

*The Auditor's Communication With Those Charged  
With Governance*

**Guam Power Authority**  
(A Component Unit of the Government of Guam)

*Year ended September 30, 2025*



**Shape the future  
with confidence**



Shape the future  
with confidence

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May 29, 2026

Commissioners  
Consolidated Commission on Utilities  
Guam Power Authority

We have performed an audit of the financial statements of Guam Power Authority (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated May 29, 2026.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

## **REQUIRED COMMUNICATIONS**

Professional standards require the auditor to provide the Commission or those charged with governance with additional information regarding the scope and results of the audit that may assist the Commission (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the Authority is responsible. We summarize these required communications as follows:

### **Overview of the planned scope and timing of the audit**

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated August 8, 2025 and at our audit planning meeting with management.

### **Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)**

The financial statements, required supplementary information and supplementary information are the responsibility of the Authority's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

We issued an unmodified opinion on the Authority's financial statements as of and for the year ended September 30, 2025.

**Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the November 2025 meeting.

**Changes to the terms of the audit with no reasonable justification for the change**

None.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Matters relevant to our evaluation of the entity's ability to continue as a going concern**

We did not identify any events or conditions that led us to believe there was substantial doubt about the Authority's ability to continue as a going concern.

**Our views about the qualitative aspects of the entity's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**
- **Financial statement disclosures**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

A discussion of significant accounting policies and estimates has been included in footnote 1 of the financial statements.

**Related party relationships and transactions**

We noted no significant matters regarding the Authority's relationships and transactions with related parties other than disclosed in footnote 10 to the financial statements.

**Significant unusual transactions**

We are not aware of any significant unusual transactions entered into by the Authority.

### **New accounting pronouncements**

We have not identified issues regarding management's planned application of new accounting pronouncements.

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

### **Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

### **Obtain information relevant to the audit**

Inquiries regarding matters relevant to the audit were performed during the November 2025 meeting and at the update status meetings during the audit:

- Fraud and noncompliance with laws and regulations (illegal acts)
- Tips or complaints regarding the Authority's financial reporting
- Significant unusual transactions
- Subsequent events

### **Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management**

We are not aware of any matters that require communication.

### **Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no difficulties encountered in dealing with management in performing the audit.

### **Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

### **Difficult or contentious matters subject to consultation outside of the audit team**

None.

### **Material corrected misstatements related to accounts and disclosures**

Refer to the “Summary of Corrected Misstatements” in Appendix A.

### **Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial**

Current period uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if they are immaterial to the current period financial statements. Refer to the “Management Representations Letter” in Appendix B.

### **Deficiencies in internal control over financial reporting**

In planning and performing our audit of the financial statements of the Authority as of and for the year ended September 30, 2025, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies might exist that were not identified.

Given these limitations, we did not identify any material weaknesses.

### **Representations we are requesting from management**

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix B.

### **Other information included in annual report**

There was no other information available as of the date of our audit report.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the audit services to other EY firms, who may deal with the Authority or its affiliates directly, although EY alone will remain responsible to you for the audit services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the audit services. In addition, third-party service providers may perform services for EY in connection with the audit services.

**Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

**Engagement team’s involvement with preparation of the financial statements**

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

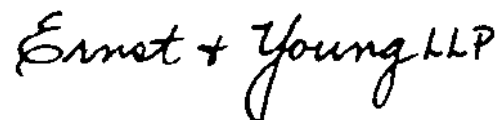
The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on the Authority’s trial balance with our understanding that the Authority’s underlying books and records are maintained by the Authority’s accounting department and that the final trial balance prepared by the Authority is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Authority.
- The Authority’s Chief Financial Officer, Assistant Chief Financial Officer and Controller has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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This communication is intended solely for the information and use of the Commissioners and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



