Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Guam Power Authority

(A Component Unit of the Government of Guam)

Years Ended September 30, 2024 and 2023
with Report of Independent Auditors

Building a better working world

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(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Years Ended September 30, 2024 and 2023

Contents

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Report of Independent Auditors

Commissioners
Consolidated Commission on Utilities

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Guam Power Authority (GPA or the Authority), as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Guam Power Authority as of September 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, 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 a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contribution and the Schedule of Proportionate Share of the Total OPEB Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025 on our consideration of GPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GPA's internal control over financial reporting and compliance.

Ernst + Young LLP

May 28, 2025

This Management's Discussion and Analysis should be read in conjunction with the Guam Power Authority's September 30, 2024 audited financial statements and accompanying notes.

OVERVIEW

The Guam Power Authority (GPA or the Authority) was created in 1968 as a public corporation and autonomous instrumentality of the Government of Guam. Since then, the Authority has maintained and expanded Guam's island-wide power system. The Authority has over 400 megawatts (MW) of generation capacity, 204 miles of transmission and 1,650 miles of distribution lines, 29 substations, $880 million in assets, and $546 million in annual revenues. GPA currently serves approximately 53,777 customers, with the U.S. Navy being the largest, representing about 18% of revenues.

In 2002, the Consolidated Commission on Utilities (CCU) was established as the board of directors for Guam Power Authority and Guam Waterworks Authority. The CCU is comprised of five elected members vested with the same powers the previous board of directors exercised. In addition, it retains contracting authority and establishes policies and controls over selecting the Authority's executive management. GPA also continued its existence as a public corporation.

The Authority is regulated by the Guam Public Utilities Commission (PUC) – a rate-setting body of Commissioners appointed by the Governor of Guam. The PUC has established rules of operation like other jurisdictions within the United States of America (United States). As a result, the PUC has broad regulatory authority over GPA, including approval of any contracts that might impact GPA's rates.

GPA'S STRATEGY

GPA is committed to providing outstanding energy solutions to our island community by focusing on capital discipline and operational excellence. Key components of GPA's strategy include:

- Achieve Superior Customer Service – GPA continuously reaches for ways to better serve our customers through accountability, efficiency, and reliability.

- Optimize Energy Production Cost – Focus on reducing costs and improving productivity.

- Achieve Energy Diversification – GPA implemented its Integrated Resource Plan, which includes renewable energy resources like solar and wind power, generating 85.3 megawatts. The latest completion of renewable solar generation was 60 megawatts in Marbo, which became operational in June 2022.

- Become Financially Sound and Stable – Improve credit rating and debt service coverage. GPA has been an investment-grade credit rating for over twelve years.

Promote Energy Innovation

GPA has been operating the smart grid for over ten years. The smart grid includes smart meters for all customers, substation automation, AMI technology, and high broadband communication. Smart meters give customers greater control over their energy use and costs by allowing them to monitor their energy consumption online and determine which activities contribute to fluctuations in their bills.

In conjunction with the smart grid, GPA has been using Customer Care and Billing from Oracle, a billing system that enables GPA to improve the billing process, customer service, and credit management. In addition, it allows GPA to integrate into online bill payment, mobile payment applications for Android and Apple, and 24/7 pay-by-phone, where account balance and payment postings are real-time.

These systems enabled the rollout of prepay electricity services and e-billing. Prepay electricity service allows consumers to monitor and control what they spend on their energy consumption and manage their budget. E-billing, through paygpa.com, enables customers to view their statements online.

Customers can visit myenergyguam.com, which lets them see their current usage and history, allowing them to mitigate their consumption before being charged in their bill. Information also helps customers decide on which energy-efficient appliances to purchase.

Lastly, the GPA energy statement provides immediate information on energy usage, a historical consumption graphic, a "Tips" section on energy services, a rebate program or reminder notices, and much more to enable consumers to manage their energy usage.

New Generation

In 2016, GPA filed its updated integrated resource plan (IRP) to the CCU and PUC. The IRP included the plan to install 180MW of duel-fired combined-cycle generation units, the retirement of Cabras 1 & 2, expand the renewable energy portfolio, and install energy storage. The PUC approved GPA's generation plan in October 2016, and procurement was completed in 2019.

