



\$146,450,000*
Guam Power Authority
Revenue Refunding Bonds
2017 Series A

Investor Information Summary

December 7, 2017



*Preliminary; subject to change.

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Presentation Participants

Office of the Governor



The Honorable Eddie Baza Calvo
Governor of Guam

Consolidated Commission on Utilities



Joseph Duenas
Chairman

Guam Power Authority



John Benavente, P.E.
General Manager

John J.E. Kim
Chief Financial Officer

Guam Economic Development Authority



Jay Rojas
Administrator

Barclays



Hiran Cantu
Director

Sean Keatts
Director

Introduction to Guam

Guam is an unincorporated territory of the United States with a strategic U.S. military post in the Western Pacific and a thriving tourism industry

General

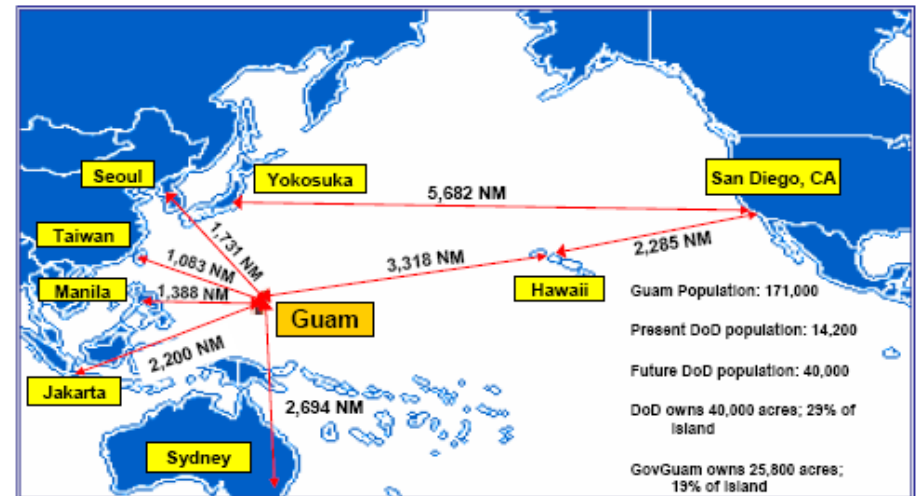
- Approximately 212 square miles
- Guam's population is approximately 163,000
- Guam citizens are U.S. citizens

Location

- Guam's proximity to many major cities in Asia and the South Pacific contributes to a diverse population and tourism industry
 - ▶ 3-5 hour flight from most major cities in Asia
- Provides U.S. military operations with significant flexibility compared to other locations in the Pacific and Asia.

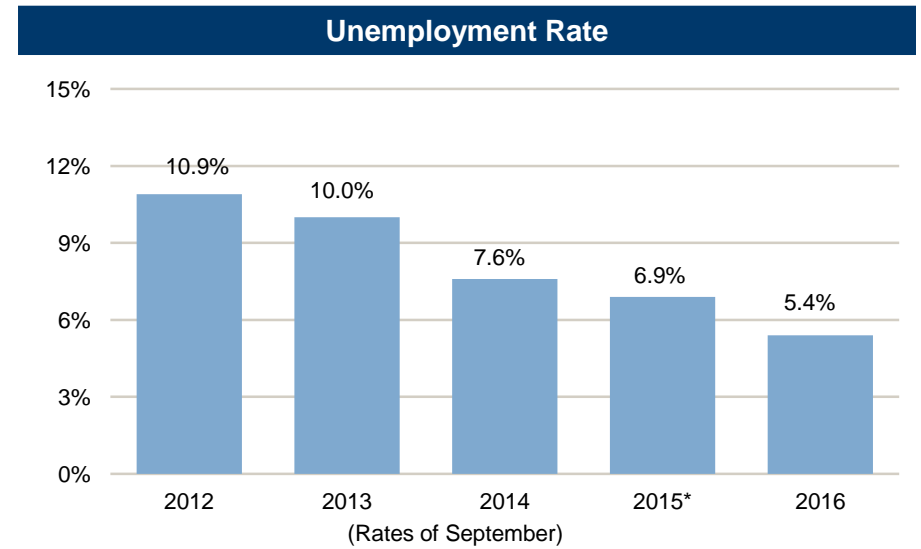
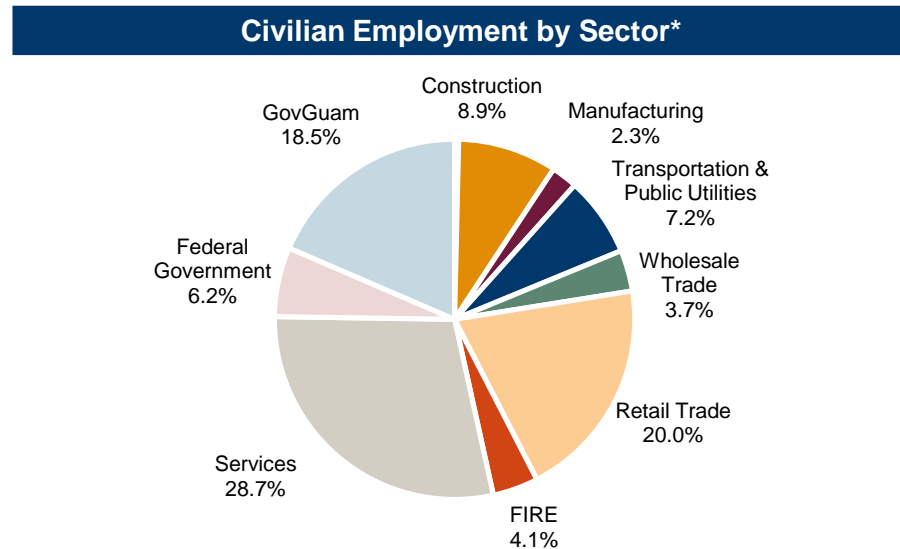
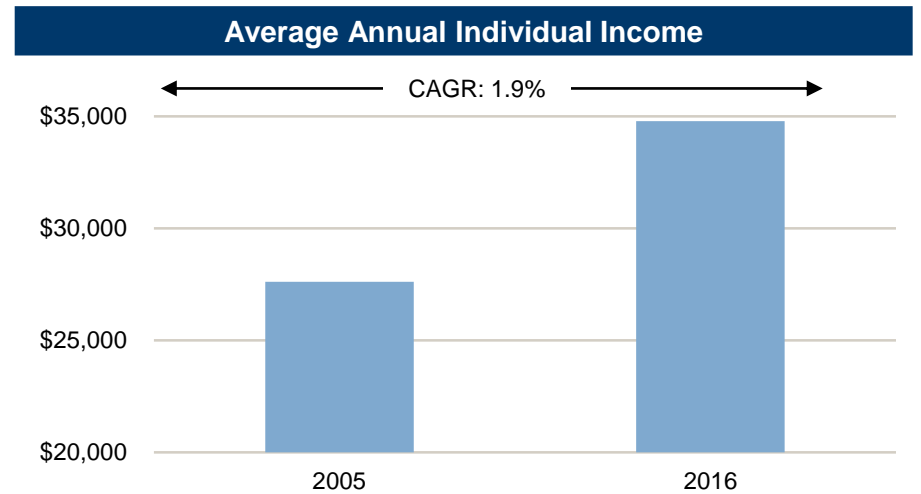
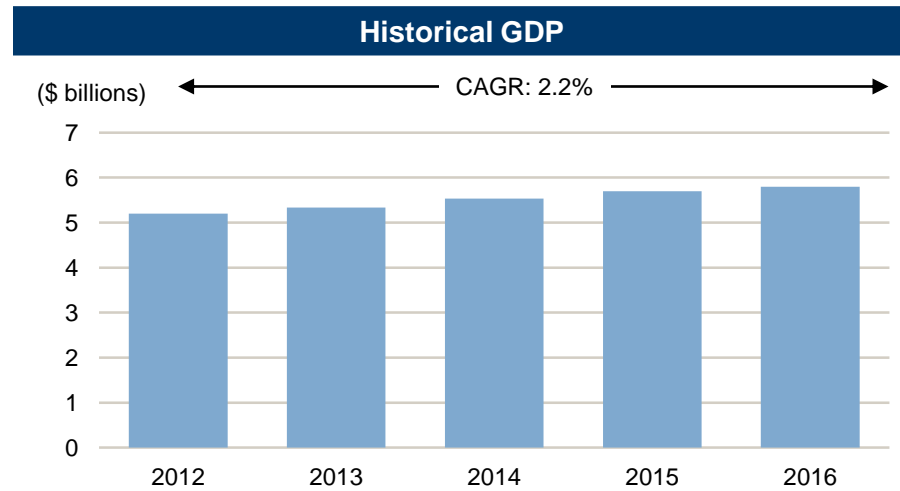
Governance

