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

29 October 2018

Vice Speaker Therese M. Terlaje
34GL-18-2515
OCT 30 2018
Time: 10:01
Received by:

2018 OCT 30 AM 10:50

Senator Therese M. Terlaje, Vice Speaker
Office of the Speaker
I Mina' Trentai Kuattro Liheslaturan Guahan
34th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910

SUBJECT: Guam Power Authority
Ref: Monthly Financials – August 2018

Dear Honorable Vice-Speaker Terlaje:

Enclosed is the Guam Power Authority's Financial Statement for the month of August 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: Mr. Benjamin J. Cruz, Public Auditor
File/ 016 19

Vice Speaker Therese M. Terlaje
OCT 30 2018
Time: 10:01 am
Received by:

2515

GUAM POWER AUTHORITY
ATURIDAT ILEKTRESEDAT GUAHAN
P O BOX 2977, AGANA, GUAM 96932-2977
Telephone: (671) 648-3066 Fax: (671) 648-3168

GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
August 2018

Attached are the financial statements and supporting schedules for the month and fiscal year ended August 31, 2018.

Summary

The increase in net assets for the month ended was $0.8 million as compared to the anticipated net increase of $0.5 million projected at the beginning of the year. The total kWh sales for the month were 8.44% less than projected and non-fuel revenues were $1.1 million less than the estimated amount. O & M expenses for the month were $5.9 million which was $0.5 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 $3.2 million, which was $0.8 million less than the projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.48	2.62	2
Days in Receivables	39	38	52
Days in Payables	29	20	30
LEAC (Over)/Under Recovery Balance -YTD	$8,422,674	$7,313,081	$8,722,838
T&D Losses	5.03%	5.08%	<7.00%
Debt Service Coverage	1.80	1.78	1.75
Long-term equity ratio	17%	17%	30 – 40%
Days in Cash	172	199	60

The Quick Ratio has been a challenge for GPA historically. However, over the last two fiscal years, the influx of cash from insurance proceeds continued to improve this ratio. GPA has current obligations of approximately $64 million and approximately $168 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 Statements
August 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:

Lenora M. Sanz
Controller

Reviewed by:

John J.E. Kim
Chief Financial Officer

Approved by:

John M. Benavente, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
August 31, 2018 and September 30, 2017

	Unaudited August 2018	Audited 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	15,309,791	18,061,879	(2,752,088)
Bond indenture funds	50,993,988	56,907,535	(5,913,547)
Held by Guam Power Authority:			
Bond indenture funds	128,395,658	132,579,889	(4,184,231)
Self insurance fund-restricted	19,257,186	19,251,372	5,814
Energy sense fund	1,141,191	1,074,491	66,700
Total cash and cash equivalents	215,097,814	227,875,166	(12,777,352)
Accounts receivable, net	36,497,720	77,826,132	(41,328,412)
Total current receivables	36,497,720	77,826,132	(41,328,412)
Materials and supplies inventory	12,838,914	11,989,745	849,169
Fuel inventory	61,501,478	52,387,369	9,114,109
Prepaid expenses	1,940,395	629,586	1,310,809
Total current assets	327,876,321	370,707,998	(42,831,677)
Utility plant, at cost:			
Electric plant in service	1,059,334,176	1,038,121,362	21,212,814
Construction work in progress	25,299,311	18,480,173	6,819,138
Total	1,084,633,487	1,056,601,535	28,031,952
Less: Accumulated depreciation	(595,795,575)	(561,829,334)	(33,966,241)
Total utility plant	488,837,912	494,772,201	(5,934,289)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,567,702	48,576,863	(9,161)
Unamortized debt issuance costs	2,527,115	4,267,305	(1,740,190)
Total other non-current assets	51,094,817	52,844,168	(1,749,351)
Total assets	867,809,050	918,324,367	(50,515,317)
Deferred outflow of resources:			
Deferred fuel revenue	7,313,081	16,751,048	(9,437,967)
Unamortized loss on debt refunding	27,322,802	11,076,064	16,246,738
Pension	8,698,853	8,698,853	0
Unamortized forward delivery contract costs	491,278	637,358	(146,080)
Total deferred outflows of resources	43,826,014	37,163,323	6,662,691
	911,635,064	955,487,690	(43,852,626)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
August 31, 2018 and September 30, 2017

	Unaudited August 2018	Audited 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	13,892,874	23,330,193	(9,437,319)
Accounts payable			
Operations	21,734,066	56,723,139	(34,989,073)
Others	2,666,918	7,597,801	(4,930,883)
Accrued payroll and employees' benefits	1,577,098	1,546,860	30,238
Current portion of employees' annual leave	2,070,918	2,045,201	25,717
Interest payable	12,347,409	15,065,830	(2,718,421)
Customer deposits	8,167,793	8,209,228	(41,435)
Total current liabilities	64,087,076	116,298,252	(52,211,176)
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	605,043,958	590,568,862	14,475,096
Obligations under capital leases, net of current portion	12,768,685	24,428,832	(11,660,147)
Net Pension liability	81,951,032	85,875,217	(3,924,185)
DCRS sick leave liability	4,008,397	4,008,397	0
Employees' annual leave net of current portion	1,086,456	1,086,456	0
Customer advances for construction	385,293	369,180	16,113
Total liabilities	788,881,874	842,186,173	(53,304,299)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	1,800,721	2,336,071	(535,350)
Pension	788,894	788,894	0
Total deferred inflows of resources	2,589,615	3,124,965	(535,350)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(45,321,207)	(40,220,468)	(5,100,739)
Restricted	33,866,559	15,232,832	18,633,727
Unrestricted	131,618,222	135,164,187	(3,545,965)
Total net position	120,163,574	110,176,552	9,987,022
	911,635,064	955,487,690	(43,852,626)

