



GUAM POWER AUTHORITY FY2020 CITIZEN-CENTRIC REPORT

FISCAL YEAR 2020 (OCTOBER 2019 - SEPTEMBER 2020)



ABOUT US

Guam Power Authority (GPA) was established in 1968 as a public corporation and autonomous instrumentality, of the Government of Guam. GPA is fully independent from its central government as it does not receive subsidies from the Government of Guam, with revenues derived solely from rates. GPA is a publicly-owned, retail electric utility that provides electric generation and transmission and distribution services throughout Guam and is the sole provider of such services.

GPA has been serving Guam for more than 50 years and has evolved from an entity with basically no assets to one which now owns all generation, transmission and distribution assets outside of Guam's US military bases. GPA generates all energy for the entire Guam community including the US military. The Authority is governed by the Consolidated Commission on Utilities (CCU), an elected five-member Board and is subject to regulations of the Guam Public Utilities Commission (GPUC).

VISION

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

MISSION

GPA shall provide:
Reliable
Efficient, Effective, Environmentally Sound
Affordable, Accountable
Leading Energy Solutions

GOVERNANCE AND LEADERSHIP



Consolidated Commission on Utilities

Joseph (Joey) T. Dueñas, Chairman
Francis E. Santos, Vice Chairman
Michael T. Limtiaco, Secretary
Simon A. Sanchez II, Commissioner
Pedro Roy Martinez, Commissioner

Guam Power Authority

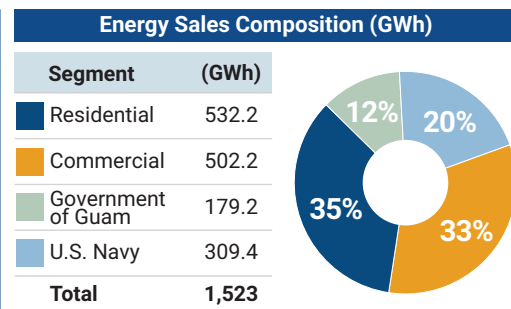
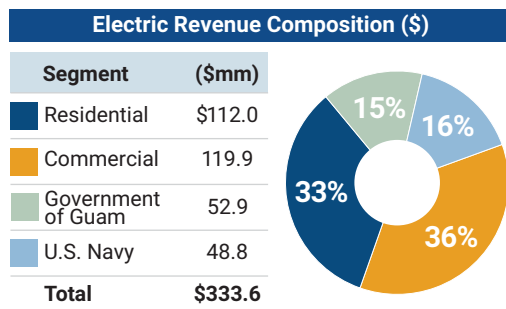
John M. Benavente, P.E. General Manager

