



GUAM POWER AUTHORITY

Aturidat Iktresedat Guahan

Reliability, Accountability, Transparency, Efficiency Report

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Our Home, Our Island, Our Power Company

The Guam Power Authority (GPA) is a component unit of the Government of Guam. It is governed by the Consolidated Commission on Utilities (CCU), an elected five member board. GPA is subject to the regulations of the Public Utilities Commission of Guam (PUC) and has adopted the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

Guam is growing and our needs for electricity are growing as well. All the electrical power we use is generated right here on

island by the Guam Power Authority. In recent years, GPA has greatly improved its capacity, reliability and efficiency for making our power, but the cost of making electricity is still expected to rise because the cost of oil and its delivery to Guam is expected to continue to rise. GPA is already seeking alternative, renewable sources of energy that can be used on Guam to keep our rates down while protecting the environment.

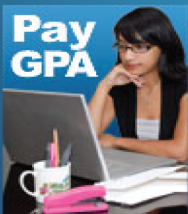
OUR MISSION :
To provide reliable electric services, efficiently and economically to you.

OUR VISION :
GPA will be the best utility providing outstanding energy services to our island community.



Pay GPA

Paying your bill has never been easier! You can view, print, and pay your bill in just a few minutes.



Mobile Devices

Get the latest news, outages. Or contact us from your mobile phone.

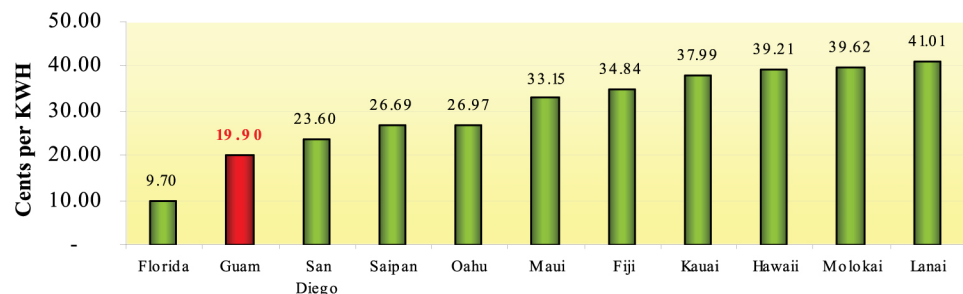


Our Customers

Rate Class	2008	2009	2010	% change
Residential	39,418	40,254	41,108	2.12%
Commercial	5,348	5,385	5,411	0.48%
Government	1,216	1,207	1,306	8.20%
Navy	1	1	1	0.0%
Total	45,983	46,847	47,826	2.09%

Even though power consumption has remained steady over the last three years, the total number of GPA's customers continues to increase. A new customer class was added in FY10 which was the result of one customer changing to a standby tariff created for customers for whom GPA is not their primary provider of power.

Residential Rate Comparison

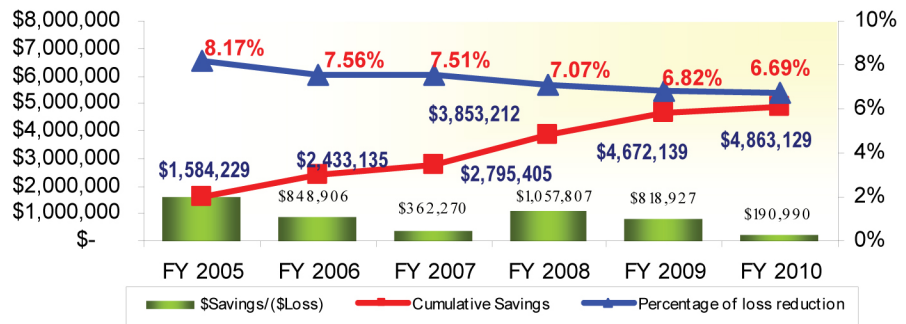


SOURCES:

1. Guam-rates published by Guam Power Authority (Effective Date: 8/1/2010 up to 1/31/2011)
2. Saipan-<http://www.saipantribune.com/newstory.aspx?cat=1&newsID=105920>
3. Kauai-rates published by Kauai Island Utility Cooperative (Effective Date: 11/7/2010)
4. Oahu, Hawaii, Maui, Molokai, Lanai-rates published by Hawaiian Electric Company (HECO, HELCO, MECO; Effective Date: 1/1/2011)
5. Fiji-rates published by Fiji Electricity Authority (Effective Date: November 2010)
6. San Diego Gas & Electric Co. and Florida Power & Light Co., -rates published by JEA Electric System (as of Oct. 2010)

Fuel Cost Savings from Line Loss Reductions

In general, line loss is the discrepancy between the energy produced and the energy transmitted and distributed to our customers. GPA is making line loss management an authority-wide program initiative. From 2005, our annual percentage of line losses have decreased consistently and was 6.69% in 2010. Since fuel is the primary cost component to produce power, we relate our line loss savings to cumulative fuel savings of \$4.9 M from 2005 - 2010.