- Guam is governed by an elected Governor and Lieutenant Governor, 15 senators, and a judicial branch



Guam Economy

Guam's economy continues to strengthen



*Preliminary figures as of September 30, 2017

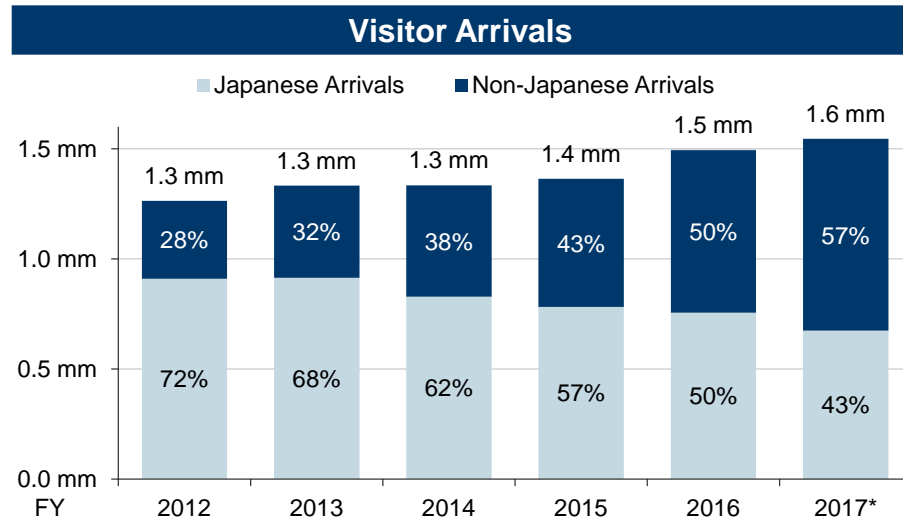
*Rate as of March 2015

Sources: U.S. Bureau of Economic Analysis and Guam Bureau of Labor Statistics

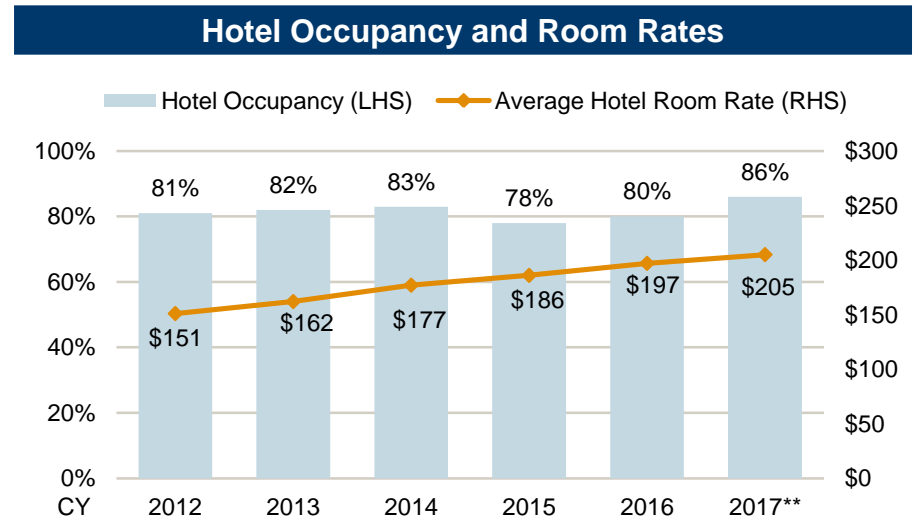


Guam Tourism

Guam's visitor arrivals reached their highest levels in 2017 and continue to diversify



