Gmail

BENJAMIN CRUZ <speaker@senatorbjcruz.com>

MC Fwd: GPA CCR Transmittal Letter Re-issuance

1 message

BENJAMIN CRUZ <speaker@senatorbjcruz.com>
To: 34th Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>

Mon, Jun 25, 2018 at 9:07 AM

06/25/18	06/25/18	Guam Power Authority	GPA Citizen-Centric Report for FY 2017*	34-18-2015

---------- Forwarded message ---------
From: **Lenora M Sanz** <lsanz@gpagwa.com>
Date: Mon, Jun 25, 2018 at 9:04 AM
Subject: GPA CCR Transmittal Letter Re-issuance
To: "BJ Cruz (speaker@senatorbjcruz.com)" <speaker@senatorbjcruz.com>
Cc: Tamra M Muna <tmuna@gpagwa.com>, "Lenny R. Florencio" <erflorencio@gpagwa.com>

Hafa Adai!

Attached please find the re-issued transmittal letter reflecting the corrected address information. Also attached is the GPA Citizen-Centric Report for FY 2017 that was filed with the transmittal letter on Friday, June 22, 2018.

You can also find this report by following the link below.

http://guampowerauthority.com/gpa_authority/investors/documents/CCR-FY%202017-filing.pdf

If you have any questions or concerns, please feel free to contact me at the numbers below or respond to this email.

Best regards,

Lenora M Sanz
Controller | Guam Power Authority
688 Route 15, Mangilao, Guam 96913
Direct: +1 671 648 3122 | Fax: +1 671 648 3168
lsanz@gpagwa.com

GPA 50 YEARS

CR#34-140-2015
Speaker Benjamin J.F. Cruz

JUN 25 2018
Time: 904 [x] AM [ ] PM File No. ____
Received By:

OFFICE OF SPEAKER BENJAMIN J.F. CRUZ
Committee on Appropriations and Adjudication
I Mina'trentai Kuattro na Liheslaturan Guahan
Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1 | F: (671) 477-2522 | www.senatorbjcruz.com

2018 JUN 25 AM 9:19

2 attachments

CFO 121 18 CCR Filing - Legislature 2.pdf
71K

CCR-FY 2017-filing.pdf
755K

2015

GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN

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

June 22, 2018

CFO 121 18

Mr. Benjamin J.F. Cruz, Speaker
I Mina' Trentai Kuåttro Na Liheslaturan Guahan
34th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagatña, Guam 96910
senator@senator bjcruz.com

SUBJECT: **GPA Citizen Centric Reporting**
Ref: Title 1 GCA Ch 19 § 1922

In compliance with Title 1 GCA Ch 19 § 1922, please find the attached copy of the Guam Power Authority (GPA) Citizen-Centric Report (CCR) for the fiscal year ended September 30, 2017. In addition, the CCR was posted on the GPA website today and can be found at:
http://www.guampowerauthority.com/gpa_authority/investors/gpa_financial_statements.php .

If you have any questions or concerns, Please contact me at 648-3122 or email at lsanz@gpagwa.com .

Yours truly,

Lenora M. Sanz,
Chief Financial Officer, Acting



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GPA Mission

"GPA SHALL provide
R eliable
E³fficient, Effective, Environmentally Sound
A² ffordable, Accountable
L eading Energy Solutions."

GPA Vision

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

Mr. John J.E. Kim
Chief Financial Officer

About Us

Guam Power Authority is a public corporation and a component unit of the Government of Guam established in 1968. It is governed by the Consolidated Commission on Utilities (CCU), an elected five member board. GPA is subject to the regulation of the Guam Public Utilities Commission of Guam (GPUC) and has adopted the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). The Authority has total assets of $955M and employs 467 employees. The Authority has 420 megawatts of generation capacity, 663 miles of transmission and distribution lines and 29 substations. We invested in a solar farm and wind turbine with a combined generation capacity of 25megawatt. We continue to commit ourselves to achieve energy diversification using green energy solutions.