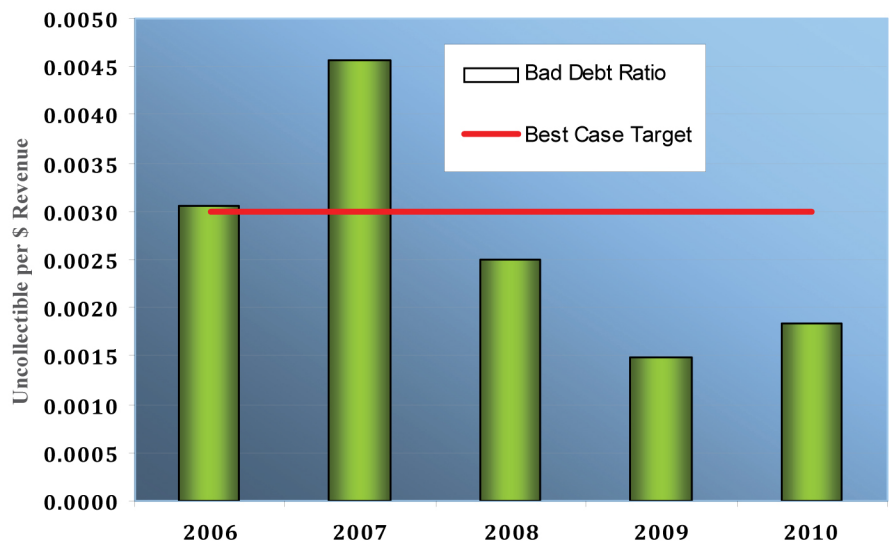


Notes:

- 1) Savings calculated by comparing KWH losses from current and previous years, multiplied by cost/kw h for fiscal year.

Uncollectible Account per Revenue \$

The ratio of uncollectible accounts to revenue is decreasing in comparison to the last five years. Although there is a slight increase from 2009 to 2010, it is still below the industry best target of \$.003. One factor that contributed to this is the significant decrease in government receivables. GPA is exerting efforts to maintain collection thereby reducing uncollectible accounts.



Incentive measures and Grants

GPA is committed to earn savings that will benefit not only the Authority but the ratepayers in general. Every savings we make, reduces the cost of power. We make sure that generation, transmission and distribution facilities are well maintained to ensure reliability in providing power to the island.

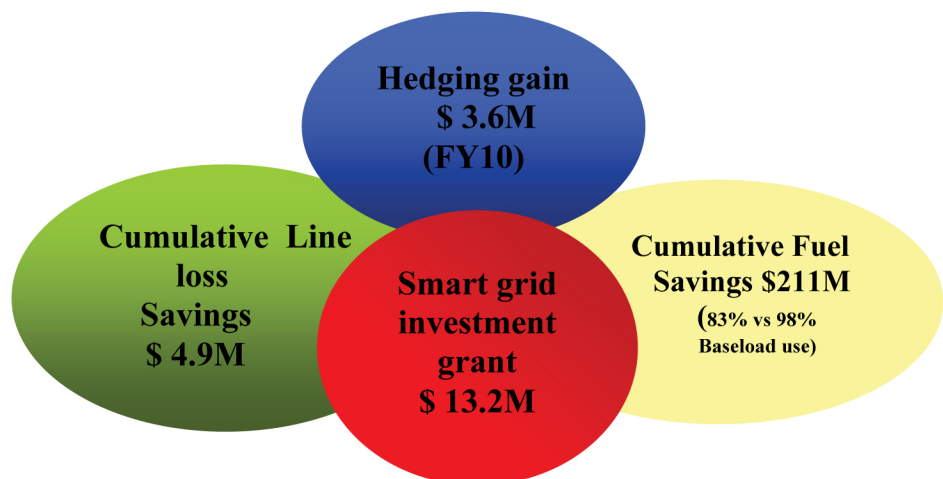
We want to hear from you!

Please let us know what information you want to see next time

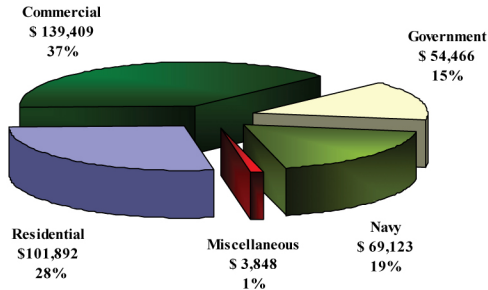
Contact us at :

648-3000

www.guampowerauthority.com



GPA 2010 Revenues (000)



Sales of electricity

Residential

Commercial

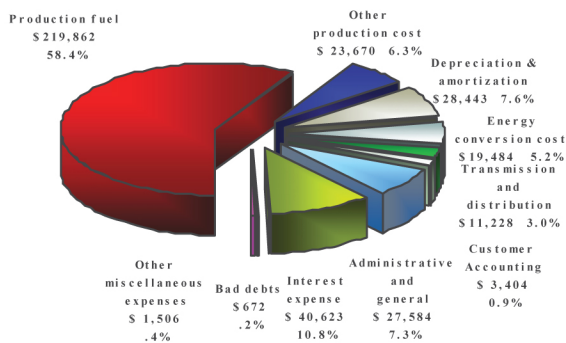
Government

Navy

Miscellaneous

2010	% of Total	2009
\$101,892	28%	\$103,972
139,409	38%	147,653
54,466	15%	55,005
69,123	19%	81,373
3,848	1%	7,205
\$368,738	100%	\$395,209