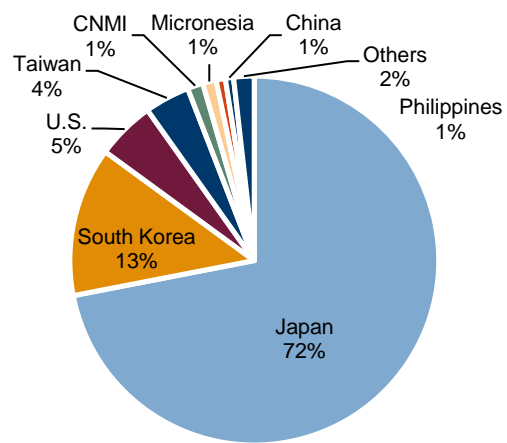
*Preliminary figures as of October 2017



**Preliminary figures as of August 2017

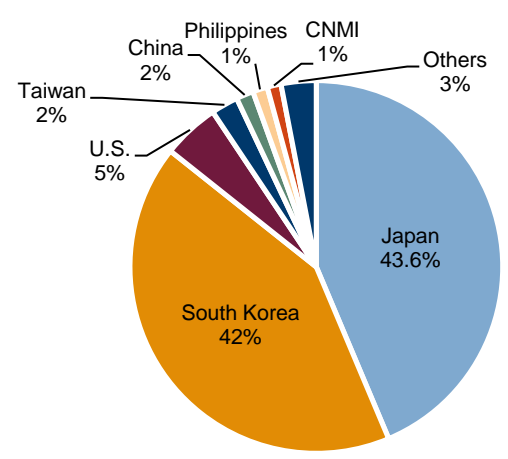
FY 2012 Visitor Arrivals

Japanese arrivals accounted for 72% of all arrivals in FY12



FY 2017 Visitor Arrivals

Korean visitors and others have added visitor diversity

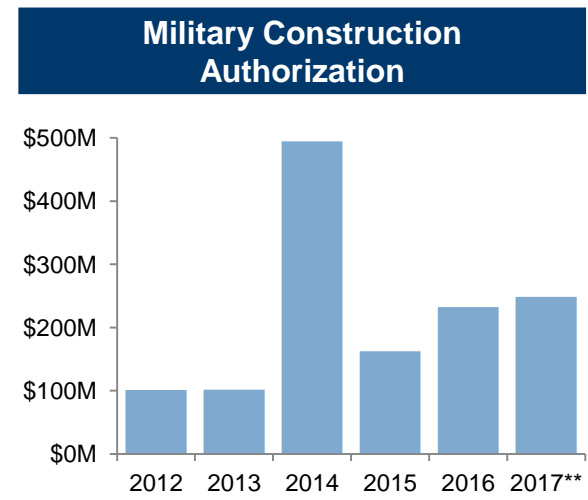
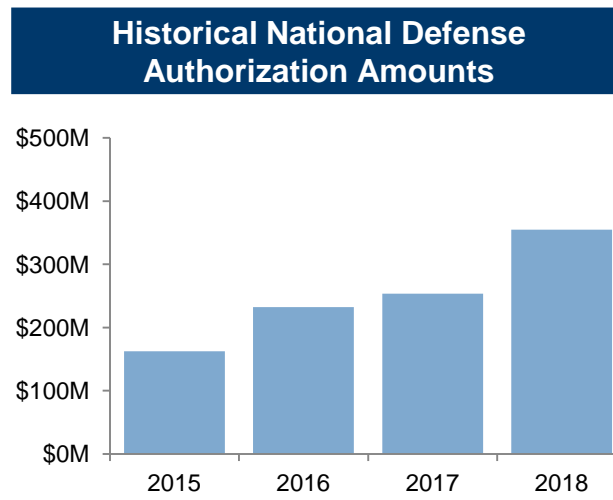
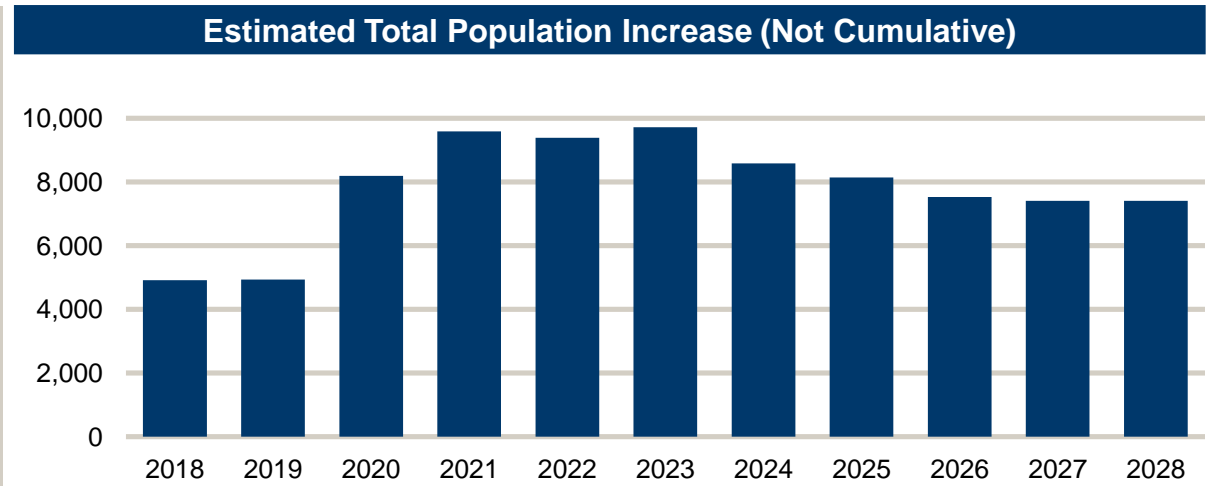


Sources: Guam Visitors Bureau, Guam Hotel & Restaurant Association.

Military Presence and Activity

The 2015 Record of Decision and the relocation of 5,000 Marines to Guam began the process for significant military investment in Guam

- Guam is an essential component of the U.S. military presence in the Pacific
- Guam has nearly 6,000 military personnel with over 7,000 military dependents
- Imminent military build-up of an additional 5,000 Marines over the next 12 years
- Substantial projects have been completed or have been authorized



Sources: Congress.gov and U.S. Bureau of Economic Analysis, 2015 Final Supplemental Environmental Impact Statement (SEIS), Guam and CNMI Military Relocation Report, The Committee on Armed Services, National Defense Authorization Acts

** Fiscal Year 2017 Military Construction Authorization for Guam, as passed by House Armed Services Committee (HASC)

GPA Governance and Management

GPA is led by an experienced and diverse governing board and management team

Consolidated Commission on Utilities (CCU)

Joseph T. Duenas

Chairman

- 9 years of CCU experience
- Former GPUC Chairman

Francis Santos

Vice Chairman

- Former Senator
- Long-time businessman

J. George Bamba

Secretary

- Former Senator
- Former Chief of Staff to Governor Camacho

Judith T. Guthertz

Treasurer

- 3 years of CCU experience
- Former senator

Simon A. Sanchez, II

Commissioner

- 15 years of CCU experience
- Previous CCU Chairman

Guam Power Authority Senior Management

John M. Benavente, P.E.

General Manager

- 33 years at GPA and CCU
- Former GPA General Manager
- Former CCU General Manager

John Kim

Chief Financial Officer

- 2 years at GPA
- Former VP of Finance at GTA Teleguam

Graham Botha

Legal Counsel

- 12 years at GPA

Melinda Mafnas, P. E.

Assistant General Manager,
Operations

- 26 years at GPA

John J. Cruz, Jr., P.E.

Assistant General Manager,
Engineering & Technical Services

- 26 years at GPA
- 7 years at Hughes Aircraft company

Beatrice P. Limtiaco

Assistant General Manager,
Administration

- New to GPA
- 21 years in construction management and legal compliance

Guam Power Authority Overview

Our Business

- An electric utility that provides monopoly electric services throughout Guam, including U.S. military bases
- A component unit of the Government of Guam (GovGuam)

Our Customers

- Serves a population of approximately 163,000 with a 2017 peak demand of 261 MW and FY 2017 energy sales of 1.6 million MWh
- Larger customers include the U.S. Navy, various components of GovGuam, shopping and hotel industry

Our Assets

- Power supply comes from various fuel-oil based generating units with gross capacity of over 400 MW
- Electric system also includes 29 substations, 189 miles of transmission lines and over 1,608 miles of distribution lines

Our Governance

- Governed by the Consolidated Commission on Utilities (CCU), an elected five-member board
- Rates subject to the regulations by the Guam Public Utilities Commission (GPUC)

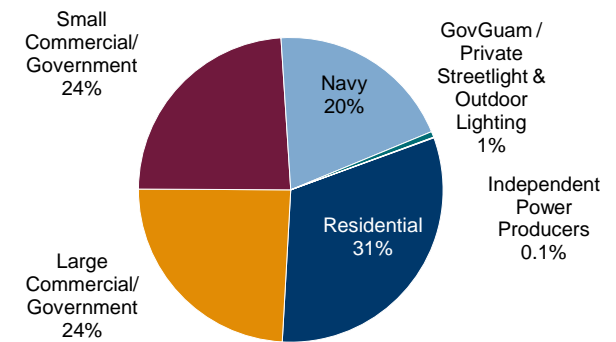
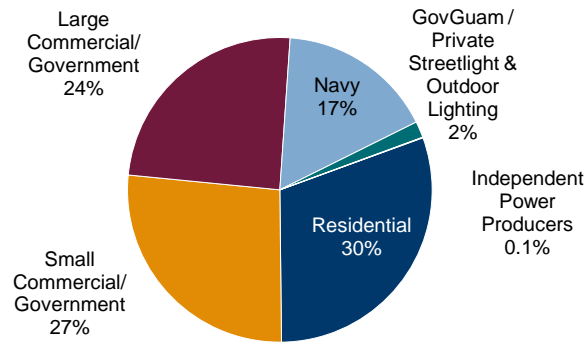


Customer Overview

GPA has diverse customers with a growing residential base and modest but long-standing concentration of U.S. military

FY 2017 Electric Revenue Composition (\$) 2017 Energy Sales Composition (MWh)

| Segment | (\$mm) |
|---|----------------|
| Residential | \$100.6 |
| Small Commercial / Government | 88.5 |
| Large Commercial / Government | 81.2 |
| Independent Power Producers | 0.2 |
| Government / Private Streetlight & Outdoor Lighting | 5.7 |
| Navy | 54.9 |
| Total | \$331.1 |