## Appendices

A – Summary of Corrected Misstatements

B – Management Representations Letter

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entry:		Guam Power Authority		Period ended: 30-Sep-2025		Currency: USD		
Corrected misstatements No.	W/P ref.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI	Income statement effect of the current period
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current		
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
AJ/E01	P1	To record the adjustment to pension amounts based on the September 30, 2025 audited pension schedules				(1,967,796)		
	253000.12	Deferred inflow-Pension ret						
	186000.12	Deferred outflow-Pension ret	(6,034,265)					
	263000.28	FY15-Net pension liability				9,400,323		
	926100.04	Pension Retirement						(1,398,262)
AJ/E02	P2	To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2024						
	186000.13	Deferred Outflow - OPEB		866,375				
	253000.13	Deferred Inflow - OPEB				(27,084,849)		
	263000.30	OPEB liability				27,107,106		
	926200.04	Pension Unfunded						(888,632)
RJ/E01	H.02	To reclass balance of investments in Bayerische Landesbank (GIC) to proper classification						
	DT13200.42	Investments - bond funds held by trustee (noncurrent)		16,003,125				
	132000.47	US Bank - 2022 Bond Fund	(16,003,125)					
RJ/E02	H.02	To reclass balance of short term investments in commercial paper into proper classification						
	DT13200	Investments - bond funds held by trustee (current)	13,740,427					
	111000.15	US Bank-2022 Bond Res Fund	(13,740,427)					
RJ/E03	H.02	To reclass balances of mutual fund balance with maturity of more than 90 days but less than 1 yr into proper classification						
	DT13200	Investments - bond funds held by trustee (current)	4,816,364					
	111000.50	BOG- Working Capital Fund	(4,816,364)					
RJ/E04	C.00	To reclass unrestricted cash from a restricted bank to surplus account						
	111000.93	1999 Series A Surplus fund	14,708,867					
	111000.12	BG-2010 Sr. Bond Const Fund	(14,708,867)					
RJ/E05	T.00	To record the grants received in FY2025 to the Grants revenue account instead of directly recording to the Net position accounts to correct beginning net position as audited in FY2024						
	201100.40	Grant from US Dept of Energy						22,500
	201100.60	Grant from US EPA						550,000
	400456.50	Grants revenue						(572,500)
<b>Total of corrected misstatements before income tax</b>			<b>(1,294,258)</b>	<b>(3,873,632)</b>	<b>0</b>	<b>7,454,784</b>	<b>0</b>	<b>(2,286,894)</b>
Financial statement amounts			304,910,803	544,562,150	(68,541,992)	(746,928,634)	(34,002,127)	(6,251,535)
Effect of corrected misstatements on F/S amounts			-0.4%	-0.7%	0.0%	-1.0%	0.0%	36.6%

B – Management Representations Letter

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## GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN  
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

May 29, 2026

Ernst & Young LLP  
Ernst & Young Building  
231 Ypao Road, Suite 201  
Tamuning, Guam 96931

In connection with your audits of the basic financial statements of the Guam Power Authority (the Authority), a component unit of the Government of Guam, as of September 30, 2025 and 2024 and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion on whether the financial statements present fairly, in all material respects, the financial position, of the business-type and fiduciary activities of the Authority and the respective changes in financial position and cash flows of the thereof in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

***Management's responsibilities***

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated August 8, 2025, for the preparation and fair presentation of the financial statements in accordance with US GAAP applied on a basis consistent with that of the preceding years except for the effects of adopting new accounting standards.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the basic financial statement date.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

B – Management Representations Letter, continued

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We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

From May 28, 2025 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the Authority's books.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

***Internal control***

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

There have been no significant changes in internal control since September 30, 2025.

B – Management Representations Letter, continued

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***Minutes, contracts and internal audit reports***

The dates of meetings of shareholders, directors, committees of directors and important management committees, from October 1, 2024 to May 29, 2026 are as follows:

<u>Date Meeting</u>	<u>Type</u>
October 15, 2024	Special
October 22, 2024	Regular
November 26, 2024	Regular
January 13, 2025	Special
January 28, 2025	Regular
February 25, 2025	Regular
March 25, 2025	Regular
April 22, 2025	Regular
May 27, 2025	Regular
July 29, 2025	Regular
August 26, 2025	Regular
September 23, 2025	Regular
October 28, 2025	Regular
November 18, 2025	Special
December 04, 2025	Regular
January 08, 2026	Special
January 12, 2026	Special
January 15, 2026	Special
January 27, 2026	Regular
February 24, 2026	Regular
March 17, 2026	Regular

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the financial statements.

***Methods, significant assumptions, and data used in making accounting estimates<sup>1</sup>***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including fair value measurements, are reasonable and supportable.

***Environmental liabilities***

We have disclosed to you all significant pollution remediation matters and have made available to you all significant relevant information related to them. The pollution remediation obligations

B – Management Representations Letter, continued

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included in the statement(s) of net position represent our best estimate of the potential losses in accordance with GASB Statement No. 49—as amended.

***Ownership and pledging of assets***

Except for assets accounted for in accordance with GASB Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity’s nonfinancial asset (the underlying asset), the Authority has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the Authority has satisfactory title appear in the statements of net position.

***Receivables and revenues***

Adequate provision has been made for any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

***Inventories***

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2025 and none are contemplated.

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

***Prepayments***

We believe that all material expenses for which recognition has been deferred to future periods are recoverable.

***Long-lived assets (asset groups) to be held and used, including amortizable intangible assets***

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

***Fair value measurements***

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the basic financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing

B – Management Representations Letter, continued

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services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 – as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72 – as amended.

***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

Transactions with related parties, as defined in GASB Statement No. 56 – as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Events of default under debt agreements***

No events of default have occurred with respect to any of the Authority’s debt agreements.

***Oral or written guarantees***

There are no oral or written guarantees, including guarantees of the debt of others.

***Certain risk disclosures***

There are no risks related to vulnerabilities due to material concentrations or constraints, in accordance with the GASB Statement No. 102, Certain Risk Disclosures.

