



GUAM POWER AUTHORITY

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FOR IMMEDIATE RELEASE

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GPA Addresses Senator Parkinson's Letter Regarding Rates

(Fadian, Mangilao) – The Guam Power Authority (GPA) is addressing statements made by Senator Parkinson in his letter dated January 21, 2025 where he references the January 8, 2025 PUC FY'2024 Annual Report. Senator Parkinson states, "the PUC's Annual Report for Fiscal Year 2024 clearly states that, in 2025, PUC anticipates there will be proposed rate increases by GPA and GSWA. GSWA has already filed a rate case, and GPA has stated its intent to file a rate increase in February 2025. This directly contradicts GPA's public statements, including its recent petition for a LEAC (Levelized Energy Adjustment Clause) reduction, which GPA projected would result in an average savings of \$53.16 per month for residential customers."

There is no contradiction between GPA's LEAC reduction petition and the anticipated base rate filing later this year. GPA's petition for LEAC reduction has been filed with the PUC for their decision expected by the end of this month. **There is no rate increase only a rate decrease being sought in February 2025 for LEAC.**

The largest portion of a customer power bill includes *two components* directly related to energy charges:

- 1st component - Levelized Energy Adjustment Clause (LEAC) or Fuel Surcharge:

The LEAC is a pass-through cost that is tied to the price of oil and makes up a large portion of your average power bill. The LEAC reflects fuel-related expenses and fluctuates based on market conditions and fuel recovery needs.

GPA's current filing before the Public Utilities Commission (PUC) this month is to *reduce the LEAC or fuel surcharge from its current \$0.261995 to \$0.208802 per kilowatt hour*, resulting in a **decrease of about \$53.19** for the average residential customer using about 1000 kWh, effective February 1, 2025, if approved.

- 2nd component - Base Rate:

The base rate the portion of your power bill pays for utility upgrades, maintenance, operations and debt service. GPA has maintained its base rate at \$0.10 since 2013. GPA has mentioned its intention to seek a slight base rate increase in the near future to help pay for the debt service and other fixed costs associated with the new Ukudu Power Plant.

PUC's FY'2024 Annual Report references potential rate cases for both GPA and GSWA in 2025. The anticipated base rate filing this year aligns with the increased debt service obligation related to the new Ukudu Power plant and conforms with GPA's responsible, strategic financial planning and commitment to transparency. GPA has consistently communicated its plans to its customers, lawmakers, and the public through direct communications, public hearings, and forums.

As PUC Chairman Jeffrey Johnson noted in the letter, GPA anticipates that “the LEAC rate will be reduced after the new Ukudu plant comes online.” This projected savings, combined with operational efficiencies like the decommissioning and retirement of Cabras Units 1 & 2, aligns with GPA’s long-term goal of delivering sustainable and affordable energy to Guam’s families.

Although there may be a slight increase in the base rate portion of your power bill, the LEAC surcharge is anticipated to go down **resulting in the reduction of overall costs and lower energy prices**. GPA anticipates a downward trend in fuel costs for the following key reasons:

- The new 198MW Ukudu Combined Cycle Power Plant is efficient and will deliver cleaner, more resilient energy and reduce fuel imports by approximately 879,000 barrels annually. This will generate substantial savings for customers through lower energy bills.
- GPA continues to pursue long-term solutions to reduce reliance on imported oil, including the commissioning of the Ukudu Plant and expanding renewable energy projects.

The anticipated base rate filing later in the year aligns with GPA’s long-standing strategic financial planning, obligation and commitment to transparency. This long-term approach ensures a net cost savings which equates to lower energy prices for customers through:

1. LEAC reductions due to a decrease in fuel use by approximately 879,000 barrels annually with the Ukudu Power Plant.
2. Operational savings from the planned closure and retirement of Cabras Units 1 & 2.
3. Additional renewable energy integration, solar and battery projects will reduce reliance on imported fuel and stabilize energy prices overtime.
4. Increased administrative and operational improvements.

GPA is currently reviewing and preparing its base rate filing, anticipated later this year.

- This adjustment will address the costs of the GPA/KEPCO Energy Conversion agreement for the new Ukudu Power Plant debt service, fixed and variable cost and other infrastructure investments.
- Specific details about the rate adjustment and its impact on customers will be communicated transparently once the filing is finalized however, GPA has repeatedly stated on the record that it anticipates a significant “net cost savings” for customers.
- GPA has consistently communicated this to the public for several years and its position has not changed. Without Ukudu, there is no fuel savings. Without Ukudu, GPA will not be able to comply with USEPA/GPA consent decree potentially resulting in millions in penalties. Without Ukudu, we will continue to be susceptible to huge LEAC rate fluctuations which negatively impacts our ratepayers.

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GPA’s position on the base rate has been transparent and consistent with its long-term **plans to deliver reliable power at the lowest possible cost on a sustained basis:**

- [Pacific Island Times: GPA to Cut Fuel Surcharge, Base Rate Likely to Increase](#)
- [Guam PDN: GPA Wants to Pay \\$5M to Speed Up Ukudu Plant Completion](#)
- [The Guam Daily PosGuam PDN: GPA Wants to Pay \\$5M to Speed Up Ukudu Plant Completion: GPA Power Plant Will Lead to Savings](#)

Attachments: Senator Parkinson’s letter dated January 21, 2025
Guam Public Utilities Commission (PUC) FY’2024 Annual Report