joint Region Marianas	174,540
Defense on Guam Procurement	169,627
Total Defense-Wide Appropriations	**$888,745**
Total 2024 NDAA Appropriation for Guam	**$4,233,723**

Recent Military Project Awards

The Federal Procurement Data System indicates $1.0 billion of U.S. DOD procurement contracts was awarded in Fiscal Year 2019; $1.2 billion was awarded in Fiscal Year 2020; $2.0 billion was awarded in Fiscal Year 2021; $1.7 billion was awarded in Fiscal Year 2022; and $2.7 billion was awarded in Fiscal Year 2023. Procurement contracts awarded for $1.0 million and above vary in areas from telecommunications, construction related activities and materials, and contracting for professional services (architects, engineers, medical laboratories, armored guards, janitors and technicians).

Table A-17 reflects the U.S. Department of Defense Procurement Contract Awards from Fiscal Years 2019 through 2023.

TABLE A-17
U.S. Department of Defense Procurement Contract Awards for Guam
Fiscal Years 2019-2023

Fiscal Year	U.S. Department of Defense Procurement Contracts
2019	$1,001,494,343
2020	1,203,871,558
2021	2,008,919,859
2022	1,744,690,711
2023	2,747,380,305

Source: Federal Procurement Data System-Next Generation (FPDS-NG)

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Federal activity on Guam continues with large contracts awarded on Guam since 2019. Some of the most recent military projects awarded can be found on Table A-18.

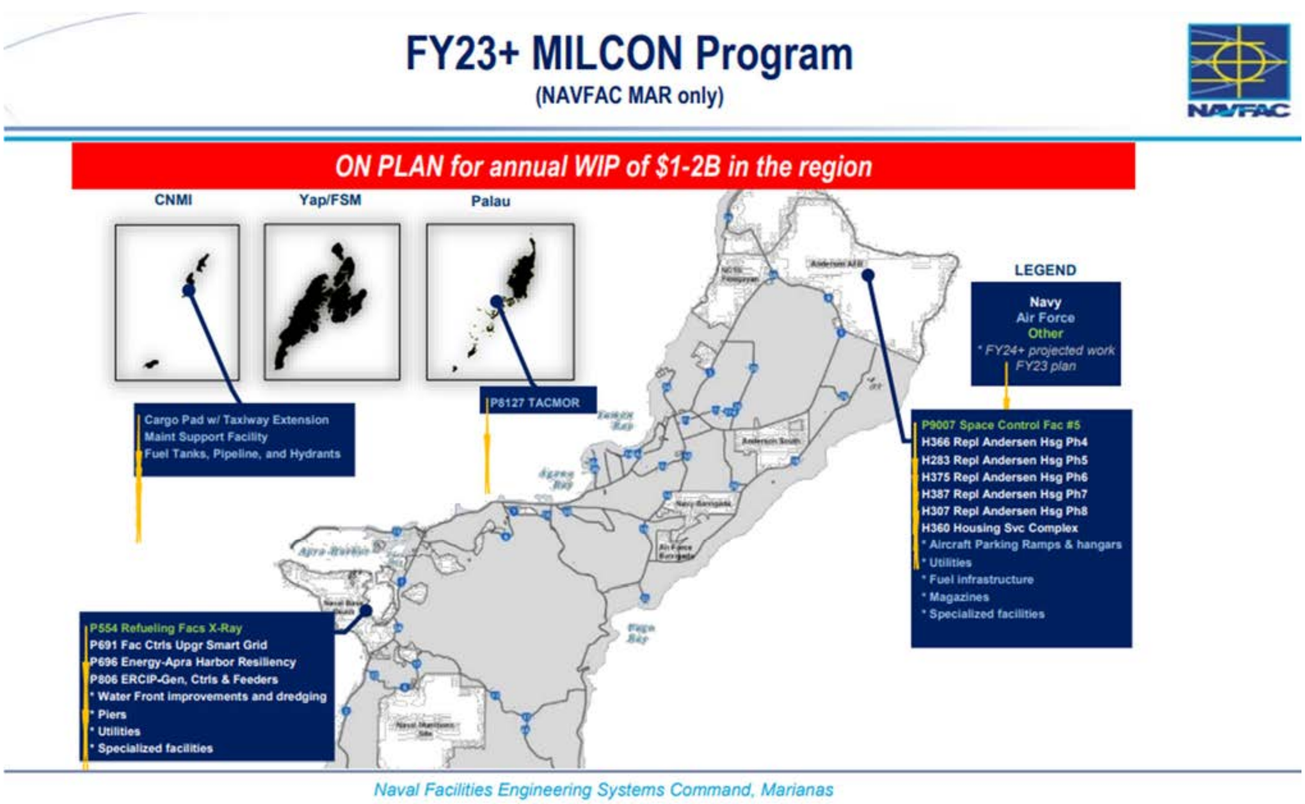
Table A-18
Military Projects Awarded on Guam 2021-2024

Navy Awarded	Company	Amount ($)	Project	Anticipated Completion
August 2021	Core Tech-HDCC-Kajima LLC.	546,000,000	For the construction of five multi-story bachelors enlisted quarters complexes at the Marine Base Camp Blaz	May 2026
April 2022	Hensel Phelps Construction Co.	36,000,000	Warehouse at U.S. Naval Support Activity, Marine Corps Base Camp Blaz	July 2024
April 2022	Black Construction-Tutor Perini Joint Venture	106,000,000	Bachelors Officer Quarters Tower at Marine Base Camp Blaz	December 2024
April 2022	Gilbane SMCC ECC LCC	35,000,000	Armory Facility Marine Corps Base Camp Blaz	August 2024
April 2022	Gilbane SMCC ECC LCC	62,000,000	Marine Expeditionary Brigade Enablers Facility Marine Corps Base Camp Blaz	September 2024
April 2022	Gilbane SMCC ECC LCC	40,000,000	Two Infantry Battalion Company Headquarters Marine Corps Base Camp Blaz	August 2024
April 2022	Granite Construction Co. Guam	35,990,000	Hardening of overhead roof structure, Joint Region Marianas	July 2024
May 2022	Gilbane SMCC ECC LCC	75,196,267	Permanent Maintenance Building, Administrative Building and other facilities for Maine Air Ground Combat Task Force	September 2024
May 2022	Black Construction-Tutor Perini Joint Venture	73,020,113	Low-rise facilities to support the 4th Marine Regiment	August 2024
May 2022	Black Construction-Tutor Perini Joint Venture	48,919,252	Permanent Aviation Administration Building	August 2024
May 2022	Black Construction Corp.	83,733,445	For Design and Construction of Wharf Improvements at Naval Base Guam	September 2024
August 2022	RMA Architects Inc	35,000,000	IDIQ for AE Services for NAVFAC Pacific Housing Projects	August 2027
August 2022	Lockheed Martin Corporation	7,238,885,000	Design/Develop/Deliver HDR-G Radar System to Guam	2028
September 2022	Design Partners Inc	34,300,000	IDIQ for AE Services for NAVFAC Pacific Housing Projects	September 2027
September 2022	Global Pacific Design Builders LLC	33,184,524	Construct Guam Army National Guard Readiness Center	February 2025
October 2022	Design Partners Inc.	49,000,000	Indefinite-delivery/indefinite-quality architect-engineer contract	September 2027
October 2022	Black Construction-Tutor Perini Joint Venture	26,000,000	Design and construction of a communications facility at Joint Regions Marianas, Anderson Air Force Base	February 2025
April 2024	Pacific Rim Constructors Inc.	21,978,000	Construction at Marine Corps Base Camp Blaz of a permanent low-rise recreation center	October 2026
April 2024	Hensel Phelps Shimizu JV	78,432,217	Construction of a new single-story corrosion repair facility at Camp Blaz	October 2026
May 2024	Caddell-Nan a Joint Venture	44,265,264	Construction of a two-story education center at Camp Blaz	May 2026
May 2024	Black Construction – Tutor Perini Joint Venture	74,409,403	For the construction of a child development facility at Andersen Air Force Base	July 2026
May 2024	Pacific Rim Constructors Inc.,	176,929,610	For the design and construction of military housing at Andersen Air Force Base (AAFB), Guam	December 2028

Air Force Awarded	Company	Amount ($)	Project	Anticipated Completion
August 2020	DZSP 21	48,000,000	Base Operating Support Services	April 2028
December 2021	Relyant Globall LLC	28,992,210	Design and construction of eight new earth-covered munitions storage magazines at Andersen Air Force Base, Guam	February 2025
April 2022	Back Construction – Tutor Perini	106,000,000	Construction of a bachelor officer quarters with a multi-story housing tower, attached common area wing and detached utility building.	December 2024
May 2022	Reliable Builders Inc.	43,444,038	Munitions Storage Igloo	July 2025
July 2023	Core Tech International Corp.	216,876,249	design and construction (design-build) for the replacement of Andersen Housing, Naval Support Activity Andersen.	October 2026

Figure 2 below lists all planned Military construction activity tied to the buildup, and as reported as of November 14, 2022, by the Naval Facilities Engineering Systems Command (NAVFAC) Marianas demonstrating the growing activity of military construction on the island going forward for all military branches.

Figure 2
Recent Military Construction Activity



Source: NAVFAC Marinas

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APPENDIX B

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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

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

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

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

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

Years Ended September 30, 2023 and 2022

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Report of Independent Auditors

Commissioners
Consolidated Commission on Utilities

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information and Other Information

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

Other Reporting Required by *Government Auditing Standards*

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

Ernst + Young LLP

May 16, 2024

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

OVERVIEW

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

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

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

GPA'S STRATEGY

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

- Achieve Superior Customer Service – GPA continuously reaches for ways to better serve our customers through accountability, efficiency, and reliability.

- Optimize Energy Production Cost – Focus on reducing costs and improving productivity.

- Achieve Energy Diversification – GPA implemented its Integrated Resource Plan, which includes renewable energy resources like solar and wind power generating 85.3 megawatts. The latest completion of renewable solar generation was 60 megawatts in Marbo which became operational in June 2022.

- Become Financially Sound and Stable – Improve credit rating and debt service coverage. GPA has been an investment-grade credit rating for over twelve years.

GPA'S STRATEGY, continued

Promote Energy Innovation

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

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

These systems enabled the rollout of prepay electricity services and e-billing. Prepay electricity service allows consumers to monitor and control what they spend on their energy consumption and manage their budget. E-billing, through paygpa.com, 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 duel-fired combined-cycle generation units, the retirement of Cabras 1 & 2, expand the renewable energy portfolio, and install energy storage. The PUC approved GPA's generation plan in October 2016, and procurement was completed in 2019.

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

GPA'S STRATEGY, continued

United States Environmental Protection Agency

The United States of America, on behalf of the Unites 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 fuel delivery system from residual fuel oil to ULSD, build 100MW of solar power, install and operate new energy storage system, and pay a civil penalty of $400,000 to resolve the United States' allegations.

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

FINANCIAL HIGHLIGHTS

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

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

FINANCIAL HIGHLIGHTS, continued

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

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

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

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

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

Financial results summary:

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

FINANCIAL HIGHLIGHTS, continued

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

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

Operating Revenues

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

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

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

FINANCIAL HIGHLIGHTS, continued

Operating Revenues, continued

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

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

Operating and Maintenance

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

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

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

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

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

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

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

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

Depreciation and Amortization

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

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

FINANCIAL HIGHLIGHTS, continued

Utility Cost Recovery Activities

Production Fuel

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

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

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

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

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

Interest Income, Interest Expense, and Other Income and Expenses

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

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

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

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

FINANCIAL HIGHLIGHTS, continued

Operating Activities

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

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

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

Capital Activities

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

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

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

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

Investing Activities

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

	2023	2022	2021
Net cash (used in) provided by investing activities	$(11.1)	$24.4	$(0.4)

FINANCIAL HIGHLIGHTS, continued

Borrowing Activities

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

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

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

Credit Ratings

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

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

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

Future Capital Activities

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

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

FINANCIAL HIGHLIGHTS, continued

Future Capital Activities, continued

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

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

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

Future Borrowing

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

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

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

Contacting GPA's Financial Management

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

Management's Discussion and Analysis for the years ended September 30, 2022, is set forth in GPA's report on the audit of the financial statement, which is dated August 16, 2023. For the year ended September 20, 2021, it is set forth in GPA's report on the audit of financial statements dated March 30, 2022. That Discussion and Analysis explain in more detail the major factors impacting the 2022 and 2021 financial statements. A copy of that report can be obtained by contacting the CFO office at (671) 648-3162 or from GPA's website at the addresses noted below.

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

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

Statements of Net Position

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

See accompanying notes.

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

Statements of Net Position, continued

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

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

See accompanying notes.

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

Statements of Fiduciary Net Position

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

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Fiduciary Net Position

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

See accompanying notes.

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

Statements of Cash Flows

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

See accompanying notes.

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

Statements of Cash Flows, continued

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

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

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

Primary Government Financial Statements

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

Fiduciary Fund Financial Statements

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

Basis of Accounting

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

1. Organization and Summary of Significant Accounting Policies, continued

Accounting Estimates

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

Taxes

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

Cash, Cash Equivalents and Investments

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

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

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

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

1. Organization and Summary of Significant Accounting Policies, continued

Cash, Cash Equivalents and Investments, continued

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

Allowance for Doubtful Receivables

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

Inventory Valuation

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

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

Utility Plant

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

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.

Unamortized Debt Issuance Costs

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

Net Position

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

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

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

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

1. Organization and Summary of Significant Accounting Policies, continued

Net Position, continued

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

All of GPA's restricted net position is expendable.

Sales of Electricity

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

Operating and Non-Operating Revenue and Expenses

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Levelized Energy Adjustment Clause

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

1. Organization and Summary of Significant Accounting Policies, continued

Derivative Instruments

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

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

Allowance for Funds Used During Construction

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

Recently Adopted Accounting Pronouncements

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

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

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

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

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

- Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. This implementation did not have a material effect on the accompanying financial statements.

