



Financial Highlights
Guam Power Authority Financial Audit
Fiscal Year 2024

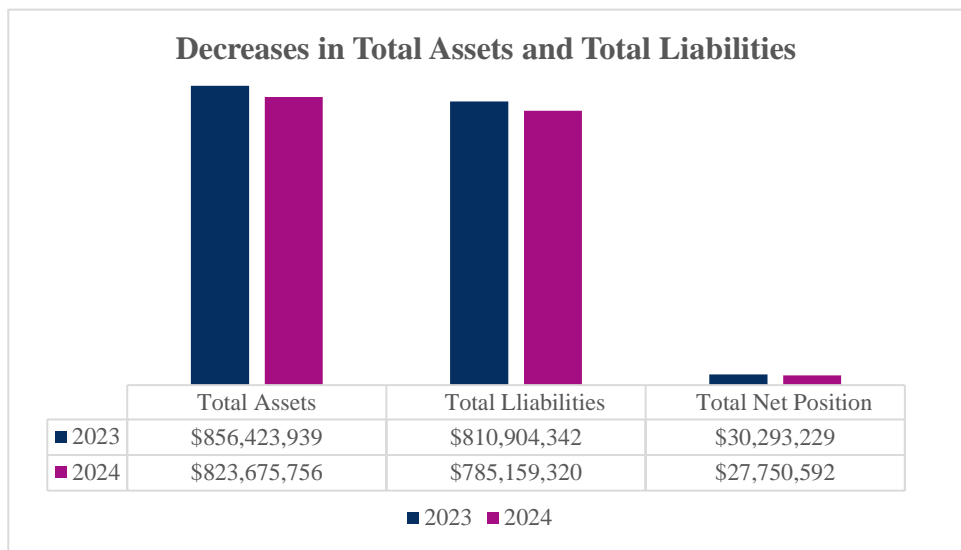
May 29, 2025

The Guam Power Authority (GPA) received an unmodified (clean) opinion on its fiscal year (FY) 2024 financial statements. In the Report on Compliance and Internal Control, the independent auditors, Ernst & Young, LLP (EY) did not identify any material weakness nor significant deficiency. EY rendered an unmodified (clean) opinion on GPA’s compliance on sole and major federal programs and opined that the Schedule of Expenditures of Federal Awards (SEFA) is fairly stated in all material respects in relation to the basic financial statements as a whole.

GPA closed FY 2024 with a net loss of \$2.5 Million (M) resulting in a decrease in its net position to \$27.8M, compared to \$30.3M in FY 2023. The net loss of \$2.5M represents a \$9.7M decrease in net income compared with \$7.1M in FY 2023. Similarly, total assets decreased by \$32.7M while total liabilities decreased by \$25.7M compared with FY 2023.

Decreases in Total Assets and Total Liabilities

GPA total assets decreased by \$32.7M, from \$856.4M in FY 2023 to \$823.7M in FY 2024, primarily due to reductions in fuel inventory (\$5.8M), accounts receivable, net (\$4.2M), and prepaid expenses & other current assets (\$4.1M). The decrease in fuel inventory was due to the decrease in fuel prices, while the decrease in accounts receivable, net was due to improved receivables collections. The reduction of prepaid expenses and other current assets was due to the closing of recapitalization projects for Marianas Energy Company.



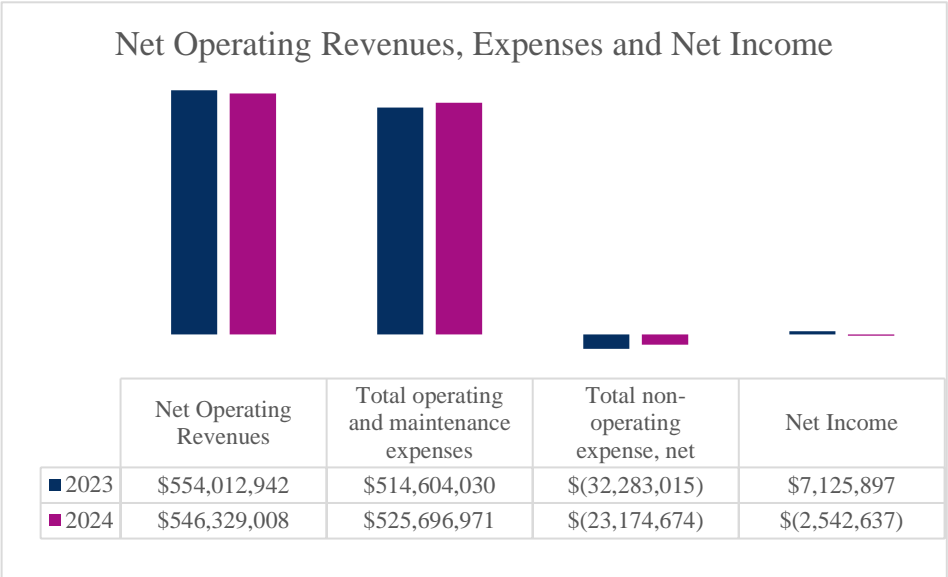
Total liabilities amounted to \$785.2M in FY 2024, reflecting a decrease by \$25.7M, from \$810.9M in FY 2023. This was mainly due to the decreases totaling \$53.3M in long-term debts, net of current maturities