***Purchase commitments***

As of September 30, 2025 and 2024, the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2025 and 2024 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that the Authority’s business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

B – Management Representations Letter, continued

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We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including without limitation, any allegations by "whistleblowers") that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

***Independence***

We have communicated to you the names of Authority's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 State and Local Government Client Affiliates, officers and directors, or individuals who serve in such capacity for the Authority.

We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audit.

***Conflicts of interest***

There are no instances where any officer or employee of the Authority has an interest in a company with which the Authority does business that would be considered a "conflict of interest." Such an interest would be contrary to the Authority's policy.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on the Management's Discussion and Analysis, the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period. We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

We believe that the separate presentation of the schedule of changes in total pension liability and related ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

We have omitted the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pension that U.S. generally accepted accounting principles

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require to be presented to supplement the basic financial statements. We understand the missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

***Supplementary information and Other information***

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”):

- Schedule of Sales of Electricity
- Schedule of Operating and Maintenance Expenses
- Schedule of Salaries and Wages

We believe the supplementary information and other information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Effects of adopting new accounting principles***

As discussed in Note 1 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

The Authority is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

***Pension benefits***

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

***Postemployment benefits other than pensions***

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

B – Management Representations Letter, continued

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***Other Representations***

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- We have followed applicable laws and regulations in adopting, approving and amending budgets, debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.
- Components of net position (net investments in capital assets, restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Investments are properly valued.
- Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.
- As of September 30, 2025, GPA has various on-going construction contracts with a total contract price of \$20.2 million, of which \$10.2 million is recorded in construction work in progress.
- The loss on refunding of the bonds as disclosed in the financial statements was properly computed and is being amortized using the effective method over the remaining life of the bonds which approximated the average life of the new bonds.
- As of September 30, 2025 and 2024, the CCU determined that there was no liability for employees covered in the new pay system, Pay for Performance Program authorized to be implemented in 2010 as disclosed in Note 9 of the financial statements.. Therefore, no liability has been recognized in the financial statements.
- GPA has power plants that were identified to be retired in the future. Upon retirement, GPA may incur costs to dismantle and clean-up the power plants. As of September 30, 2025, GPA has no legal or contractual obligation to perform these actions when they retire their assets; therefore, no provision for this potential cost has been recorded in the financial statements.

B – Management Representations Letter, continued

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***Other matters***

We have received a draft copy of our financial statements as of and for the years ended September 30, 2025 and 2024. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

We acknowledge that we have reviewed them and taken responsibility for them.

***Subsequent events***

Subsequent to September 30, 2025, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Authority's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the Authority.

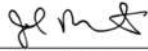
B – Management Representations Letter, continued

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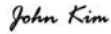
We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and were, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the Authority and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



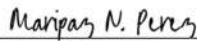
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JOHN BENAVENTE, P.E.  
General Manager



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JOHN J.E. KIM  
Chief Financial Officer



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MARIPAZ PEREZ  
Assistant CFO



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LENORA SANZ  
Controller

B – Management Representations Letter, continued

Communication schedule for uncorrected misstatements										
Entity: <u>Guam Power Authority</u>		Period Ended: <u>30-Sep-2025</u>		Currency: <u>USD</u>						
No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI		Income statement effect of the prior period	
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)
<b>Uncorrected misstatements</b>										
<b>Factual misstatements:</b>										
SAD 01	E.01.1a	To properly classify active credit balances to a liabilities account								
		Accounts Receivable	4,969,674							
		Customer Deposits			(4,969,674)					
<b>Judgmental misstatements:</b>										
SAD 02	E.04	To record additional provision for doubtful accounts based on test of reasonableness and long outstanding AR as of 9.30.2025								
		904000.91 Provision for bad debts							862,629	X
		144000.1 Allowance for Doubtful Acct	(862,629)							
<b>Total of uncorrected misstatements before income tax</b>			4,107,045	0	(4,969,674)	0	0	0	862,629	0
<b>Total of uncorrected misstatements</b>			4,107,045	0	(4,969,674)	0	0	0	862,629	0
Financial statement amounts			304,910,803	544,562,150	(68,541,992)	(746,938,034)	(34,002,127)		(6,351,535)	2,542,637
Effect of uncorrected misstatements on FS amounts			1.3%	0.0%	7.3%	0.0%	0.0%		-13.8%	0.0%
Memo: Total of non-taxable items (marked 'X' above)									862,629	0
Uncorrected misstatements before income tax									-13.8%	0
Less: Tax effect of misstatements at current year marginal rate									21%	0
Uncorrected misstatements in income tax									0	0
Cumulative effect of uncorrected misstatements after tax but before turnaround									-13.8%	862,629
Turnaround effect of prior period uncorrected misstatements										0
All factual and projected misstatements: Judgmental misstatements (Note 3):									Alter tax	Memo: Before tax
Cumulative effect of uncorrected misstatements, after turnaround effect									0	0
Current year income before tax									862,629	0
Current year income after tax									(6,251,535)	(6,251,535)