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

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

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

- Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. This implementation did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

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

- Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.

- Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.

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

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

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

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

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

2. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

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

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

	2023						
	Cash and Cash Equivalents and Certificates of Deposit				Investments		
	Held By Trustees		Held By GPA		Held By Trustees	Held By GPA	
	Bond Indenture Funds	PUC Restricted Funds	Unrestricted Funds	Cash Total	Bond Indenture Funds	Unrestricted 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	18,118,977	---	---	18,118,977	---	---	18,118,977
	$90,199,625	$17,813,134	$65,423,593	$173,436,352	$44,229,457	$---	$217,665,809

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

2. Cash, Cash Equivalents and Investments, continued

A. Cash and Cash Equivalents, continued

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

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

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

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

2. Cash, Cash Equivalents and Investments, continued

B. Investments

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

	Amount	Maturity	S&P or Moody's Rating
Current:			
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)	4,786,966	Less than 1 year	Not rated
	$18,528,966		
Noncurrent:			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	$25,700,491	More than 10 years	Aa3

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

	Amount	Maturity	S&P or Moody's Rating
Current:			
Investments held by trustee – restricted:			
Bond Reserve Fund:			
Banco Santander SA (commercial paper)	$13,742,000	More than 1 year	Not rated
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	4,821,264	Less than 1 year	Not rated
	$18,563,264		
Noncurrent:			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	$ 8,684,754	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, 2023 and 2022, each of GPA's investments exceeded 5% of total investments.

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

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

3. Receivables

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

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

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

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

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.

4. Pensions, continued

A. General Information About the Pension Plans, Continued

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

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

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

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

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 28.43% and 28.32%, respectively, for the years ended September 30, 2023 and 2022. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2023 and 2022.

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

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

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

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

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

4. Pensions, continued

A. General Information About the Pension Plans, Continued

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

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

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

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

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

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

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

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

4. Pensions, continued

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

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

	September 30, 2023					
	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
	$25,162,426	$2,740,938	$1,569,935	$1,595,433	$ 1,167,724	$1,436,074

	September 30, 2022					
	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	$ 82,121	$ 520,227	$ ---	$220,725	$ 375,612	$ 66,512
Net difference between projected and actual earnings on pension plan investments	---	6,180,566	---	---	---	---
Changes of assumptions	---	---	432,934	47,113	693,742	225,286
Contributions subsequent to the measurement date	6,878,689	---	1,152,531	---	118,000	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	223,868	2,271,436	145,274	15,629	113,348	624,908
	$ 7,184,678	$8,972,229	$1,730,739	$283,467	$1,300,702	$ 916,706

4. Pensions, continued

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

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

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

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.

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

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

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

Defined Benefit Plan:

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

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

Ad Hoc COLA Plan for DCRS Retirees:

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

C. Payables to the Pension Plans

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

5. Other Post-Employment Benefits (OPEB)

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

A. General Information About the OPEB Plan

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd 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/.

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

A. General Information About the OPEB Plan, continued

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

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

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

B. Total OPEB Liability

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

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

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

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

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

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

B. Total OPEB Liability, continued

Actuarial Assumptions, continued

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

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

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

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

C. Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

Year Ending September 30,	
2024	$(6,405,699)
2025	(5,691,286)
2026	(7,982,052)
2027	(7,006,098)
2028	(7,135,252)
Thereafter	(7,206,604)
	$(41,426,991)

6. Noncurrent Liabilities

A. Long-term Debt

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

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

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.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

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

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

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

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

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

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.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding, continued

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

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

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

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

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

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding, continued

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

	Outstanding October 1, 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	36,453,798	---	(1,577,527)	34,876,271	---
	$511,603,798	$ ---	$(9,307,527)	$502,296,271	$24,680,000

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

Bond Covenants

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

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

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.

6. Noncurrent Liabilities, continued

B. Other Long-term Liabilities

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

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

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

7. Leases

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
		$21,115,196	$9,208,970	$11,906,226

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

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

7. Leases, continued

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

- A lease agreement for fuel storage tanks effective September 1, 2013. The contract includes fixed annual fees escalating 4% every year until August 31, 2022. In July 2022, the lease was extended until August 2025.

- A lease agreement for the use of pipelines effective September 1, 2013. The contract includes fixed annual fees escalating at a certain percentage every year until August 31, 2022. In July 2022, the lease was extended until August 2025.

- A lease agreement for additional fuel storage tank effective January 1, 2018. The contract includes fixed annual fees every year until December 31, 2022. In December 2022, the lease was extended until May 2024, with the option to extend the lease term up to June 2026.

- A lease agreement for additional fuel storage tank effective July 1, 2022. The contract includes fixed annual fees every year until June 30, 2023. In December 2022, the lease was extended until June 2024, with the option to extend the lease term up to June 2026.

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

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

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

8. Agreements with the U.S. Navy

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

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

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

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

9. Commitments and Contingencies

Fuel Purchase Contracts

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

9. Commitments and Contingencies, continued

Fuel Purchase Contracts, continued

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

Performance Management Contracts

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

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

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

Fuel Bulk Storage Facility Contract

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

9. Commitments and Contingencies, continued

Renewable Energy Contracts

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

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

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

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

Energy Conversion Agreement

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

9. Commitments and Contingencies, continued

Energy Conversion Agreement, continued

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

Capital Commitments

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

Self-Insurance

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

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

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

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

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

Litigation

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

9. Commitments and Contingencies, continued

U.S. Environmental Protection Agency

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

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

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

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

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

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

9. Commitments and Contingencies, continued

Hazardous Waste Assessment

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

Autonomous Agency Collections Fund

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

Merit System

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

Integrated Resource Plan

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

9. Commitments and Contingencies, continued

Integrated Resource Plan, continued

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

Asset Retirement Obligation

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

Effect of Typhoon Mawar

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

10. Related Party Transactions and Balances

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

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

10. Related Party Transactions and Balances, continued

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

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

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

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

11. Restricted Net Position

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

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

12. Capital Assets

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

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

12. Capital Assets, continued

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

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

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

Required Supplementary Information

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

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

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

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

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

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

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

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

Last 10 Fiscal Years*

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

* This data is presented for those years for which information is available.
** Covered payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

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

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

Ad Hoc COLA Plan for DCRS Retirees
(Unaudited)

Last 10 Fiscal Years*

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

* This data is presented for those years for which information is available.
** Covered payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

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

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

Last 10 Fiscal Years*

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

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

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

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

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 4,552,636	$ 4,322,457	$ 5,076,726	$ 3,108,876	$ 3,637,954	$ 4,181,160	$ 3,281,051
Interest	3,880,848	3,609,190	4,410,618	5,104,601	5,383,112	4,805,542	4,969,757
Changes in proportionate share	(16,187,855)	72,207	2,835,386	(22,527)	13,530,834	169,528	---
Difference between expected and actual experience	(3,461,485)	4,633,265	17,831,719	-	(33,509,074)	---	---
Change of assumptions	(34,538,604)	4,659,031	(29,325,681)	36,002,259	(12,122,578)	(14,997,174)	16,377,134
Change of benefit terms	4,933,224	---	---	---	---	---	---
Benefit payments	(3,397,122)	(2,750,749)	(2,400,174)	(2,535,819)	(2,597,426)	(2,337,202)	(2,337,202)
Net change in total OPEB liability	(44,218,358)	14,545,401	(1,571,406)	41,657,390	(25,677,178)	(8,178,146)	22,290,740
Total OPEB liability, beginning	174,910,068	160,364,667	161,936,073	120,278,683	145,955,861	154,134,007	131,843,267
Total OPEB liability, ending	$ 130,691,710	$ 174,910,068	$ 160,364,667	$ 161,936,073	$ 120,278,683	$ 145,955,861	$ 154,134,007
Covered payroll as of valuation date	$ 30,828,217	$ 40,268,155	$ 31,845,149	$ 31,141,489	$ 29,507,688	$ 25,806,659	$ 25,806,659
Total OPEB liability as a percentage of covered payroll	423.94%	434.36%	503.58%	520.00%	407.62%	565.57%	597.26%
Notes to schedule:							
Discount rate	4.020%	2.260%	2.210%	2.660%	4.180%	3.630%	3.058%

Change in benefit terms:
None.

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

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

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

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

Last 10 Fiscal Years*

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

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

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

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

Schedule VII
Required Supplementary Information
Schedule of the OPEB Contributions
(Unaudited)

Last 10 Fiscal Years*

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

Notes to schedule:

Valuation date:

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

Method and assumptions used to determine contributions rates:

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

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

Supplementary Information and Other Information

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

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

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

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

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

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

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

Schedule of Operating and Maintenance Expenses, continued

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

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

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

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

Certain provisions of the Senior Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Senior Indenture.

CERTAIN DEFINITIONS

Unless the context otherwise requires, the terms defined below will for purposes of this Official Statement have the following meanings, to be equally applicable to both the singular and plural forms of any of the terms defined.

"Account" means each account established and given a designation pursuant to the Senior Indenture or any Supplemental Indenture.

"Accreted Value" means, with respect to any particular Bonds as of any given date of calculation, an amount equal to the sum of the principal amount of such Bonds plus accrued and unpaid interest on such Bonds as of such date, but not including interest payable on a current basis at least annually.

"Act" means the Guam Power Authority Act of 1968, constituting Chapter 8, Title 12, Guam Code Annotated, as it may from time to time hereafter be amended or supplemented.

"Annual Debt Service" means, for any Bond Year, the sum of (1) the interest falling due on then Outstanding Bonds (assuming that all then Outstanding Serial Bonds are retired on their respective maturity dates and that all then Outstanding Term Bonds are retired at the times of and in amounts provided for by the Mandatory Sinking Account Payments applicable to such Term Bonds), but not including Capitalized Interest, (2) the principal amount of then Outstanding Serial Bonds falling due by their terms, and (3) the aggregate amount of all Mandatory Sinking Account Payments required; all as calculated for said Bond Year. For the purpose of determining the interest payable on Variable Rate Bonds, the interest rate used in the foregoing calculation shall be the actual interest rate for periods prior to the date of calculation and the maximum rate then permitted on such Variable Rate Bonds for periods subsequent to the date of calculation.

"Authority" means the Guam Power Authority, a public corporation of the Government created and operating pursuant to the Act.

"Authorized Officer" of the Trustee or Co-Trustee means and includes the chairman of the board of directors, the president, every vice president, every trust officer and any other officer or assistant officer of the Trustee or Co-Trustee, other than those specifically above mentioned, designated by a certificate of an Authorized Officer of the Trustee or Co-Trustee, as the case may be, as an Authorized Officer for purposes of the Indenture.

"Authorized Representative" means the Chairman of the Board, the General Manager of the Authority or the Chief Financial Officer of the Authority, or any other officer or official of the Authority designated in writing by any of such officers whose signature has been certified to the Trustee and the Co-Trustee.

"Board" means the Consolidated Commission on Utilities, acting as Board of Directors of the Authority. "Board" also means any officer or official of the Government whenever any action which the Act or the Indenture or any Supplemental Indenture requires or permits the Board to take can, under the Organic Act of Guam or any provision of the Guam Code Annotated or any other Guam statute, be taken for or on behalf or in lieu of the Board only by such officer or official.

"Bond Counsel" means an attorney or firm of attorneys having a national reputation for expertise in matters relating to governmental obligations, the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, and familiar with the laws of Guam and procedures of the Government and the Authority.

"Bond Fund" means each fund by that name established pursuant to the Indenture.

"Bond Year" means, with respect to the 2024A Senior Bonds, the period of twelve consecutive months ending on September 30 of each year in which 2024A Senior Bonds are or will be Outstanding in such twelve-month period, provided the first Bond Year shall commence on the date of delivery of the 2024A Senior Bonds and end on September 30, 2025, and, with respect to any other Series, any other annual 12-month period as may be specified by the Supplemental Indenture authorizing such Series.

"Bondholder" means the person in whose name a Bond is registered.

"Business Day" means any day on which banks in the cities in which the Principal Offices of the Trustee, the Co-Trustee, the Depositary, the Paying Agent and each Credit Provider, if applicable, are located are not required or authorized to close and on which the New York Stock Exchange is not closed.

"Capitalized Interest" means interest on Bonds to be paid from the original proceeds of Bonds (including proceeds constituting accrued interest on the Bonds) and from income derived from the investment of such proceeds.

"Certificate," "Order," "Request," "Requisition," and "Statement" mean, respectively, a written certificate, order, request, requisition, or statement, executed on behalf of the Authority by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument shall include the statements provided for in such Indenture.

"Code" means the Internal Revenue Code of 1986 or any similar or successor federal law, including any applicable regulations thereunder.

"Construction Fund" means the Revenue Bond Construction Fund established pursuant to the Senior Indenture within the Guam Power Authority Construction Fund created pursuant to Section 8236 of the Act.

"Continuing Disclosure Agreement" means, with respect to the 2024A Senior Bonds, the Continuing Disclosure Agreement entered into with respect to such Bonds, a form of which is attached to this Official Statement as APPENDIX E.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising costs, Bond and official statement printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Co-Trustee and the Depositary, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, Credit Facility fees or premiums, fees and expenses of counsel to any Credit Provider and any other cost, charge or fee in connection with the original issuance of Bonds.

"Co-Trustee" means U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), acting as an independent co-trustee under the Indenture with the duties and powers therein provided, and any other corporation or association which may at any time be substituted in its place as such co-trustee, as provided therein.

"Credit Agreement" means any agreement between the Authority and a Credit Provider pursuant to which such Credit Provider agrees to provide a Credit Facility or pursuant to which the Authority agrees to reimburse a Credit Provider for draws or advances under or claims made against a Credit Facility.