(\$29.0M), accounts payable related to fuel (\$15.7M), and net pension liability (\$8.6M). These decreases were slightly offset by a \$6.9M increase in accounts payable related to operations.

As of the end of FY 2024, the balance of long-term debt, net of current maturities, amounted to \$457.4M, which decreased by \$20.2M from FY 2023. This was due to the reduction of bond payment requirements that resulted from the refunding of GPA’s 2014 revenue bonds in 2024. All gross revenues have been pledged to repay the bonds principal and interest. Debt service for the series bonds amounted to \$25.9M.

Net Operating Revenues, Expenses and Significant Decrease in Net Income

Net operating revenues decreased by \$7.7M from \$554M in FY 2023 to \$546.3M in FY 2024. This was attributed by the decrease in sales of electricity of \$5.9M, due to the decline in global prices of fuel. However, energy sales increased by 7% in 2024 compared to 2023, reflecting the recovery from the impact of Typhoon Mawar.



Total operating and maintenance expense increased by \$11.1M, from \$514.6M in FY 2023 to \$525.7M in FY 2024. This was primarily due to the lease of 20-megawatts (MW) diesel generators to meet the load demand and increases in pension, water and material costs. However, total non-operating expense, net, decreased by \$9.1M to \$23.2 in FY 2024 from \$32.3M in FY 2023. This decrease was mainly due to reduction in repairs and other costs associated with damages from Typhoon Mawar.

Overall, GPA ended FY 2024 with a net loss of \$2.5M, a \$9.7M decline from its net income of \$7.1M in FY 2023.

Accounts Receivable and Related Party Transactions

As of end of FY 2024, GPA accumulated an outstanding accounts receivable (net of allowance for doubtful receivables) amounting to \$48.7M, of which \$12M are from the private sectors. A significant portion of the accounts receivables are concentrated among Government of Guam (GovGuam) agencies, totaling \$14M, and the United States Navy, totaling \$3.9M. Receivables from GovGuam increased by \$2.6M in FY 2024 compared to a \$2.3M decrease in FY 2023.

For the FY ending September 30, 2024, GPA billed GovGuam agencies for \$70.4M for sales of electricity with \$14M as an outstanding receivable. Electricity sales to Guam Waterworks Authority (GWA) amounted to \$21.9M, with outstanding receivable of \$1.9M. In turn, GWA billed GPA for water and sewer charges totaling \$2.9M, of which \$2.5M remains an outstanding payable.

Capital Activities Status Update

GPA remains committed to renewable energy and reduction of greenhouse gas emissions. To increase renewable resources, GPA procured a power purchase agreement for a 25 MW utility scale-solar farm

located in southern Guam, which began operating in 2015. In June 2022, Phase II of the renewable project included the operation of a 60 MW solar plant. Additionally, the 41 MW load-shifting project is in progress. Phase III of the renewable project which was previously under protest, the Office of Public Accountability and the court found the case in favor of GPA. However, due to the change in global affairs, the U.S. Navy elected to use the leased land for military purposes resulting in the termination of Phase III.

For Phase IV, in February 2025, KES Yona Solar, LLC signed a contract with GPA for a 132 MW solar photovoltaic with 50% shifting batteries. The project is expected to be completed in 2028.

Separately, the Ukudu Power Plant, a 198 MW dual-fueled combined cycle combustion turbine, is set to be commissioned in September 2025. Commissioning of the plant had been delayed due to Covid-19 pandemic and Typhoon Mawar in 2023. The new Ukudu Power Plant is 37% more efficient than Cabras 1 & 2 and 22% more efficient than Piti 8 & 9. The new power plant is projected to reduce burning 900 thousand barrels or 37M gallons of fuel annually.