FY 2017 Largest Customers

| Customer | Industry | Sales (GWh) | Sales (\$mm) | % of Revenues |
|---|-------------------|-------------|--------------|---------------|
| 1. Navy | Military | 318.6 | \$54.9 | 16.6% |
| 2. Guam Waterworks Authority | Utilities | 52.8 | 12.1 | 3.7% |
| 3. Department of Education | Government Agency | 46.3 | 11.7 | 3.5% |
| 4. Guam International Airport Authority | Transportation | 25.8 | 5.2 | 1.6% |
| 5. Pacific Islands Club | Hotel | 16.0 | 2.9 | 0.9% |
| 6. Hyatt Regency Guam | Hotel | 11.5 | 2.1 | 0.6% |
| 7. Guam Healthcare Development Inc. | Hospital | 11.2 | 2.1 | 0.6% |
| 8. Guam Memorial Hospital | Hospital | 8.8 | 1.8 | 0.5% |
| 9. Sheraton Laguna Guam | Hotel | 8.6 | 1.6 | 0.5% |
| 10. Pacific Star Resort & Spa | Hotel | 8.5 | 1.5 | 0.5% |
| | | | Total | 29.0% |



Customer Sales

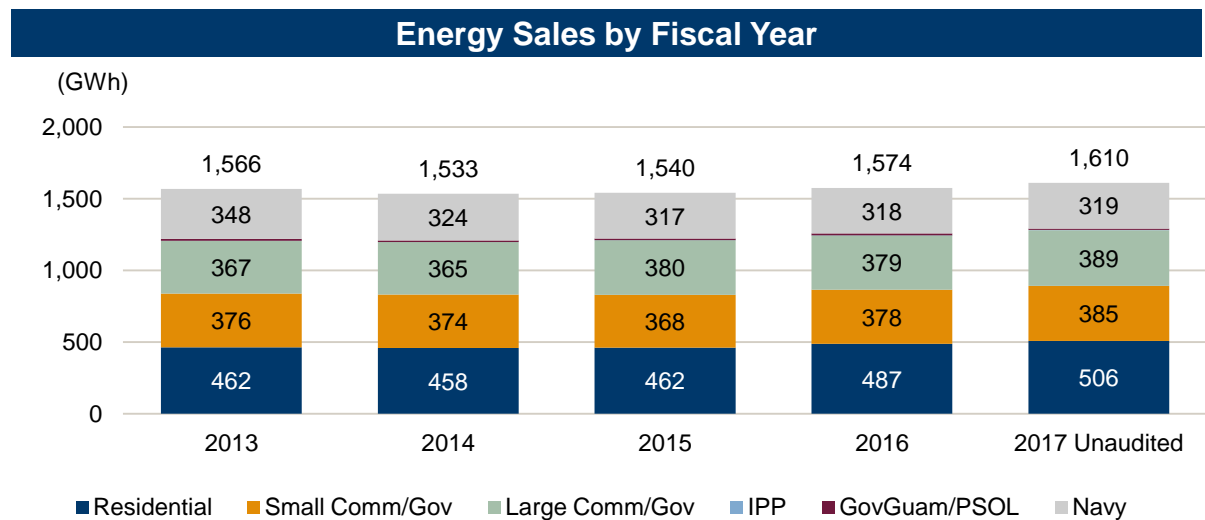
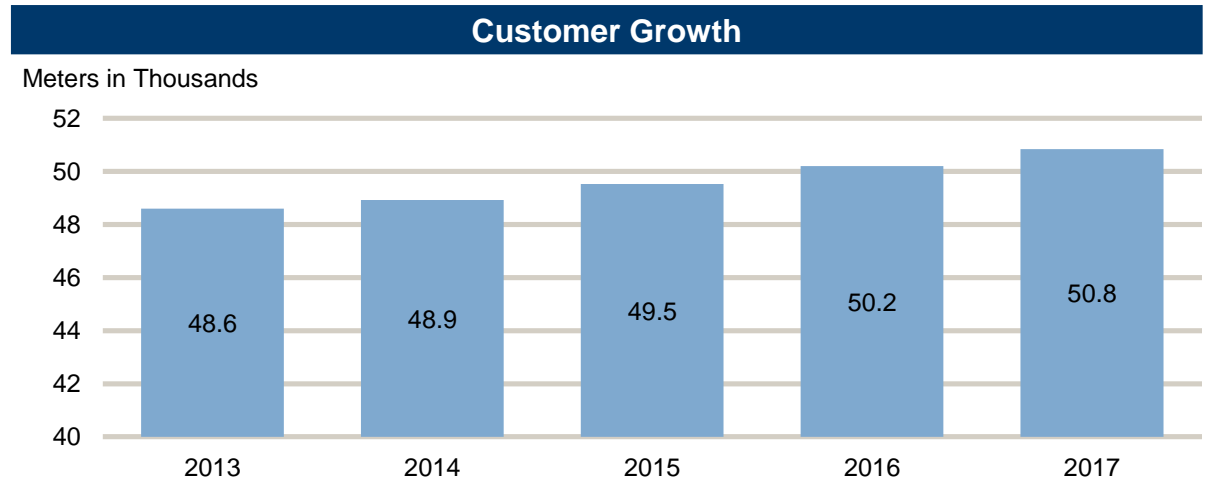
GPA sales have increased in the last three years, bolstered by increased residential base and growing business activity

- Energy sales growth:
 - ▶ 2.3% increase in FY 2017
 - ▶ 2.3% increase in FY 2016
 - ▶ 0.4% increase in FY 2015

- Net metering customers have a minimal impact on GPA
 - ▶ 15.8 MW (in aggregate)
 - ▶ \$2.8 million impact

- Recently added customers
 - ▶ Dusit Thani Hotel
 - ▶ Guam Regional Medical City

- Future large customers
 - ▶ New hotels
 - ▶ New military infrastructure



Note: IPP = Independent Power Producer, PSOL = Private Streetlight & Outdoor Lighting; IPPs and PSOLs total less than 13GWh in any given year shown

Power Supply

| Power Supply | Primary Generating Units | Unit Transfers to GPA | | | | | | | | | | |
|---|--|-----------------------|-------------------------|---------------|------|---------------|------|-------------------|------|-------------------|------|---|
| <ul style="list-style-type: none"> ■ GPA has over 400 MW of generation capacity ■ GPA’s peak demand in 2017 was 261 MW ■ GPA has capacity reserves of over 140 MW ■ GPA’s power resources are 100% fueled by fuel oil, except for 25 MW of renewables | <table border="1"> <thead> <tr> <th data-bbox="737 342 1136 440">Unit</th> <th data-bbox="1136 342 1346 440">Capacity Available (MW)</th> </tr> </thead> <tbody> <tr> <td data-bbox="737 440 1136 480">Cabras Unit 1</td> <td data-bbox="1136 440 1346 480">66.0</td> </tr> <tr> <td data-bbox="737 480 1136 521">Cabras Unit 2</td> <td data-bbox="1136 480 1346 521">66.0</td> </tr> <tr> <td data-bbox="737 521 1136 561">MEC - Piti Unit 8</td> <td data-bbox="1136 521 1346 561">44.2</td> </tr> <tr> <td data-bbox="737 561 1136 602">MEC - Piti Unit 9</td> <td data-bbox="1136 561 1346 602">44.2</td> </tr> </tbody> </table> | Unit | Capacity Available (MW) | Cabras Unit 1 | 66.0 | Cabras Unit 2 | 66.0 | MEC - Piti Unit 8 | 44.2 | MEC - Piti Unit 9 | 44.2 | <ul style="list-style-type: none"> ■ On December 5, 2017, ownership of the TEMES Unit 7, (40 MW) was transferred to GPA at no cost following the expiration of 20-year capital lease ■ In January 2019, MEC 8 and MEC 9 will transfer to GPA at no cost following the expiration of 20-year capital lease |
| Unit | Capacity Available (MW) | | | | | | | | | | | |
| Cabras Unit 1 | 66.0 | | | | | | | | | | | |
| Cabras Unit 2 | 66.0 | | | | | | | | | | | |
| MEC - Piti Unit 8 | 44.2 | | | | | | | | | | | |
| MEC - Piti Unit 9 | 44.2 | | | | | | | | | | | |

