



**Financial Highlights**  
**Guam Power Authority Financial Audit**  
**Fiscal Year 2025**

May 29, 2026

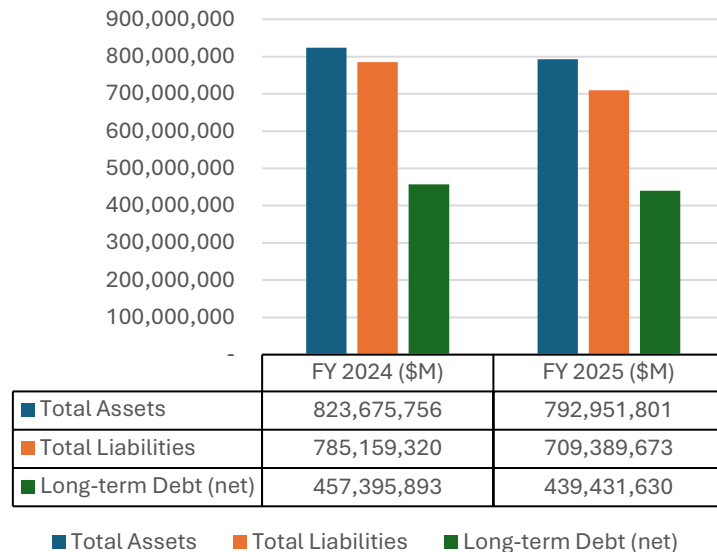
The Guam Power Authority (GPA) received an unmodified (clean) opinion on its fiscal year (FY) 2025 financial statements and report on compliance for the sole major federal program. In the Report on Compliance and Internal Control, independent auditors Ernst & Young LLP (EY) identified two significant deficiencies relative to required documentation and financial report for its Diesel Emission Reduction Act National Grants. EY also 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. Overall, GPA was qualified as low-risk auditee.

GPA closed FY 2025 with a net income of \$6.2 million (M), resulting in an increase in net position to \$34.0M compared to \$27.8M in FY 2024. This represents a \$8.8M increase in net income in FY 2025 compared with a negative \$2.5M in FY 2024. Total assets decreased by \$30.7M while total liabilities also decreased by \$75.8M compared with FY 2024.

**Decreases in Total Assets and Total Liabilities**

GPA total assets decreased by \$30.7M, from \$823.7M in FY 2024 to \$793.0M in FY 2025, primarily due to reductions in accounts receivable, net (\$10.3M), utility plant (\$5.5M), and lease assets (\$5.7M). The decrease in accounts receivable, net was due to lower fuel costs and largely reflected in decreases in amounts attributed to private and government customers.

Total liabilities amounted to \$709.4M in FY 2025, reflecting a decrease of \$75.8M from \$785.2M in FY 2024. This was mainly due to decreases totaling \$76.3M, comprising of long-term debt, net of current maturities (\$18.0M), Other Post Employment Benefit Liability (\$27.1M), accounts payable related to operations and fuel (\$12.2M), net pension (\$13.4M), and lease (\$5.6M) liabilities. These decreases were slightly offset by increases in other liability accounts totaling \$1.6M.



### **Long Term Debt-Bonds, net of current maturities Decreased by \$18M**

As of FY 2025, the balance of long-term debt, net of current maturities, amounted to \$439.4M, which decreased by \$18.0M from FY 2024 amounting to \$457.4M. All gross revenues have been pledged to repay the bonds principal and interest. For FY ended 2025 debt service for the series bonds amounted to approximately \$37.6M, which is 7.5% of pledged gross revenues.

### **Decreases in Net Operating Revenues, Total Operating and Maintenance Expenses and Total Non-Operating Expenses, net**

Net operating revenues decreased by \$44.9M from \$546.3M in FY 2024 to \$501.4M in FY 2025. This was attributed to a decrease in net sales of electricity by \$48.5M or 8.9% compared to 2024. Net sales of electricity experienced consecutive year-over-year decreases, which was driven by a steady decline in global fuel prices that accelerated in 2025; however, there was growth in total megawatt-hours in electric sales in FY 2025, which was largely attributed to the expanded energy usage by the U.S. Navy and commercial customers.

Total operating and maintenance expense decreased by \$46.5M, from \$525.7M in FY 2024 to \$479.2M in FY 2025. This was primarily due to full year recognition of expense from the lease agreement for 20 mega-watt Aggreko diesel generators executed in 2024.

The total non-operating expenses, net decreased by \$7.2M, from \$23.2M to \$16.0M in FY 2025, resulting mainly from the decreases in interest expense (\$2.1M) caused by the lower outstanding bonds due to refunding of 2022 and 2024 revenue bonds; and decrease in other expense, net (\$4.6M).

Overall, GPA ended FY 2025 with a net income of \$6.2M, which increased by \$8.8M from \$2.5M net loss in FY 2024.

### **Current and Future Capital Activities**

GPA's capital activities primarily consist of new construction and replacing facilities to deliver safe and reliable power to its customers. The largest capital costs incurred in 2025 were: a) water system generator replacements (\$3.8M), b) IT data center upgrades (\$2.0M), c) bucket trucks and fleet replacements (\$1.5M) and d) combustion turbine and diesel generators overhaul (\$2.1M). These were funded by proceeds from bonds and revenue funds.