"Credit Facility" means the 2014 Credit Facility with respect to the 2014 Insured Bonds and any other instrument designated by a Supplemental Indenture as providing supplemental credit support for a Series of Senior Bonds (including, any such instrument substituting for a deposit in the Senior Bond Reserve Fund which is approved as to form and issuer by each Credit Provider for each Series of Senior Bonds so long as the Credit Facility for such Series of Senior Bonds is in effect).

"Credit Provider" means any person, firm or entity designated in a Supplemental Indenture as providing supplemental credit support for a Series of Bonds.

"Depositary" means with respect to each Series of Bonds and each Fund or Account, the bank or trust company or other financial institution qualified pursuant to the Indenture and appointed by such Indenture or a Supplemental Indenture or a Statement of the Authority to act as Depositary thereunder for such Series or such Fund or Account and, in each case, its successors and assigns.

"Director of Administration" means the Director of Administration, head of the Department of Administration within the executive branch of the Government.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events specified in the Indenture.

"Federal Securities" means, subject to restrictions imposed by any Credit Provider with respect to a Series of Bonds, if any, (1) direct obligations of the United States of America for which the full faith and credit of the United States of America are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America); and (2) cash (insured at all times by federal deposit insurance or otherwise collateralized with obligations listed in (1) above.

"Fiduciaries" means the Trustee, the Co-Trustee, each Depositary and each Paying Agent.

"Fiscal Year" means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period selected and designated as the official fiscal year period of the Authority.

"Fund" means each fund established and given a designation pursuant to the Senior Indenture or any Supplemental Indenture.

"Government" means the Government of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

"Governor" means the Governor of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

"Indenture" means the Senior Indenture.

"Independent" means, when used with respect to any given Person, that such Person (who may be selected and paid by the Authority) is acceptable to the Trustee and (1) is in fact independent and, not under domination of the Authority; (2) does not have any substantial interest, direct or indirect, with the Authority; and (3) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to provide services to the Authority.

"Independent Consultant" means any Independent certified public accountant, Independent engineer or other Independent consultant, who is in any case nationally recognized as being experienced in the preparation of feasibility studies for use in connection with the financing of power facilities.

"Interest Accrual Period" means, for any particular Bond, each period between successive Interest Payment Dates for such Bond, including in each case in such period the concluding Interest Payment Date but not the beginning Interest Payment Date, and treating the date of original issuance of such Bond as if it were an Interest Payment Date for such Bond for this purpose.

"Interest Payment Date" means, for any particular Bond, each date specified as an Interest Payment Date for such Bond or Bonds by the Indenture or by the Supplemental Indenture authorizing the issuance of such Bond or Bonds and, for all Bonds, all such dates.

"Investment Securities" means, subject to restrictions imposed by any Credit Provider with respect to a Series of Bonds, if any, any of the following which at the time are legal investments under the laws of Guam for moneys held under the Indenture and then proposed to be invested therein:

(i) any obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including any such obligations of the Export-Import Bank, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the U.S. Department of Housing and Urban Development and the Federal Housing Administration;

(ii) bonds, notes or other evidences of indebtedness rated in the highest rating category by Moody's Investors Service and S&P Global Ratings, issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, with remaining maturities not to exceed three years;

(iii) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, and (b) which are rated in the highest rating category of either Moody's Investors Service or S&P Global Ratings;

(iv) U.S. Dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (without consideration of rating of any such bank's holding company) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P Global Ratings and "P-1" by Moody's Investors Service and maturing no more than 360 days after the date of purchase;

(v) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P Global Ratings and "P-1" by Moody's Investors Service and which matures not more than 270 days after the date of purchase;

(vi) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P Global Ratings; and

(vii) investment agreements or other forms of investments selected by the Authority, approved in writing by the Credit Provider for such Bonds, and having no adverse impact on the rating of any Bonds after notice to each Rating Agency.

"Legislature" means the Legislature of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

"Maintenance and Operation Expenses" means (i) the fees and expenses of the Fiduciaries and any Credit Providers, (ii) any amounts required to be deposited in the Rebate Fund, and (iii) all reasonable costs of operating and maintaining the System, including refunds of rates and charges that are collected in error, as authorized by Section 8204 of the Act, and all reasonable repairs, renewals, replacements, System insurance costs and costs of insurance or other provision for retirement of officers and employees of the Authority (all of which said charges are to be made in conformity with generally accepted accounting principles) exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal or amortization of bonded or other indebtedness of the Authority, and also exclusive of all in-lieu tax payments required to be made by the Authority to the Government pursuant to Section 8115 of the Act.

Such Maintenance and Operation Expenses of the System include, generally, but without limitation, fuel, purchased power, salaries and wages, fees for services, materials and supplies, rents, office supplies, and all other costs that are charged directly or apportioned to the maintenance and operation of the production, transmission and distribution facilities of the System, customer accounts, sales and administrative functions, or to the general operation of the Authority.

Said term also includes all Revenues required by any Supplemental Indenture and by the Act to be deposited in any one or more reserve funds or accounts in lieu of insurance.

Said term does not include costs, or charges made therefor, for additions, betterments, extensions or improvements to or retirements from the System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Authority.

"Mandatory Sinking Account Payment" means, as of any date of calculation with respect to any Series of Bonds, the amount required by the Indenture or any Supplemental Indenture to be paid by the Authority on a given date for the retirement of Term Bonds of such Series.

"Maximum Annual Debt Service" means, for any particular Bonds as of any date of calculation, Annual Debt Service on such Bonds for the Bond Year commencing on or after such date for which such sum shall be largest.

"MSRB" means the Municipal Securities Rulemaking Board, and its successors and assigns. Until otherwise designated by the MSRB, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB located at http://emma.msrb.org.

"Net Revenues" means, for any particular period, all of the Revenues received during such period less all Maintenance and Operation Expenses incurred during such period.

"1993 Supplemental Indenture" means the Supplemental Indenture, dated as of October 1, 1993, among the Authority, the Trustee and the Co-Trustee, relating to the 1993 Series A Bonds.

"1994 Supplemental Indenture" means the Supplemental Indenture, dated as of October 1, 1994, among the Authority, the Trustee and the Co-Trustee, relating to the 1994 Series A Bonds.

"1999 Supplemental Indenture" means the Supplemental Indenture, dated as of May 1, 1999, among the Authority, the Trustee and the Co-Trustee.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the Authority) selected by the Authority. If and to the extent required, each Opinion of Counsel shall include any statements required to be included as provided for in the Indenture.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture with respect to disqualified Bonds) all Bonds theretofore, or thereupon being, authenticated and delivered by the Co-Trustee under the Indenture except (1) Bonds theretofore cancelled by the Co-Trustee or surrendered to the Co-Trustee for cancellation; (2) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture, including Bonds (or portions of Bonds) referred to in the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds of the same Series, maturity and tenor shall have been authenticated and delivered by the Co-Trustee pursuant to the Indenture.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

“Paying Agent” means, with respect to the 2024A Senior Bonds, U.S. Bank Trust Company, National Association, and its successors and assigns, and any additional paying agent appointed by or pursuant to the Indenture and its successors and assigns.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Office” means, with respect to the Trustee, the office of the Trustee in Guam; with respect to the Co-Trustee and with respect to the Paying Agent for the 2024A Senior Bonds, the office of the Co-Trustee in St. Paul, Minnesota; and with respect to any other Fiduciary the office of such Fiduciary designated in the Supplemental Indenture or other instrument appointing such Fiduciary; in each case at such address as the respective party may have designated for such purpose. The Principal Office of any Credit Provider shall be specified by such Credit Provider pursuant to its Credit Facility or Credit Agreement.

“Principal Payment Period means, with respect to the 2024A Senior Bonds, the period beginning on the date of issuance in respect of such Bonds and ending October 1, 2025, and thereafter each period of twelve months ending on October 1, and with respect to any of any other Series, each period so designated by the Supplemental Indenture authorizing the issuance of such Series.

“Project” means any addition, extension, betterment or other improvement to the System, including without limitation any equipment or furnishings and any land therefor or the payment of any claims or judgments relating thereto, as specified and described by the Supplemental Indenture authorizing issuance of any Bonds for any such Project, and as such specifications and description may be modified in accordance with the Indenture.

“Project Costs” means, with respect to any given Project, all costs thereof, including (i) Costs of Issuance of any Bonds issued to finance such Project; (ii) Capitalized Interest; (iii) any costs or expenses of the acquisition, construction or completion of such Project or any part thereof or any costs or expenses incidental thereto, including payment to the United States or any other public body for the portion to be borne by the Board of the cost of any work done by the United States or such public body for or jointly or in conjunction with the Board; and (iv) any engineering, inspection, legal, consultants’ or paying agents’ fees relating or incidental to the acquisition, construction or completion of the System or any part thereof; or the authorization, issue or sale of Bonds.

“PUC” means the Public Utilities Commission of Guam, established and existing pursuant to Chapter 12, Title 12, Guam Code Annotated, and any successor to its rights, duties and powers.

“Rating Agency” means, at any time with respect to any Bonds, any rating agency then rating such Bonds at the request of the Board.

“Rebate Fund” means the Fund by that name established pursuant to the Indenture.

“Record Date” means, for any particular payment of principal of or interest or premium on particular Bonds, each date specified as a Record Date for such Bonds by the Indenture or by the Supplemental Indenture authorizing the issuance of such Bonds. The Record Date for the 2024A Senior Bonds is the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

“Redemption Price” means, with respect to any Bond (or portion thereof if less than all of a Bond is to be redeemed) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

"Representation Letter" means the Letter of Representations to DTC from the Authority and the Trustee, and any similar letter to which the provisions of the Indenture are made applicable.

"Revenue Fund" means the Revenue Bond Revenue Fund established pursuant to the Senior Indenture within the Guam Power Authority Revenue Fund established pursuant to Section 8237 of the Act.

"Revenues" means and includes: (i) any and all rates and charges received or receivable in connection with, and any and all other income and receipts of whatever kind and character derived by the Authority from the operation of or arising from the System, but not including refundable deposits made by customers of the System to establish the creditworthiness of such customers, customer advances for construction or contributions in aid of construction; (ii) any moneys received or receivable by the Authority pursuant to any contract between the Authority and any person, which moneys are designated as Revenues in such contract; and (iii) all earnings on any investment of any Revenues.

"Securities Depository" means DTC, or such other securities depository, or no such depository, as the Authority may designate in a Certificate delivered to the Co-Trustee.

"Senior Bond Reserve Fund" means the Bond Reserve Fund established pursuant to the Senior Indenture.

"Senior Bond Reserve Fund Requirement" means, on any date of calculation, an amount equal to Maximum Annual Debt Service on all then Outstanding Senior Bonds or such higher amount as may be specified by Supplemental Indenture. For purposes of this definition, the interest rate on each Variable Rate Bond shall be assumed to be the maximum rate then permitted on such Senior Bond.

"Senior Bonds" or "Bonds" means the Guam Power Authority Revenue Bonds authorized by, and at any time outstanding pursuant to, the Senior Indenture.

"Senior Indenture" means the Indenture, dated as of December 1, 1992, by and among the Authority, the Trustee and the Co-Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture, including the 1993 Supplemental Indenture, the 1994 Supplemental Indenture, the 1999 Supplemental Indenture, the 2010 Supplemental Indenture, the 2012 Supplemental Indenture, the 2014 Supplemental Indenture, the 2017 Supplemental Indenture, the 2022 Supplemental Indenture and the 2024 Supplemental Indenture.

"Serial Bonds" means the Bonds, falling due by their terms on specified dates, for which no Mandatory Sinking Account Payments are provided.

"Series" or "Series of Bonds" means and refers to all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to the Senior Indenture and any Bonds thereafter delivered in lieu of or substitution for any of such Bonds pursuant to such Indenture.

"Sinking Accounts" means any special account or accounts established in the Bond Fund for the payment of Term Bonds.

"Supplemental Indenture" means any indenture duly executed and delivered, supplementing, modifying or amending the Senior Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereby.

"Surplus Fund" means the fund by that name established pursuant to the Senior Indenture.

"System" means the entire electric power system of the Authority, including the existing electric production, transmission, distribution and general plant facilities and all the electric production, transmission, distribution and general plant facilities subsequently acquired by lease, contract, purchase or otherwise or constructed by the Authority, including the facilities of the Projects, together with all additions, betterments, extensions and improvements to said electric power system or any part thereof subsequently made, and including any electric power system facilities acquired by lease, contract, purchase or otherwise from any Person, together with all administration buildings, furniture, facilities, machinery and equipment of the Authority and all lands, easements and rights of way of the Authority and all other works, property or structures of the Authority used or useful in connection with or related to said electric power system.

"Tax Certificate" means, with respect to any one or more Series of Bonds, a Certificate or Certificates of the Authority concerning the calculation of any amount to be paid to the United States of America pursuant to Section 148(f) of the Code and any other matters relating to the exclusion of interest on such Bonds from gross income for federal income tax purposes or other federal tax law matters relating to such Bonds.

"Term Bonds" means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"Trustee" means Bank of Guam, and any other corporation or association which may at any time be substituted in its place as trustee, as provided in the Indenture.

"2012 Senior Bonds" means the Guam Power Authority Revenue Bonds, 2012 Series A, issued under the Senior Indenture.

"2012 Supplemental Indenture" means the Fifth Supplemental Indenture, dated as of October 1, 2012, among the Authority, the Trustee and the Co-Trustee, relating to the 2012 Senior Bonds.

"2014 Credit Provider" means, so long as there are any 2014 Insured Bonds insured by the 2014 Credit Provider, Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"2014 Insured Bonds" means the 2014 Senior Bonds maturing on October 1 in years 2032, 2033, 2034, 2039 and 2044.

