clerks@guamlegislature.org

From: Speaker's Office <speaker@guamlegislature.org>
Sent: Monday, September 21, 2020 8:45 AM
To: Clerks Office
Cc: Rennae Meno
Subject: M&C Fwd: 2019 Citizen Centric Report
Attachments: CFO 2020 116 G Leg _CCR 2019.pdf; GPA FY2019 CitizenCentricReport.pdf

09-18-20	4:00 PM	09-18-20	2019 Citizen Centric Report.*	Guam Power Authority	35GL-20-2222

Sinseru yan Minagåhet,

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

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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 fabot 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: Fri, Sep 18, 2020 at 4:00 PM
Subject: 2019 Citizen Centric Report
To: speaker@guamlegislature.org <speaker@guamlegislature.org>, Lenora M Sanz <lsanz@gpagwa.com>, John J.E. Kim <jjekim@gpagwa.com>, Maripaz N. Perez <mnperez@gpagwa.com>, Tamra M Muna <tmuna@gpagwa.com>, Clariza Mae G. Roque (croque@guamopa.com) <croque@guamopa.com>

Dear Speaker Barnes:

Forwarding noted correspondence relative to CCR reporting – Title 1 GCA Chapter 19 §1922(a). Also, attached is 2019 CCR PDF for your reference. Thank you.

Sincerely,

Lenora M. Sanz, Acting CFO /af

GUAM POWER AUTHORITY

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

18 September 2020

CFO 2020 116
Ms. Tina Muna Barnes, Speaker
I Mina' Trentai Singko Na Liheslaturan Guahan
35th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910
Email: speaker@guamlegislature.org

SUBJECT: **GPA 2019 Citizen Centric Report**
Ref: Title 1 GCA Ch 19 § 1922

Dear Speaker Barnes:

In accordance with Title 1 Guam Code Annotated (GCA) Chapter 19 §1922(a), attached is the Guam Power Authority's 2019 Citizen Centric Report.

Additionally, the report was uploaded on the Authority's website on June 30, 2020 and an enhanced CCR on Tuesday, September 15, 2020.

Should you require further information, please do not hesitate to call me at 648-3122 or lsanz@gpagwa.com. Thank you.

LENORA M. SANZ
Chief Financial Officer, Acting

CITIZEN-CENTRIC REPORT
FISCAL YEAR 2019

ABOUT US

Guam Power Authority (GPA) was established in 1968 as a public corporation and autonomous instrumentality, of the Government of Guam. GPA is fully independent from its central government as it does not receive subsidies from the Government of Guam, with revenues derived solely from rates. GPA is a publicly-owned, retail electric utility that provides electric generation and transmission and distribution services throughout Guam and is the sole provider of such services.

GPA has been serving Guam for more than 50 years and has evolved from an entity with basically no assets to one which now owns all generation, transmission and distribution assets outside of Guam's US military bases. GPA generates all energy for the entire Guam community including the US military.

Owning assets of $955 million including 29 substations, and 1797 miles of combined transmission and distribution lines, GPA employs a workforce of 454. The island-wide power supply derives from both conventional fuel-oil based generating units producing a gross capacity of over 420 megawatts, and 25.3 megawatts of renewable capacity.

GPA has been successful in borrowing money by establishing itself in the bond markets, to enable GPA to construct critical infrastructure. GPA has adopted the Uniform System of Accounts prescribed by the U.S. Federal Energy Regulatory Commission (FERC).

The Authority is governed by the Consolidated Commission on Utilities (CCU), an elected five-member Board and is subject to regulations of the Guam Public Utilities Commission (GPUC).

VISION

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

MISSION

GPA shall provide:
Reliable
Efficient, Effective, Environmentally Sound
Affordable, Accountable
Leading Energy Solutions

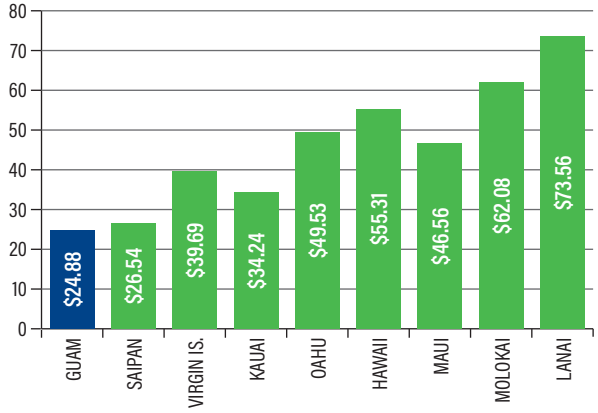
By the Numbers

$942 million — Total assets as of September 30, 2019

$892 million — Total liabilities including pension and other Post Employment liability, as of September 30, 2019

$403 million — Annual revenue from approximately 51,000 customers as of September 30, 2019

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 24.88 cents per kilowatt hour in 2019.

