GUAM POWER AUTHORITY

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

25 April 2018

GL#34-18-2111
Speaker Benjamin J.F. Cruz

JUL 23 2018
Time: 10:00 [ ]AM [ ]PM File No. ____
Received By: ____

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

2018 JUL 23 AM 11:01

SUBJECT: Guam Power Authority
Ref: Monthly Financial – February 2018

Dear Honorable Speaker Cruz:

Enclosed is the Guam Power Authority's Financial Statement for the month of February 2018, 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
File/ CFO 096-18

2111

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
February 2018

Attached are the financial statements and supporting schedules for the month and fiscal year ended February 28, 2018.

Summary

The increase in net assets for the month ended was $0.5 million as compared to the anticipated net decrease of $1.3 million projected at the beginning of the year. The total kWh sales for the month were 1.99% less than projected and non-fuel revenues were $0.1 million more than the estimated amount. O & M expenses for the month were $5.2 million which was $1.3 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 $4.0 million, which was right in line with the projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.05	2.08	2
Days in Receivables	39	38	52
Days in Payables	25	19	30
LEAC (Over)/Under Recovery Balance -YTD	$16,775,982	$14,390,645	$16,146,466
T&D Losses	5.00%	4.92%	<7.00%
Debt Service Coverage	2.05	1.92	1.75
Long-term equity ratio	13%	13%	30 – 40%
Days in Cash	152	131	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 $66 million and approximately $136 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
February 2018
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
February 28, 2018 and September 30, 2017

	Unaudited February 2018	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	12,538,504	18,061,879	(5,523,375)
Bond indenture funds	53,326,423	56,907,535	(3,581,112)
Held by Guam Power Authority:			
Bond indenture funds	99,283,884	132,579,889	(33,296,005)
Self insurance fund-restricted	19,254,240	19,251,372	2,868
Energy sense fund	636,727	1,074,491	(437,764)
Total cash and cash equivalents	185,039,778	227,875,166	(42,835,388)
Accounts receivable, net	34,660,723	35,603,289	(942,566)
Total current receivables	34,660,723	35,603,289	(942,566)
Materials and supplies inventory	12,803,243	11,989,745	813,498
Fuel inventory	50,757,324	52,387,369	(1,630,045)
Prepaid expenses	6,333,586	682,814	5,650,772
Total current assets	289,594,654	328,538,383	(38,943,729)
Utility plant, at cost:			
Electric plant in service	1,040,081,918	1,037,419,517	2,662,401
Construction work in progress	23,068,257	18,382,414	4,685,843
Total	1,063,150,175	1,055,801,931	7,348,244
Less: Accumulated depreciation	(580,127,860)	(565,144,900)	(14,982,960)
Total utility plant	483,022,315	490,657,031	(7,634,716)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,528,276	48,576,863	(48,587)
Unamortized debt issuance costs	2,669,117	4,267,305	(1,598,188)
Total other non-current assets	51,197,393	52,844,168	(1,646,775)
Total assets	823,814,362	872,039,582	(48,225,220)
Deferred outflow of resources:			
Deferred fuel revenue	14,390,645	16,751,048	(2,360,403)
Unamortized loss on debt refunding	28,697,798	11,076,064	17,621,734
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	570,958	637,358	(66,400)
Total deferred outflows of resources	51,828,119	36,633,188	15,194,931
	875,642,481	908,672,770	(33,030,289)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
February 28, 2018 and September 30, 2017

	Unaudited February 2018	Unaudited September 2017	Change from Sept 30 2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	1,630,000	1,780,000	(150,000)
Current obligations under capital leases	16,949,416	16,949,416	0
Accounts payable			
Operations	21,038,280	56,671,898	(35,633,619)
Others	3,299,365	5,425,336	(2,125,970)
Accrued payroll and employees' benefits	1,253,309	1,546,860	(293,551)
Current portion of employees' annual leave	2,432,670	2,324,895	107,775
Interest payable	10,556,891	15,065,830	(4,508,939)
Customer deposits	8,360,991	8,503,783	(142,792)
Total current liabilities	65,520,922	108,268,018	(42,747,096)
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	607,045,420	590,568,862	16,476,558
Obligations under capital leases, net of current portion	20,709,136	30,343,708	(9,634,572)
Net Pension liability	62,618,085	64,596,253	(1,978,168)
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	380,726	369,180	11,546
Total liabilities	780,640,425	818,512,157	(37,871,732)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,092,730	2,336,071	(243,341)
Pension	732,788	732,788	0
Total deferred inflows of resources	2,825,518	3,068,859	(243,341)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(61,993,542)	(43,869,737)	(18,123,805)
Restricted	10,703,845	15,232,832	(4,528,987)
Unrestricted	143,466,234	115,728,658	27,737,576
Total net position	92,176,537	87,091,754	5,084,783
	875,642,481	908,672,770	(33,030,289)