"2014 Supplemental Indenture" means the Sixth Supplemental Indenture, dated as of September 1, 2014, among the Authority, the Trustee and the Co-Trustee, relating to the 2014 Senior Bonds.

"2017 Senior Bonds" means the Guam Power Authority Revenue Bonds, 2017 Series A, issued under the Senior Indenture.

"2017 Supplemental Indenture" means the Seventh Supplemental Indenture, dated as of December 1, 2017, among the Authority, the Trustee and the Co-Trustee, relating to the 2017 Senior Bonds.

"2022A Senior Bonds" means the Guam Power Authority Revenue Bonds, 2022 Series A (Forward Delivery), issued under the Senior Indenture.

"2022 Supplemental Indenture" means the Eighth Supplemental Indenture, dated as of April 1, 2022, among the Authority, the Trustee and the Co-Trustee, relating to the 2022A Senior Bonds.

"2024A Senior Bonds" means the Guam Power Authority Revenue Refunding Bonds, 2024 Series A, authorized to be issued and Outstanding under the Senior Indenture.

"2024 Supplemental Indenture" means the Ninth Supplemental Indenture, dated as of July 1, 2024, among the Authority, the Trustee and the Co-Trustee, relating to the 2024A Senior Bonds.

"Variable Rate Bonds" means Bonds which bear interest at a rate which may change from time to time.

"Working Capital Fund" means the Fund by that name established pursuant to the Senior Indenture.

"Working Capital Requirement" means, on any date of calculation, an amount equal to one-twelfth of the aggregate amount of Maintenance and Operation Expenses budgeted, pursuant to the budget filed by the Authority pursuant to the Senior Indenture, to be paid from Revenues during the then current Fiscal Year.

THE SENIOR INDENTURE

Funds

The following funds are established under the Senior Indenture:

Construction Fund - Moneys on deposit in the Construction Fund will be disbursed by the Depositary for the payment or reimbursement of the costs of each Project for which a Series of Senior Bonds is issued, including the costs associated with the issuance of such Series of Senior Bonds and Capitalized Interest, and, to the extent necessary, to fund any deficiency in the Senior Bond Fund for the payment of principal of and interest on the Senior Bonds or redemption price thereof.

Revenue Fund - The Authority shall pay all Revenues, upon receipt, to the Depositary for deposit in the Revenue Fund. Moneys on deposit in this Fund are to be applied in the manner described under "—Sources of Payment; Rate Covenant; Use and Allocation of Revenues" below.

Senior Bond Fund – The Co-Trustee is required to apply moneys on deposit in this fund solely for the purposes of (1) paying interest on the Senior Bonds, and (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 as provided in the Senior Indenture.

Senior Bond Reserve Fund – The Authority is required to make monthly deposits to the Senior Bond Reserve Fund from Revenues of amounts necessary to increase the amount of such Fund to the Maximum Annual Debt Service on all Outstanding Senior Bonds issued under the Senior Indenture or such higher amount as may be specified by the Supplemental Senior Indenture. Moneys in the Senior Bond Reserve Fund shall be applied solely to make up deficiencies in the Senior Bond Fund. Any moneys in the Senior Bond Reserve Fund on any October 5 in excess of the Senior Bond Reserve Fund Requirement may be transferred to the Depositary for deposit into the Revenue Fund.

Working Capital Fund – The amounts in the Working Capital Fund may be (1) transferred to the Revenue Fund, if and to the extent that amounts in the Revenue Fund are insufficient to (a) pay Maintenance and Operation Expenses as and when they become due and payable or (b) make monthly transfers to the Senior Bond Fund or the Senior Bond Reserve Fund as required by the Senior Indenture or (2) used and withdrawn to pay costs of repair or replacement of loss or damage caused by or resulting from fire or from action of the elements (including loss from typhoons, earthquakes, floods and tidal waves), whether or not such costs are Maintenance and Operation Expenses.

Rebate Fund – The Trustee is required to hold in trust all moneys deposited in the Rebate Fund, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America and the Trustee shall disburse such moneys in accordance with the Senior Indenture and the Tax Certificate. In the event such moneys exceed the Rebate Requirement, the Authority may direct the Trustee to transfer such excess moneys to the Revenue Fund.

Surplus Fund – The Depositary is required to disburse moneys from the Surplus Fund first, to the Senior Bond Fund in the event there are insufficient moneys on deposit in the Senior Bond Fund to pay the principal or redemption price of or interest on the Senior Bonds when due, for the purpose of paying principal of and interest on the Senior Bonds or the reimbursement of amounts drawn under any Credit Facility as provided in the Senior Indenture; second, to the Senior Bond Reserve Fund to satisfy any deficiency therein; and third, for the purpose of paying costs and expenses of the Authority budgeted to be paid from Revenues in the Surplus Fund. All amounts in the Surplus Fund on the fifth day of each month, after the deposits required by the Senior Indenture have been made, are to be paid by the Depositary to the Authority, free and clear of the pledge and lien of the Senior Indenture.

Sources of Payment; Rate Covenant; Use and Allocation of Revenues

The Senior Indenture contains a covenant that rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the System will be established, fixed, prescribed and collected so as to yield Net Revenues, with respect to the then immediately ensuing twelve months equal to at least 1.30 times the sum of (1) the interest falling due on then Outstanding Senior Bonds (assuming that all then Outstanding Serial Senior Bonds are retired on their respective maturity dates and that all then Outstanding Term Senior Bonds are retired at the times of and in amount provided for by the Mandatory Sinking Account Payments applicable to such Term Senior Bonds), but not including Capitalized Interest, (2) the principal amount of then Outstanding Serial Senior Bonds falling due by their terms, and (3) the aggregate amount of all Mandatory Sinking Account Payments required (all as calculated for said Bond Year) to be paid from Net Revenues during such 12-month period. For the purpose of determining the interest payable on Variable Rate Senior Bonds, the interest rate used in the foregoing calculation shall be the actual interest rate for periods prior to the date of calculation and the maximum rate then permitted on such Variable Rate Senior Bonds for periods subsequent to the date of calculation. Net Revenues means, for any particular period, all of the Revenues received during such period less all Maintenance and Operation expenses incurred during such period.

The Senior Indenture requires the Authority to transfer all Revenues, upon receipt, to the Depositary for deposit in the Revenue Fund, except that all interest and other profit from the investment of moneys in the Construction Fund are required to be retained in such Fund.

Amounts in the Revenue Fund are to be used to pay budgeted Maintenance and Operation Expenses as such expenses become due and payable. Amounts in the Revenue Fund are also to be transferred to the Rebate Fund as required by the Senior Indenture and to the Senior Bond Fund to satisfy any deficiency in such Fund.

On or before the fifth day of each month, the Depositary is required to transfer moneys in the Revenue Fund for deposit in the following funds, in the amounts and in the following priority: (1) into the Senior Bond Fund held by the Co-Trustee, an amount, for each Series of Senior Bonds, which if paid in equal monthly installments will be sufficient to pay interest becoming due on the next Interest Payment Date plus, during the Principal Payment Period for each Senior Bond, an amount which, if paid in equal monthly installments in each month during such Principal Payment Period, would yield moneys sufficient to pay the principal or Mandatory Sinking Account Payment due and payable on the interest payment date next succeeding such Principal Payment Period for such Senior Bond; (2) into the Senior Bond Reserve Fund held by the Co-Trustee, the amount, if any, necessary to increase the balance in such Fund to the Senior Bond Reserve Fund Requirement; (3) into the Working Capital Fund, the lesser of (a) the amount, if any, needed to increase the amount in the Working Capital Fund to the Working Capital Requirement, or (b) an amount equal to one-sixth of the Working Capital Requirement; and (4) into the Surplus Fund, the balance remaining in the Revenue Fund after the foregoing deposits have been made.

Redemption of Senior Bonds

The 2024A Senior Bonds are subject to redemption prior to their respective stated maturities as explained in the front portion of this Official Statement under the captions "THE 2024A SENIOR BONDS —Redemption of the 2024A Senior Bonds." Any Series of Senior Bonds other than the 2024A Senior Bonds may be made subject to redemption prior to maturity as may be determined by the Authority at the time such Series is authorized or issued.

Any 2024A Senior Bonds (or portions thereof) called for redemption on the date fixed for redemption will become due and payable at the Redemption Price specified in the notice together with interest accrued thereon to the date fixed for redemption. Interest on such 2024A Senior Bonds called for redemption will cease to accrue and such Senior Bonds (or portions thereof) will not be entitled to any benefits security under the Senior Indenture, and the Senior Bondholders thereof will have no rights with respect thereof except to receive payment of the Redemption Price and accrued interest thereon. See "THE 2024A SENIOR BONDS —Redemption of the 2024A Senior Bonds" in the front portion of this Official Statement for additional provisions relating to the redemption of the 2024A Senior Bonds.

Except as otherwise provided in a supplemental senior indenture, notice of redemption shall be given in the form and manner set forth in the Senior Indenture by the Co-Trustee not less than thirty (30) and not more than sixty

(60) days before the date fixed for redemption. A copy of any notice of redemption shall also be sent by overnight delivery or certified mail, with return receipt requested, to each of the Fiduciaries, each of the Credit Providers, and certain securities depositories and information services. Failure to give such notice by first class mail to any Senior Bondholders, to any Fiduciaries, to any Credit Providers or to any securities depositories or information services, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any Senior Bonds. A second notice shall be sent, by certified mail with return receipt requested, to the registered owner of any Senior Bond which has been called for redemption in whole or in part, and is not surrendered for payment within 60 days after the date fixed for redemption. Failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Senior Bonds.

The Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the Senior Bonds, rescind and cancel such notice of redemption, and any optional redemption of Senior Bonds and notice thereof shall be rescinded and cancelled and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled pursuant to the provisions of the Senior Indenture summarized above.

Notwithstanding the foregoing, the 2024 Supplemental Indenture requires that notice of redemption in respect of the 2024A Senior Bonds shall be given by the Co-Trustee, not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption, by first class mail to each of the registered owners of the 2024A Senior Bonds designated for redemption at their addresses appearing on the bond registration books of the Co-Trustee on the date the 2024A Senior Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the 2024A Senior Bonds of such maturity to be redeemed and, in the case of 2024A Senior Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said 2024A Senior Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2024A Senior Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2024A Senior Bonds then be surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of such 2024A Senior Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each 2024A Senior Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any 2024A Senior Bonds.

A copy of any notice of redemption given pursuant to the foregoing paragraph shall also be sent by first class mail to each Owner of $1,000,000 or more in aggregate principal amount of 2024A Senior Bonds to be redeemed and to each of the Fiduciaries in respect of the 2024A Senior Bonds, each of the Credit Providers in respect of the 2024A Senior Bonds, if any, the Securities Depositories (as defined below) and at least one of the Information Services (as defined below); provided, however, that failure to give notice pursuant to this sentence by certified mail to any 2024A Senior Bondowners, to any Fiduciaries in respect of the 2024A Senior Bonds, to any Credit Providers in respect of the 2024A Senior Bonds or to any Securities Depositories or Information Services, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any 2024A Senior Bonds. A second notice shall be sent by first class mail to the registered owner of any 2024A Senior Bond which has been called for redemption in whole or in part, and is not surrendered for payment within sixty (60) days after the date fixed for redemption; provided, however, that failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any such Bonds.

In the 2024 Supplemental Indenture, "Information Services" means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website at www.emma.msrb.org, or its successor, or any other recognized repository in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other services providing information with respect to called bonds, or no such services, as the Authority may designate in a Certificate delivered to the Co-Trustee; and the term "Securities Depositories" means The Depository Trust Company, 18301 Bermuda Green Drive, Tampa, Florida, 33647, and/or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other nationally recognized securities depositories, or no such depositories, as the Authority may designate in a Certificate delivered to the Co-Trustee. Notice of redemption of Bonds shall be given by the Co-Trustee for and on behalf of the Authority.

Any notice of optional redemption of the 2024A Senior Bonds delivered in accordance with the 2024 Supplemental Indenture may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2024A Senior Bonds thereby called for redemption, and the redemption shall be cancelled and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2024A Senior Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2024A Senior Bonds and notice thereof shall be rescinded and cancelled and the Co-Trustee shall give (in the same manner as notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

Investment of Moneys in Funds

All moneys in any of the funds and accounts established pursuant to the Senior Indenture, other than the Working Capital Fund and the Surplus Fund, is required to be invested by the Trustee, the Co-Trustee or the Depositary, as the case may be, in Investment Securities to maximize investment income, with proper regard for the preservation of principal, pursuant to any request of the Authority as to such investments. All Investment Securities and other investments are subject to the limitations set forth in the Senior Indenture.

All interest and other profit derived from such investments are required to be deposited at least monthly in the Revenue Fund, except that interest and other profit derived from the investment of monies in the Construction Fund or the Rebate Fund shall be retained in each such respective fund.

Investment Securities acquired as an investment of moneys in any fund or account established under the Senior Indenture are required to be credited to such fund or account. Investment Securities in the Senior Bond Reserve Fund and the Senior Bond Fund shall be valued on each Interest Payment Date at the lesser of amortized value or market value as of such date.

If and to the extent provided by a Supplemental Indenture authorizing the issuance of an additional Series of Senior Bonds, the portion of the Senior Bond Reserve Fund Requirement allocable to such Series may be wholly or partially satisfied by a Credit Facility, provided that such Credit Facility is provided by a Credit Provider rated, at the time of deposit of such Credit Facility, in the highest rating category by Moody's Investors Service and S&P Global Ratings. Such Supplemental Indenture may also provide that if a drawing on such Credit Facility is honored, amounts available under the Senior Indenture for deposit in the Senior Bond Reserve Fund shall be applied by the Co-Trustee to reimburse, as soon as practicable, the amount of each payment honoring such drawing and the Co-Trustee shall give notice of such reimbursement required by the applicable Credit Agreement.