WHAT'S INSIDE

P.2 Our Progress
P.3 Our Finances
P.4 Our Future Challenges

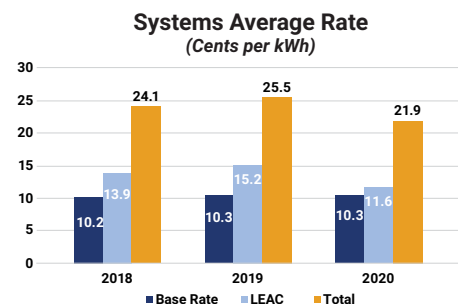
Published: May 2021

Customer Overview – FY 2020

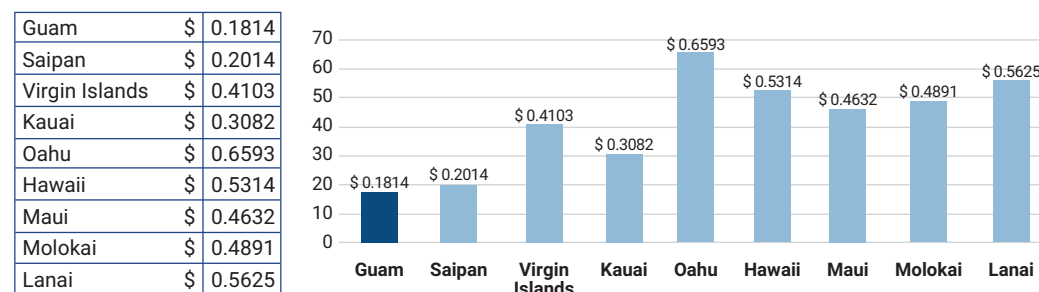


Customer Demographics – FY 2020

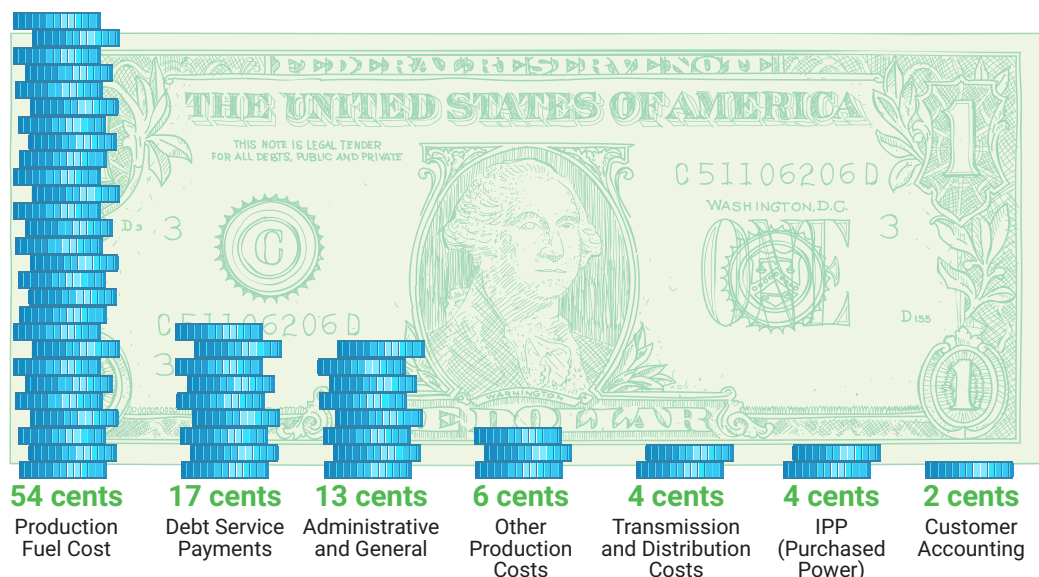
Segment	2018	2019	2020
Residential	44,006	44,226	44,420
Commercial	5,792	5,818	5,831
Government of Guam	1,573	1,698	1,686
U.S. Navy	1	1	1
Total	51,372	51,743	51,938