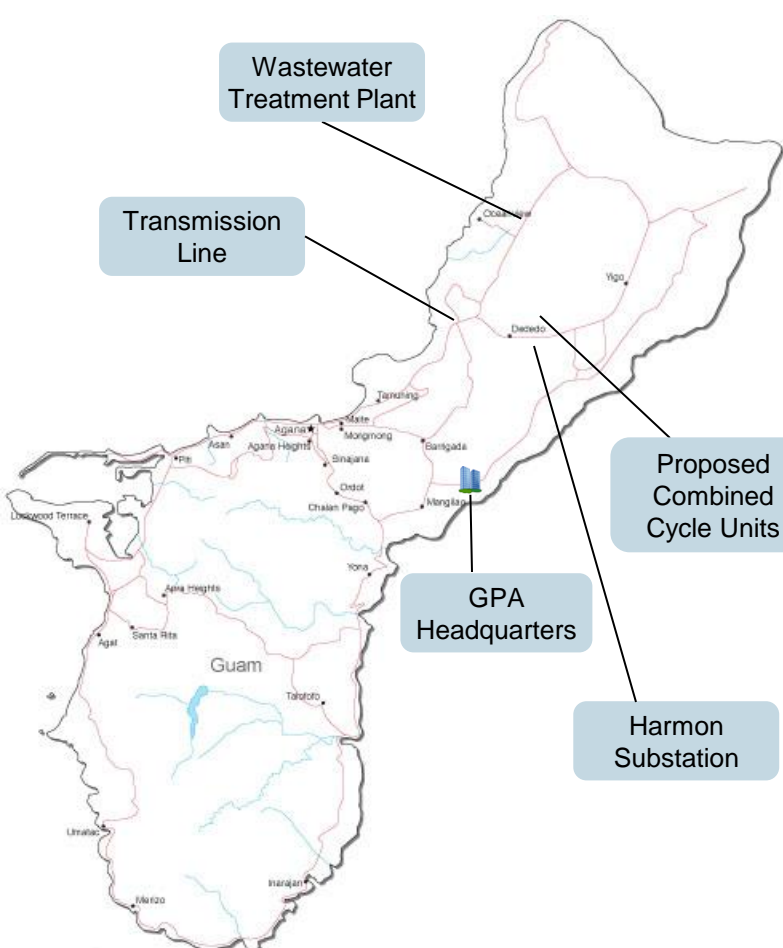
Capital Recovery Program

- GPA implemented an effective recovery plan since the 2015 Cabras fire:
 - ▶ Established an interruptible load program
 - ▶ Installed Aggreko temporary unit
 - ▶ Rehabbed older units
 - ▶ Overhauled certain units to increase capacity
- Long term plan involves installing up to 180 MW combined cycle units
- Recovery plan has been funded with internal cash flow, cash reserves, and insurance claim advances; no impact to GPA’s rates



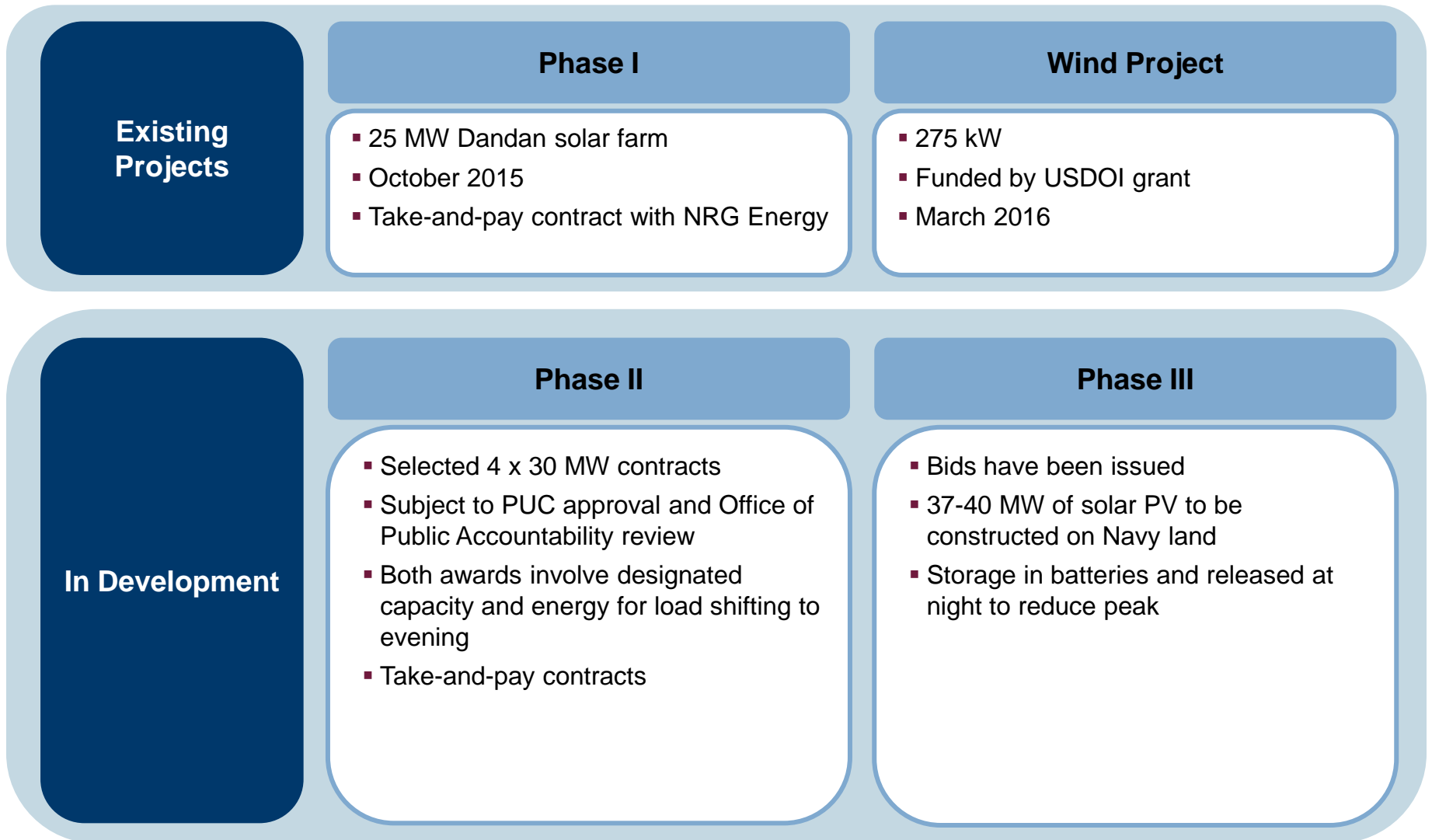
New Combined Cycle Units

GPA is progressing with its proposed combined cycle units

| Combined Cycle Project | Location |
|---|--|
| <ul style="list-style-type: none"> ■ Proposed combined cycle generation of 180 MW (capacity size subject to PUC review and approval) ■ Dual fuel capabilities: ultra-low sulfur diesel (ULSD) and natural gas ■ GPA has negotiated the site in Harmon; close proximity to key transmission line, Harmon substation and GWA wastewater plant ■ GPA's preliminary estimate of project cost (generating units, land transmission) is currently \$350-450 million <ul style="list-style-type: none"> ▶ GPA plans to utilize insurance claim funds to offset costs |  |
| Timing | |
| <ul style="list-style-type: none"> ■ In 2018, the PUC will review the procurement parameters and GPA expects to distribute a bid for the developers ■ GPA's management expects the units to be operational by the end of 2021 | |

