



GUAM POWER AUTHORITY

Aturidat Iktresedat Guahan

Reliability, Accountability, Transparency, Efficiency Report

Fiscal Year 2011

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A Glance at Guam Power Authority

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).

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.

CONVENIENT WAYS TO PAY YOUR BILL!

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

ONLINE

For residential customers go to www.payGPA.com



BY PHONE

For residential customers call 647-5785/8/9.



BY MAIL

Guam Power Authority
P.O. BOX 21868,
Barrigada, GU 96921



IN PERSON

Pay by credit card, debit card or check at any of the convenient locations. Visa & Mastercard are accepted from residential customers.



PREPAID METERING

The latest innovation in purchasing electricity. More information on page 2.



Randall V. Wiegand
Chief Financial Officer

GPA Customers

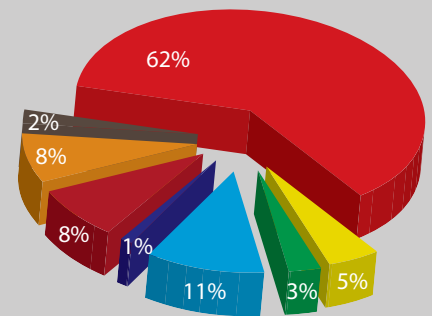
Rate Class	2008	2009	2010	2011
Residential	39,418	40,254	41,108	41,324
Commercial	5,348	5,385	5,411	5,432
Government	1,216	1,207	1,306	1,290
Navy	1	1	1	1
Total	45,983	46,847	47,826	48,047

GPA is maintaining a steady growth on the number of customers which is almost 2% per year. One of GPA's goals is to provide the best customer service to all ratepayers.

What we pay for ever \$1 you spend on Residential Power bill

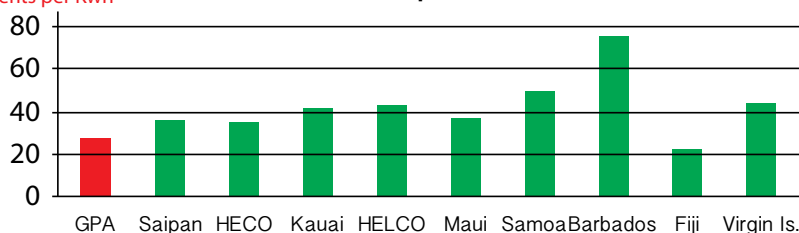
Type of cost	Cost per \$1	%
A Production Fuel	0.62	62%
B Other production costs	0.05	5%
C Transmission & Distribution costs	0.03	3%
D IPP (Purchased Power)	0.11	11%
E Customer Accounting	0.01	1%
F Administrative & General	0.08	8%
G Debt service - Bonds	0.08	8%
H Other costs	0.02	2%
Total	\$1.00	100%

Breakdown of cost for Residential bill per \$1



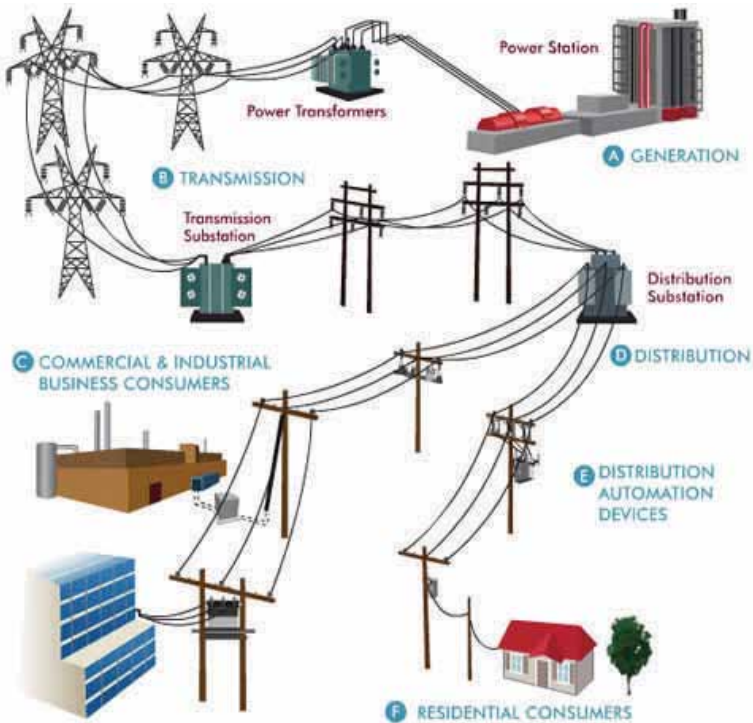
As of January 1, 2012
Cents per Kwh

Rate Comparison



Guam Power Authority's rate of 26 cents per kilowatt hour consumed is the lowest rate, with the exception of Fiji, compared to the other neighboring islands.