Regional Rate Comparison – As of September 30, 2020



Electricity Rate Breakdown \$1 Cost Allocation Category





GUAM POWER AUTHORITY FY2020 CITIZEN-CENTRIC REPORT

OUR PROGRESS

Accomplishments and Key Strategies

KEY STRATEGIES	2018	2019	2020 COVID-19 PANDEMIC YEAR
PRODUCT AFFORDABILITY 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 464 \$1.5 million increase in overtime due to typhoon preparation and recovery 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 454 \$1.3 million overtime expenditures to assist Saipan, CNMI with Super Typhoon Yutu recovery 	<ul style="list-style-type: none"> No increase in GPA base rate Prudent managing of LEAC rate FTE level of 443 \$1.9 million regular overtime expenditures Customers impacted financially by the COVID-19 pandemic entered into arranged payment plans
SUPERIOR CUSTOMER SERVICE 	<ul style="list-style-type: none"> Redesigned/more customer-friendly monthly energy statement MasterCard debit and credit cards made available to commercial customers Additional Saturday hours at the GPWA Customer Service Satellite Office in Upper Tumon GPA paid out \$1.4 million in Energy Sense Rebates 	<ul style="list-style-type: none"> Provided more efficient and non-contact payments online with PAYGPA, EZPAY for mobile and telephone payments and pre-arranged ACH bank transfers The addition of MYENERGY.COM for customers to manage and monitor home residential usage GPA paid out \$1.5 million in Energy Sense Rebates 	<ul style="list-style-type: none"> Suspended power account disconnections; waived customer late fees and penalties Launched e-billing, through paygpa.com, allowing customers to view their statements online GPA paid out \$1.6 million in Energy Sense Rebates Offered a variety of touchless options: LIVE telephone services, online payments, GPA Pay-by-Phone, a mobile app, Drive-Thru payment windows and E-mail communications
HIGH SYSTEM RELIABILITY 	<ul style="list-style-type: none"> Completed \$11 million land purchase to build the new Ukudu, Dededo baseload power plant Construction continued on the Hagåtña 24-megawatt and Talofofo-16 megawatt Energy Storage System projects 	<ul style="list-style-type: none"> Construction near completion of the Hagåtña 24-megawatt and Talofofo 16-megawatt utility-scale Energy Storage System Signed two 60 megawatt Power Purchase Agreements with partners KEPCO and Hanwha Signed a 25-year IPP contract with KEPCO for the construction of the 180-megawatt Ukudu baseload power plant 	<ul style="list-style-type: none"> Hagåtña 24-megawatt utility-scale Energy Storage System and Talofofo 16-megawatt utility-scale Energy Storage System completed Construction underway at the Maloljoj 60-megawatt and Mangilao 60-megawatt solar photovoltaic project sites Design, permitting activities including biological and wetland assessment, developing requirements for cultural assessment proceeding for the construction of the 198-megawatt Ukudu baseload power plant Completed procurement for a Phase III Renewables 40-megawatt solar photovoltaic project including full energy shifting Energy Storage Systems. Award is pending
FINANCIALLY SOUND AND STABLE 	<ul style="list-style-type: none"> 173 days unrestricted cash. Debt service coverage of 2.53x GPA maintained its current credit ratings: <ul style="list-style-type: none"> S&P-BBB/Stable Outlook Moody's-Baa2/Negative Outlook Fitch-BBB-/Positive Outlook 	<ul style="list-style-type: none"> 176 days unrestricted cash. Debt service coverage of 1.97x GPA maintained its current credit ratings: <ul style="list-style-type: none"> S&P-BBB/Stable Outlook Moody's-Baa2/Stable Outlook Fitch-BBB-/Positive Outlook 	<ul style="list-style-type: none"> 249 days unrestricted cash Debt service coverage of 1.67x GPA's credit ratings despite COVID-19: <ul style="list-style-type: none"> S&P-BBB/Stable Outlook Moody's-Baa2/Negative Outlook Fitch-BBB/Stable Outlook
COMMITMENT TO WORKFORCE DEVELOPMENT 	<ul style="list-style-type: none"> 1st Place American Public Power Association's (APPA) Safety Award of Excellence On-going training and continuing education for all employees 	<ul style="list-style-type: none"> 3rd Place American Public Power Association's (APPA) Safety Award of Excellence Launched 5th Cycle Graduate Apprenticeship Program with 20 new T&D apprentices On-going training and continuing education for all employees 	<ul style="list-style-type: none"> In emerging COVID-19 operational challenges all employees were safeguarded in day-to-day activities and emergency responses and provided proper and necessary materials to, ensure workforce availability, and the continuity of power service Launched 6th Cycle Apprenticeship Program with 17 new T&D apprentices On-going training and continuing education for all employees
OPTIMIZE THE USE OF TECHNOLOGY 	<ul style="list-style-type: none"> Adopted sustainable renewable sources of energy The new Ukudu, Dededo base load power plant will bring combined cycle power generation which will utilize cleaner sources of fuel and integrate well with renewables 	<ul style="list-style-type: none"> Relocated GPA's Supervisory Control and Data Acquisition (SCADA) system to Fadian for improved power, water and wastewater operations system dispatching Signed a 25-year IPP contract with KEPCO for the construction of the 180 megawatt Ukudu base load power plant 	<ul style="list-style-type: none"> Launched GPA 'Power Alerts' 2-way text messaging service providing customers with real-time outage information and estimated time of restoration Completed construction, commenced testing of GPA's Phase II Hagåtña 24-megawatt and Talofofo 16-megawatt utility-scale Energy Storage System Project. COVID-19 delayed the commissioning into 2021 Increased digital transformations, resulting in new and improved ways of providing services to customers



GUAM POWER AUTHORITY FY2020 CITIZEN-CENTRIC REPORT

OUR FINANCES

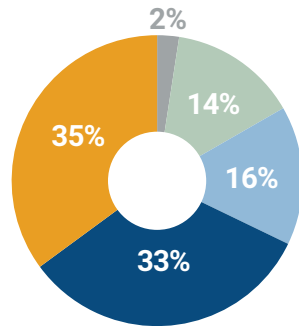
Revenues

Type	2020	2019	% Change
<i>(in \$000)</i>			
Residential	\$ 111,984	\$ 124,466	-10%
Commercial	\$ 119,947	\$ 151,737	-21%
Government	\$ 48,785	\$ 57,823	-16%
Navy	\$ 52,852	\$ 65,707	-20%
Other Income	\$ 8,300	\$ 9,607	-14%
Total	\$ 341,868	\$ 409,340	-16%

The Authority's operating revenues decreased by \$67 million, which is mainly due to global decline in fuel prices in FY 2020. In addition, the energy sales declined by 2.9% due to the COVID-19 pandemic.