The largest capital cost incurred in 2024 were: a) fuel pipeline and tank 1935 overhaul for \$12.5M, b) peaking unit overhaul for \$2.1M, and c) substation and transmission improvements for \$6M. Cash used to fund these capital activities includes proceeds from bonds and revenue funds.

US Environmental Protection Agency (EPA) Consent Decree Status Update

The United States of America, on behalf of the U.S. EPA, filed its complaint under the Clean Air Act. In April 2020, the U.S. District Court approved a Consent Decree, which constituted a final judgment to GPA. In January 2022, the U.S. District Court of Guam approved certain modifications of the Consent Decree most of which pertained to schedules for implementing the injunctive relief and monetary penalties for failure to accomplish the objectives by the required dates. GPA's requests to the US EPA for extensions to meet the milestones in the Consent Decree were approved in December 2024. GPA anticipates the completion of new power plant by September 2025 and the retirement of Cabras 1 and 2 units by March 2026.

Autonomous Agency Collection Fund

The Department of Administration (DOA) invoiced GPA for annual assessment for FYs 1998 to 2011 and September 2013, totaling \$13.1M, relative to the transfer of autonomous agency revenues to autonomous agency collections fund. Consolidated Commission on Utilities (CCU) approved to offer DOA a settlement amount of \$2.6M but was conditioned upon the Public Utilities Commission (PUC) approval of surcharge to recover assessment from the ratepayers. As of end of FY 2024, PUC has not approved the surcharge resulting in no liability or other impact identified in the accompanying financial statements. yet. The reimbursement from the Federal Emergency Management Agency (FEMA) for typhoon-related costs in 2002 for \$1.8M received by DOA, was planned to be offset from the DOA annual assessment. Due to the uncertainty of receipt, GPA has not recorded the reimbursement in its financial statements.

Typhoon Mawar Damages Still Pending FEMA Approval

On May 24, 2023, Guam suffered severe damages caused by super Typhoon Mawar. GPA performed damage assessment, and submitted an application to FEMA for potential funding, however the application is still pending review and approval by FEMA. During FY 2024 and 2023, approximately \$5.7M and \$17.1M in repair and other costs due to damages from Typhoon Mawar were booked as other expense, net.

Aggreko Temporary Power

In April 2024, GPA commissioned Aggreko to supply 24 diesel units that provided 20 MW of additional power for a two-year period which began in July 2024. Aggreko will supply, install, operate, and maintain the temporary power services at the Yigo CT site, which was approved by the CCU and PUC in January 2024 and February 2024. The temporary power was expected to address energy shortfalls when existing generators were down for maintenance or repair and to address renewable shortfalls during cloudy

or rainy weather. In 2024, approximately \$3.4M was expended for these units, which is included in Other Production Costs.

GPA Strategy-- New Generation Resources

GPA's Integrated Resources Plan evaluates the need for new generation resources to meet future load growth, address environmental compliance requirements, and establish projects and initiatives. In 2019, GPA entered into an energy conversion agreement with Guam Ukudu Power, LLC for the new generation. For GPA, combined-cycle generation has several benefits to include, better fuel efficiency and lower capital cost, compared to installing an emission control system in its existing generation plants. In addition, it promotes fuel diversity and compliance with US EPA requirements.

Report on Compliance and Internal Control

In EY's Report on Internal Control over Financial Reporting and Compliance, the auditors did not identify any material weakness nor significant deficiency. EY opined that GPA complied, in all material respects, with compliance requirements that could have direct and material effect on its sole major federal program. EY issued an unmodified "clean" opinion on compliance for major federal programs, although GPA is not classified as a low-risk auditee.

GPA recorded total expenditures of \$1.2M for federal awards granted by the U.S. Department of Interior. In EY's opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole. In response to a prior FY 2023 audit findings relative to reporting and SEFA, the GPA management provided an added layer of review to ensure financial data is accurate. GPA also continues to monitor grants management trainings and has informed its personnel accordingly.

Management Letter

EY issued a separate management letter that identified two findings related to: 1) general IT controls-untimely removal of system access of separated employees and 2) other matter – noncompliance. EY commented that the access termination dates of four (4) resigned employees were beyond their termination dates. Additionally, as of September 30, 2024, GPA's working capital fund fell short from the required minimum balance. Relative to these findings, EY recommended that GPA's management reviews policies and procedures to ensure timely termination of user access and timely address the working capital fund requirement.

For more details, refer to GPA's FY 2024 Financial Statements, Report on Internal Control and Compliance, Management letter, and Auditor's Communication with those Charged with Governance at www.guamopa.org and www.guampowerauthority.com.