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

	August 31			Eleven Months Ended August 31		
	Unaudited 2018	Audited 2017	% of change Inc (dec)	Unaudited 2018	Audited 2017	% of change Inc (dec)
Revenues						
Sales of electricity	32,643,674	31,191,516	5	347,231,234	301,304,326	15
Miscellaneous	214,456	293,607	(27)	2,023,100	2,141,540	(6)
Total	32,858,130	31,485,123	4	349,254,334	303,445,866	15
Bad debt expense	(97,419)	(93,433)	4	(963,253)	(987,363)	(2)
Total revenues	32,760,711	31,391,690	4	348,291,082	302,458,503	15
Operating and maintenance expenses						
Production fuel	19,602,715	16,947,305	16	198,934,230	150,529,481	32
Other production	1,378,498	2,066,709	(33)	15,403,114	14,554,141	6
	20,981,213	19,014,014	10	214,337,344	165,083,622	30
Depreciation	3,146,207	3,718,993	(15)	35,320,567	43,460,200	(19)
Energy conversion cost	1,378,073	1,790,599	(23)	16,138,059	18,166,067	(11)
Transmission & distribution	1,033,595	1,058,314	(2)	11,839,468	10,763,156	10
Customer accounting	556,229	419,085	33	4,938,192	3,828,178	29
Administrative & general	2,894,784	2,807,312	3	28,413,623	23,774,675	20
Total operating and maintenance expenses	29,990,101	28,808,317	4	310,987,253	265,075,898	17
Operating income	2,770,610	2,583,373	7	37,303,829	37,382,605	(0)
Other income (expenses)						
Interest income	372,698	166,469	124	2,736,096	1,375,513	99
Interest expense and amortization	(2,538,375)	(2,765,685)	(8)	(29,120,559)	(31,082,641)	(6)
Bond issuance costs	67,464	76,827	(12)	(1,776,737)	845,097	(310)
Assets written off	0	0		0	0	
Allowance for funds used during construction	123,910	273,825	(55)	1,563,317	3,403,305	(54)
Other expense	(4,291)	(233,550)	0	(835,101)	(768,913)	9
Total other income (expenses)	(1,978,594)	(2,482,114)	(20)	(27,432,984)	(26,227,639)	5
Income (loss) before capital contributions	792,016	101,259	682	9,870,845	11,154,966	(12)
Capital contributions	13,503	101,406	0	116,175	144,712	(20)
Increase (decrease) in net assets	805,519	202,665	297	9,987,020	11,299,678	(12)
Total net assets at beginning of period (restated)	119,358,058	72,919,843	64	110,176,557	61,822,830	78
Total net assets at end of period	120,163,577	73,122,508	64	120,163,577	73,122,508	64

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

	Month Ended 8/31/2018	YTD Ended 8/31/2018
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$33,722,421	$ 347,657,761
Cash payments to suppliers and employees for goods and services	39,686,692	338,773,279
Net cash provided by operating activities	($5,964,271)	8,884,482
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	372,698	2,736,096
Net cash provided by investing activities	372,698	2,736,096
Cash flows from non-capital financing activities		
Proceeds from Cabras 3&4 insurance claims	-	41,844,342
Interest paid on short term debt	(8,805)	(75,890)
Provision for self insurance funds	-	(5,814)
Net cash provided by noncapital financing activities	(8,805)	41,762,639
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,837,226)	(29,386,276)
Principal paid on bonds and other long-term debt	-	(3,550,000)
Interest paid on bonds(net of capitalized interest)	123,910	(27,213,969)
Interest paid on capital lease obligations	(196,229)	(2,985,803)
Interest & principal funds held by trustee	(2,484,893)	2,752,088
Reserve funds held by trustee	(37,108)	9,161
Bond funds held by trustee	(17,678)	5,913,547
Principal payment on capital lease obligations	(1,947,869)	(21,097,466)
Grant from DOI/FEMA	13,503	116,175
Debt issuance costs/loss on defeasance	(333,577)	17,875,096
Net cash provided by (used in) capital and related financing activities	(6,717,166)	(57,567,447)
Net (decrease) increase in cash and cash equivalents	(12,317,544.81)	(4,184,231)
Cash and cash equivalents, beginning	140,713,203	132,579,889
Cash and cash equivalents-Funds held by GPA, August 31, 2018	**$ 128,395,658**	**$ 128,395,658**

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

	Month Ended 8/31/2018	YTD Ended 8/31/2018
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$2,770,610	$37,303,829
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,146,207	35,320,567
Other expense	63,173	(2,611,838)
(Increase) decrease in assets:		
Accounts receivable	959,800	(515,930)
Materials and inventory	81,923	(849,169)
Fuel inventory	(5,524,368)	(9,114,109)
Prepaid expenses	967,869	(1,310,809)
Unamortized debt issuance cost	23,667	1,740,190
Deferred fuel revenue	1,109,593	9,437,967
Unamortized loss on debt refunding	229,166	(16,246,738)
Unamortized forward delivery contract costs	13,280	146,080
Increase (decrease) in liabilities:		
Accounts payable-operations	(10,161,420)	(34,989,073)
Accounts payable-others	(559,181)	(4,997,583)
Accrued payroll and employees' benefits	380,282	30,238
Net pension liability	(298,265)	(3,924,185)
Employees' annual leave	(12,551)	25,717
Customers deposits	894,612	(41,435)
Customer advances for construction	-	16,113
Unearned forward delivery contract revenue	(48,668)	(535,350)
Net cash provided by operating activities	**($5,964,271)**	**$ 8,884,482**