FY2020

- Residential
- Commercial
- Government
- Navy
- Other Income



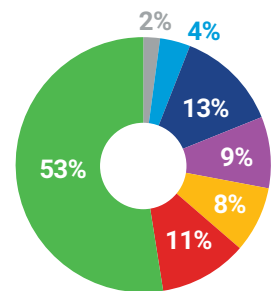
Expenses

Type	2020	2019	% Change
<i>(in \$000)</i>			
Customer Accounting	\$ 7,134	\$ 6,214	15%
Transmission and Distribution	\$ 12,962	\$ 12,746	2%
Administrative and General	\$ 43,662	\$ 38,289	14%
IPP and Other Production Costs	\$ 30,537	\$ 30,781	-1%
Interest & Other Extraordinary Expenses	\$ 28,228	\$ 30,274	-7%
Depreciation and Amortization	\$ 37,645	\$ 36,999	2%
Production Fuel	\$ 176,992	\$ 238,870	-26%
Total	\$ 337,160	\$ 394,173	-14%

The Authority's operating expenses decreased by \$57 million, which is mainly due to fuel cost reduction. The decrease was slightly offset by an increase in Administrative and General expense due to GASB 75 adjustment as the Authority's proportionate share of Other Post-Employment Benefits increased from prior year of \$4 million. Customer Accounting's increase was mainly attributable to the increase in the allowance for doubtful receivables by almost \$700 thousand.

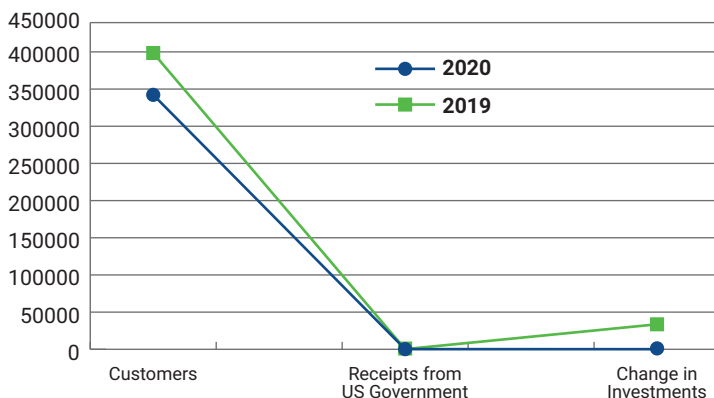
FY2020

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



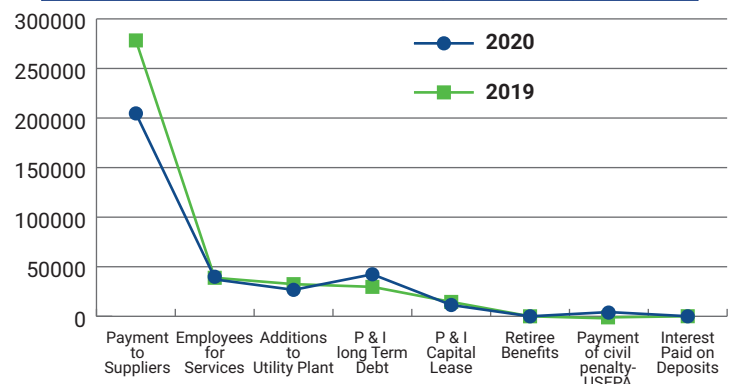
Sources of Funds

Type	2020	2019
<i>(in \$000)</i>		
Customers	\$ 342,604	\$ 398,548
Receipts from US Government	\$ -	\$ 216
Change in Investments	\$ 2,484	\$ 33,613
Total	\$ 345,088	\$ 432,377



Uses of Funds

Type	2020	2019
<i>(in \$000)</i>		
Payment to Suppliers	\$ 203,058	\$ 278,284
Employees for Services	\$ 40,553	\$ 38,856
Additions to Utility Plant	\$ 24,541	\$ 32,448
P & I - Long Term Debt	\$ 43,755	\$ 29,697
P & I - Capital Lease	\$ 8,946	\$ 14,512
Retiree Benefits	\$ 4,220	\$ 4,258
Payment of civil penalty-USEPA	\$ 400	\$ -
Interest Paid on Deposits	\$ 33	\$ 57
Total	\$ 325,506	\$ 398,112



All financial activities of GPA are in line with the mission, vision and goals established by the Authority. GPA's financial statements for fiscal year 2020 received a clean audit opinion from Deloitte & Touche, LLP. GPA's comprehensive financial statements may be viewed online at www.guampowerauthority.com.