Renewable Resources

GPA has made progress in expanding its renewable resources



EPA Compliance

For several years, GPA has been working with the EPA to develop a consent decree and schedule for compliance

- GPA is not in compliance with RICE MACT, EGU MACT, and the mercury and air toxic standards (“MATS”)
- GPA recently retired the Tanguisson units and has a schedule to retire or decommission other units upon completion of new combined cycle units
- GPA plans to comply with these regulations through:
 - ▶ The installation of new combined cycle units
 - ▶ The retirement of older units
- While the construction of the combined cycle units has taken more time than originally expected, GPA has kept the EPA informed of developments



GPA's Transmission and Distribution System

GPA manages an island-wide power delivery system

Overview

- GPA's power delivery system includes
 - ▶ 29 substations connected through 189 miles of transmission lines
 - ▶ Substations supply 67 distribution feeders with 1,600 miles of distribution lines
- GPA's delivery system is managed through the Power System control center and, in Q4 2018, through a SCADA system

System Resilience and Efficiency

- For the past 15 years, GPA has strengthened its delivery system
- Installing hardened poles
 - ▶ Nearly 32,000 of Guam's 36,000 power line poles are steel or concrete
 - ▶ This is an ongoing program; 300 poles have been converted since January 2017
- Installing smart grid technology
 - ▶ GPA has installed new smart meters for customers in its system
 - ▶ The technology includes substation automation and broadband communication
- Placing vital power lines underground
 - ▶ Over 60% of system (key business areas and high density residential regions) are served by underground systems
 - ▶ This process continues in key areas throughout Guam
- Maintains a significant inventory of essential equipment on island



GPA Operating Initiatives

GPA has completed or is in progress with several programs to improve its system and reduce costs

Cost Savings Programs

| | |
|--------------------------|--|
| Utility credit card rate | \$400,000 savings per year |
| Overtime reductions | From \$3.7 million in 2012 to \$1.4 million in 2017 |
| Headcount reductions | \$2 million per year, with 475 full-time employees in 2017 relative to 522 in 2012 |

Generating Unit Transfer Savings

| | |
|--|-------------------------------------|
| End of capital lease on TEMES 7 (Completed Dec. 2017) | Estimated \$5 million/year savings |
| End of capital lease on MEC 8 and 9 (Scheduled for Jan. 2019) | Estimated \$18 million/year savings |

Investments to Improve Operations

- New billing system
- New print system
- Smart grid infrastructure and analytics
- Electric vehicles

GPA Rates

The GPUC has demonstrated support for GPA's operational and financial goals

GPA Rate Structure

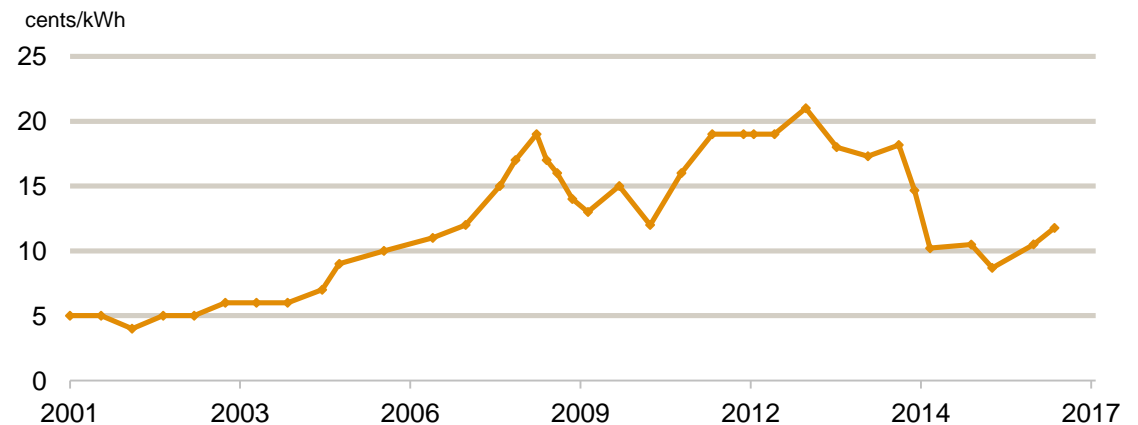
- GPA's rate structure consists of a base rate and a Levelized Energy Adjustment Clause rate
- Base rates include fixed costs and non-fuel O&M
- LEAC rates include fuel expense and carrying cost; also includes working capital fund surcharge and renewables
- LEAC rates are adjusted semiannually
- GPA can petition for interim adjustment feature that is triggered if under recovery reaches \$2 million
 - ▶ Used as needed, only 6 times since 2006

Base Rate Petitions

| Effective Date | Increase Requested | Increase Approved |
|----------------|--------------------|-------------------|
| 3/1/2008 | 13.10% | 8.53% |
| 3/1/2010 | 11.20% | 7.44% |
| 5/1/2012 | 11.80% | 6.00% |
| 12/1/2012* | -6.00% | -6.00% |
| 10/1/2013 | 7.30% | 6.00% |

* Effective for 1 year reflecting some of the refunding savings from 2012 financing

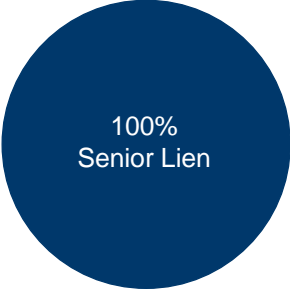
LEAC Semi-Annual Adjustments



Debt Overview

GPA maintains a conservative debt profile; recent reduction in debt service will support financial margins and provide capacity for future capital projects

Lien Structure (\$mm)



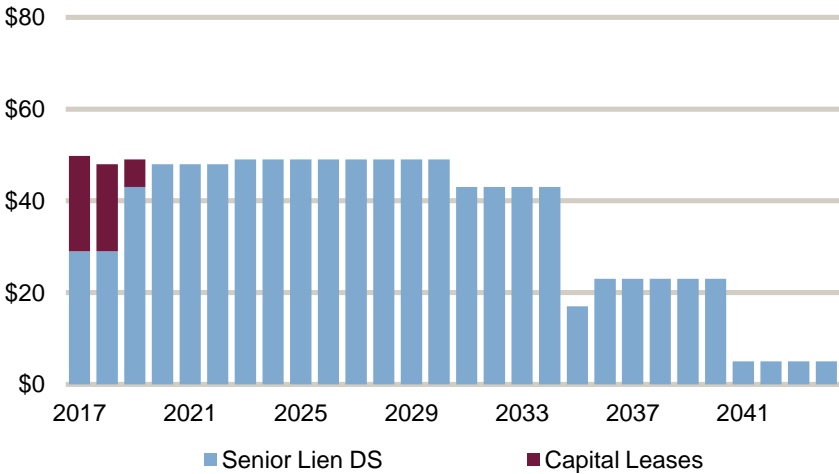
| Series | Outstanding |
|--------------|----------------|
| 2010 | \$150.4 |
| 2012 | 339.4 |
| 2014 | 75.2 |
| Total | \$565.0 |

