Speaker's Office <speaker@guamlegislature.org>

M&C Fwd: Guam Power Authority - Citizen Centric Report (2018) PDF

1 message

Speaker's Office <speaker@guamlegislature.org> Thu, Jul 25, 2019 at 9:04 AM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

07-24-19	4:20 PM	07-24-19	Citizen Centric Report (2018).*	Guam Power Authority	35GL-19-0785

Sinseru 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-19-0785
Speaker Tina Rose Muña Barnes

JUL 2 4 2019
Time 4:20 ( )AM (X)PM
Received By: Matt

2019 JUL 25 AM 9:17

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

---------- Forwarded message ---------
From: **Anita C Fejarang** <afejarang@gpagwa.com>
Date: Wed, Jul 24, 2019 at 4:20 PM
Subject: Guam Power Authority - Citizen Centric Report (2018) PDF
To: speaker@guamlegislature.org <speaker@guamlegislature.org>, mbrillante@guamopa.com <mbrillante@guamopa.com>, John J.E. Kim <jjekim@gpagwa.com>, Cora R Montellano <cmontellano@gpagwa.com>, Lenora M Sanz <lsanz@gpagwa.com>, Lenny R. Florencio <erflorencio@gpagwa.com>, Artemio S Perez <aperez@gpagwa.com>, Patricia L. Diego <pldiego@gpagwa.com>, Selma HG Blas <sblas@gpagwa.com>, John M Benavente <jbenavente@gpagwa.com>

Dear Honorable Speaker Barnes:

Attached is Guam Power Authority's Citizen Centric Report (2018-PDF) for your information. Additionally, we are providing notice accordingly which will be inserted on the Authority's monthly newsletter and Facebook page as well. Thank you.

Sincerely,

John J.E. Kim/a

Chief Financial Officer

2 attachments

CFO 135 19 Guam Legislature PDF CCR 2018.pdf
64K

GPA FY 18 Citizen Centrol Report Final_and Approved _GL&OPA.pdf
539K

0785

GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN

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

24 July 2019

CFO 135 19

Honorable Tina Muna Barnes, Office of the Speaker
35th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910

Dear Honorable Speaker Barnes:

In accordance with Title 1 Guam Code Annotated (GCA) Chapter 19 §1922(a), attached is the Guam Power Authority's 2018 Citizen Centric Report.

Additionally, the report was uploaded on the Authority's website on June 6, 2019 and an enhanced CCR on Thursday, July 11, 2019.

Should you require further information, please do not hesitate to call Ms. Lenora M. Sanz, Controller via 648-3122 or lsanz@gpagwa.com. Thank you.

JOHN J.E. KIM
CHIEF FINANCIAL OFFICER

GUAM POWER AUTHORITY

Fiscal Year 2018 Citizen-Centric Report

About Us

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.

Governance and Leadership

Consolidated Commission on Utilities

- Joseph "Joey" T. Duenas, Chairman
- Francis E. Santos, Vice Chairman
- J. George Bamba, Secretary
- Dr. Judith "Judy" T. Guthertz, Treasurer
- Simon A. Sanchez, II, Member

Guam Power Authority

- John M. Benavente, P.E., General Manager
- John J.E. Kim, CPA, Chief Financial Officer
- Melinda C. Mafnas, P.E., Assistant General Manager of Operations
- John J. Cruz, Jr., P.E., Assistant General Manager of Engineering & Technical Services
- Beatrice P. Limtiaco, Assistant General Manager of Administration
- D. Graham Botha, Staff Attorney

GPA Mission

GPA shall provide:

Reliable
Efficient, Effective, Environmentally Sound
Affordable, Accountable
Leading Energy Solutions

GPA VISION

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

Issued June 2019

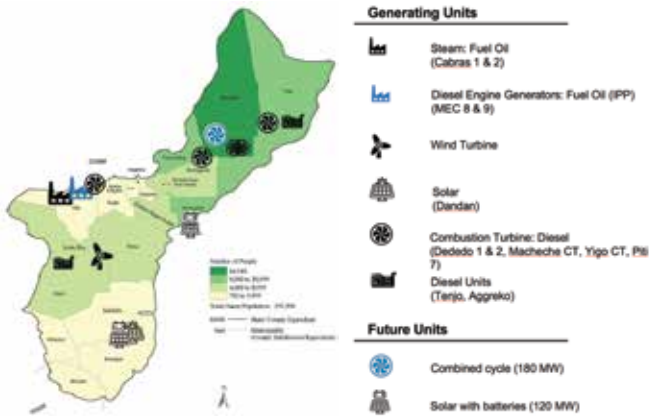
By the Numbers

$954 million Total assets as of September 30, 2018

$952 million Total liabilities including Pension and Other Post Employment liability, as of September 30, 2018

$380 million GPA's annual revenue from approximately 51,000 customers

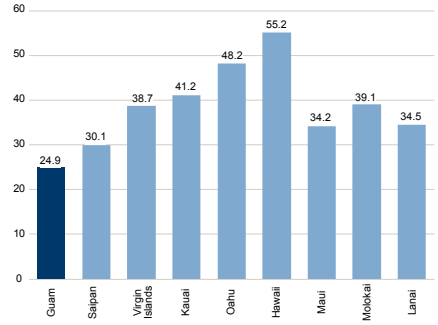
Generating Units



GPA has approximately 420 megawatts of generation capacity. GPA's peak demand in 2018 was 254 megawatts.

