GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

23 March 2017

GL # 34-17-350
Speaker Benjamin J.F. Cruz

APR 04 2017
Time: 8:00 [X] AM [ ] PM File No. 34-256
Received By: Glenn

Honorable Benjamin J.F. Cruz, Speaker
I Mina 'trentai Kuattro Na Liheslaturan Guahan
Suite 107, 155 Hesler Place
Hagatna, Guam 96910
senator@senatorbjcruz.com

Subject: January 2017 Financial Statement

2017 APR -4 AM 9:07

Dear Honorable Speaker Cruz:

Enclosed is Guam Power Authority's Monthly Financial Statement for the month of January 2017 which was approved at the Consolidated Commission on Utilities board meeting on Tuesday, March 21, 2017.

Should you require further information, please do not hesitate to call me at 648-3120 or E-Mail at jjekim@gpagwa.com.

Sincerely,

JOHN J.E. KIM
Chief Financial Officer

cc: CFO 068 17

0350

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P O BOX 2977 • AGANA, GUAM U S A. 96932 2977

GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
January 2017

Attached are the financial statements and supporting schedules for the month and fiscal year ended January 31, 2017.

Summary

The increase in net assets for the month ended was $1.2million as compared to the anticipated net decrease of $1.4 million projected at the beginning of the year. The total kWh sales for the month were 4.81% more than projected and non-fuel revenues were $0.4 million more than the estimated amount. O & M expenses for the month were $5.0 million which was $2.0 million less than our projections for the month. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to $3.7 million, which was $0.2 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.26	1.70	2
Days in Receivables	37	34	52
Days in Payables	27	64	30
LEAC (Over)/Under Recovery Balance - YTD	$8,255,217	$4,893,195	$1,779,016
T&D Losses	4.75%	4.68%	7.00%
Debt Service Coverage	2.35	2.21	1.75
Long-term equity ratio	15%	19%	30 – 40%
Days in Cash	189	251	60

The Quick Ratio has been a challenge for GPA historically. However, over the last two fiscal years, the influx of cash has continued to improve this ratio. GPA has current obligations of approximately $103 million and approximately $176 million in cash and current receivables. The increase in cash is attributable to the receipt of nearly $32M in insurance proceeds. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
January 2017
Significant Assumptions

The significant assumptions in the financial statements are as follows:

- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:	Reviewed by:	Approved by:
Lenora M. Sanz Controller	Corazon Montellano Chief Financial Officer	John M. Benavente, P.E. General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
January 31, 2017 and September 30, 2016

	Unaudited January 2017	Unaudited September 2016	Change from Sept 30 2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 11,690,496	$ 16,005,063	$ (4,314,567)
Bond Indenture funds	64,605,518	69,821,815	(5,216,297)
Held by Guam Power Authority:			
Bond Indenture funds	147,404,633	126,056,805	21,347,828
Self insurance fund-restricted	20,450,293	20,442,578	7,715
Energy sense fund	1,495,434	1,646,041	(150,607)
Total cash and cash equivalents	245,646,374	233,972,302	11,674,072
Accounts receivable, net	32,840,982	65,043,172	(32,202,190)
Total current receivables	32,840,982	65,043,172	(32,202,190)
Materials and supplies inventory	14,149,558	14,624,878	(475,320)
Fuel inventory	46,305,528	31,326,367	14,979,161
Prepaid expenses	6,696,336	753,398	5,942,938
Total current assets	345,638,778	345,720,117	(81,339)
Utility plant, at cost:			
Electric plant in service	1,069,347,593	1,038,493,831	30,853,762
Construction work in progress	25,989,118	18,407,877	7,581,241
Total	1,095,336,711	1,056,901,708	38,435,003
Less: Accumulated depreciation	(541,284,474)	(534,003,129)	(7,288,345)
Total utility plant	554,052,237	522,900,579	31,151,658
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,534,994	48,550,887	(15,893)
Unamortized debt issuance costs	4,520,169	4,646,601	(126,432)
Total other non-current assets	53,055,163	53,197,488	(142,325)
Total assets	952,746,178	921,818,184	30,927,994
Deferred outflow of resources:			
Deferred fuel revenue	4,893,290	1,070,120	3,823,170
Unamortized loss on debt refunding	11,908,288	12,324,400	(416,112)
Pension	7,490,630	7,490,630	0
Unamortized forward delivery contract costs	743,598	796,718	(53,120)
Total deferred outflows of resources	25,035,806	21,681,868	3,353,938
	$ 977,781,984	$ 943,500,052	$ 34,281,932