Demographics

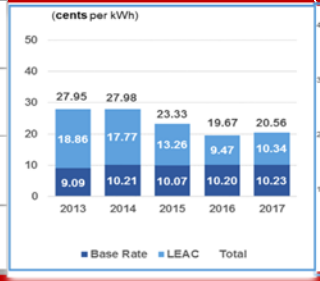
As of September 30, 2017 GPA has 50,843 customers. They are categorized as residential, commercial, Government of Guam and the U.S. Navy, which is GPA's largest customer. GPA has established six strategic measures and one of them is providing superior customer service. Our efforts to achieve this include installation of smart meters which give control to our customers over their economical energy use. To assist the customers in monitoring their energy use we created an online site called "My Energy".

Our rate

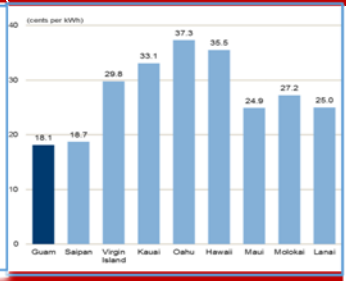
GPA is committed to provide affordable and reliable power to the people of Guam. As shown on the graph below, our rate is still the lowest compared to the other neighboring Pacific islands. The system average rate per kWh in 2017 is at 20.56 cents which is slightly higher than its lowest at 19.7 cents per kWh in 2016.

Customers	2015	2016	2017
Residential	42,888	43,252	43,756
Commercial	5,695	5,720	5,758
Government	1,097	1,235	1,328
Navy	1	1	1
Total	49,681	50,208	50,843

GPA System Average Rates



Pacific Region Rate Comparison



Our Progress













KEY STRATEGIES	2015	2016	2017
PRODUCT AFFORDABILITY	Dededo Indoor substation. Cabras 3&4 smoke stack. Completion of Dandan Solar Farm for additional 25 MW. Completion of wind turbine in Santa Rita for additional .275 MW	Levelized Energy Adjustment Clause rate reduced by 17.4%. Line losses further dropped to 4.55%. Station use dropped to 3.77% as well. A 1% reduction in line losses means a $1.5M fuel cost savings to our ratepayers.	Station use dropped to 3.74%. Line losses remain stable. GPA Management and CCU board members are committed to reducing operating costs, i.e., lower number of employees and reduce overtime and still maintain reliability to our ratepayers.
SUPERIOR CUSTOMER SERVICE	Implemented the Demand Side Management Program which provide rebate incentives to customers for buying approved energy efficient appliances.	Rebate incentives to customers for buying approved energy efficient appliances still on going. A redesigned energy statement was introduced to customers for a more useful information complete with graphics and tips on how to manage their energy usage.	Rebate incentives to customers for buying approved energy efficient appliances is extended. More payment options were made available to customers such as pay by phone, online payments, mobile and ACH payments.
HIGH SYSTEM RELIABILITY	Completed the following: 1.Dededo Indoor substation. 2.Cabras 3&4 smoke stack. 3.Geographic Information System implementation.	CCU and PUC approved the procurement of up to 180MW of generation capacity which will provide efficient, reliable and least-cost generation. GPA signed a Rent To Own agreement with Aggreko for 40MW generators to increase its total capacity. Replacement of Cabras1 Power Transformer.	Dededo CT return to service. Cabras Unit 2 Turbine and Boiler Overhauls Substation Major Refurbishment (Power Transformers)
FINANCIALLY SOUND AND STABLE	80 days unrestricted cash. Debt service coverage of 2.62x. Ratings: Standard & Poor-BBB Moody's– upgrade to Baa2 Fitch—BBB-	207 days unrestricted cash. Debt service coverage of 3.38x GPA maintained its current ratings in spite of the Cabras 3&4 incident: S&P-BBB/Stable Moody's-Baa2/Stable Fitch-BBB-/Stable Working with Insurers to settle claim per policy limits.	71 days unrestricted cash. Debt service coverage of 2.65x GPA maintained its current ratings: S&P-BBB/Stable Moody's-Baa2/Negative Fitch-BBB-/Stable
COMMITMENT TO WORKFORCE DEVELOPMENT	Quarterly employee and MagPro recognition awards. Service awards for employees. Training and continuing education to all employees	Quarterly employee and MagPro recognition awards. Service awards for employees. Training and continuing education to all employees.	Service awards for employees. Training and continuing education to all employees.
OPTIMIZE THE USE OF TECHNOLOGY	Implemented the Geographic Information System to model island wide power lines to provide for efficient work practices.	Revamped Online Payment System-customers can change their contact information, view financial history for the past 12 months. iDashboards—analytics to monitor our achievements in providing superior customer service. Advanced Grid Analytics (AGA)-monitor and solve power quality and reliability issue.	New Mobile Payment APP for Android and iOS. Upgrade of GPA's energy usage website MYENERGYGUAM.COM 2018 GPA compliance PCI-DSS for credit card processing. Security and network review of GPA systems to ensure that customer data is kept secure.