GPA burns fuel oil for its primary generating units. Approximately 25 MW of supply comes from renewables.

Residential Rate Comparison



Committed to providing affordable and reliable power to the people of Guam, GPA maintains the lowest rates compared to other neighboring Pacific Islands. GPA's system average rate was 24.09 cents per kWh in 2018.

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 Virgin Islands as of July 1, 2018.

WHAT'S INSIDE

Page 2 | *Our Progress* **Page 3** | *Finances* **Page 4** | *Future Challenges*

Doc. No. 35GL-19-0785.*

HOW ARE WE DOING?

Accomplishments and Key Strategies

Key Performance Strategies

- PRODUCT AFFORDABILITY
- SUPERIOR CUSTOMER SERVICE
- HIGH SYSTEM RELIABILITY
- FINANCIALLY SOUND AND STABLE
- COMMITMENT TO WORKFORCE DEVELOPMENT
- OPTIMIZE THE USE OF TECHNOLOGY

Net Metering



The Guam Public Utilities Commission (GPUC) ruled on its review of GPA's Docket 19-04 requesting for the adjustment of net metering credits from the full retail rate to the avoided cost, with a grandfather phase-out approach over 5 years to the GPA avoided cost credit. The GPUC ordered GPA to continue its current program while both the GPUC and GPA hire an independent firm to evaluate the benefits and cost of the Net Metering Program.

Energy Storage Systems



The Hagåtña 24 MW and Talofofo 16 MW utility-scale energy storage systems are scheduled for commissioning in late 2019. Ratepayers will benefit through improved power quality, the reduction of short-term outages and lower fuel operating costs.

Phase II Renewables



Beginning in 2022, ratepayers can expect a combined 120 megawatts of photo voltaic renewables to contribute to the island wide grid through GPA's Power Purchase Agreement partners KEPCO (60 MW) and Hanwha (60 MW). Annual savings will be passed through to all ratepayers in the Levelized Energy Adjustment Clause (LEAC) portion of their monthly electric bill. A total of $43 million in savings is projected in the first five years of operations.

Safety Award



The Guam Power Authority earned the American Public Power Association's (APPA) Safety Award of Excellence for safe operating practices in 2018. The utility garnered a 'First Place' award in the 'Group F' category for utilities with 250,000 to 999,999 worker-hours of annual worker exposure.

Typhoon Restoration



The Guam Power Authority received the American Public Power's 'Mutual Aid' commendation in recognition of its support in electrical restoration efforts for providing mutual aid assistance from October 2018-February 2019, to the Commonwealth Utilities Corporation in Saipan, CNMI.

GPA also secured $4.26M in FEMA reimbursements for its Typhoon Mangkhut restoration.

New Power Plant



GPA completed its evaluations of the multi-step bid process for the construction of a base load power plant unit in Ukudu, Dededo. GPA's target date to send a contract to the CCU for approval and then on to the Guam PUC is September 2019. Construction is planned for 2019-2022. GPA ratepayers can look forward to improved reliability and efficiency; low cost operations and maintenance; technology compatible to solar photo voltaic resources; diversified fuel capabilities; clear, clean and compliant emissions; and minimized vulnerability to damage by tsunamis or storm surges.

Doc. No. 35GL-19-0785.*

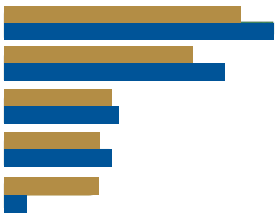
FINANCES

Fiscal Year 2018

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

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



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. GPA's mission is to provide affordable and reliable power to all customers.