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
January 31, 2017 and September 30, 2016

	Unaudited January 2017	Unaudited September 2016	Change from Sept 30 2015
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 1,780,000	$ 115,000	$ 1,665,000
Current obligations under capital leases	16,737,242	16,737,242	0
Accounts payable			
Operations	38,987,104	25,782,804	13,204,300
Others	22,408,067	22,364,991	43,076
Accrued payroll and employees' benefits	1,092,205	1,533,906	(441,701)
Current portion of employees' annual leave	2,477,509	2,405,799	71,710
Interest payable	10,329,131	15,146,696	(4,817,565)
Customer deposits	9,457,994	9,332,016	125,978
Total current liabilities	103,269,253	93,418,454	9,850,798
Regulatory liabilities:			
Provision for self insurance	19,550,977	19,550,977	0
Total regulatory liabilities	19,550,977	19,550,977	0
Long term debt, net of current maturities	592,374,806	595,057,778	(2,682,972)
Obligations under capital leases, net of current portion	45,960,372	22,872,720	23,087,652
Net Pension liability	61,108,027	63,293,549	(2,185,522)
DCRS sick leave liability	3,436,738	3,436,738	0
Employees' annual leave net of current portion	806,762	806,762	0
Customer advances for construction	327,816	319,321	8,495
Total liabilities	826,834,751	798,756,299	28,078,451
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,725,416	2,920,088	(194,672)
Pension	7,694,438	7,694,438	0
Other unearned revenues	0	0	0
Total deferred inflows of resources	10,419,854	10,614,526	(194,672)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	11,792,503	6,171,221	5,621,282
Restricted	2,106,362	16,005,063	(13,898,701)
Unrestricted	126,628,513	111,952,943	14,675,570
Total net position	140,527,378	134,129,227	6,398,152
	$ 977,781,984	$ 943,500,052	$ 34,281,932

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Revenues, Expenses and Changes in Net Assets

	January 31			Four Months Ending January		
	Unaudited 2017	Unaudited 2016	% of change Inc (dec)	Unaudited 2017	Unaudited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 25,087,712	$ 26,857,241	(7)	$ 101,252,329	$ 109,320,753	(7)
Miscellaneous	429,359	(9,223)	(4,755)	959,263	567,172	69
Total	25,517,071	26,348,018	(3)	102,211,592	109,887,925	(7)
Bad debt expense	(83,333)	(91,667)	(9)	(333,333)	(366,668)	(9)
Total revenues	25,433,738	26,256,351	(3)	101,878,259	109,521,257	(7)
Operating and maintenance expenses						
Production fuel	11,867,294	13,662,915	(13)	47,012,787	56,760,494	(17)
Other production	1,201,369	1,013,831	18	5,036,738	4,710,994	7
	13,068,663	14,676,746	(11)	52,049,525	61,471,488	(15)
Depreciation	3,270,668	3,482,052	(6)	14,015,885	13,658,344	3
Energy conversion cost	1,694,693	1,448,119	17	6,065,323	5,712,305	6
Transmission & distribution	1,217,721	1,081,970	13	4,131,417	3,615,293	14
Customer accounting	448,841	470,074	(5)	1,418,060	1,532,572	(7)
Administrative & general	2,140,780	2,688,166	(20)	8,432,304	11,507,106	(27)
Total operating and maintenance expenses	21,841,366	23,848,127	(8)	86,112,514	97,497,108	(12)
Operating income	3,592,372	2,408,224	49	15,765,745	12,024,149	31
Other income (expenses)						
Interest income	91,936	65,979	39	319,739	223,667	43
Interest expense and amortization	(2,890,094)	(2,925,413)	(1)	(11,288,354)	(11,781,370)	(4)
Bond issuance costs	76,827	68,617	12	307,308	274,468	12
Allowance for funds used during construction	318,569	352,308	(10)	1,287,106	1,469,593	(12)
Other expense	0	(59,947)	(100)	(12,878)	58,801	(122)
Total other income (expenses)	(2,402,762)	(2,498,456)	(4)	(9,379,079)	(9,754,843)	(4)
Income (loss) before capital contributions	1,189,610	(90,232)	(1,418)	6,386,666	2,269,308	181
Capital contributions	0	0	0	11,488	1,177,961	(99)
Increase (decrease) in net assets	1,189,610	(90,232)	(1,418)	6,398,154	3,447,269	86
Total net assets at beginning of period (restated)	139,337,770	85,165,276	64	134,129,226	81,627,775	64
Total net assets at end of period	$ 140,527,379	$ 85,075,044	65	$ 140,527,379	$ 85,075,044	65