Electricity Rate Breakdown

$1 COST ALLOCATION CATEGORY



69 cents — Production Fuel Cost



11 cents — Administrative and General



10 cents — Depreciation and Amortization



4 cents — Energy Conversion or IPP Purchased Power



4 cents — Transmission and Distribution



2 cents — Customer Accounting

GOVERNANCE AND LEADERSHIP

Consolidated Commission on Utilities
Joseph (Joey) T. Dueñas, Chairman
Francis E. Santos, Vice Chairman
Michael T. Limtiaco, Secretary
Judith 'Judi' T. Guthertz, Treasurer
Simon A. Sanchez II, Member

Guam Power Authority
John M. Benavente, P.E. General Manager

Doc. No. 35GL-20-2222.*

WHAT'S INSIDE

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p. 4 | Our Future Challenges

ISSUED JULY 2020

CITIZEN-CENTRIC REPORT
OUR PROGRESS

Accomplishments and Key Strategies

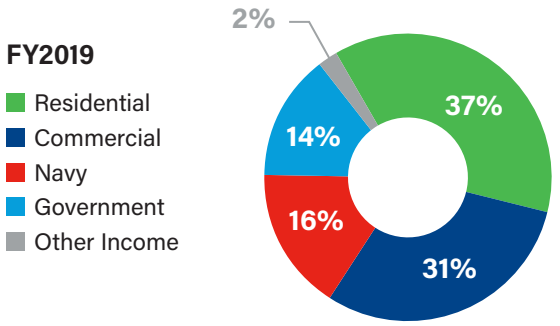
KEY STRATEGIES	2017	2018	2019
PRODUCT AFFORDABILITY	▪ No increase in GPA base rate ▪ Prudent managing of LEAC rate ▪ FTE level of 475 ▪ $1.4 million in overtime expenditures	▪ No increase in GPA base rate ▪ Prudent managing of LEAC rate ▪ FTE level of 464 ▪ $1.5 million increase in overtime in due to typhoon preparation and recovery	▪ No increase in GPA base rate ▪ Prudent managing of LEAC rate ▪ FTE level of 454 ▪ $1.3 million overtime expenditures to assist Saipan, CNMI with Super Typhoon Yutu recovery
SUPERIOR CUSTOMER SERVICE	▪ Launched additional payment options including Pay-BY-Phone, Online Payments, Mobile APP payments and ACH payments ▪ GPA paid out $560,000 in Energy Sense Rebates to customers	▪ Redesigned/more customer-friendly monthly energy statement ▪ MasterCard debit and credit cards made available to commercial customers ▪ Additional Saturday hours at the GPWA Customer Service Satellite Office in Upper Tumon ▪ GPA paid out $1.4 million in Energy Sense Rebates	▪ Provided more efficient and non-contact payments online with PAYGPA, EZPAY for mobile and telephone payments and pre-arranged ACH bank transfers ▪ The addition of MYENERGY.COM for customers to manage and monitor home residential usage ▪ GPA paid out $1.5 million in Energy Sense Rebates
HIGH SYSTEM RELIABILITY	▪ Dededo Combustion Turbine units 1&2 returned to service ▪ Completed Cabras Units 1&2 annual turbine and boiler overhaul maintenance work ▪ Completed major refurbishment of Cabras (T300), Piti (T700), Tamuning (T51) and Macheche (T90) power transformers ▪ Signed lease agreement with the US Navy for 164 acres of military land to construct utility-scale solar farms ▪ From revenue bonds, GPA contracted for a $35 million Energy Storage System (ESS)	▪ Completed $11 million land purchase to build the new Ukudu, Dededo base load power plant ▪ Construction continued on the Hagåtña 24 megawatt and Talofofo 16 megawatt Energy Storage System projects	▪ Construction near completion of the Hagåtña 24 megawatt and Talofofo 16 megawatt utility-scale Energy Storage System ▪ Signed two 60 megawatt Power Purchase Agreements with partners KEPCO and Hanwha ▪ Signed a 25-year IPP contract with KEPCO for the construction of the 180 megawatt Ukudu base load power plant
FINANCIALLY SOUND AND STABLE	▪ 196 days unrestricted cash. ▪ Debt service coverage of 2.65x ▪ GPA maintained its current credit ratings: - S&P-BB/Stable Outlook - Moody's-Baa2/Stable Outlook - Fitch-BBB/Stable Outlook	▪ 173 days unrestricted cash. ▪ Debt service coverage of 2.53x ▪ GPA maintained its current credit ratings: - S&P-BB/Stable Outlook - Moody's-Baa2/Stable Outlook - Fitch-BBB/Stable Outlook	▪ 176 days unrestricted cash. ▪ Debt service coverage of 1.97x ▪ GPA maintained its current credit ratings: - S&P-BB/Stable Outlook - Moody's-Baa2/Stable Outlook - Fitch-BBB/Stable Outlook
COMMITMENT TO WORKFORCE DEVELOPMENT	▪ 3rd Place American Public Power Association's (APPA) Safety Award of Excellence ▪ 15 Apprentices completed GPA's 4th Cycle Graduate Apprentice Program ▪ On-going training and continuing education for all employees	▪ 1st Place American Public Power Association's (APPA) Safety Award of Excellence ▪ On-going training and continuing education for all employees	▪ 3rd Place American Public Power Association's (APPA) Safety Award of Excellence ▪ Launched 5th Cycle Graduate Apprentice Program with 20 new T&D apprentices ▪ On-going training and continuing education for all employees
OPTIMIZE THE USE OF TECHNOLOGY	▪ Launched new Android and iOS mobile phone payment APP for customers ▪ Upgraded MYENERGYGUAM.COM website ▪ On-going and continuous review of all IT security processes and network systems	▪ Adopted sustainable renewable sources of energy ▪ The new Ukudu, Dededo base load power plant will bring combined cycle power generation which will utilize cleaner sources of fuel and integrate well with renewables	▪ Relocated GPA's Supervisory Control and Data Acquisition (SCADA) system to Fadian for improved power, water and wastewater operations system dispatching ▪ Signed a 25-year IPP contract with KEPCO for the construction of the 180 megawatt Ukudu base load power plant