Certain Covenants

Punctual Payment. The Authority shall punctually pay or cause to be paid, from the Revenues and other assets pledged under the Senior Indenture, the principal or Redemption Price and interest to become due in respect of all the Senior Bonds, in strict conformity with the terms of the Senior Bonds and of the Senior Indenture.

Extension of Payment of Principal and Interest on the Senior Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Senior Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Senior Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Senior Bonds or the time of payment of any such claims for interest shall be extended, such Senior Bonds or claims for interest shall not be entitled, in case of any default under the Senior Indenture, to the benefits of the Senior Indenture, except subject to the prior payment in full of the principal of all of the Senior Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. This covenant shall not be deemed to limit the right of the Authority to issue Senior Bonds or other indebtedness for the purpose of refunding any Outstanding Senior Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Senior Bonds.

Against Encumbrances. The Board shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues or other assets pledged or assigned under the Senior Indenture while any of the Senior Bonds are Outstanding, except the pledge and assignment created by the Senior Indenture, and except any pledge or assignment subordinate in all respects to the pledge and assignment thereunder, and shall not issue any obligations secured by such pledge and assignment other than the Senior Bonds. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its governmental purposes, and reserves the right to issue other obligations for such purposes and to issue obligations secured by a subordinate pledge and assignment of the Revenues and other assets pledged under the Senior Indenture. The Board will not mortgage or otherwise encumber the System or any part thereof essential to the proper operation of the System or to the maintenance of Revenues.

Power to Issue Senior Bonds and Make Pledge. The Authority represents and warrants that it is duly authorized pursuant to law to issue the Senior Bonds and to enter into the Senior Indenture and to pledge the Revenues and other assets purported to be pledged under the Senior Indenture in the manner and to the extent provided in the Senior Indenture. The Senior Bonds and the provisions of the Senior Indenture are and will be the legal, valid and binding limited obligations of the Authority in accordance with their terms, and the Authority, Trustee, the Co-Trustee (subject to the provisions of the Senior Indenture) and Depositary shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of Revenues and other assets and all the rights of the Senior Bondholders under the Senior Indenture against all claims and demands of all persons whomsoever.

Payment of Taxes and Claims. The Authority shall, from time to time, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Revenues or other assets pledged or assigned under the Senior Indenture, when the same shall become due, after notice to each Credit Provider and an opportunity to contest the same, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Revenues or such other assets or which might impair the security of the Senior Bonds.

Accounting Records and Financial Statements. The Board shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the System, the proceeds of Senior Bonds, the Revenues, and all funds and accounts established pursuant to the Senior Indenture. Such books of record and account shall be available for inspection by the Trustee, the Co-Trustee, the Depositary, any Credit Provider or the Authority, as the case may be, and, with respect to such books of record and account maintained by the Trustee, the Co-Trustee or the Depositary, by any Credit Provider or any Senior Bondholder or agent or representative thereof duly authorized in writing, at reasonable hours and under reasonable circumstances. The Authority shall provide to any Credit Provider such additional information as may be reasonably requested by such Credit Provider concerning the sources and amounts of Revenues.

The Authority shall file with the Trustee, the Co-Trustee, the Depositary and each Credit Provider, and furnish to each major national investment rating service which initially rated any Series of Senior Bonds and to each Senior Bondholder who shall have filed a name and address with the Authority or the Trustee for such purpose, within six months after the close of each Fiscal Year so long as any of the Senior Bonds are Outstanding, complete financial statements with respect to the Revenues and all funds established pursuant to the Senior Indenture, prepared in accordance with generally accepted accounting principles for governmental entities, covering receipts, disbursements, allocation and application of all Revenues for such Fiscal Year, including a statement of revenues, expenditures and fund balances (covering all of the funds established pursuant to the Senior Indenture), balance sheet and statement of changes in financial position, accompanied by an audit report and opinion of a nationally recognized Independent certified public accountant.

The Authority shall also file with the Trustee, the Co-Trustee, the Depositary and each Credit Provider, and furnish to each major national investment rating service which initially rated any Series of Senior Bonds, within 30 days after receipt of the annual audited financial statement of the Authority prepared by an Independent certified public accountant, a copy of such statement.

Maintenance of Powers. The Authority shall at all times use its best efforts to preserve its existence as a public corporation and autonomous instrumentality of the Government; not to be dissolved or lose its franchise or right to exist as such or lose any rights necessary to enable it to maintain and operate the System; and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Senior Bonds or the observance of any of the covenants contained in the Senior Indenture.

Tax Status. (A) The Authority intends that interest on the 2024A Senior Bonds be excluded from gross income for federal income tax purposes. The Authority reserves the right to determine the desired tax status of any additional Series of Senior Bonds.

(B) The Authority has covenanted in the 2024 Supplemental Indenture that it shall not use or permit the use of any proceeds of the 2024A Senior Bonds or any other funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Senior Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(C) The Authority has covenanted in the 2024 Supplemental Indenture shall at all times do and perform all acts and things permitted by law and the Senior Indenture which are necessary or desirable in order to assure that interest paid on the 2024A Senior Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

Compliance with Senior Indenture, Contracts, Laws and Regulations. The Authority shall faithfully observe and perform all of the covenants, conditions and requirements of the Senior Indenture, shall not issue any Senior Bonds in any manner other than in accordance with the Senior Indenture, and shall not take any action that would permit any default to occur under the Senior Indenture, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to the Senior Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in the Senior Indenture, the Authority shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of proceeds of Senior Bonds or Revenues. The Authority shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or subsequently enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting the Senior Bonds.

Rate Covenant. The Authority will, at all times while any of the Senior Bonds remain outstanding, establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished for the System which will yield Net Revenues for the next twelve months equal to at least 1.30 times Annual Debt Service on the Outstanding Senior Bonds to be paid from Net Revenues during such period. The Board may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce rates and charges below the rates then in effect unless the Net Revenues from such reduced rates will at all times be sufficient to meet the requirements described in this paragraph.

This covenant shall not prevent the Board from increasing rates and charges at any time, and the Board shall increase such rates and charges whenever necessary to produce Net Revenues to meet the requirement described in the preceding paragraph.

None of the electric energy owned, controlled or supplied by the Authority shall be furnished or supplied free to any person, but on the contrary shall always be sold or furnished so as to produce Revenues under the Senior Indenture.

The Authority further covenants and agrees that all such rates and charges shall be payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Annual Budgets. Before the first day of each Fiscal Year, the Authority shall file with the Trustee, the Co-Trustee, the Depositary and each Credit Provider, a budget setting forth the estimated Maintenance and Operation Expenses to be paid from the Revenue Fund, the estimated Maintenance and Operation Expenses to be paid from the Surplus Fund, and other costs and expenses to be paid from Revenues, each separately stated, for such Fiscal Year. The Authority may from time to time amend any budget filed as described in this paragraph by filing such amendment with the Trustee, the Co-Trustee, the Depositary and each Credit Provider within 30 days of each amendment. In the absence of a budget for any Fiscal Year, the Trustee, the Co-Trustee and the Depositary shall assume that the budget for such Fiscal Year is the same as the final budget for the prior Fiscal Year. If the budget setting forth the estimated Maintenance and Operating Expenses is increased over the previous Fiscal Year, the Authority shall provide to the Credit Provider a calculation of the amounts required to be calculated as described in this paragraph and the estimated amounts of Revenue to be calculated in such Fiscal Year.

Construction and Maintenance of the System. The Authority will acquire and construct the Projects to be financed with the proceeds of the Senior Bonds in a sound and economical manner, with all practicable dispatch, in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

The Board will operate the System continuously, to the extent practicable under conditions as they may from time to time exist, in an efficient and economical manner, and will at all times maintain, preserve and keep, or cause to be maintained, preserved and kept, the System, including all parts thereof and appurtenances thereto, in good repair, working order and condition, and in such manner that the operating efficiency thereof will be of the highest character and so that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Board shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and the Board will from time to time make, or cause to be made, all necessary and proper repairs and replacements so that the business carried on in connection with the System by the Board for the production, transmission and distribution of electric energy at all times may be properly and advantageously conducted in a manner consistent with prudent management, and the rights and security of the holders of the Senior Bonds fully protected and preserved.

Insurance. The Board will secure and maintain adequate worker's compensation insurance for all employees of the Authority at any time employed in the construction, operation, maintenance, repair or reconstruction of the System, and will secure and maintain general and automotive liability insurance relating to the operation of the System. Such general and automotive liability insurance is required to be in an amount not less than $1,000,000 for injuries, including death, to any one person, and in an amount not less than $2,000,000 for injuries, including death, to two or more persons, on account of any one accident, and property damage insurance in an amount not less than $1,000,000 for each occurrence. The Board will also take out and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Authority. The Board will also secure and maintain property insurance on all facilities constituting the System against risks of loss or damage caused by or resulting from fire and from action of the elements (including loss from typhoons, earthquakes, floods and tidal waves), to the extent that such insurance is obtainable at reasonable cost.

Such insurance shall be carried with companies duly authorized to transact insurance business on Guam. All such insurance shall be of a scope and nature as that usually carried in the industry. All such policies of insurance shall be in form satisfactory to the Trustee and shall contain a clause making all losses payable to the Trustee, as its interests may appear.

Any insurance required under the Senior Indenture may be maintained under a self-insurance or deductible program so long as such self-insurance or deductible program is maintained in the amounts and manner customarily maintained by prudent operators of power systems similar to the System. The Authority shall, every third year, engage an insurance consultant to review the Authority's self-insurance or deductible program and to make recommendations for any necessary modifications, including, but not limited to, any modifications necessary to comply with this covenant. Each such report shall be filed with the Trustee.

The proceeds of such insurance shall be deposited with the Trustee and held separate and apart from all other funds and moneys, to the end that such proceeds of insurance shall be applied to the reconstruction and restoration of the System to at least the same good order, state of repair and condition as it was in prior to the damage, insofar as the System may be restored from said proceeds. The Trustee shall permit withdrawals of the proceeds of such insurance from time to time, but as to each withdrawal only upon (i) a written request of the Authority, stating that the Authority has expended moneys or incurred liabilities to an amount requested in such request to be paid over to it for the purpose of reconstruction and restoration of the System, and specifying the items for which such moneys were expended or such liabilities incurred in such reasonable detail as may be required by the Trustee in its discretion, and (ii) a certificate of a qualified Independent Consultant that, in its opinion, the amount to be withdrawn is reasonable, necessary and currently required for the purposes requested. Any balance of any proceeds of insurance not required for the purpose of reconstruction and restoration as aforesaid shall be deposited by the Trustee in the Senior Bond Reserve Fund to the extent of any deficiency therein, and any remaining balance shall be applied by the Trustee to the purchase of Senior Bonds in the same manner as moneys are applied to the purchase of Senior Bonds under the provisions of the Senior Indenture.

Eminent Domain. If all or any part of the System shall be taken by eminent domain proceedings, the net proceeds realized by the Authority shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions, to wit:

(a) If such funds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the Senior Bonds, together with the interest thereon and any redemption premiums, so as to enable the Authority to retire all of the Senior Bonds then outstanding, either by call and redemption as provided in the Senior Indenture or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Trustee shall apply such moneys to such retirement. The balance of such moneys, if any, shall be transferred to the Authority.

(b) If such proceeds are insufficient to provide the money required for the purposes set forth in subsection (a) of this section, the Authority shall file with the Trustee a resolution requesting the Trustee to distribute such proceeds as authorized in the Senior Indenture and provided in such resolution.

(1) If such resolution requests the Trustee to apply such proceeds to the purchase or redemption of the Senior Bonds then outstanding, the Trustee shall so apply such proceeds to the purchase or redemption of the Senior Bonds then outstanding. Such proceeds shall be applied pro rata to the purchase or redemption of the Senior Bonds of each Series in the proportion which the principal amount of the Senior Bonds of each Series bears to the aggregate principal amount of all Senior Bonds then outstanding. If the Trustee is unable to purchase or redeem Senior Bonds of any particular Series in amounts sufficient to exhaust the moneys applicable to such Series, the remainder of such moneys shall be held in trust and applied to the payment of the Senior Bonds of such Series as the same become due by their terms, and, pending such application, such remaining moneys shall be invested by the Trustee in the manner provided in the Senior Indenture for the investment of moneys in the Reserve Fund.

(2) If such resolution requests the Trustee to deliver such proceeds to the Authority upon the ground that additions, betterments, extensions or improvements to or new facilities for the System will be acquired by the Authority with such proceeds, the Authority shall also file with the Trustee a report of a qualified Independent Consultant showing the loss in annual Revenues, if any, suffered or to be suffered by the Authority by reason of such eminent domain proceedings, together with a general description of the additions, betterments, extensions or improvements to or new facilities for the System then proposed to be acquired by the Authority with such proceeds. If, in the opinion of the Trustee, which shall be final, the additional Revenues to be derived from such additions, betterments, extensions or improvements or new facilities will sufficiently offset the loss of Revenues resulting from such eminent domain proceedings so that the ability of the Authority to meet its obligations under the Senior Indenture will not be substantially impaired, the Trustee shall pay such proceeds to the Treasurer. The Trustee, in reaching such determination, may rely upon the consultant’s report. The Authority covenants that such proceeds will be held in a separate account in trust and applied by the Authority, to the extent necessary, for the purpose of making additions, betterments, extensions or improvements to the System, or for the acquisition of new facilities for the System in lieu of the portion of the System so taken in eminent domain proceedings, all substantially in accordance with such consultant’s report. Any balance of such proceeds remaining after the accomplishment of the purposes aforesaid shall be accounted for as

Revenues (except for the purpose of making the computations required for the issuance of Additional Senior Bonds). While such proceeds are so held in a separate account, they may be invested in the manner provided in the Senior Indenture for the investment of moneys in the Construction Fund.