In the Phase IV procurement of renewable project, GPA executed three major Power Purchase Agreements (PPAs). In February 2025, GPA contracted with KES Yona Solar, LLC for a 132-megawatt (MW) solar photovoltaic (PV) facility. In August 2025, GPA entered into another agreement with Pacific Renewable Unlimited LLC (PRU) for an 18.4 MW solar PV facility. In February 2026, GPA executed a 60 MW contract with Core Tech Solar Energy LLC. For grid reliability, all three utility-scale projects incorporate 50% capacity Battery Energy Storage Systems (BESS) and are anticipated to achieve commercial operation by 2028.

The integration of utility-scale solar farms and the expansion of Net Energy Metering (NEM) have fundamentally altered the Authority's grid topology and operational profile. The Power System Control Center must monitor and respond to the rapid fluctuations (known as ramping events) in

the system throughout the day. Historically, ramping was in response to customer load changes, but now it is due to variable generation output from non-GPA renewable sources.

## **Commitments and Contingencies**

### **Performance Management Contracts**

GPA entered into a Performance Management Contract (PMC) for the operation and maintenance of the Cabras 1 and 2 generators, effective on October 1, 2010. The contract was extended until September 30, 2025. In July 2025, GPA was authorized by the Guam Public Utilities Commission to extend the Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES) contract to January 31, 2026 for Fixed Management Fees and Reimbursable O&M expenses totaling \$1.4M. However, due to additional delay in commercial operation date of Ukudu Power Plant, the Consolidated Commission on Utilities (CCU) authorized GPA to petition for the approval of extension from February 2026 until May 2026.

### **Renewable Energy Contracts**

In August 2018, GPA executed three renewable energy purchase agreements to purchase a total of 120MW of solar renewable energy. The 60MW Solar Project under Korea Electric Power Corporation (KEPCO) commenced operations in June 2022 until 2047. The other remaining 60MW project was terminated in March 2025. As of September 30, 2025, the minimum future renewable energy purchases from 2026 through 2047 totaled \$405M.

### **Energy Conversion Agreement**

In November 2019, GPA entered into a 25-year energy conversion agreement with Guam Ukudu Power LLC (Ukudu) to purchase all of the capacity and output from the power plant facility to be constructed. GPA is currently assessing the accounting treatment for this agreement on its financial statements after the Commercial Operation Date (COD) of the facility (December 26, 2025). GPA paid Ukudu \$40M on the COD. Ukudu will transfer to GPA all ownership, custody and control of the all or relevant part of the facility at the end of the 25-year term.

### **United States Environmental Protection Agency (USEPA)**

The United States, on behalf of the USEPA, filed its complaint under the Clean Air Act. The complaint sought injunctive relief and civil penalties for the alleged violations of the emission limits and performance testing requirements in the National Emission Standard for Hazardous Air Pollutants (NESHAP) regulations that govern the operation of stationary reciprocating internal combustion engines and electric utility steam generating units at GPA's Cabras and Piti power plants.

The timelines to permanently retire Cabras 1 and 2 units by October 2024 and to construct a new power plant that will comply with the requirements of Clean Air Act to be activated by April 2024, were delayed due to Typhoon Mawar in May 2023. Extension requests were approved by USEPA in December 2024 to allow completion of new power plant by September 2025 and retirement of the Cabras units by March 2026. The new power plant was placed into service and achieved full production capacity in December 2025, and the Cabras units are scheduled to be retired by June 2026.

### **Report on Compliance and Internal Control**

EY identified two (2) significant deficiencies relative to the absence of documentation in one procurement file and non-submission of a required federal financial report due in December 2024 for one (1) grant award for FY 2025. The findings were confirmed and agency commit to implement standardized process and procedures. GPA recorded total expenditures of \$1.2M of federal awards granted by the four (4) U.S. federal agencies.

### **Management Letter**

EY identified three findings related to: a) general IT controls-untimely removal of system access of separated employees; b) noncompliance to bond working capital fund requirement; and c) SEFA preparation and reporting. Items a and b are repeat findings of FY 2024.

Item “a” refers to one account related to a system administrator posing a higher risk of access and of an employee who passed away with access termination not processed. Access termination dates were October 2024 and September 2025, respectively. Item “b” refers to GPA’s working capital fund falling short from the required minimum balance, while item c refers to: improper inclusion of cost share portion and identification of two federal awards as sub-recipient, and non-recording of some expenditures.

EY made three recommendations in regards to review of policies and procedures to ensure timely termination of user access; timely addressment of the working capital fund requirement; and proper SEFA preparation in accordance with uniform guidance requirement, monitoring of project applications by Federal Emergency Management Agency and approvals.

For more details, refer to GPA's FY 2025 Financial Statements, Report on Internal Control and Compliance, Management Letter, and Auditor's Communication with those Charged with Governance at [www.opaguam.org](http://www.opaguam.org) and [www.guampowerauthority.com](http://www.guampowerauthority.com)