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CITIZEN-CENTRIC REPORT
OUR FINANCES

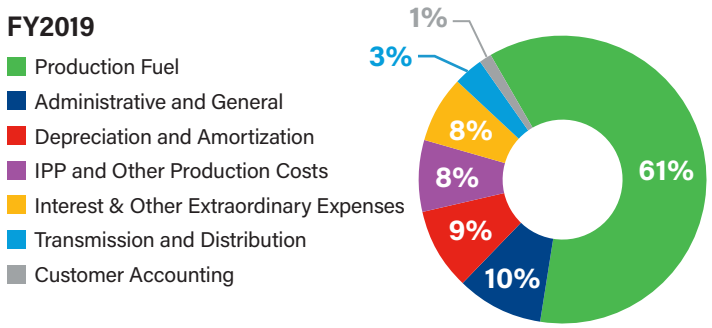
Revenues

Type	2019	2018
(in $000)		
Commercial	$ 151,737	$ 146,278
Residential	$ 124,466	$ 117,823
Navy	$ 65,707	$ 59,119
Government	$ 57,823	$ 55,108
Other Income	$ 9,607	$ 10,522
Total	**$ 409,340**	**$ 388,850**



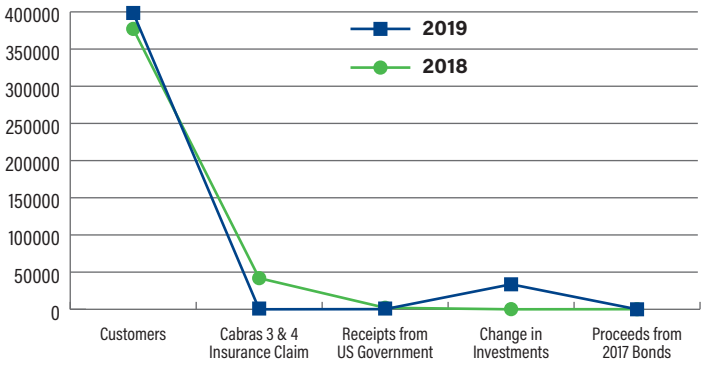
Expenses

Type	2019	2018
(in $000)		
Production Fuel	$ 238,870	$ 217,567
Administrative and General	$ 38,289	$ 33,971
Depreciation and Amortization	$ 36,999	$ 37,184
IPP and Other Production Costs	$ 30,781	$ 34,967
Interest & Other Extraordinary Expenses	$ 30,274	$ 36,079
Transmission and Distribution	$ 12,746	$ 12,338
Customer Accounting	$ 6,214	$ 6,354
Total	**$ 394,173**	**$ 378,460**