(3) If such resolution requests the Trustee to deliver such proceeds to the Authority upon the ground that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Senior Bonds and if the Trustee determines (which determination shall be final) that such eminent domain proceedings have not substantially impaired or affected the operation of the System or the ability of the Authority to meet all of its obligations under the Senior Indenture with respect to the payment of the Senior Bonds then outstanding, the Trustee shall disburse such net proceeds to the Treasurer, which shall account for them as Revenues (except for the purpose of making computations required for the issuance of Additional Senior Bonds). The Trustee, in reaching such determination, may, but shall not be required to, obtain at the expense of the Authority the report of a qualified Independent Consultant.

Notwithstanding this covenant, it is the intent and purpose of this covenant to provide that if at any time the proceeds of any eminent domain proceedings affecting all or any part of the System are required to be applied to the payment of the Senior Bonds, such proceeds shall be applied equally and ratably to the payment of all then outstanding Senior Bonds irrespective of their date of issue.

Against Sale or Other Disposition of Property. The Board will not sell, lease or dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the Revenues except as expressly permitted in the Senior Indenture. The Authority will not enter into any lease or agreement which impairs or impedes the operation of the System or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the Senior Bonds, or which would otherwise impair or impede the rights of the holders of the Senior Bonds with respect to the Revenues or the operation of the System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of this System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of Senior Bondholders if such sale will not reduce Revenues and if all of the net proceeds of such sale are deposited in the Revenue Fund.

Against Competition. So long as any Senior Bonds are outstanding, the Authority and the Board will not acquire, own or operate any electric production, transmission or distribution systems or facilities or improvements thereto which would compete with the System. This covenant shall not be construed to prohibit the Authority or the Government from purchasing power from any cogeneration or resource recovery facility or, if required by federal law, from any other source, or to prohibit the Government from acquiring any resource recovery facility.

Protection of Security and Rights of Senior Bondholders. The Board will preserve and protect the security of the Senior Bonds and the rights of the Senior Bondholders, and will warrant and defend their rights against all claims and demands of all persons.

Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law in force that may affect the covenants and agreements contained in the Senior Indenture or in the Senior Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority to the extent permitted by law. The Authority shall not claim, and waives any claim to, sovereign immunity from any suit or other action that may be brought under the Senior Indenture or upon the Senior Bonds.

Further Assurances. The Authority will make, execute and deliver any and all such further indentures instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Senior Indenture and for the better assuring and confirming unto the Senior Bondholders of the Senior Bonds of the rights and benefits provided in the Senior Indenture.

Pledge by Government. The Government pledges to the holders of all Senior Bonds that the Government will not repeal, amend or modify Chapter 12 of Title 12, Guam Code Annotated, in any way that would substantially impair the powers, duties or effectiveness of the Public Utilities Commission thereunder in relation to the Authority and its rates. The Authority includes this pledge of the Government in the Senior Indenture as authorized by Section 8113.3 of the Act.

Continuing Disclosure. The Authority covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Senior Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of the applicable Outstanding Senior Bonds subject to the Continuing Disclosure Agreement (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Owner or Beneficial Owner of any such Senior Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Co-Trustee, as the case may be, to comply with their respective obligations under the related Continuing Disclosure Agreement. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Senior Bonds (including persons holding Senior Bonds through nominees, depositories or other intermediaries).

Events of Default

The following events are Events of Default under the Senior Indenture:

(A) default by the Authority in the due and punctual payment of the principal or Redemption Price of any Senior Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise; default by the Authority in the redemption from any Mandatory Sinking Account Payment of any Term Senior Bonds in the amounts at the times provided therefor; or default by the Authority in the due and punctual payment of any installment of interest on any Senior Bond when and as such interest installment shall become due and payable;

(B) default by the Authority in the observance of any of the covenants, agreements or conditions on its part contained in the Senior Indenture or in the Senior Bonds, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Co-Trustee, or to the Authority and the Trustee and the Co-Trustee by any Credit Provider and by the Senior Bondholders of not less than 25% in aggregate principal amount of the Senior Bonds at the time Outstanding; or

(C) if the Authority shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America; or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; and if, in any such case such petition is not withdrawn or dismissed or such custody or control is not terminated or stayed within 60 days from the date of the filing of such petition or the assumption of such custody or control.

Remedies Upon Default. In each and every case during the continuance of an Event of Default, the Co-Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Senior Bondholders, after notice to the Authority, may, and upon the request of the Senior Bondholders of not less than 25% in Accreted Value of the Senior Bonds then Outstanding shall proceed to protect and enforce any rights of the Co-Trustee and, to the full extent that the Senior Bondholders themselves might do, the rights of such Senior Bondholders under the Senior Indenture and under the laws of Guam by such of the following remedies as the Co-Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Senior Bondholders, including the right to require the Authority to charge, prescribe and collect Revenues adequate to comply with the covenants and agreements made in the Senior Indenture, and to require the Authority to carry out any other covenant or agreement with the Senior Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Senior Bonds;

(3) by action or suit in equity, to require the Authority to account as if it were the trustee of an express trust for the Senior Bondholders;

(4) by realizing or causing to be realized through sale or otherwise upon the moneys, securities and other assets pledged under the Senior Indenture;

(5) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Senior Bondholders;

(6) by requiring the Authority to endorse all checks and other negotiable instruments representing Revenues to the order of the Co-Trustee immediately upon the receipt thereof and to deliver such endorsed instruments daily to the Co-Trustee;

(7) by notifying any or all account debtors of the Authority to pay any amounts representing Revenues, when due, directly to the Co-Trustee as Trustee; and

(8) by commencing proceedings for the appointment of a receiver or receivers of the System and of the Revenues, with such powers as the court making such appointment confers.

In addition, if an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Co-Trustee shall be entitled, and if requested to do so by the Senior Bondholders of not less than a majority in Accreted Value of the Senior Bonds at the time Outstanding shall be required, upon notice in writing to the Authority, to declare the principal of all of the Senior Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Senior Indenture or in the Senior Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Co-Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest in the Senior Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Senior Bonds, and the reasonable charges and expenses of the Trustee and the Co-Trustee, and any and all other Events of Default known to the Trustee or the Co-Trustee (other than in the payment of principal of and interest on the Senior Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee and the Co-Trustee or provision deemed by the Trustee and the Co-Trustee to be adequate shall have been made therefor, then, and in every such case, the holders of a majority in Accreted Value of the Senior Bonds then Outstanding, by written notice to the Authority and to the Trustee and the Co-Trustee, may, on behalf of the Senior Bondholders of all of the Senior Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Funds After Default

If an Event of Default occurs and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee, the Co-Trustee or Depositary under any of the provisions of the Senior Indenture (subject to provisions with respect to moneys held in trust for Senior Bondholders by the Co-Trustee) is required to be under the control of and applied by the Co-Trustee as follows and in the following order:

(A) To the payment of any expenses necessary in the opinion of the Co-Trustee to protect the interests of the Senior Bondholders of the Senior Bonds and payment of reasonable charges and expenses of the Trustee, the Co-Trustee and the Depositary (including reasonable fees and disbursements of their respective counsel) incurred in and about the performance of their respective powers and duties under the Senior Indenture;

(B) To the payment of Maintenance and Operation Expenses as the same become due and payable;

(C) To the payment of the principal or Redemption Price of and interest then due on the Senior Bonds (upon presentation of the Senior Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Senior Indenture, as follows:

(1) Unless the principal of all the Senior Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Senior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Senior Bonds, and, if the amount available shall not be sufficient to pay in full all the Senior Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all the Senior Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Senior Bonds, with interest on the overdue principal at the rate borne by the respective Senior Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without discrimination or preference.

Co-Trustee to Represent Senior Bondholders

The Co-Trustee has been irrevocably appointed (and the successive respective Senior Bondholders of the Senior Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Co-Trustee) as trustee and true and lawful attorney-in-fact of the Senior Bondholders of the Senior Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Senior Bondholders under the provisions of the Senior Bonds and the Senior Indenture, as well as under the Act and applicable provisions of any other law.

Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Co-Trustee to represent the Senior Bondholders, the Co-Trustee in its discretion may, subject to any direction by the holders of a majority in Accreted Value of the Senior Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Senior Bondholders by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Co-Trustee or in such Senior Bondholders under the Senior Indenture, the Act or any other law; and upon instituting such proceeding, the Co-Trustee shall be entitled, as a matter of right to the appointment of a receiver of the Revenues and other assets pledged under the Senior Indenture, pending such proceedings.

All rights of action under the Senior Indenture or the Senior Bonds or otherwise may be prosecuted and enforced by the Co-Trustee without the possession of any of the Senior Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Co-Trustee shall be brought in the name of the Co-Trustee for the benefit and protection of all the Senior Bondholders of such Senior Bonds, subject to the provisions of the Senior Indenture.

Senior Bondholders' Direction of Proceedings

The Senior Bondholders of a majority in aggregate principal amount of the Senior Bonds then Outstanding may, by an instrument or concurrent instruments in writing executed and delivered to the Co-Trustee, to direct the method of conducting all remedial proceedings taken by the Co-Trustee under the Senior Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Senior Indenture, and that the Co-Trustee has the right to decline to follow any such direction which in the opinion of the Co-Trustee would adversely affect those Senior Bondholders not parties to such direction.

Right of Senior Bondholders to Bring Action. As provided in Section 8235 of the Act, the holder of any Senior Bond may by mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon or assumed by the Authority, the Board, the Treasurer or the General Manager of the Authority, the Governor, the Director of Administration or any other officer or agency of the Authority or the Board or the Government or any employee thereof, in connection with the acquisition, construction, improvement, operation, equipment, maintenance, repair, renewal, replacement, reconstruction or insurance of the System or any part thereof, or the collection, deposit, investment, application and disbursement of all Revenues or in connection with the deposit, investment and disbursement of the proceeds received from the sale of the Senior Bonds. The enumeration of such rights and remedies does not, however, exclude the exercise or prosecution of any other rights or remedies available to the holders of the Senior Bonds.

Termination of Proceedings

In case any proceedings taken by the Co-Trustee or any one or more Senior Bondholders on account of any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Trustee, the Co-Trustee or the Senior Bondholders, then in every such case the Authority, the Trustee, the Co-Trustee and the Senior Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Senior Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, the Co-Trustee and the Senior Bondholders will continue as though no such proceedings had been taken.

Duties, Immunities and Liabilities of Co-Trustee, Trustee and Depositary

The Co-Trustee is required, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in the Senior Indenture for it to perform. The Co-Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such rights and powers vested in it by the Senior Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee and the Depositary are required, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in the Senior Indenture. The Trustee and the Depositary are required, during the existence of any Event of Default (which has not been cured), to follow the directions of the Co-Trustee with respect to any of the funds held by the Trustee or the Depositary under the Senior Indenture.

The Authority may remove the Trustee, the Co-Trustee or the Depositary at any time unless an Event of Default shall have occurred and then be continuing, and remove the Trustee, the Co-Trustee, or the Depositary if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Senior Bondholders of not less than a majority in Accreted Value of the Senior Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee, the Co-Trustee or the Depositary ceases to be eligible to act in such capacity in accordance with the Senior Indenture, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of either the Trustee, the Co-Trustee or the Depositary or their respective property is appointed, or any public officer takes control or charge of the Trustee, the Co-Trustee or the Depositary or their respective property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to the Trustee, the Co-Trustee and the Depositary, and thereupon is required to appoint a successor Trustee, the Co-Trustee or Depositary, as the case may be, by an instrument in writing.

The Trustee, the Co-Trustee or the Depositary may at any time resign by giving written notice of such resignation to the Authority and each of the other Fiduciaries. Upon receiving such notice of resignation, the Authority is required to promptly appoint a successor Trustee, Co-Trustee or Depositary, as the case may be, by an instrument in writing. Any such removal or resignation and appointment of a successor will become effective upon acceptance of appointment by the successor. Promptly upon such acceptance, the Authority is required to give notice thereof to each Paying Agent and Credit Provider and to the Senior Bondholders by mail in the manner provided in the Senior Indenture.

If no successor is appointed and accepts appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, Co-Trustee or Depositary, as the case may be, or any Senior Bondholder (on behalf of such Senior Bondholder and all other Senior Bondholders) may petition any court of competent jurisdiction for the appointment of a successor, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor.

Any successor Trustee must be a trust company or bank having the powers of a trust company doing business and having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority.

Any successor Co-Trustee must be a trust company or bank having the powers of a trust company doing business and having a combined capital and surplus of at least $75,000,000, and subject to supervision or examination by federal or state authority.

Any successor Depositary must be a trust company or bank having the powers of a trust company doing business and having a trust office in Hagatna, Guam, having a combined capital and surplus of at least $10,000,000, and subject to supervision or examination by federal or territorial authority.

Liability of Trustee and Depositary

The recitals of facts contained in the Senior Indenture and in the Senior Bonds are to be taken as statements of the Authority, and neither the Trustee, the Co-Trustee nor the Depositary assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Senior Indenture or of the Senior Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations therein or in the Senior Bonds assigned to or imposed upon them, respectively. The Co-Trustee is, however, responsible for its representations contained in its certificate of authentication and registration on the Senior Bonds. Neither the Trustee, the Co-Trustee nor the Depositary shall be liable in connection with the performance of their respective duties, except for their own respective negligence or willful misconduct.

The Trustee, the Co-Trustee and the Depositary may become the owner of Senior Bonds with the same rights they would have if they were not Trustee, the Co-Trustee or Depositary, as the case may be, and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Senior Bondholders, whether or not such committee shall represent the Senior Bondholders of a majority in principal amount of the Senior Bonds then Outstanding.

