Speaker's Office <speaker@guamlegislature.org>

M&C Fwd: GPA CCR Transmittal - PL30-127

1 message

Speaker's Office <speaker@guamlegislature.org> Mon, Jun 10, 2019 at 9:54 AM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

06-07-19	5:05 PM	06-07-19	Citizen-Centric Report for FY2018.*	Guam Power Authority	35GL-19-0601

Sinsenru yan Minagâhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

35GL-19-0601
Speaker Tina Rose Muña Barnes

JUN 0 7 2019
Time 5:05 ( )AM (X)PM
Received By: Matf

This e-mail message is intended only for the use of the individual or entity named above and may contain confidential and privileged information. If you are not the intended recipient, any disclosure, copying, distribution or use of the information contained in this transmission is strictly PROHIBITED. If you have received this transmission in error, please immediately notify us by replying to speaker@guamlegislature.org and delete the message immediately. Thank you very much.

Gumai pribilehu yan konfedensia este siha na mensâhi. Solo espesiâtmente para hâgu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespâtcha. Yanggen lachi rinisibu-mu nu este na mensâhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensâhi. Si Yu'os ma'âse'.

2019 JUN 10 AM 10:20 KC

---------- Forwarded message ---------
From: **Tamra M Muna** <tmuna@gpagwa.com>
Date: Fri, Jun 7, 2019 at 5:05 PM
Subject: GPA CCR Transmittal - PL30-127
To: Honorable Tina Muña Barnes <speaker@guamlegislature.org>, Guam Public Auditor - B.J. Cruz <admin@guamopa.com>
Cc: Lenora M Sanz <lsanz@gpagwa.com>

Hello and Hafa Adai,

The Guam Power would like to submit the attached GPA Citizen-Centric Report for FY2018 in pursuant to PL30-127. You can also find this report by following the link below.

http://www.guampowerauthority.com/gpa_authority/investors/gpa_financial_statements.php

If you have any questions or concerns, please contact Mrs. Lenora Sanz, Controller at lsanz@gpagwa.com or at (671) 648-3122.

Best Regards,

Ms. Tamra Muña

Contracts Administrator | Guam Power Authority

Mailing Address: P.O. Box 2977, Hagatna, Guam 96932-2977

Physical Address: 688 Route 15, Mangilao, Guam 96913

Direct Line: (671) 648-3162 | Telephone: (671) 648-3000 ext. 3162 | Fax: (671) 648-3168

E-Mail Address: tmuna@gpagwa.com Web-site: www.guampowerauthority.com

CCR 2018 - Final Approved.pdf
3460K

0601



1 About Us
2 How are we doing?
3 Finances
4 Future Challenges

GPA Mission

"GPA SHALL provide

R eliable

E^3 fficient, Effective,

Environmentally

Sound

A^2 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

$ 954 M *The total assets of the Authority as of September 30, 2018.*

The total liabilities as of FY 2018 including Pension and Other Post Employment liability ***$ 952M***

$ 380 M *GPA's annual revenue from approximately 51.000 customers*

The Guam Power Authority was created in 1968 as a public and autonomous instrumentality of the Government of Guam. In 2002, the Consolidated Commission on Utilities (CCU) was established as the board of directors for both Guam Power Authority and Guam Waterworks Authority. The CCU consisted of 5 elected board members:

Chairman: Mr. Joseph T. Duenas

Vice Chairman: Mr. Francis E.Santos

Commissioners:

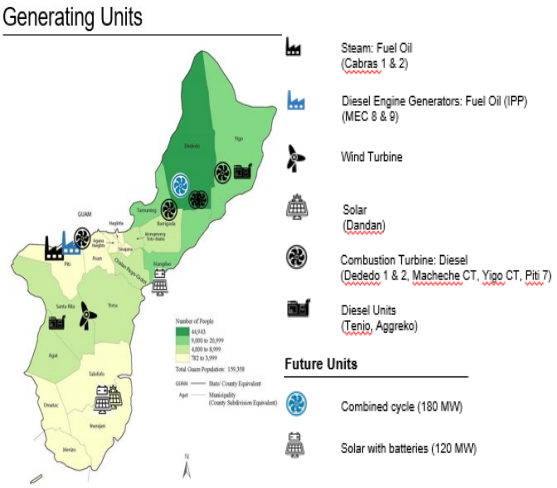
Mr. Michael Limtiaco

Ms. Judith P. Guthertz

Mr. Simon A. Sanchez II

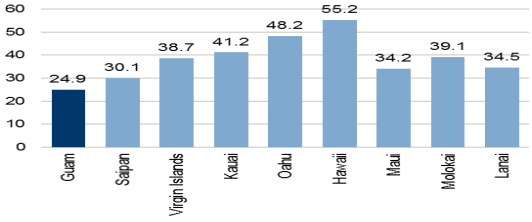


GPA is regulated by the Guam Public Utilities Commission. It has a broad regulatory authority over the Authority.