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

	February 28			Five Months Ended February 28		
	Unaudited 2018	Unaudited 2017	% of change Inc (dec)	Unaudited 2018	Unaudited 2017	% of change Inc (dec)
Revenues						
Sales of electricity	30,284,040	25,204,958	20	148,618,393	126,457,287	18
Miscellaneous	259,934	(134,257)	(294)	911,572	825,006	10
Total	30,543,974	25,070,701	22	149,529,965	127,282,293	17
Bad debt expense	(86,583)	(83,333)	4	(432,917)	(416,667)	4
Total revenues	30,457,391	24,987,368	22	149,097,048	126,865,626	18
Operating and maintenance expenses						
Production fuel	17,762,535	12,751,030	39	81,142,235	59,763,817	36
Other production	1,212,307	1,456,290	(17)	6,361,949	6,359,170	0
	18,974,842	14,207,320	34	87,504,184	66,122,987	32
Depreciation	2,893,871	4,798,542	(40)	16,132,990	18,814,427	(14)
Energy conversion cost	1,384,140	1,709,160	(19)	7,721,286	7,774,483	(1)
Transmission & distribution	1,248,333	1,065,646	17	5,387,644	5,197,063	4
Customer accounting	378,898	327,577	16	2,051,016	1,745,636	17
Administrative & general	2,325,529	1,949,107	19	12,096,351	10,381,411	17
Total operating and maintenance expenses	27,205,613	24,057,352	13	130,893,471	110,036,007	19
Operating income	3,251,778	930,016	250	18,203,577	16,829,619	8
Other income (expenses)						
Interest income	(443,559)	69,206	(741)	1,460,300	388,945	275
Interest expense and amortization	(2,649,935)	(2,876,235)	(8)	(13,482,485)	(14,156,589)	(5)
Bond issuance costs	67,434	76,827	(12)	(2,175,437)	384,135	(666)
Assets written off	0	0		0	0	
Allowance for funds used during construction	196,517	314,008	(37)	1,217,558	1,601,114	(24)
Other expense	(4,193)	(12,600)	0	(213,631)	(25,473)	739
Total other income (expenses)	(2,833,736)	(2,428,794)	17	(13,193,695)	(11,807,868)	12
Income (loss) before capital contributions	418,042	(1,498,778)	(128)	5,009,882	5,021,751	(0)
Capital contributions	70,107	0	0	74,902	11,488	552
Increase (decrease) in net assets	488,149	(1,498,778)	(133)	5,084,784	5,033,239	1
Total net assets at beginning of period (restated)	91,688,389	83,592,346	10	87,091,754	77,060,329	13
Total net assets at end of period	92,176,538	82,093,568	12	92,176,538	82,093,568	12

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended February 28, 2018

	Month Ended 2/28/2018	YTD Ended 2/28/2018
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$31,674,425	$ 150,044,598
Cash payments to suppliers and employees for goods and services	37,724,767	175,445,857
Net cash provided by operating activities	($6,050,342)	(25,401,259)
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	(443,559)	1,460,300
Net cash provided by investing activities	(443,559)	1,460,300
Cash flows from non-capital financing activities		
Interest paid on short term debt	(5,808)	(31,309)
Provision for self insurance funds	(516)	(2,868)
Net cash provided by noncapital financing activities	(6,324)	(34,177)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,582,758)	(8,498,273)
Principal paid on bonds and other long-term debt	-	(3,550,000)
Interest paid on bonds(net of capitalized interest)	196,517	(15,158,442)
Interest paid on capital lease obligations	(284,850)	(1,584,115)
Interest & principal funds held by trustee	(2,552,837)	5,523,375
Reserve funds held by trustee	(22,127)	48,587
Bond funds held by trustee	636,006	3,581,112
Principal payment on capital lease obligations	(1,859,247)	(9,634,572)
Grant from DOI/FEMA	70,107	74,902
Debt issuance costs/loss on defeasance	(333,577)	19,876,558
Net cash provided by (used in) capital and related financing activities	(5,732,766)	(9,320,868)
Net (decrease) increase in cash and cash equivalents	(12,232,991.28)	(33,296,005)
Cash and cash equivalents, beginning	111,516,876	132,579,889
Cash and cash equivalents-Funds held by GPA, February 28, 2018	**$ 99,283,884**	**$ 99,283,884**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended February 28, 2018

	Month Ended 2/28/2018	YTD Ended 2/28/2018
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$3,251,778	$18,203,577
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,893,871	16,132,990
Other expense	63,241	(2,389,068)
(Increase) decrease in assets:		
Accounts receivable	1,242,391	942,566
Materials and inventory	(130,220)	(813,498)
Fuel inventory	(6,861,269)	1,630,045
Prepaid expenses	367,808	(5,650,772)
Unamortized debt issuance cost	23,667	1,598,188
Deferred fuel revenue	2,385,337	2,360,403
Unamortized loss on debt refunding	229,166	(17,621,734)
Unamortized forward delivery contract costs	13,280	66,400
Increase (decrease) in liabilities:		
Accounts payable-operations	(7,000,838)	(35,633,619)
Accounts payable-others	(1,860,848)	(1,688,206)
Accrued payroll and employees' benefits	(334,427)	(293,551)
Net pension liability	(225,249)	(1,978,168)
Employees' annual leave	23,869	107,775
Customers deposits	(88,521)	(142,792)
Customer advances for construction	5,290	11,546
Unearned forward delivery contract revenue	(48,668)	(243,341)
Net cash provided by operating activities	$ (6,050,342)	$ (25,401,259)