Amendments Permitted

The Senior Indenture and the rights and obligations of the Authority and of the Senior Bondholders of the Senior Bonds and of the Trustee and the Co-Trustee may be modified or amended at any time by a Supplemental Senior Indenture which shall become effective when the written consents of each Credit Provider and the Senior Bondholders of 60% in aggregate principal amount of the Senior Bonds then Outstanding shall have been filed with the Trustee and the Co-Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Senior Bonds of any particular maturity or Series remain Outstanding, the consent of the Senior Bondholders of Senior Bonds of such maturity or Series and the Credit Provider of such Series, if any, shall not be required and such Senior Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Senior Bonds under this provision.

No such modification or amendment may (1) extend the fixed maturity of any Senior Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided under the Senior Indenture for the payment of any Senior Bond, or extend the time of payment of any interest on any Senior Bond, or reduce the rate of interest thereon, without the consent of the Senior Bondholder of each Senior Bond so affected, or (2) reduce the aforesaid percentage of Senior Bonds the consent of the Senior Bondholders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Senior Indenture prior to or on a parity with the lien created by the Senior Indenture, or deprive the Senior Bondholders of the Senior Bonds of the lien created by the Senior Indenture upon such Revenues and other assets (except as expressly provided in the Senior Indenture), without the consent of the Senior Bondholders of all of the Senior Bonds then Outstanding.

The Senior Indenture and the rights and obligations of the Authority and of the Senior Bondholders of the Senior Bonds may also be modified or amended at any time by a Supplemental Senior Indenture, which shall become effective upon execution (or such later date as may be specified in such Supplemental Senior Indenture), without the consent of any Senior Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Authority contained in the Senior Indenture, to pledge or assign additional security for the Senior Bonds, or to surrender any right or power reserved to or conferred upon the Authority in the Senior Indenture, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Senior Bondholders of the Senior Bonds;

(2) To make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Senior Indenture, or in regard to matters or questions arising under the Senior Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Senior Indenture, and which shall not materially adversely affect the interests of the Senior Bondholders of the Senior Bonds;

(3) To modify, amend or supplement the Senior Indenture in such manner as to permit the qualification thereof under the Trust Senior Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Senior Bondholders of the Senior Bonds;

(4) To provide for the issuance of an additional series of Senior Bonds, and to provide the terms and conditions under which such Senior Bonds may be issued, subject to and in accordance with the provisions of the Senior Indenture; or

(5) To make such changes as shall be required in connection with the procedures for making draws or other claims under any Credit Facility or for reimbursing amounts so drawn or otherwise received.

Effect of Supplemental Senior Indenture

From and after the time any Supplemental Senior Indenture becomes effective, the Senior Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Senior Indenture of the Authority, the Trustee, the Co-Trustee, the Depositary and all Senior Bondholders of Senior Bonds Outstanding shall thereafter be determined, exercised and enforced subject in all respects to such modification and amendment, and all terms and conditions of any such Supplemental Senior Indenture shall be deemed to be part of the terms and conditions of the Senior Indenture for any and all purposes.

Discharge of Senior Indenture

If the Authority pays and discharges the entire indebtedness on all Senior Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal or Redemption Price of and interest on Senior Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Co-Trustee, irrevocably in trust, at or before maturity, money or Federal Securities in the necessary amount to pay or redeem Senior Bonds Outstanding; or

(C) by delivering to the Co-Trustee, for cancellation by it, Senior Bonds Outstanding;

and if the Authority also pays or causes to be paid all other sums payable under the Senior Indenture by the Authority, then and in that case, at the election of the Authority, and notwithstanding that any Senior Bonds shall not have been surrendered for payment, the Senior Indenture and the pledge of Revenues and other assets made under the Senior Indenture and all covenants, agreements and other obligations of the Authority under the Senior Indenture will cease, terminate, become void and be completely discharged and satisfied.

Discharge of Liability on Senior Bonds

Upon the deposit with the Co-Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Senior Bond (whether upon or prior to its maturity or the redemption date of such Senior Bond), then all liability of the Authority in respect of such Senior Bond will cease, determine and be completely discharged, and the Senior Bondholder thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Co-Trustee as aforesaid for their payment, subject, however, to the provisions of the Senior Indenture with respect to the payment of principal or Redemption Price of or interest on Senior Bonds after discharge of the Senior Indenture.

Deposit of Money or Securities with Trustee

Whenever in the Senior Indenture it is provided or permitted that there be deposited with or held in trust by the Co-Trustee money or securities in the necessary amount to pay or redeem any Senior Bonds, the money or securities so to be deposited or held is required to be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Senior Bonds and all unpaid interest thereon to maturity, except that, in the case of Senior Bonds which are to be redeemed prior to maturity, the amount to be deposited or held shall be the principal amount or Redemption Price of such Senior Bonds and all unpaid interest thereon to the date fixed for redemption; or

(B) noncallable Federal Securities the principal of and interest on which when due will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the date fixed for redemption, as the case may be, on the Senior Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that substitution of such Federal Securities shall not be permitted without the consent of each Credit Provider for such Senior Bonds;

provided, in each case, that the Co-Trustee shall have been irrevocably instructed pursuant to the Senior Indenture to apply such money to the payment of such principal or Redemption Price and interest with respect to such Senior Bonds.

Payment of Senior Bonds after Discharge of Senior Indenture

Any moneys held by the Co-Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Senior Bonds and remaining unclaimed for six years after the principal of all of the Senior Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Senior Indenture), if such moneys were so held at such date, or six years after the date of deposit of such moneys if deposited after said date when all of the Senior Bonds became due and payable, shall, upon request of the Authority, be repaid to the Authority free from the trusts created by the Senior Indenture, and all liability of the Trustee, the Co-Trustee or Depositary with respect to such moneys shall cease and the Senior Bondholders of such Senior Bonds will be entitled to look only to Revenues held by the Authority for payment of such Senior Bonds.

Liability of Authority Limited to Revenues

No Senior Bond issued under the Senior Indenture shall be or become a lien, charge or liability against the Government or the Governor or against the Authority or the Board or against any property or funds of the Authority or the Board or the Government or the Governor, except to the extent of the pledge of Revenues under the Senior Indenture, and neither the payment of the principal of any Senior Bond or any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Government.

Notwithstanding anything in the Senior Indenture or in the Senior Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and in the Senior Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Senior Bonds or for any other purpose of the Senior Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of purposes under the Senior Indenture any funds of the Authority which may be made available to it for such purposes.

General Credit Provider Provisions

All provisions of the Senior Indenture regarding consents, approvals, directions, appointments or requests by any Credit Provider shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by any Credit Provider and shall be read as if such Credit Provider were not mentioned therein and as if no Credit Facility were in effect during any time in which such Credit Provider is in default under its Credit Facility, or after such Credit Facility shall at any time for any reason cease to be valid and binding on such Credit Provider, or shall be declared to be null and void, or while the validity or enforceability of any provision thereof is being contested by such Credit Provider or any governmental agency or authority, or while such Credit Provider is denying further liability or obligation under such Credit Facility or after such Credit Provider has rescinded, repudiated or terminated such Credit Facility.

All provisions of the Senior Indenture relating to any Credit Provider shall be of no force and effect if there is no Credit Facility in effect and there are no Senior Bonds held by such Credit Provider and all amounts owing to such Credit Provider have been paid.

Provisions Relating to the 2014 Credit Provider

So long as a Credit Facility with respect to the 2014 Insured Bonds remains in effect and the 2014 Credit Provider is not in default with respect thereto, the provisions summarized under this heading shall apply. For purposes of the provisions summarized below, the term “Credit Facility” shall mean the Credit Facility issued by the 2014 Credit Provider for the 2014 Insured Bonds.

Any amendment, supplement, modification to, or waiver of, the Senior Indenture that requires the consent of 2014 Insured Bondholders or materially adversely affects the rights and interests of the 2014 Credit Provider shall be subject to the prior written consent of the 2014 Credit Provider.

The 2014 Credit Provider shall be deemed to be the sole holder of the 2014 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the 2014 Insured Bondholders are entitled to take pursuant to the provisions of the Senior Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Senior Indenture and each 2014 Insured Bond, the Trustee and each holder of an 2014 Insured Bond appoint the 2014 Credit Provider as their agent and attorney-in-fact and agree that the 2014 Credit Provider may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each holder of a 2014 Insured Bond delegate and assign to the 2014 Credit Provider, to the fullest extent permitted by law, the rights of the Trustee and each holder of a 2014 Insured Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the holders of the 2014 Insured Bonds expressly include mandamus.

Anything in the Senior Indenture to the contrary notwithstanding, the maturity of 2014 Insured Bonds shall not be accelerated without the consent of the 2014 Credit Provider and in the event the maturity of the 2014 Insured Bonds is accelerated, the 2014 Credit Provider may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2014 Credit Provider's obligations under the Credit Facility with respect to such 2014 Insured Bonds shall be fully discharged.

Notwithstanding any other provision of the Senior Indenture, in determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Senior Indenture would adversely affect the security for the 2014 Insured Bonds or the rights of the 2014 Insured Bondholders, the Trustee or the Co-Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Credit Facility.

Notwithstanding anything in the Senior Indenture to the contrary, amounts paid by the 2014 Credit Provider under the Credit Facility shall not be deemed paid for purposes of the Senior Indenture, and the 2014 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Senior Indenture. The 2014 Credit Provider shall, to the extent it makes any payment of principal of or interest on the 2014 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Credit Facility. The Senior Indenture shall not be discharged unless all amounts due or to become due to the 2014 Credit Provider have been paid in full or duly provided for.

Notwithstanding anything in the Senior Indenture to the contrary, only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2014 Credit Provider, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P Global Ratings, Moody's Investors Service, respectively, or (5) subject to the prior written consent of the 2014 Credit Provider, securities eligible for "AAA" defeasance under then existing criteria of S&P Global Ratings, or any combination thereof, shall be used to effect defeasance of the 2014 Insured Bonds unless the 2014 Credit Provider otherwise approves.

To accomplish defeasance of the 2014 Insured Bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2014 Credit Provider ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the 2014 Credit Provider), (iii) an opinion of nationally recognized bond counsel to the effect that the 2014 Insured Bonds are no longer "Outstanding" under the Senior Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2014 Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee or Co-Trustee, as appropriate, and the 2014 Credit Provider. The 2014 Insured Bonds shall be deemed "Outstanding" under the Senior Indenture unless and until they are in fact paid and retired or the above criteria are met.

Waiver of Personal Liability

No legislator, officer, agent or employee of the Authority will be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Senior Bonds; but nothing contained in the Senior Indenture will relieve any such legislator, officer, agent or employee from the performance of any official duty provided by law.

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Delivery Date]

Guam Power Authority
Mangilao, Guam

Guam Power Authority
Revenue Refunding Bonds, 2024 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Guam Power Authority (the "Authority") in connection with the issuance of $54,830,000 aggregate principal amount of Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the "2024 Series A Bonds"), issued pursuant to an indenture, dated as of December 1, 1992, as heretofore supplemented and amended, and as supplemented by a Ninth Supplemental Indenture, dated as of July 1, 2024 (as so supplemented and amended, the "Indenture"), among the Authority, Bank of Guam, as trustee (the "Trustee") and U.S. Bank Trust Company, National Association, as co-trustee (the "Co-Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Authority, dated the date hereof (the "Tax Certificate"), certificates of the Authority, the Trustee, the Co-Trustee, and others, an opinion of the Attorney General of Guam, opinions of counsel to the Authority, the Trustee, the Co-Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2024 Series A Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2024 Series A Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the 2024 Series A Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2024 Series A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2024 Series A Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public corporations of the Government of Guam. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2024 Series A Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2024 Series A Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority.

3. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the 2024 Series A Bonds, of the Revenues, the proceeds of the 2024 Series A Bonds and any other amounts held in any fund or account established pursuant to the Indenture (except amounts held in the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Interest on the 2024 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2024 Series A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2024 Series A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Under 48 U.S.C. Section 1423a, interest on the 2024 Series A Bonds is exempt from taxation by the Government of Guam, or by any state or territory of the United States or any political subdivision thereof, or by the District of Columbia. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Series A Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

MASTER CONTINUING DISCLOSURE AGREEMENT AND
PROPOSED FORM OF SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT

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MASTER CONTINUING DISCLOSURE AGREEMENT

This Master Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of May 1, 1999, by and among the GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam (the "Issuer"), the BANK OF GUAM, as trustee (the "Trustee") , and U.S. BANK TRUST NATIONAL ASSOCIATION, as successor in interest to U.S. Bank National Association, as co-trustee (the "Co-Trustee"), under that certain Indenture, dated as of December 1, 1992, as amended and supplemented by one or more Supplemental Indentures (the "Indenture"), among the Issuer, the Trustee and the Co-Trustee. The Issuer, the Trustee and the Co-Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Co-Trustee for the benefit of the Holders and Beneficial Owners of bonds issued under the Indenture to which the Issuer has elected to make this Disclosure Agreement applicable (collectively, the "Bonds"), and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

"Disclosure Representative" shall mean the General Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee and Co-Trustee from time to time.