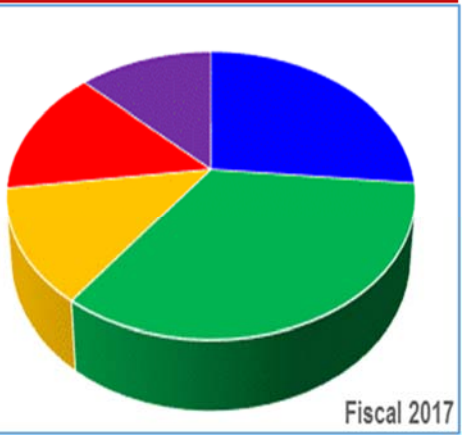
We want to hear from you! Let us know what information you want to see next time. Please contact Mr. John J.E. Kim, CFO @ (671) 648-3119 / 648-3066

Lke us on

Our Finances

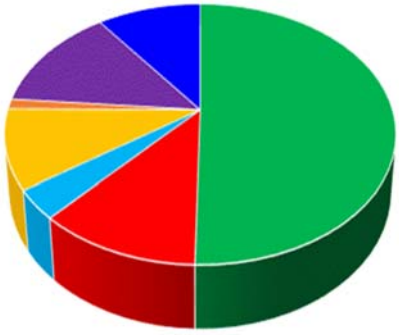
Revenues

Type (in $000)	2013	2014	2015	2016	2017	% Change from 2016
Residential	$ 125,932	$ 125,023	$ 105,533	$ 92,057	$ 100,602	9%
Commercial	174,126	171,805	145,356	120,186	126,806	6%
Government	64,072	62,311	53,710	45,460	48,761	7%
Navy	84,899	75,323	61,586	49,193	54,905	12%
Other income and extraordinary revenues	17,881	9,317	14,691	8,900	47,794	437%
Total	$ 454,999	$ 443,779	$ 380,876	$ 315,796	$ 378,868	20%



GPA's revenue increased by 20% from prior year. The increase is due to the increase in peak demand of electricity and customer consumption, and to the increase in the global fuel price. Decline of sales in the prior year is due to conservation efforts of the customers, efficiencies in household appliances and also to the growing number of net metering customers. Increase in other income and extraordinary revenues was due to the Cabras 3&4 explosion insurance recovery.