Interest Rate Mode Composition

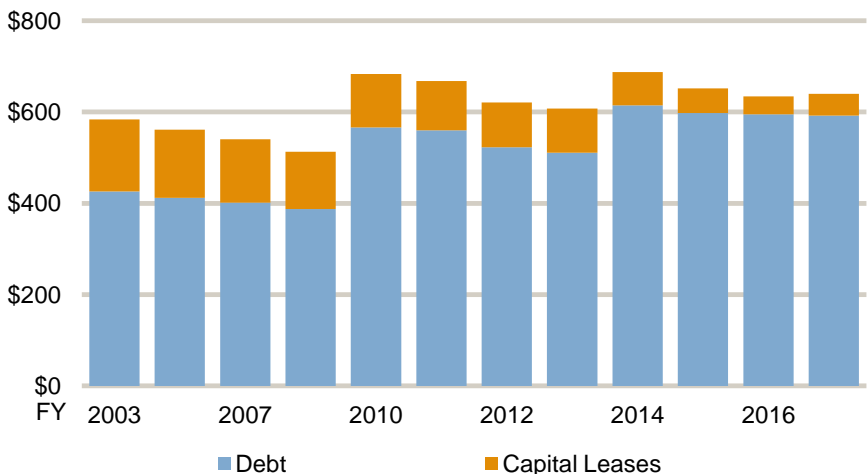


- No variable rate debt
- No interest rate swaps

Debt Service and Capital Lease Schedule (\$mm)

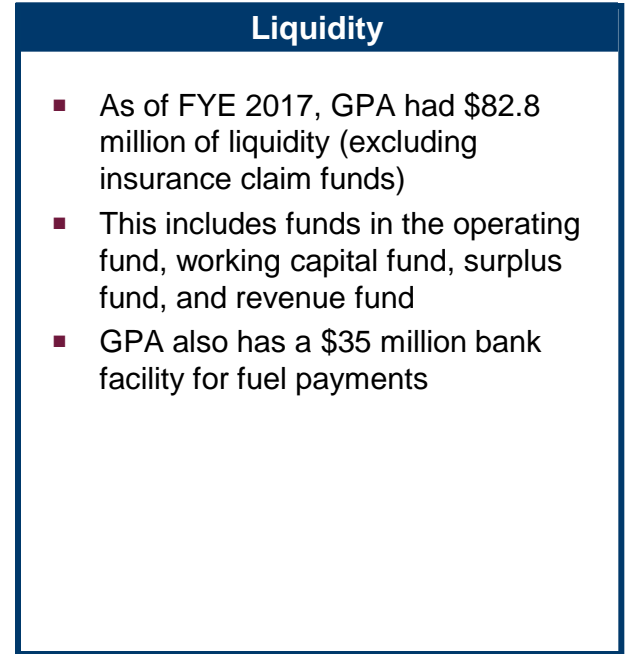
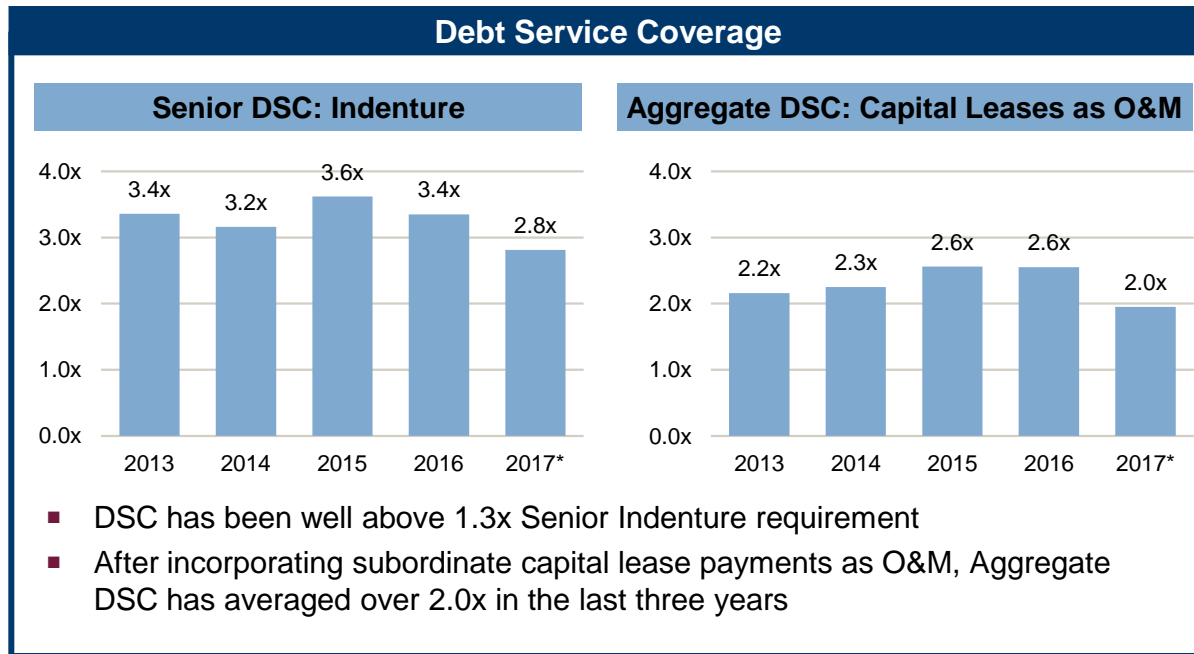


Outstanding Debt and Capital Leases (\$mm)

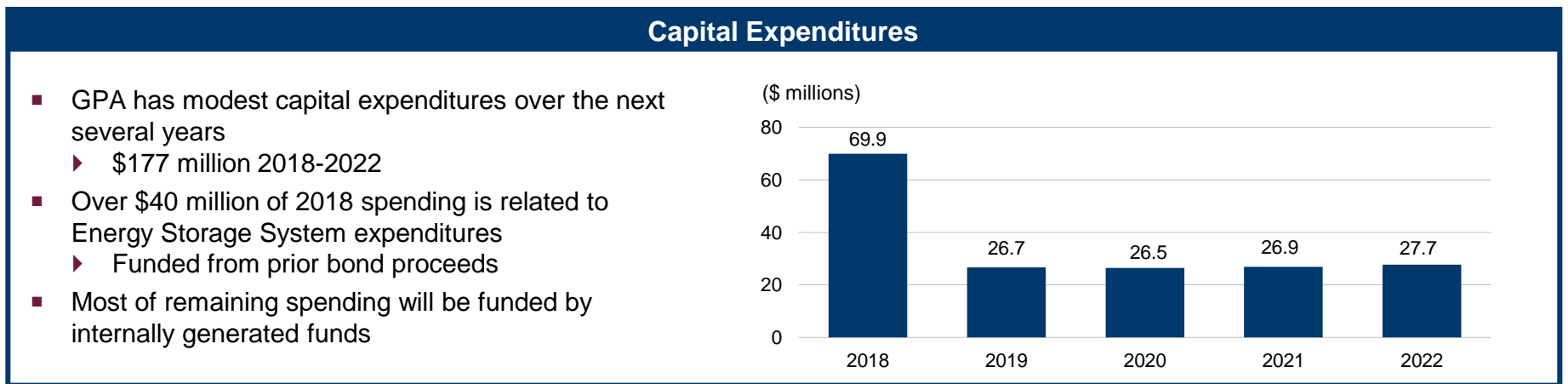


Financial Metrics

GPA finances have improved and reflect strong operating margins and liquidity



*Unaudited



Additional Items

Insurance Claim

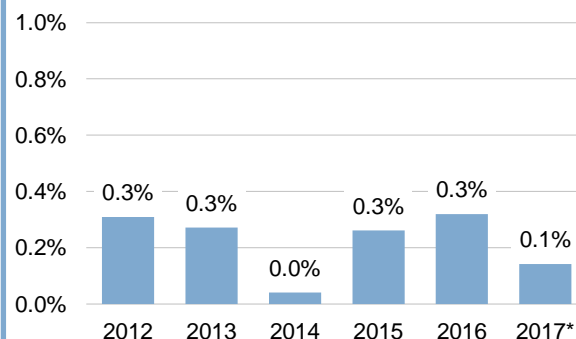
- On August 31, 2015, a fire occurred at Cabras units 3 and 4
- GPA maintained a \$300 million insurance policy with Lloyds of London on these units
- In 2016, GPA hired an external consultant to file and assist with its claim
- GPA has received \$84 million advance from Lloyds to date
- GPA is working with Lloyds to resolve this claim
- Current and future insurance funds are targeted to reduce costs of proposed generation additions