PREPAID METERING



The concept of prepaid metering was launched in FY 2011. Initially eight (8) customers signed up for the project. Prepaid meters also called smart meters, were installed to replace existing meters. Usage is being calculated daily instead of monthly. So you can pay the amount you want to consume and when you want to consume it. The new meters will not only monitor the power you use, but can also be used as a device to budget your consumption. The initial customers that signed up for the concept were very satisfied and the number of customers that are switching to prepaid metering are growing. More benefits will be realized once the Smart Grid Project is completed.

SMART GRID

The latest technology in the Transmission and Distribution of power to end-users is Smart Grid. Using intelligent devices, consumers will benefit by properly monitoring power supply and consumption and being in better control of their power consumption. The Smart Grid Project is 8% completed and once fully operational will provide consumers with dependable, reliable and affordable power on a coordinated supply and power demand.



*We want to hear from you!
Let us know what information you want to see next time. Please contact our CFO, Mr. Randy Wiegand, at (671) 648-3066*

CRITICAL SUCCESS FACTORS

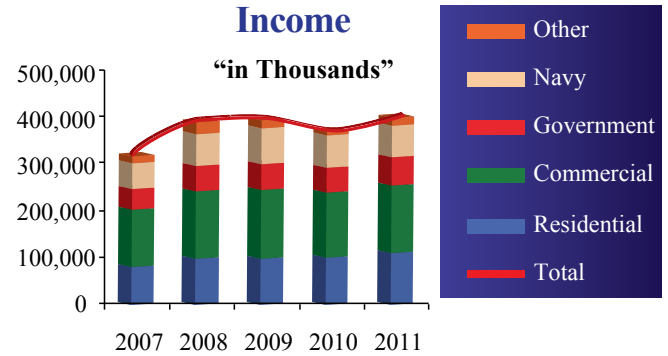
PROGRESS IN FY 2011

CRITICAL SUCCESS FACTORS	PROGRESS IN FY 2011
Superior customer service	Customer satisfaction survey was conducted and measures were done with high positive results.
High system reliability	Generation and T&D improvements with a combined cost of \$69M was initiated and estimated to be completed by 2015.
Financially sound and stable	Working capital is fully funded. Energy sales are stable. Credit rating improved from a negative outlook to a stable outlook.
Environmental stewardship and island protection	GPA is undertaking measures to protect the environment by doing renewable energy initiatives. Phase I has been approved and Phase II is expected to be done within twelve (12) months.
Commitment to product affordability	GPA has the lowest electricity rate at 26 cents per KWh, with the exception of Fiji, as compared to the other neighboring islands. A formal bid for Renewable Energy Source was initiated during the year.
Optimize the use of technology	Smart Grid Technologies will benefit both GPA and our customers. Customers will have the ability to monitor and control their energy consumption and GPA will have more electricity data to better manage the power grid.
Sustain outstanding leadership	Strategic goals were established to improve performance in all areas of GPA.

REVENUES

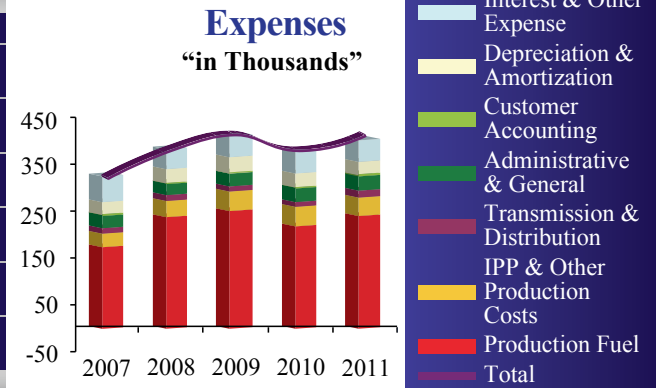
Type	2007	2008	2009	2010	2011	%
Residential	85,135	101,513	103,972	101,892	112,320	28%
Commercial	122,492	146,910	147,653	139,409	148,799	37%
Government	46,839	52,989	55,005	54,466	58,864	15%
Navy	51,402	67,546	81,373	69,123	71,893	18%
Other	15,065	25,188	7,205	3,848	12,658	3%
Total	320,933	394,146	395,208	368,738	404,534	100%

The increase in dollar sales of almost 9% from last year's numbers may be attributed to the increase in fuel costs. Energy sales is stable.