Expenses

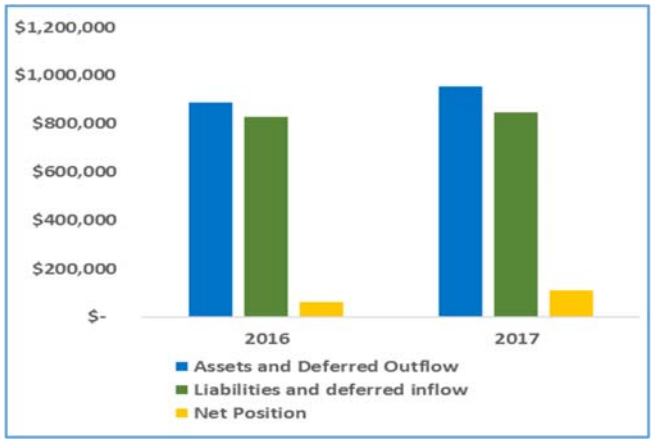


Type (in $000)	2013	2014	2015	2016	2017	% Change from 2016
Production fuel	$ 295,473	$ 271,175	$ 204,136	$ 146,340	$ 166,426	14%
IPP and Other production costs	42,273	39,937	38,483	32,635	37,697	16%
Transmission and Distribution	13,368	12,950	11,170	10,817	11,750	9%
Administrative and General	31,589	28,394	21,908	31,686	32,484	3%
Customer Accounting	5,101	3,999	4,739	5,492	4,095	-25%
Depreciation and Amortization	31,156	36,989	41,765	44,240	44,292	0%
Interest & other Extraordinary expenses	43,069	43,756	43,484	54,261	33,770	-38%
Total	$ 462,029	$ 437,200	$ 365,685	$ 325,471	$ 330,514	2%

GPA's expenses slightly increased from Fiscal 2016. The increase of Production fuel is due to the increase in the global fuel prices. The increase in the IPP and other production cost is due to the new capital lease agreement with Aggreko which started on January 2017.

Net Position

(in $000)	2016	2017	% change
Assets and Deferred Outflow	$ 888,435	$ 955,488	8%
Liabilities and deferred inflow	826,612	845,311	2%
Net Position	$ 61,823	$ 110,177	78%



Asset is the economic resource which GPA controls. Deferred outflow is the consumption of the assets of the company to be reported in the future period. Liabilities and Deferred inflow are the acquisition of the assets of the company that should be recorded in the future period. Net position is the residual of the two elements.

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 2017 received a clean opinion from the auditors of Deloitte & Touche. A comprehensive financial statement of GPA may be viewed online at www.guampowerauthority.com

Our Future Challenges

Clean Power Means Cleaner Air

The combination of renewable energy , cleaner fuel and more efficient generation will improve air quality and will keep power affordable by reducing and stabilizing the Levelized Energy Acceleration Cost.

Mobile workforce Management System (in progress)

Outage Management System (in progress)

Establish a complex Supervisory Control and Data Acquisition (SCADA) system and Automation Generation Control

Establish LNG Infrastructure and Supply



Integrate 160 MW Utility Scale Solar with Renewable Integration (RI-ESS) and Energy-Shifting ESS

Retire Cabras 1 & 2 by year 2022



2017

2018

Achieve American Public Power Association as a Reliable Power Provider (APPA RP3) by year 2018

Build a 40MW/22MwH battery Energy Storage System (BESS) at Talofofo and Agana (online in 2018)

Execute Renewable Integration/Long Range Transmission Plan Recommendations from 2018 to 2023

2019

2021

Build up of a New Flexible Baseload Generation – estimated to com-



Convert RFO Fuel Storage & Pipelines to Ultra Low Sulfur Diesel Fuel (ULSD)

Convert Piti 8 & 9 to Dual-Fuel Operation estimated to complete by 2022

2022

2025

Establish 50% GPA Energy Production from Renewable Sources from 2025

Clean Power Means Affordable Power

Fuel diversification and renewable energy sources reduces and stabilizes fuel costs, the major expense in producing electricity.

Clean Power Means Enhancing Customer Engagement

Customers expect higher levels of electric service quality. GPA is finding better ways to engage, inform , communicate and please customers