GUAM POWER AUTHORITY

FY2020 CITIZEN-CENTRIC REPORT

OUR FUTURE CHALLENGES

Looking Ahead

For Fiscal Year 2020 and looking immediately ahead, only time will tell the full economic and operational impact of the global COVID-19 pandemic upon GPA.

GPA's strategic goals include:

• Grid Transformation

- GPA will generate 25% of its energy from renewable sources by 2024 and 50% by 2030 while improving grid stability and resiliency.

Customers benefit through lower and less volatile LEAC rates, cleaner air, improved power quality, and fewer outages. GPA reduces its carbon footprint and impact on the planet.

• Consent Decree Compliance

- The USEPA Consent Decree with GPA signed in May 2020 requires completion of many projects for renewable energy, energy storage, and projects for fuel infrastructure transitioning to cleaner fuels.
- Delayed by the onset of the COVID-19 pandemic in March 2020, GPA's new, flexible, and highly efficient Ukudu 198-megawatt combined cycle baseload power plant will support increasing renewable energy penetration and future load growth within the islandwide power system by April 2024.
- In March 2021, work was started to convert the 88-megawatt Piti #8 & #9 slow speed diesel units, to burn ultra-low sulfur diesel fuel to comply with USEPA national ambient air quality standards (NAAQS) and the RICE MACT. The conversion is expected to take 15 months to complete.

Customers benefit from significantly cleaner air emissions, lower fuel costs, and sufficient capacity while the new Ukudu baseload power plant completes construction. As the cornerstone of GPA's generation fleet, the Ukudu plant will work well with renewable energy to ensure continuous power to the island in the event of non-solar days and natural disasters.

• Building Grid Resilience

- GPA completed its Phase 1 Tumon Bay Lateral Conversion Project in November 2020. The project converted existing overhead power lines along San Vitores Road to an underground system. Phase II is pending funding through FEMA grants.

Without impacting rates, customers benefit from significantly increased power service reliability; and quicker post-typhoon recovery and restoration of the power system, which supports Guam's economy and the entire community.

• Improving Customer Service Delivery, Energy Affordability, and GPA Productivity

- Delayed by the onset of the COVID-19 Pandemic in March 2020, GPA's Hagåtña 24-megawatt and Talofofo 16-megawatt, grid-scale Energy Storage Systems (ESS) batteries project was completed and fully commissioned as of March 1, 2021. GPA achieved this infrastructure milestone as the first large battery energy storage system(s) addition to Guam's power grid.
- In early 2021, GPA will launch its GPA's Clearest Mobile Workforce Management System Phase I project to improve field worker productivity between 40% to 65%.
- GPA's Demand Side Management (DSM) programs help customers lower their monthly energy bills and reduce GPA's overall fuel use. Ongoing programs include the Energy Sense Rebate Program, BEST Schools Program, and Utility Energy Services Contracting (UESC) Programs.
- In 2021, through optimizing technology, customers will be able to apply for GPA's Energy Sense rebates online or through GPA smart apps.

Customers benefit from improved power reliability, a reduction in environmental impacts, greater efficiencies of an improved rebate application service, resulting in lower customer monthly energy bills and increased customer satisfaction.

• Planning for the Future and a Sustainable Guam

- By Summer 2021, GPA will complete its Integrated Resource Plan (IRP) with recommendations projecting how GPA will meet future power requirements
- GPA loaned a Nissan Leaf electric vehicle (EV) to the University of Guam's Center for Island Sustainability and Sea Grant Program. This two-year partnership will provide GPA with EV roadmap data to support GPA's electrical fleet expansion and EV charging infrastructure development as part of GPA's IRP.

Customers benefit from GPA completing assessment of the impact of electric vehicles upon Guam's power grid to ensure GPA can meet future energy needs, at the lowest possible costs.

• Workforce Planning

A substantial number of GPA employees are eligible to retire within 5-10 years. In 2021, GPA will launch new apprenticeship, internships and other training programs. It is critical that GPA attract and train highly and specialized employees, especially in the engineering, information technology, finance/accounting, transmission and distribution, and power generation fields.

Customers benefit with the assurance and performance of a sufficient professional and technical workforce to support GPA's operations that keep energy flowing and the lights on.

We want to hear from you.

Please contact GPA and let us know what information we can provide to you in future reports.

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

Telephone: (671) 648-3119/648-3066 • Email: jjekim@gpagwa.com • www.guampowerauthority.com • [f /Guam Power Authority](https://www.facebook.com/GuamPowerAuthority)