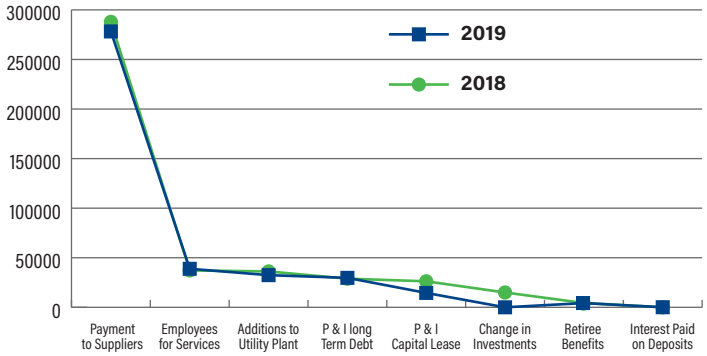
Sources of Funds

Type	2019	2018
(in $000)		
Customers	$ 398,548	$ 377,119
Cabras 3 & 4 Insurance Claim	$ -	$ 41,844
Receipts from US Government	$ 216	$ 2,061
Change in Investments	$ 33,613	$ -
Proceeds from 2017 Bonds	$ -	$ 156
Total	**$ 432,377**	**$ 421,180**



Uses of Funds

Type	2019	2018
(in $000)		
Payment to Suppliers	$ 278,284	$ 287,912
Employees for Services	$ 38,856	$ 37,205
Additions to Utility Plant	$ 32,448	$ 36,199
P & I - Long Term Debt	$ 29,697	$ 28,871
P & I - Capital Lease	$ 14,512	$ 26,227
Change in Investments	$ -	$ 14,965
Retiree Benefits	$ 4,258	$ 4,315
Interest Paid on Deposits	$ 57	$ 82
Total	**$ 398,112**	**$ 435,776**



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 2019 received a clean audit opinion from Deloitte & Touche, LLP. GPA's comprehensive financial statements may be viewed online at www.guampowerauthority.com.

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CITIZEN-CENTRIC REPORT

OUR FUTURE CHALLENGES

Looking Ahead

GPA's future initiatives include:

- Within the next 3 to 5 years, GPA will achieve its goal and attain an improved position of strength of its energy supply.
- GPA is committed to renewable energy and the reduction of greenhouse gas emmissions. An additional 160 megawatts of solar photovoltaic and 150 megawatts of energy storage systems are scheduled to come online in the next three years, with which GPA will achieve a 25 percent government-mandated Renewable Portfolio Standard (RPS).
- The completion of the 40 megawatts of Energy Storage Systems (ESS) projects, the two 60 megawatt Phase II Renewable projects, the 40 megawatt Phase III Renewable project, and the GPA Bulk Storage Fuel Farm projects.
- The construction and operation of the new 198 megawatt, 51 percent thermal efficiency Ukudu base load power plant which will be the cornerstone to sustain Guam's future energy needs.
- Continuing GPA's ongoing Demand Side Management (DSM) program to right-size customer consumption and assist them in lowering their total energy cost(s).
- Upgrading GPA's power transmission system to add more renewables and to increase reliability in addition to establishing a policy for storm resiliency through the long-term conversion of Guam's power grid to an underground system.
- 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.
- Determining new revenue sources for GPA such as the promotion of electric vehicles through exploring grants and/or other incentives to achieve an electric vehicle transportation system as a solution to the island's transportation resiliency.
- Establishing a Human Resource Workforce Plan to address the substantial number of GPA employees eligible to retire over the next 10 years, which could lead to shortfalls in expertise in various areas of power utility management and operations, most especially in the transmission and distribution and power generation fields.



GPA Hanwha Power Purchase Agreement Signing Ceremony, August 22, 2018



GPA with KEPCO and LG CNS Power Purchase Agreement Signing Ceremony, August 24, 2018



GPA Ukudu Contract Signing Ceremony, November 5, 2019

We want to hear from you.

Please contact GPA and let us know what information we can provide to you in future reports.

John J.E. Kim, CPA, GPA Chief Financial Officer

Telephone: (671) 648-3119/648-3066 ▪ Email: jjekim@gpagwa.com

www.guampowerauthority.com ▪ /Guam Power Authority

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