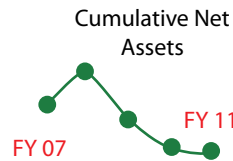


EXPENSES

Description	2007	2008	2009	2010	2011	%
Production Fuel	174,748	237,063	254,372	219,862	243,711	60.1%
IPP and Other Production Costs	34,837	38,966	43,812	43,154	40,545	10%
Transmission and Distribution	8,542	10,284	11,141	11,228	12,241	3%
Administrative & General	24,029	25,154	26,682	27,584	30,432	7.5%
Customer Accounting	4,263	3,899	3,819	4,076	4,454	1.1%
Depreciation & Amortization	27,154	27,170	27,597	28,443	26,122	6.4%
Interest & Other Expenses	55,462	41,245	41,797	42,129	48,066	11.9%
Total	329,035	383,781	409,220	376,476	405,571	100%



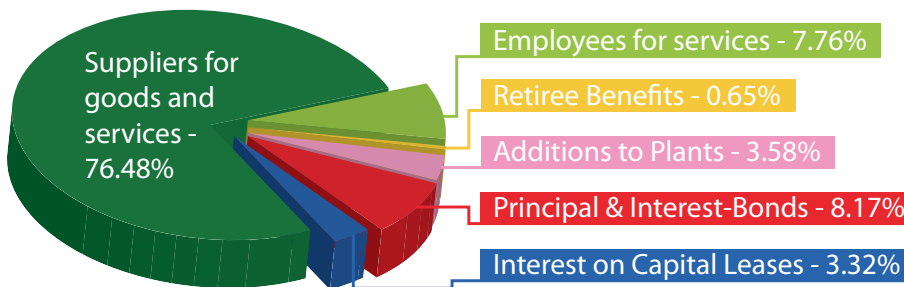
Year	Income	Expenses	Increase (Decrease) in Net Assets
2007	320,933	329,035	-8,102
2008	394,146	383,781	10,365
2009	395,208	409,220	-14,012
2010	368,738	376,475	-7,737
2011	404,534	405,571	-1,037



Starting in 2009, GPA felt the effect of the high cost of fuel as shown in the downward trend of sales. This is due to the conservation efforts of most of our consumers. The year 2011 is showing a positive outlook. Despite a decrease in the net assets, it's still a better year than FY2010.

INCOME & OUTCOME

USE OF CASH



All financial activities of GPA are in line with the mission, vision and goals established by the Authority.



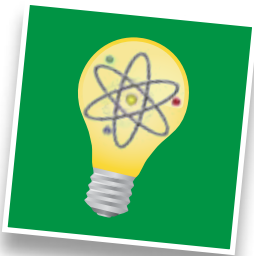


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FUTURE CHALLENGES

The most significant challenge facing the Guam Power Authority remains the high cost of fuel. The Levelized Energy Adjustment Clause - which is the rate mechanism for the Authority to recover fuel costs - was less than \$.05/kWH in 2002 and is currently approaching \$.20/kWH. The impact of this nearly 400% increase is placing an extreme burden on GPA's customers. The Authority has been exploring wind power, solar voltaic energy, Liquefied Natural Gas (LNG), sea water air conditioning and other potential replacement sources



for meeting the energy needs of the island. Unfortunately, GPA has not identified any energy source that would make any significant reduction in the high energy costs faced by GPA customers. GPA is currently conducting a study in to the use of LNG and will have a better idea as to the viability of that technology for Guam in the near future.

The Consolidated Commission on Utilities (CCU) recently adopted a policy on nuclear energy. It is clear that nuclear energy is a potential source of energy that has the potential to lead to significant savings in energy costs. While there are some technologies that have shown promise for providing safe, reliable, low cost energy to GPA customers, a process does not currently exist for achieving approval from the Nuclear Regulatory Commission in order to bring any nuclear technology to the market. Most experts agree that these new technologies will not be available for at least the next decade. Finding a solution to the high cost of energy on the island remains GPA's most important goal.



GPA is finalizing a contract with a private provider of solar wind energy. This contract will provide a hedge against fuel cost increases above GPA's forecast, but will not have a significant

impact on customers' power billings.

GPA has filed a petition for a base rate increase and expects a small increase to take effect by May 1, 2012.

The Authority's Smart Grid Project is nearing the implementation phase.



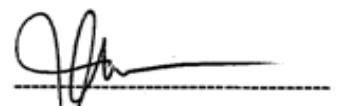
This will have a significant impact on the Authority and its business processes. The project will enable customers to have greater access to their power use. GPA is also anticipating a decrease in fuel usage as a result of increased system efficiencies.

As part of the Authority's continuing quest to perform in the top tier of public power utilities in the country, GPA has set its priorities in focusing on manpower planning to help sustain highly skilled and experience workforce. Certain challenges that continue

to impact the Authority as a result of high fuel costs are declining sales to continue with the effective investments in Operation and Maintenance, Capital Improvement Projects to achieve higher levels of reliability and financial health and stability to fund energy efficiency, Demand Side Management programs and other fuel saving initiatives. Coupled with USEPA air quality standard mandate compliance, new stack emission regulations will force GPA to invest in



power plant modifications and or operational requirements that further impact ratepayers with already high electricity prices.


JOAQUIN C. FLORES, P.E.
General Manager