GPA has approximately 420 MW of generation capacity excluding Cabras 3 &4. The generating units are 100% fueled by fuel oil except for the 25.3 MW of renewables.

Residential Rate Comparison



Our residential rate is still the lowest compared to the other neighboring islands.

Note: Rates for Guam as of August 1, 2018. Rates for Oahu, Molokai, Lanai, Kauai, Hawaii and Maui as of October 1, 2018. Rates for Saipan as of June 1, 2018. Rates for Virgiin Islands as of July 1, 2018.

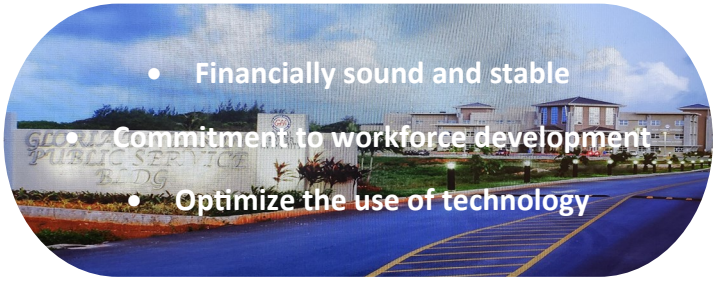
Doc. No. 35GL-19-0601.*

HOW ARE WE DOING?

REPORT OF ACCOMPLISHMENTS AND KEY STRATEGIES

Key Performance Strategies





Net Metering

The CCU approved and GPA submitted Docket 19-04 for the adjustment of netmetering credits from the full retail rate to the avoided cost. This issue affects all GPA ratepayers and the rates that we pay.



Phase II Renewables

Power Purchase Agreements were signed with KAPCO and HANHWA for installation of photovoltaic renewables. It is expected that it will contribute 120 MW to the island grid by 2021. A projected $43M in savings is expected for the first 5 years of operation



Typhoon restoration

Secured funding from FEMA for Typhoon Mangkhut restoration amounting to $4.26M.



Energy Storage

The Hagatna and Talofofo Energy Storage Systems (ESS) is targeted to be commissioned by late FY2019. Ratepayers will benefit because it will improve power quality and help reduce short term outages and will also reduce fuel operating costs.





New power plant

In January 2019, GPA will take ownership of the MEC units 8 & 9. At the same time, Technical proposals were received for the construction of a base load power plant in Ukudu, Dededo. The new plant will have dual fuel capabilities. Construction is planned for 2019 -2022. With the new plant, ratepayers can expect improved reliability and efficiency.



Safety Award

GPA received the American Public Power Association's Safety award of Excellence for 2018.

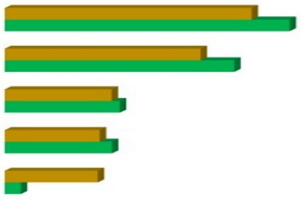




FINANCES, Fiscal Year 2018

REVENUES

Type (in $000)	2018	2017
Commercial	$ 146,278	$ 126,806
Residential	$ 117,823	$ 100,602
Navy	$ 59,119	$ 54,905
Government	$ 55,108	$ 48,761
Other income	$ 8,305	$ 47,794
Total	$ 386,633	$ 378,868

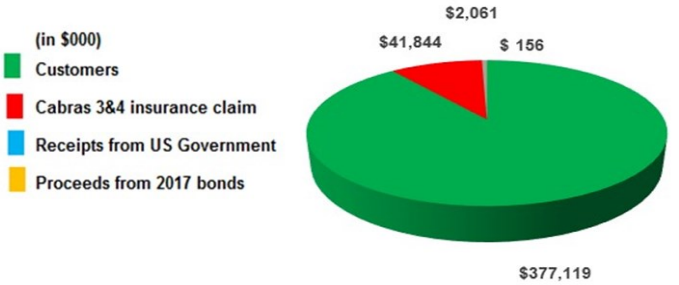


EXPENSES

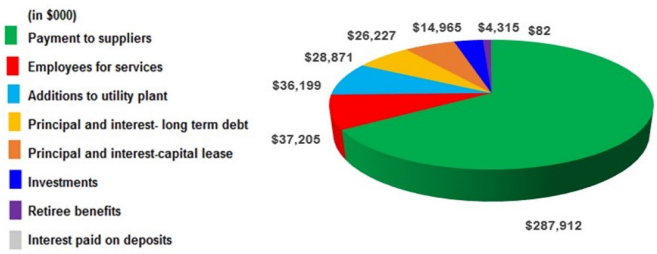
Type (in $000)	2018	2017
Production fuel	$ 217,567	$ 166,426
Depredation and Amortization	$ 37,184	$ 44,292
Interest & other Extraordinary expenses	$ 36,079	$ 33,770
IPP and Other production costs	$ 34,967	$ 37,697
Administrative and General	$ 33,971	$ 32,484
Transmission and Distribution	$ 12,338	$ 11,750
Customer Accounting	$ 6,354	$ 4,095
Total	$ 378,460	$ 330,514



SOURCES OF FUNDS



USES OF FUNDS



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 2018 received a clean opinion from the auditors of Deloitte & Touche. A comprehensive financial statement of GPA may be viewed online at www.guampowerauthority.com

REVENUES

GPA's operating revenues increased by $46.4 million or 13.9% as compared to 2017. The increase is due to the Levelized Energy Adjustment Clause (LEAC), which increased because of the worldwide increase in fuel prices. GPA is finding ways to provide clean energy by adopting sustainable renewable source of energy. It is the primary goal of GPA to provide affordable and reliable power to the satisfaction of our customers.