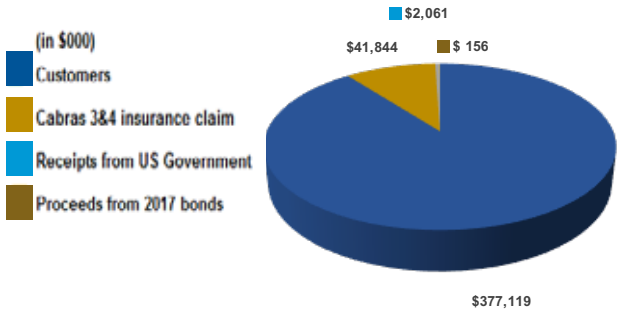
Expenses

Type (in $000)	2018	2017
Production fuel	$ 217,567	$ 166,426
Depreciation 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



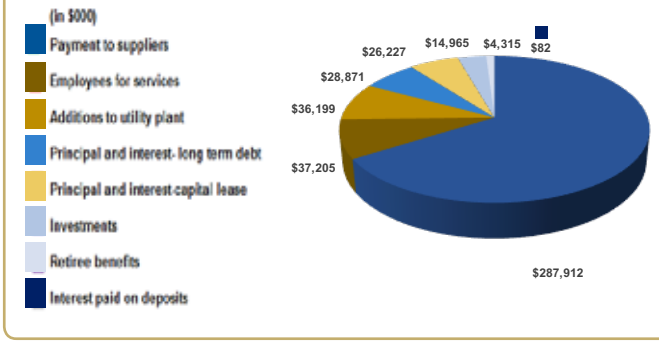
Production fuel costs increased by $51.1 million or 23.5% from Fiscal Year 2017. These cost include fuel used by the generation facilities, cost of fuel handling and power purchased from third parties. GPA is planning to increase its renewable resources and fuel diversification. Other expenses increased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

Sources of Funds



GPA's primary source of funds is the payment received from the ratepayers for power consumed. For FY2018, GPA received $377.1 million or approximately 98% of the total revenues for the year. Another source of funds for this fiscal year was the insurance settlement received from the explosion damage of Cabras 3 and 4. No new borrowings were transacted in FY18, except for the refunding of the 2010 Revenue Bond, which was completed 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 was the purchase of land for the new power plant site in Ukudu, Dededo. In fiscal year 2018, GPA spent approximately $23.4 million for system and plant improvements.

Doc. No. 35GL-19-0785.*

FUTURE CHALLENGES

Challenges and Outlook

The Guam Power Authority has been serving Guam for 50 years. GPA has evolved from an entity with basically no assets to one which now owns all generation, transmission, and distribution assets outside of U.S. military bases and generates all energy for the entire Guam community including the military. GPA has been successful in borrowing money by establishing itself in the bond markets in order to construct critical infrastructure. Additionally, GPA has entered into private public partnerships for additional generating assets in order to mitigate power shortages during various periods. Guam Public Law 29-62 established Guam's Renewable Energy Portfolio Standard (RPS) requiring GPA to meet a 25% renewable energy penetration by 2035. GPA expects to meet this standard between 2021 and 2023. GPA's future initiatives include:

- The award of a 25-year Independent Power Producer Contract for 180 MW of generation Capacity to replace aged power plants and to comply with Clean Air Act regulations. GPA completed its evaluation of bids for the new power plant to be constructed in Ukudu, Dededo. GPA will announce the winning bidder once the mandated bid protest period has passed. GPA ratepayers can look forward to improved reliability and efficiency; low cost operations and maintenance; technology compatible to solar photo voltaic resources; diversified fuel capabilities; clear, clean and compliant emissions; and minimized vulnerability to damage by tsunamis or storm surges. GPA's target date to send a contract to the Consolidated Commission on Utilities (CCU) for approval; and then on to the Guam Public Utilities Commission (GPUC) for review and approval is September 2019. Construction is planned for 2019-2022.
- The award of 40 megawatts of photo voltaic renewables on approximately 164 acres of U.S. Navy properties with the capability to store daytime energy and shift energy for use in the evening hours.
- Establish the next Renewable Portfolio Standard for GPA and establish the plan to achieve such standard by contracting for more photo voltaic renewables, as well as consideration of waste-to-energy, and other feasible technologies. GPA is formulating a plan to achieve 50% by 2035.
- The procurement of Liquefied Natural Gas (LNG) with storage and gasification infrastructure in order to diversify GPA's fuel source to reduce and stabilize fuel costs.
- Upgrade of the GPA power transmission system in order to add more renewables and to increase reliability in addition to establishing policy for storm resiliency through the long-term conversion of Guam's power grid to an underground system.
- Determining new revenue sources for GPA such as the promotion of electric vehicles as a solution to the island's transportation resiliency. How do we migrate through grants and/or incentives to achieve an electric vehicle transportation system? This would increase electric revenues and decrease customer traveling and vehicle maintenance cost.
- Establishing a Human Resources Workforce Plan. A substantial number of employees are eligible to retire over the next ten years, which could lead to shortfalls in expertise in various areas of power utility management and operations. GPA will plan for the future needs and continue the succession and apprenticeship trainings.







We want to hear from you.
Please contact GPA and let us know what information we can provide to you in our future reports:

John J.E. Kim, CPA, GPA Chief Financial Officer
Tel: (671) 648-3119/648-3066 • Email: jjekim@gpagwa.com

www.guampowerauthority.com /GuamPowerAuthority @gpa_juan_power

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