The new generation was awarded to Korea Electric Power Corporation (KEPCO) as a build-operate-transfer contract. Due to damage from Typhoon Mawar in May 2023, the plant is anticipated to be commissioned in September 2025. For GPA, combined-cycle generation has several benefits, like 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 USEPA requirements.

United States Environmental Protection Agency

The United States, on behalf of the United States Environmental Protection Agency (EPA), filed its complaint under the Clean Air Act. The United States' 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.

In early 2020, GPA, EPA, and the Justice Department finalized a settlement to resolve the alleged violations. The parties subsequently lodged a consent decree with the United States District Court in Guam, which approved the Consent Decree in April 2020.

Under the terms of the settlement, GPA will build and operate a new power plant burning ultra-low sulfur diesel (USLD) and capable of burning liquified natural gas (LNG), convert the fuel delivery system from residual fuel oil to ULSD, build 100MW of solar power, install and operate a new energy storage system, and pay a civil penalty of $400,000 to resolve the United States' allegations.

In January 2022, the United States District Court of Guam approved a revised consent decree. The revision extended the building of the 198 MW power plant until April 2024. However, due to damage from Typhoon Mawar in May 2023, the commissioning of the 198MW plant has been delayed until September 2025.

FINANCIAL HIGHLIGHTS

The table below highlights the financial comparison for fiscal years 2024, 2023, and 2022.

(in '000)	**2024**	**2023**	**2022**
Current assets	$322.8	$326.2	$305.1
Lease assets, net	6.9	11.9	17.0
Non-current investments	17.5	28.2	11.2
Other non-current assets	14.6	22.5	39.6
Utility plant	461.9	467.6	475.0
	823.7	856.4	847.9
Deferred outflows of resources	62.7	68.2	66.5
	$886.4	$924.6	$914.4

FINANCIAL HIGHLIGHTS, continued

(in '000)	**2024**	**2023**	**2022**
Liabilities			
Current liabilities	$ 83.5	$100.2	$ 68.6
Non-current liabilities	701.7	710.7	764.9
	785.2	810.9	833.5
Deferred inflows of resources	73.5	83.4	57.8
Net Position			
Net investment in capital assets	17.3	23.5	33.0
Restricted	29.4	38.1	14.0
Unrestricted	(19.0)	(31.3)	(23.9)
	27.7	30.3	23.1
	$886.4	$924.6	$914.4

The decrease in current assets in 2024 compared to 2023 is due to better receivables collections. In 2023, Typhoon Mawar impacted the island, and it was struggling to recover.

The increase in current assets in 2023 compared to 2022 is attributed to the replenishment of the working capital due to the reduction of unrecovered fuel costs.

The decrease in current liabilities in 2024 compared to 2023 is due to the refunding of 2024 revenue bonds, which reduced the bond payment requirement. In addition, the fuel price decreased in 2024 compared to 2023, thus reducing outstanding payables.

The increase in the current liabilities in 2023 compared to 2022 is due to debt service payments to be made and fuel purchases.

Financial results summary:

- 2024 has a net loss of $2.5 million compared to a net income of $7.1 million in 2023.
- 2023 has a net income of $7.1 million compared to a net income of $13.4 million in 2022.

FINANCIAL HIGHLIGHTS, continued

The table below details certain items from GPA's Statements of Revenue, Expenses, and Changes in Net Position for 2024, 2023, and 2022.

(in '000)	2024	2023	2022
Sales of Electricity, net	$542,778	$548,681	$473,561
Other	3,551	5,332	4,992
Total operating revenues	546,329	554,013	478,553
Production Fuel	385,762	399,920	315,771
Operating and maintenance	104,914	79,468	89,075
Depreciation	35,021	35,216	35,213
Total operating expenses	525,697	514,604	440,059
Operating income	20,632	39,409	38,494
Interest income	5,114	4,007	1,222
Interest expense	(22,951)	(23,374)	(24,914)
Allowance for funds used during construction	---	14	123
Other expense, net	(5,338)	(12,930)	(1,552)
Income	$(2,543)	$ 7,126	$ 13,373

Operating Revenues – Sales of Electricity, net

Sales of electricity, net decreased by $5.9 million, or 1.1%, in 2024 compared to 2023 due to a decline in global fuel prices.