EXPENSES

Production fuel cost increased by $51.1 million or 23.5% from Fiscal year 2017. These cost includes fuel used by the generation facilities, cost of fuel handling and power purchased from third parties. GPA is planning to increase its renewable resources and fuel diversification. The other expenses increased slightly as compared to prior year. Other post employment benefits was recognized this year.

SOURCES OF FUNDS

GPA's primary source of funds are payment received from the ratepayers for power consumed. For FY2018, we received $377.1 million or about 98% of the total revenues for the year. The other source of funds for this fiscal year is the insurance settlement received from the explosion damage of Cabras 3 and 4 fire. No new borrowings were done in FY18 except for the refunding of the 2010 Revenue Bond which was done in December 2017.

USES OF FUNDS

Most of the funds were used for various capital and related financing activities. The largest capital expenditure for FY18 is the purchase of land for the new power plant site. GPA spent about $23.4 million for system and plant improvements.

What is a Rate Report? **It is a Citizen Centric Report (CCR) that is intended to provide the citizens of Guam, the Governments' complex financial information in a simple and understandable format. On April 2, 2010, Public Law 30-127 also known as an "Act relative to adopting the Association of Government Accountants' " Citizen Centric Report initiative" was signed into law. The law requires that all Government of Guam entities provide the Citizen Centric Report no later than 60 calendar days after the issuance of the independent audit report.**

Doc. No. 35GL-19-0601.*



GPA is challenged and committed to building a better future for Customers over the next five years:

- Increasing system reliability and power quality to mainland levels;
- Reducing power bills by at least 15% and stabilizing fuel charges;
- Providing customers with 50% of their energy from renewable sources;
- Significantly reducing air and ocean pollution;
- Building and operating a much more resilient grid that will enable most customers to ride out large storms without losing power or power restoration within a few days after a major typhoon;
- Customer service and payments on demand anytime and from anywhere;
- Increasing customer satisfaction.

GPA made major strides towards the above commitments in 2018.

- GPA signed two 60 MW solar plus battery energy storage system (BESS) contracts. These contracts will produce renewable energy at 8.5 cents/kWh at significantly less than GPA's average fuel cost to produce electricity from its existing power plants allowing GPA to lower and stabilize the LEAC (fuel charge).
- GPA initiated its 40 MW solar PV Phase III Renewable Acquisition Bid partnership with the U.S. Navy. Phase III and future GPA utility scale wind and solar projects will require energy-shifting storage. This energy storage will capture renewable energy produced during the day and discharge it at night during the peak or other times it is needed. This will allow GPA to stop using more expensive combustion turbines during the day to maintain system stability. It will also replace more expensive peaking generation from 7 to 10 pm at night reducing total fuel costs.
- GPA's utility-scale Energy Storage Project began construction. The Project will install a 24 MW/6 MWh ESS at Agana to reduce underfrequency load shedding triggered by unplanned generator outages and large drop-offs of solar PV including GPA and Net Metering Systems at Talofofo, GPA will install a 16 MW/16 MWh ESS at Talofofo to smooth out the output of the 25 MW GPS Solar Dandan LLC.
- GPA initiated its bid for 180 MW of new flexible generation. After this power plant is running, GPA will close its Cabras 1&2 power plant.
- Construction of an underground transmission line on route 3 began construction in 2018. Navy will turn this line over to GPA at no cost when completed. GPA could potentially supply 60% of its load throughout major typhoons.
- GPA completed its Renewable Integration Study providing a road map for better system stability and 50% or more renewable energy on the grid.
- GPA's Residential Customer Survey revealed a 15% increase in satisfaction with GPA since 2014 (Last Survey) and 24% since 2011;

Collectively, these projects will:

- Significantly reduce air and ocean pollution
- Reduce load shedding by 25%
- Reduce the need for fuel by one million barrels or 42 million gallons
- Reduce employee count by 60 to 70 from 2014 and by over 180 since the CCU began
- Increase the resiliency of GPA's system to keep most customers with power throughout major typhoons and enable quicker after typhoon recovery.

Thank you for reading our Report. Please give us your suggestion for future information you want to see in the report.

Please connect with us @

www.facebook.com/GuamPowerAuthority

gpa_juan_power





