GUAM POWER AUTHORITY
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**FOR IMMEDIATE RELEASE**

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## Guam Power Authority Recommends No Increase to LEAC Amid Steady Oil Prices

(Fadian, Mangilao) – In light of current market conditions, the Guam Power Authority (GPA) is recommending no increase to the current Levelized Energy Adjustment Clause (LEAC) rate of $0.26 for the upcoming cycle. This recommendation comes as oil prices show signs of steadiness, providing some relief from recent volatility. However, GPA continues to face the significant challenge of addressing accumulated underrecovered fuel costs of $27,894,288.89, as of April 30, 2024. These costs have been spread out over time by GPA to shield customers from abrupt rate increases as it strives to balance a commitment to fiscal prudence with the needs of customers.

GPA understands the financial pressures faced by residents and businesses and remains committed to minimizing the impact of fuel price fluctuations on customers. It is important to emphasize that the LEAC rate, or fuel surcharge, is dedicated to covering the costs of fuel required for power generation. It does not contribute to GPA's operational expenses or debt service.

GPA General Manager John M. Benavente, P.E. stated, "We strive to protect our customers from the immediate effects of rising oil prices by spreading the costs out over time. We are working toward providing a stable supply of electricity while managing the financial burdens associated with the purchase of fuel needed for power generation."

Benavente added, "While the oil market and global events impact the fuel surcharge, GPA has not increased its cost to run its operation, maintaining our base rate at $0.10 since 2013. Our priority is to keep our long-term goals for cleaner, reliable, and more affordable energy. The sooner we can reduce our reliance on fuel, the sooner we can reduce power bills."

### Reducing Guam's Reliance on Fuel Imports

Currently, Guam finds itself in a transitional phase, navigating an energy capacity shortfall to bridge the gap until the commissioning of the Ukudu Power Plant by September 15, 2025.To support the commitment to cleaner energy, Cabras 1 & 2 were converted to run on Ultra Low Sulfur Residual Fuel Oil (ULSRFO), a cleaner but much more expensive fuel option. While this choice allows lower fuel consumption, the higher price for this fuel has eroded the savings that new and upcoming solar farms and battery energy storage systems were meant to provide. Once Cabras 1 & 2 can be retired and other peaking plants placed as standby reserve units, customers will feel the benefits of these major investments made into renewable energy through the reduction of fuel imports directly on their bills.

### Encouraging Energy Conservation Amid of Increasing Temperatures

While fuel costs are not controlled by GPA or its customers, reducing electricity consumption can help alleviate increases in power bills, especially during the hot summer months. GPA urges all customers to conserve power by:

- Setting air conditioners to a moderate temperature
- Using energy-efficient appliances
- Turning off lights and electronics when not in use
- Taking advantage of natural light during the day

Every small effort to conserve energy can lead to significant savings on power bills.

GPA continues to monitor global oil markets closely and will adjust its strategies as needed to maintain a balance between financial sustainability and customer affordability.

The Consolidated Commission on Utilities (CCU) will deliberate the GPA's recommendation to maintain the current LEAC rate at their next meeting on Tuesday, May 28, 2024.

Please visit www.guampowerauthority.com and GPA's social media pages for more information.

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