Receivables

- GPA has successfully reduced non-performing accounts
- Long-term government receivables were eliminated in 2014
- GovGuam is current on all billings
- Bad debt expense from GPA customers have remained at reduced levels for the past several years

Bad Debt Ratio**



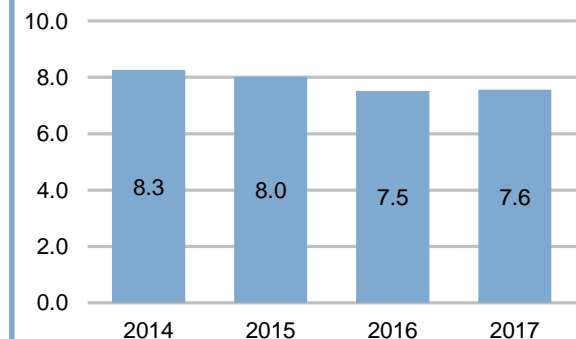
*Unaudited

** $Bad\ debt\ ratio = \frac{Bad\ debt\ expense}{Revenues}$

Pensions

- GPA participates in the Guam Retirement Fund
- GPA has historically paid its required pension payment
- In 2017, GPA paid approximately \$7.6 million towards its pension obligations

Annual Pension Payments (\$mm)



Transaction Overview

| 2017A Senior Bonds | |
|-------------------------------|--|
| Issuer | Guam Power Authority |
| Series | 2017 Series A |
| Par Amount* | \$146,450,000 |
| Ratings | To come |
| Tax Status | Exempt from federal income tax, the alternative minimum tax, or taxation by any state or territory or any political subdivision |
| Security | GPA Net Revenues and funds established by GPA's Senior Indenture |
| Use of Proceeds | To refund all or a portion of GPA's 2010A Bonds, and pay the cost of issuance related to the issuance of the 2017 Series A Bonds |
| Interest Payment Dates | April 1 and October 1, starting April 1, 2018 |
| Optional Redemption | To come |
| Pricing Date* | Tuesday, December 12, 2017 |
| Closing Date* | Thursday, December 21, 2017 |
| Senior Manager | Barclays |
| Co-Senior Manager | Citigroup |

| 2017A Senior Bonds Amortization | |
|---------------------------------|--------------------|
| Maturity October 1 | Principal* |
| 2018 | 135,000 |
| 2019 | 175,000 |
| 2020 | - |
| 2021 | - |
| 2022 | 245,000 |
| 2023 | 3,970,000 |
| 2024 | 4,165,000 |
| 2025 | 4,380,000 |
| 2026 | 4,595,000 |
| 2027 | 4,825,000 |
| 2028 | 5,065,000 |
| 2029 | 5,325,000 |
| 2030 | 5,585,000 |
| 2031 | 5,865,000 |
| 2032 | 6,160,000 |
| 2033 | 6,465,000 |
| 2034 | 6,790,000 |
| 2035 | 7,130,000 |
| 2036 | 13,675,000 |
| 2037 | 14,365,000 |
| 2038 | 15,080,000 |
| 2039 | 15,830,000 |
| 2040 | 16,625,000 |
| 2041 | - |
| 2042 | - |
| 2043 | - |
| 2044 | - |
| Total | 146,450,000 |

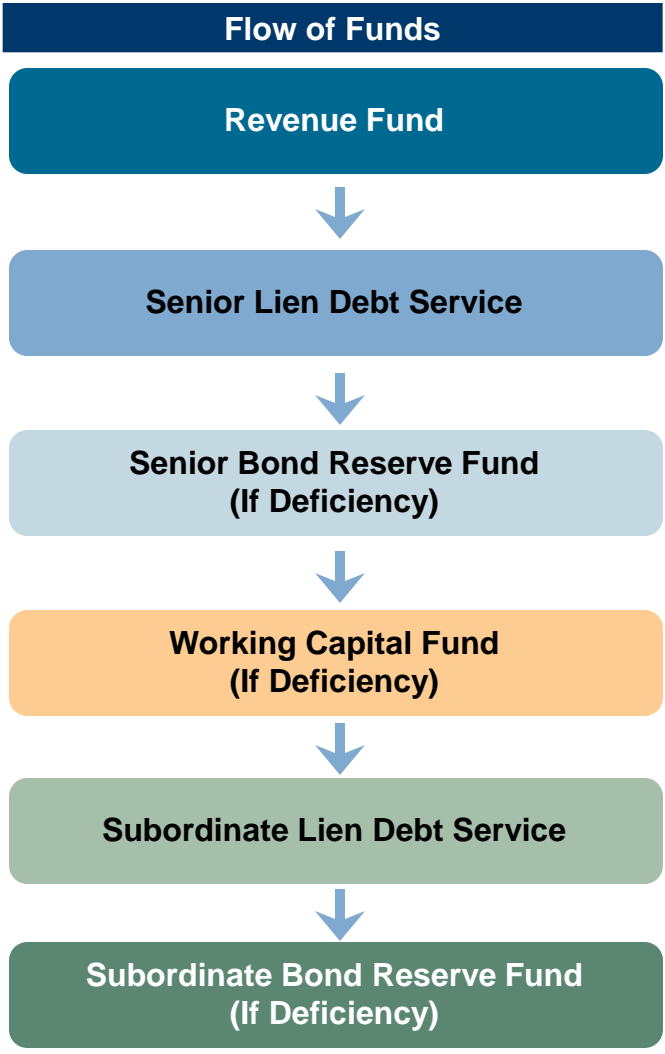
*Preliminary; subject to change.



Bondholder Security Provisions

GPA bonds are secured with traditional bondholder security provisions

| Select Indenture Provisions | |
|----------------------------------|---|
| Security Pledge | <ul style="list-style-type: none"> Net revenues of Guam Power Authority |
| Rate Covenant | <ul style="list-style-type: none"> 1.3x senior annual debt service |
| Debt Service Reserve Fund | <ul style="list-style-type: none"> MADS of outstanding senior lien debt service |
| Additional Bonds Test | <ul style="list-style-type: none"> Fiscal year preceding issuance of additional bonds must attain 1.3x MADS on senior bonds then outstanding plus any additional bonds |
| Debt Service Fund Deposit | <ul style="list-style-type: none"> Monthly deposit requirement (1/6th of upcoming interest payment and 1/12th upcoming principal payment) |
| Working Capital Fund | <ul style="list-style-type: none"> 1/12th of aggregate amount of budgeted maintenance and operational expenses |
| Lien Separation | <ul style="list-style-type: none"> The co-Trustee shall not exercise any remedy for Subordinate Bondholders under the Subordinate Indenture in a manner that is inconsistent with the rights of the senior bonds |



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