GUAM POWER AUTHORITY

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

06 March 2018

Senator Benjamin J. F. Cruz
Office of the Speaker
I Mina' Trentai Kuattro Liheslaturan Guahan
34th Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

GL# 34-18-1619
Speaker Benjamin J.F. Cruz

MAR 0 6 2018
Time: 3:05 [ ] AM [X] PM File No. 34-11621
Received By:

SUBJECT: Guam Power Authority
Ref: Monthly Financial – December 2017

Dear Honorable Speaker Cruz:

Enclosed is the Guam Power Authority's Financial Statement for the month of December 2017, submitted in accordance with Public Law 30-55 Chapter XIII §4.

Should you require further information, please feel free to contact me at 648-3120 or E-Mail jjekim@gpagwa.com.

Sincerely,

John J.E. Kim
Chief Financial Officer

cc: Ms. Doris Flores Brooks, CPA, CGFM Public Auditor

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
December 2017

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

Summary

The increase in net assets for the month ended was $0.1 million as compared to the anticipated net decrease of $0.3 million projected at the beginning of the year. The total kWh sales for the month were 3.71% more than projected and non-fuel revenues were $0.4 million more than the estimated amount. O & M expenses for the month were $4.6 million which was $1.7 million under 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 $3.1 million, which was $0.9 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	2.03	1.74	2
Days in Receivables	41	41	52
Days in Payables	24	35	30
LEAC (Over)/Under Recovery Balance -YTD	$15,977,766	$16,797,412	$9,021,347
T&D Losses	4.91%	4.90%	7.00%
Debt Service Coverage	2.03	2.19	1.75
Long-term equity ratio	13%	13%	30 – 40%
Days in Cash	136	154	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 $86 million and approximately $150 million in cash and current receivables. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
December 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	John J.E. Kim 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
December 31, 2017 and September 30, 2017

	Unaudited December 2017	Unaudited September 2017	Change from Sept 30 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 7,449,683	$ 18,061,879	$ (10,612,196)
Bond indenture funds	54,749,314	56,907,535	(2,158,221)
Held by Guam Power Authority:			
Bond indenture funds	112,063,892	132,579,889	(20,515,997)
Self insurance fund-restricted	19,253,131	19,251,372	1,759
Energy sense fund	736,812	1,074,491	(337,679)
Total cash and cash equivalents	194,252,832	227,875,166	(33,622,334)
Accounts receivable, net	37,184,729	35,603,289	1,581,440
Total current receivables	37,184,729	35,603,289	1,581,440
Materials and supplies inventory	12,745,964	11,989,745	756,219
Fuel inventory	54,963,684	52,387,369	2,576,315
Prepaid expenses	7,603,268	682,814	6,920,454
Total current assets	306,750,477	328,538,383	(21,787,906)
Utility plant, at cost:			
Electric plant in service	1,039,123,386	1,037,419,517	1,703,869
Construction work in progress	21,948,641	18,382,414	3,566,227
Total	1,061,072,027	1,055,801,931	5,270,096
Less: Accumulated depreciation	(575,852,774)	(565,144,900)	(10,707,874)
Total utility plant	485,219,253	490,657,031	(5,437,778)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,480,037	48,576,863	(96,826)
Unamortized debt issuance costs	2,715,790	4,267,305	(1,551,515)
Total other non-current assets	51,195,827	52,844,168	(1,648,341)
Total assets	843,165,557	872,039,582	(28,874,025)
Deferred outflow of resources:			
Deferred fuel revenue	16,797,412	16,751,048	46,364
Unamortized loss on debt refunding	29,154,410	11,076,064	18,078,346
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	597,518	637,358	(39,840)
Total deferred outflows of resources	54,718,058	36,633,188	18,084,870
	$ 897,883,615	$ 908,672,770	$ (10,789,155)

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

	Unaudited December 2017	Unaudited September 2017	Change from Sept 30 2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 1,495,000	$ 1,780,000	$ (285,000)
Current obligations under capital leases	16,949,416	16,949,416	0
Accounts payable			
Operations	44,281,925	56,671,898	(12,389,973)
Others	4,316,635	5,425,336	(1,108,701)
Accrued payroll and employees' benefits	859,987	1,546,860	(686,873)
Current portion of employees' annual leave	2,445,747	2,324,895	120,852
Interest payable	5,839,650	15,065,830	(9,226,180)
Customer deposits	8,429,092	8,503,783	(74,691)
Total current liabilities	84,617,452	108,268,018	(23,650,566)
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	607,868,768	590,568,862	17,299,906
Obligations under capital leases, net of current portion	24,413,404	30,343,708	(5,930,304)
Net Pension liability	63,091,097	64,596,253	(1,505,156)
DCRS sick leave liability	4,008,397	4,008,397	0
Employees' annual leave net of current portion	806,762	806,762	0
Customer advances for construction	372,489	369,180	3,309
Total liabilities	804,729,346	818,512,157	(13,782,811)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,190,066	2,336,071	(146,005)
Pension	732,788	732,788	0
Total deferred inflows of resources	2,922,854	3,068,859	(146,005)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(63,016,539)	(43,869,737)	(19,146,802)
Restricted	16,817,689	15,232,832	1,584,857
Unrestricted	136,430,264	115,728,658	20,701,606
Total net position	90,231,414	87,091,754	3,139,660
	$ 897,883,615	$ 908,672,770	$ (10,789,155)