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended January 31, 2017

	Month Ended 1/31/2017	YTD Ended 1/31/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$58,100,292	$ 134,135,892
Cash payments to suppliers and employees for goods and services	5,109,541	84,749,656
Net cash provided by operating activities	$52,990,751	49,386,236
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	91,936	319,739
Net cash provided by investing activities	91,936	319,739
Cash flows from non-capital financing activities		
Interest paid on short term debt	(5,872)	(23,773)
Provision for self insurance funds	-	(7,715)
Net cash provided by noncapital financing activities	(5,872)	(31,488)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(40,026,583)	(45,167,543)
Principal paid on bonds and other long-term debt	-	(115,000)
Interest paid on bonds(net of capitalized interest)	318,569	(13,090,819)
Interest paid on capital lease obligations	(494,061)	(1,696,220)
Interest & principal funds held by trustee	(2,544,646)	4,314,567
Reserve funds held by trustee	(2,946)	15,893
Bond funds held by trustee	34,902	5,216,297
Principal payment on capital lease obligations	27,082,863	23,087,652
Grant from DOI/FEMA	-	11,488
Debt issuance costs/loss on defeasance	(225,743)	(902,972)
Net cash provided by (used in) capital and related financing activities	(15,857,645)	(28,326,657)
Net (decrease) increase in cash and cash equivalents	37,219,169.70	21,347,829
Cash and cash equivalents, beginning	110,185,465	126,056,805
Cash and cash equivalents-Funds held by GPA, January 31, 2017	**$ 147,404,634**	**$ 147,404,634**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended January 31, 2017

	Month Ended 1/31/2017	YTD Ended 1/31/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$3,592,372	$15,765,745
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,270,668	14,015,885
Other expense	76,827	294,430
(Increase) decrease in assets:		
Accounts receivable	32,603,643	32,202,190
Materials and inventory	157,785	475,320
Fuel inventory	(6,992,871)	(14,979,161)
Prepaid expenses	934,954	(5,942,938)
Unamortized debt issuance cost	31,608	126,432
Deferred fuel revenue	(1,237,938)	(3,823,170)
Unamortized loss on debt refunding	104,028	416,112
Unamortized forward delivery contract costs	13,280	53,120
Increase (decrease) in liabilities:		
Accounts payable-operations	16,284,314	13,204,300
Accounts payable-others	77,839	193,683
Accrued payroll and employees' benefits	310,344	(441,701)
Net pension liability	(475,034)	(2,185,522)
Employees' annual leave	(16,267)	71,710
Customers deposits	(525,740)	125,978
Customer advances for construction	-	8,495
Other unearned revenue	4,829,607	-
Unearned forward delivery contract revenue	(48,668)	(194,672)
Net cash provided by operating activities	**$52,990,751**	**$49,386,236**