Sales of electricity, net increased by $75 million, or 15.8%, in 2023 compared to 2022. This is due to the increase in global fuel prices.

Electric Sales Information

	2020	2021	2022	2023	2024
Peak Demand (MW)	247	257	260	257	264
Total Electric Sales (MWh in '000)	1,523,579	1,554,962	1,550,160	1,447,602	1,556,351
Sales Growth (%)	(2.9)	2.1	(1.0)	(6.0)	7.0
Total Customers	51,771	52,825	52,873	52,642	53,777

Energy sales increased by 7% in 2024 compared to 2023 from the recovery of Typhoon Mawar.

Energy sales decreased by 6% in 2023 compared to 2022 due to power generation and grid damage from Typhoon Mawar, which hit Guam on May 24, 2023.

FINANCIAL HIGHLIGHTS, continued

Operating and Maintenance

GPA's operating and maintenance expenses increased in 2024 compared to 2023 due to a lease of 20MW diesel generators to meet the load demand and increase in pension, water and material costs.

GPA's operating and maintenance expenses decreased in 2023 compared to 2022 due to lower production costs.

GPA's headcount for 2024 and 2023 was 443 and 408, respectively. The increase is mainly due to fulfilling the vacant positions left by the retired workforce and areas where additional manpower is required. Apprentices who graduated from the GPA apprenticeship program were hired.

GPA's headcount for 2023 and 2022 was 408 and 412, respectively. The decrease is largely due to employee retirements.

Station use in 2024 of 65,549 MWh increased compared to 2023 station use of 55,840 MWh.

Station use in 2023 of 55,840 MWh decreased compared to 2022 station use of 63,158 MWh.

Transmission and distribution (T&D) line loss increased to 95,758 MWh in 2024 compared to 91,502 MWh in 2023.

Transmission and distribution (T&D) line loss increased to 91,502 MWh in 2023 compared to 89,219 MWh in 2022.

Depreciation and Amortization

Depreciation and amortization expenses for 2024, 2023, and 2022 remained the same.

Utility Cost Recovery Activities

Production Fuel

GPA's cost of electricity includes the costs of fuel used in its generation facilities, the cost of fuel handling, and the cost of power purchased from third parties.

FINANCIAL HIGHLIGHTS, continued

Utility Cost Recovery Activities, continued

Production Fuel, continued

In line with GPA IRP's goal to increase its renewable resources, GPA procured a power purchase agreement for a utility-scale solar farm of 25MW located in southern Guam. The system became available to the grid in August 2015. Under the phase II renewable project, GPA awarded two 60MW utility-scale solar farms. This project included batteries to mitigate the sudden drop or increase in production due to electrical or atmospheric conditions like rain. GPA signed the contracts in 2018. 60MW solar project from KEPCO became operational in June 2022. The other 60MW project was terminated on March 2025.

In addition to solar, GPA has a 275kW wind turbine, which became operational in March 2016. A USDOI Grant funded the $2 million wind project, and it provided valuable experience and data on the potential of renewable wind projects.

For the Phase III renewable project, where GPA was to utilize a 30-year lease of Navy property for 35MW solar PV, the bid was under protest; however, the Office of Public Accountability (OPA) and the court found the case in favor of GPA. Due to the change in global affairs, the US Navy elected to use the leased land for military purposes.

Phase IV, a 180MW renewable project bid, was issued, and 332MW of PV proposals were received. In February 2025, KES Yona Solar, LLC signed a contract with GPA to produce 132 MW solar PV with 50% shifting batteries. The project is anticipated to be completed in 2028. Negotiations are underway with other PV project proponents.

Interest Income, Interest Expense, and Other Income and Expenses

Interest income increased in 2024 compared to 2023 due to an increase in the interest rate.

Interest income increased in 2023 compared to 2022 due to an increase in the interest rate.

Interest expense decreased in 2024 compared to 2023 due to lower outstanding bonds due to refunding of 2022 and 2024 revenue bonds.