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

	December 31			Three Months Ending December 31		
	Unaudited 2017	Unaudited 2016	% of change Inc (dec)	Unaudited 2017	Unaudited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 29,975,334	$ 25,731,231	16	$ 88,763,807	$ 76,164,617	17
Miscellaneous	122,242	149,309	(18)	407,052	529,904	(23)
Total	30,097,576	25,880,540	16	89,170,859	76,694,521	16
Bad debt expense	(86,583)	(83,333)	4	(259,750)	(250,000)	4
Total revenues	30,010,993	25,797,207	16	88,911,109	76,444,521	16
Operating and maintenance expenses						
Production fuel	16,007,336	12,036,465	33	47,343,365	35,145,493	35
Other production	936,410	1,044,858	(10)	3,525,714	3,552,823	(1)
	16,943,746	13,081,323	30	50,869,079	38,698,316	31
Depreciation	3,567,508	3,621,422	(1)	10,740,759	10,745,217	(0)
Energy conversion cost	1,432,452	1,455,463	(2)	4,941,972	4,370,630	13
Transmission & distribution	1,108,137	984,711	13	2,959,860	2,913,696	2
Customer accounting	432,690	292,768	48	1,267,214	969,219	31
Administrative & general	2,129,750	2,277,938	(7)	6,861,300	6,291,524	9
Total operating and maintenance expenses	25,614,283	21,713,625	18	77,640,184	63,988,602	21
Operating income	4,396,710	4,083,582	8	11,270,925	12,455,919	(10)
Other income (expenses)						
Interest income	741,024	74,400	896	1,751,460	227,803	669
Interest expense and amortization	(2,729,985)	(2,783,224)	(2)	(8,168,390)	(8,390,260)	(3)
Bond issuance costs	(2,487,564)	76,827	(3,338)	(2,333,910)	230,481	(1,113)
Allowance for funds used during construction	273,336	322,071	(15)	819,921	968,537	(15)
Other expense	(82,834)	(4,291)	1,830	(205,147)	(12,873)	1,494
Total other income (expenses)	(4,286,023)	(2,314,217)	85	(8,136,066)	(6,976,312)	17
Income (loss) before capital contributions	110,687	1,769,365	(94)	3,134,859	5,479,607	(43)
Capital contributions	0	0	0	4,795	11,488	(58)
Increase (decrease) in net assets	110,687	1,769,365	(94)	3,139,654	5,491,095	(43)
Total net assets at beginning of period (restated)	90,120,721	80,782,059	12	87,091,754	77,060,329	13
Total net assets at end of period	$ 90,231,408	$ 82,551,424	9	$ 90,231,408	$ 82,551,424	9

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

	Month Ending 12/31/2017	YTD Ending 12/31/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$30,797,532	$ 87,323,839
Cash payments to suppliers and employees for goods and services	32,597,041	111,668,554
Net cash provided by operating activities	($1,799,509)	(24,344,715)
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	741,024	1,751,460
Net cash provided by investing activities	741,024	1,751,460
Cash flows from non-capital financing activities		
Interest paid on short term debt	(5,977)	(18,380)
Provision for self insurance funds	(1,759)	(1,759)
Net cash provided by noncapital financing activities	(7,736)	(20,139)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,976,197)	(5,302,974)
Principal paid on bonds and other long-term debt	(1,770,000)	(3,550,000)
Interest paid on bonds(net of capitalized interest)	(1,726,464)	(15,556,079)
Interest paid on capital lease obligations	(340,585)	(1,000,190)
Interest & principal funds held by trustee	(515,158)	10,612,196
Reserve funds held by trustee	40,572	96,826
Bond funds held by trustee	386,103	2,158,221
Principal payment on capital lease obligations	(1,894,000)	(5,930,304)
Grant from DOI/FEMA	-	4,795
Debt issuance costs/loss on defeasance	21,016,392	20,564,906
Net cash provided by (used in) capital and related financing activities	13,220,663	2,097,397
Net (decrease) increase in cash and cash equivalents	12,154,441.28	(20,515,997)
Cash and cash equivalents, beginning	99,909,451	132,579,889
Cash and cash equivalents-Funds held by GPA, December 31, 2017	**$ 112,063,892**	**$ 112,063,892**

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

	Month Ending 12/31/2017	YTD Ending 12/31/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$4,396,710	$11,270,925
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,567,508	10,740,759
Other expense	(2,570,398)	(2,539,057)
(Increase) decrease in assets:		
Accounts receivable	784,516	(1,581,440)
Materials and inventory	(24,008)	(756,219)
Fuel inventory	(6,992,429)	(2,576,315)
Prepaid expenses	934,201	(6,920,454)
Unamortized debt issuance cost	1,488,299	1,551,515
Deferred fuel revenue	(819,646)	(46,364)
Unamortized loss on debt refunding	(18,286,402)	(18,078,346)
Unamortized forward delivery contract costs	13,280	39,840
Increase (decrease) in liabilities:		
Accounts payable-operations	16,032,782	(12,389,973)
Accounts payable-others	349,053	(771,022)
Accrued payroll and employees' benefits	163,316	(686,873)
Net pension liability	(520,208)	(1,505,156)
Employees' annual leave	(5,015)	120,852
Customers deposits	(262,400)	(74,691)
Customer advances for construction	-	3,309
Unearned forward delivery contract revenue	(48,668)	(146,005)
Net cash provided by operating activities	**($1,799,509)**	**$ (24,344,715)**