"Dissemination Agent" shall mean the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Co-Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the Government of Guam as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"Supplemental Disclosure Agreement" shall mean any supplemental disclosure agreement entered into among the Issuer, the Trustee and the Co-Trustee supplementing this Disclosure Agreement.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Issuer's Fiscal Year (which currently is September 30), commencing with the report for the 1998-1999 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is other than the Trustee), the Trustee (if the Trustee is not the Dissemination Agent) and the Co-Trustee. If by such date the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent (if the Dissemination Agent is other than the Trustee) to determine if the Issuer is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) upon providing the Annual Report to each Repository, file a report with the Issuer, the Trustee (if the Dissemination Agent is not the Trustee) and the Co-Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference, with respect to the Fiscal Year just concluded, the following:

(a) the audited financial statements of the Issuer for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to government entities; provided that if the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in appropriate form;

(b) the financial or operating data set forth with respect to historical data only in Table 1 titled "Historical and Projected Customers, Energy Sales, Peak Demand and Revenues" in the Official Statement of the Issuer, dated May 11, 1999 (the "Official Statement")

(c) the financial or operating data set forth in Table 2 titled "Historical Debt Service Coverage" in the Official Statement;

(d) any adjustment in rates of the Issuer, the customer class to which the rate adjustment pertains and the effective date of the rate adjustment.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) modifications to rights of Bondholders;

(4) optional, contingent or unscheduled bond calls;

(5) defeasance;

(6) rating changes;

(7) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;

(8) unscheduled draws on the Bond Reserve Fund reflecting financial difficulties;

(9) unscheduled draws on any credit enhancements reflecting financial difficulties;

(10) substitution of any Credit Provider or any failure by any Credit Provider to perform; or

(11) release, substitution or sale of property securing repayment of the Bonds.

(b) The Trustee and the Co-Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Issuer's Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee or the Co-Trustee pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event is material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event is material under applicable federal securities laws, the Issuer shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event is not material under applicable federal securities laws, the Issuer shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Issuer to report the occurrence of a Listed Event, the Trustee shall as soon as possible file a notice of such occurrence with the Municipal Securities Rulemaking Board and any State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon legal defeasance under Section 10.01 of the Indenture, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee, upon notice from the Issuer, shall be the Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Trustee and the Co-Trustee may amend this Disclosure Agreement (and, to the extent that any such amendment does not materially change or increase their respective obligations hereunder, the Trustee and the Co-Trustee shall agree to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

In addition to the foregoing provisions of this Section permitting amendments to this Disclosure Agreement, the Issuer at any time may elect to make the provisions hereof applicable to any Series of Bonds issued under the Indenture, either by election in the applicable Supplemental Indenture or by execution of a supplement hereto; and upon request of the Issuer the Trustee shall execute any such supplement.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer, the Trustee or the Co-Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, the Trustee or the Co-Trustee, as the case may be, to comply with their respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Trustee or the Co-Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Trustee, the Co-Trustee and the Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent the Trustee, and the Co-Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's, the Trustee's, and the Co-Trustee's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent, the Trustee, and the Co-Trustee and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Guam Power Authority P.O. Box 2977 Tamuning, Guam 96932 Attention: General Manager
To the Trustee:	Bank of Guam Chalan Santo Papa Route 4 Hagatña, Guam 96910 Attention: Corporate Trust Department Fax: (671) 477-5455
To the Co-Trustee	U.S. Bank Trust National Association 550 S. Hope Street, Suite 500 Los Angeles, CA 90071 Attention: Corporate Trust Department Fax: (213) 533-8736

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Co-Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by the laws of Guam.

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the Issuer, the Trustee and the Co-Trustee by their duly authorized representatives as of the date first written above.

GUAM POWER AUTHORITY

By ______________________________
John M. Benavente, P.E.
General Manager

BANK OF GUAM, as Trustee

By ______________________________
Authorized Signatory

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Co-Trustee

By ______________________________
Authorized Signatory

EXHIBIT A

[FORM OF] NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

[To be modified as appropriate for other Series]

Name of Issuer: Guam Power Authority
Name of Bond Issue: Guam Power Authority Revenue Bonds, ___ Series ___

Date of Issuance:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by ____________ of the Supplemental Indenture, relating to such Bonds, among the Issuer, the Trustee and the Co-Trustee. [The Issuer anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

BANK OF GUAM, as Trustee,
on behalf of the Guam Power Authority

<u>EXHIBIT B</u>

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **April, 1999**:

Bloomberg Municipal Repository
P.O. Box 840
Princeton, NJ 08542-0840
(609) 279-3200/(609) 279-3204 to order documents
(609) 279-5962 or (609) 279-5963 [FAX]
Internet address: MUNIS@bloomberg.com
Contact: Lena Panich

JJ Kenny Information Services
The Repository
65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4568
(212) 797-7994 [FAX]
e-mail address: joan_horai@mcgrawhill.com
Contact: Ms. Joan Horai, Repository

Thomson NRMSIR
Secondary Market Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
(212) 807-5001
(212) 989-2078 [FAX]
Contact: Carolyn Chin
e-mail address: Disclosure@muller.com

DPC Data, Inc.
One Executive Drive
Fort Lee, N.J. 07024
(201) 346-0701
(201) 947-0107 [FAX]
Contact: NRMSIR
Internet address: nrmsir@dpcdata.com

SUPPLEMENTAL CONTINUING DISCLOSURE AGREEMENT

This Supplemental Continuing Disclosure Agreement (this "Supplemental Disclosure Agreement"), dated as of July 31, 2024, supplementing the Master Continuing Disclosure Agreement, dated as of May 1, 1999 (the "Master Agreement" and, as previously amended and supplemented, and as supplemented hereby, the "Disclosure Agreement"), among the GUAM POWER AUTHORITY (the "Issuer"), BANK OF GUAM (the "Trustee"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as successor in interest to U.S. Bank National Association (the "Co-Trustee"), is being executed by the Issuer, the Trustee and the Co-Trustee in connection with the issuance of $54,830,000 Guam Power Authority Revenue Refunding Bonds, 2024 Series A (the "2024A Senior Bonds"). The 2024A Senior Bonds are being issued pursuant to the Indenture, dated as of December 1, 1992, as heretofore supplemented and amended, including as supplemented by the Ninth Supplemental Indenture executed in connection with the issuance of the 2024A Senior Bonds, dated as of July 1, 2024, among the Issuer, the Trustee and the Co-Trustee (collectively, the "Indenture").

The Issuer, the Trustee and the Co-Trustee covenant and agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, or the context otherwise requires, capitalized terms used in this Supplemental Disclosure Agreement shall have the meanings ascribed thereto in the Master Agreement or, if not defined in the Master Agreement, in the Indenture.

SECTION 2. Purpose of the Supplemental Disclosure Agreement; Application of Master Agreement. This Supplemental Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Co-Trustee for the benefit of the Holders and Beneficial Owners of the 2024A Senior Bonds. Except as expressly otherwise set forth herein, the terms and provisions of the Master Agreement are hereby made applicable to the 2024A Senior Bonds.

SECTION 3. Filings with MSRB; Format. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org. Any report or filing with the MSRB pursuant to this Supplemental Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 4. Provisions Applicable to 2024A Senior Bonds. The following provisions shall apply solely to the 2024A Senior Bonds and shall supersede the provisions of the Master Agreement for purposes of the 2024A Senior Bonds.

(a) Solely with respect to the 2024A Senior Bonds, the following terms shall have the following meanings:

"Financial Obligation" means, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of the Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

"Official Statement" shall mean the Official Statement, dated July 16, 2024, relating to the 2024A Senior Bonds.

"Repository" shall mean the MSRB.

(b) With respect to the 2024A Senior Bonds, Section 4 of the Master Agreement as originally executed shall not apply and shall be deemed to be replaced by the following:

"SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference, with respect to the Fiscal Year just concluded, the following:

(a) the audited financial statements of the Issuer for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to government entities; provided that if the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in appropriate form, and the Issuer shall promptly file the audited financial statements if and when available;

To the extent not included in the audited financial statements of the Issuer, the Annual Report shall also include operating and financial information regarding the Issuer of the following type:

(b) an update to Table 3 (Power Supply Resources) and a description of any material change to the description of the generating units owned or contracted for by the Issuer, as set forth in the Official Statement under the caption "POWER SUPPLY – Primary Power Supply Resources";

(c) a description of any material new contracts or material renewals or non-renewals of existing contracts for fuel oil, as set forth in the Official Statement under the caption "FUEL SUPPLY – Fuel Oil Supply Contracts";

(d) an update to the mark-to-market value of any fuel oil hedges of the Issuer as set forth under "FUEL SUPPLY – Fuel Price Risk Management Program," as of the end of such Fiscal Year, if any;

(e) an update to the historical information in Table 4 (Historical Customers, Energy Sales, Peak Demand and Revenues) for such Fiscal Year;

(f) a 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, as set forth in the Official Statement under the caption "AUTHORITY CUSTOMERS — Power Sales to the U.S. Military";

(g) an update to Table 5 (Largest Customers by Energy Sales Revenues) for such Fiscal Year;

(h) an update to the historical information in Table 9 (Historical Operating Results and Debt Service Coverage) for such Fiscal Year; and

(i) an update to the balances of the Issuer's outstanding indebtedness listed under "FINANCIAL MATTERS – Outstanding Indebtedness" as of the end of such Fiscal Year;

(j) the balance in the Working Capital Fund set forth under "FINANCIAL MATTERS – Liquidity and Working Capital Fund" as of the end of such Fiscal Year;

(k) the balance in the self-insurance fund under the caption "OTHER MATTERS – Insurance; Self-Insurance Fund," as of the end of such Fiscal Year;

(l) any adjustment in rates of the Issuer, the customer class to which the rate adjustment pertains and the effective date of the rate adjustment.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference."

(c) With respect to the 2024A Senior Bonds, references in the Master Agreement to Section 5(a) shall be deemed to refer to Sections 5(a) and (b) of such Section 5, as set forth in Section 4(d) of this Supplemental Disclosure Agreement.

(d) With respect to the 2024A Senior Bonds, Section 5 of the Master Agreement as originally executed shall not apply and shall be deemed to be replaced by the following:

"SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, to the MSRB notice of the occurrence of any of the following events with respect to the 2024A Senior Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the Issuer; or

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2024A Senior Bonds, if material, to the MSRB in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2024A Senior Bonds or other material events affecting the tax status of the 2024A Senior Bonds;

(2) Modifications to rights of 2024A Senior Bond holders;

(3) Optional, unscheduled or contingent 2024A Senior Bond calls;

(4) Release, substitution, or sale of property securing repayment of the 2024A Senior Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bond holders.

(c) The Trustee and the Co-Trustee shall, within one (1) Business Day (or as soon thereafter as practicable) of obtaining actual knowledge of the occurrence of any of the Listed Events, inform the Disclosure Representative of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsections (d) and (e) hereof.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection 5(b), whether because of a notice from the Trustee or Co-Trustee pursuant to subsection (c) or otherwise, the Issuer shall as soon as practicable determine if such event is material under applicable federal securities laws. If the Issuer determines that the occurrence of such Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection 5(e) hereof. If in response to a request under subsection 5(c), the Issuer determines that such Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence. If in response to a request under subsection 5(c), the Issuer determines that such Listed Event is a Listed Event under subsection 5(a), the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence.

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence of such event with the MSRB.

(f) The Issuer intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 4 of this Supplemental Disclosure Agreement, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release."

SECTION 5. Additional Annual Report Requirements. As supplemented hereby, the Master Agreement is in all respects confirmed, except with respect to such provisions which apply expressly to the 2024A Senior Bonds as set forth herein, and the Master Agreement, all agreements supplemental thereto and this Supplemental Disclosure Agreement shall be read, taken and considered as one instrument.

SECTION 6. Ratification of Master Agreement. As supplemented hereby, the Master Agreement is in all respects confirmed, except with respect to such provisions which apply expressly to the 2024A Senior Bonds as set forth herein, and the Master Agreement, all agreements supplemental thereto and this Supplemental Disclosure Agreement shall be read, taken and considered as one instrument.

SECTION 7. Counterparts. This Supplemental Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Supplemental Disclosure Agreement has been executed on behalf of the Issuer, the Trustee and the Co-Trustee by their duly authorized representatives as of the date first written above.

GUAM POWER AUTHORITY

By:____________________________________
John M. Benavente, P.E.
General Manager

BANK OF GUAM,
as Trustee

By:____________________________________
Authorized Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Co-Trustee

By:____________________________________
Authorized Officer

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APPENDIX F

BOOK-ENTRY SYSTEM

None of the Authority, the Trustee, the Co-Trustee and the Underwriters can give or do give any assurances that DTC, the Participants or others will distribute payments of principal of interest or premium, if any, on the 2024A Senior Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Trustee, the Co-Trustee and the Underwriters is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2024A Senior Bonds or an error or delay relating thereto. The Authority pursuant to the Senior Indenture may discontinue the book-entry only system. In that event, the provisions of the Senior Indenture relating to issuance of 2024A Senior Bonds and the registration of transfer of ownership thereof will apply.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2024A Senior Bonds (the "**2024A Senior Bonds**"). The 2024A Senior Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the 2024A Senior Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2024A Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024A Senior Bonds on DTC's records. The ownership interest of each actual purchaser of each 2024A Senior Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024A Senior Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive definitive 2024A Senior Bonds, except in the event that use of the book-entry system for the 2024A Senior Bonds is discontinued.

4. To facilitate subsequent transfers, all 2024A Senior Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024A Senior Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024A Senior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024A Senior Bonds are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2024A Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024A Senior Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2024A Senior Bond documents, including the Senior Indenture. For example, Beneficial Owners of 2024A Senior Bonds may wish to ascertain that the nominee holding the 2024A Senior Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and Co-Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2024A Senior Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2024A Senior Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority, as the issuer of the 2024A Senior Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2024A Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal of and premium, if any, and interest on the 2024A Senior Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee or Co-Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee and Co-Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF THE AUTHORITY, THE TRUSTEE AND THE CO-TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

None of the Authority, the Trustee and the Co-Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and premium, if any, and interest on the 2024A Senior Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

9. DTC may discontinue providing its services as depository with respect to the 2024A Senior Bonds at any time by giving reasonable notice to the Authority or the Trustee and Co-Trustee. Under such circumstances, in the event that a successor depository is not obtained, definitive 2024A Senior Bonds are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event also, definitive 2024A Senior Bonds will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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GUAM POWER AUTHORITY

POWER TO SERVE

GUAM POWER AUTHORITY • REVENUE REFUNDING BONDS, 2024 SERIES A

Mixed Sources
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