2010 Expenses (000)



Description

Production fuel

Other production cost

Depreciation & amortization

Energy conversion cost

Transmission and distribution

Customer Accounting

Administrative and general

Interest expense

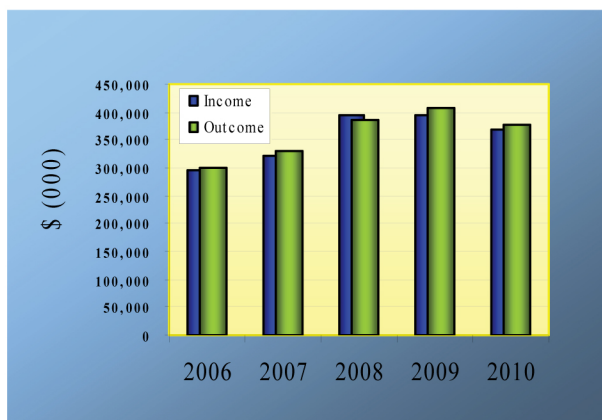
Bad debts

Other miscellaneous expenses

Total expenses

2010	% of Total	2009
\$219,862	58.4%	\$254,372
23,670	6.3%	24,631
28,443	7.6%	27,597
19,484	5.2%	19,181
11,228	3.0%	11,141
3,404	0.9%	3,242
27,584	7.3%	26,682
40,623	10.8%	40,340
672	0.2%	577
1,506	0.4%	1,457
\$376,475	100%	\$409,220

Income & Outcome



Year	Income	Outcome
2006	\$297,281	\$299,026
2007	320,933	329,035
2008	394,146	384,486
2009	395,209	409,220
2010	368,738	376,475

Increases in revenues and operating expenses are indicative of increased fuel charges and costs. GPA was targeting a \$4.4 million loss after its petition to receive compression on its rate petition was denied by the Public Utilities Commission. Operating expenses were under budget by approximately the same amount. Sales were approximately \$2.7 million below the forecast. (Source: 2010 Audited Financial Statements)



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FUTURE CHALLENGES

The biggest threat faced by the Guam Power Authority (GPA) is the rising cost of fuel. Because all of GPA's generators run on fossil fuels, the Authority is vulnerable to the upward market pressures on these types of fuels. Unfortunately, GPA has not found a silver bullet solution that will shield its customers from the impacts of rising fuel costs. GPA has explored wind, solar, waste to energy, nuclear, etc., however, GPA has not identified any technology that would provide immediate relief from the high demand for fuel at this time.



GPA is currently studying Liquefied Natural Gas (LNG) as a solution, but that fuel would not relieve the Authority from many of the same challenges it is currently facing with its current fuels and there are also some unique risks associated with LNG.

GPA plans to explore geothermal energy, however, the cost of

drilling are significant and risk of failure is relatively high. This is not a scenario which is common to government agencies.



Addressing the threat of rising fuel costs is the foremost challenge faced by the Authority today. However, for the moment, it appears the best thing GPA can do is to continue to focus on maximizing the efficiency of our current generation equipment as we continue to explore alternatives.

A related threat is the appearance of distributed generation facilities on the island. Some of GPA's customers have begun to build their own generation facilities on site using recaptured exhaust heat to increase the efficiency of the fuel burned in the generation process. Because GPA has made fixed commitments for its generation system, the customers leaving the grid will place pressure

on the Authority to increase rates for its remaining customers.

Another major challenge faced by the Authority is to ensure that infrastructure is in place to serve the demands of the planned military buildup and to ensure that costs of the buildup are not borne by GPA's existing civilian customer base.



One exciting new development at the Authority is the Smart Grid Project. We are very enthusiastic about this project which is 50% funded by GPA and 50% funded by the U.S. Department of Energy under the American Recovery and Re-investment Act of 2009. The project will, among other things, save ratepayer's money by ensuring more efficient transmission of power across lines, will significantly increase the amount of data available to the Authority for its decision making systems, and will enable greatly enhanced

levels of customer service that will be delivered to GPA customers.

The Consolidated Commission on Utilities adopted a new vision statement for GPA during the year. The vision calls for GPA to be an energy service provider not just a provider of energy. GPA seeks to assist its customers in all aspects of managing their use of energy. GPA has started to roll out programs designed to assist customers in being more efficient in their use of energy



There are many significant challenges facing the Guam Power Authority but the management and staff stand ready to face those challenges and are poised to leverage these challenges into opportunities that will provide long lasting benefits to our customers.


JOAQUIN C. FLORES, P.E.
General Manager