Interest expense decreased in 2023 compared to 2022 due to lower outstanding bonds due to refunding of 2022 revenue bonds.

FINANCIAL HIGHLIGHTS, continued

Operating Activities

GPA's cash flows from operating activities primarily consist of receipts from customers less payments of operating expenses.

GPA's cash flows from operating activities for 2024, 2023, and 2022 are as follows:

(in millions)	2024	2023	2022
Cash received from customers	$554.2	$566.8	$457.0
Cash payments to suppliers	(436.5)	(429.6)	(404.1)
Cash payments to employees for services	(45.1)	(39.4)	(41.4)
Cash payments to retiree benefits	(4.4)	(3.4)	(4.3)
Net cash provided by operating activities	$ 68.2	$ 94.4	$ 7.2

Capital Activities

GPA's capital activities primarily consist of new construction and replacing facilities necessary to deliver safe and reliable power to its customers.

The largest capital costs incurred in 2024 were the fuel pipeline and tank 1935 overhaul ($12.5M), peaking unit overhaul ($2.1M), and substation and transmission improvements ($6M).

The largest capital costs incurred in 2023 were the overhaul of Cabras 1 and 2 ($4.2M), bucket trucks and equipment ($2.5M), and substation and transmission improvements ($0.9M).

Cash used in capital activities includes proceeds from bonds and revenue funds. Please refer to Note 11 to the financial statements for details of GPA's capital activities.

Investing Activities

GPA's cash flows from investing activities for 2024, 2023, and 2022 are as follows (in millions):

	2024	2023	2022
Net cash provided by (used in) investing activities	$ 15.6	$(11.1)	$24.4

Borrowing Activities

No new borrowing was made in 2024, 2023, and 2022; however, Revenue Bonds 2012 Series A was refunded in July 2022, and Revenue Bonds 2014 was refunded in July 2024. Please refer to Note 6 to the financial statements for details of GPA's borrowing activities.

FINANCIAL HIGHLIGHTS, continued

GPA's cash flows from the capital and non-capital financing activities for 2024, 2023, and 2022 are as follows (in millions):

	2024	2023	2022
Net cash provided by non-capital financing activities	$ 1.4	$ 3.3	$ 2.2
Net cash used in capital and related financing activities	$(77.8)	$(55.5)	$(93.5)

Credit Ratings

GPA's credit rating relates to the Authority's cost of funds and liquidity. In particular, GPA's ability to access and engage in certain activities cost-effectively depends on maintaining a strong credit rating.

GPA's long-term senior debt ratings are as follows:

Long-Term Senior Debt	Rating	Long-Term Outlook
Standard & Poor's	BBB	Stable
Moody's Rating	Baa2	Stable
Fitch Rating	BBB	Stable

Future Capital Activities

GPA is committed to renewable energy and the reduction of greenhouse gas emissions. GPA invested in a utility-scale solar farm of 25MW, which became operational in 2015. In the phase II renewable project, a 60 MW solar plant became operational in June 2022. Phase III project was terminated due to the long delay from the bid protest and the US Navy repurposing the land for military operations. In Phase IV 180MW renewal project, proponents turned in 330MW of solar PV. In February 2025, KES Yona Solar, LLC signed a contract with GPA to produce 132 MW solar PV with 50% shifting batteries. The project is anticipated to be completed in 2028. Negotiations are underway with other PV project proponents

Investing in solar farms and increasing net metering customers (NEM) led to a grid becoming physically and operationally very different from the past. The energy received from the Dandan solar farm and net metering customers are "must take" contracts, meaning their energy goes into the grid whenever they can generate. The Power System Control Center must monitor and respond to dramatic changes in system frequencies during certain times of the day. These fast changes are known as ramping events. Historically, the need for fast ramping was in response to load changes, but now it is also due to generation output from non-GPA sources.

FINANCIAL HIGHLIGHTS, continued

Future Capital Activities, continued

GPA is required to absorb all the power fluctuation emitted by Dandan Solar Farm and NEM customers. 16MW of the 40 MW ESS system, operational in 2021, is allocated to level the power fluctuation and reduce intermittency trips. The remaining 24MW ESS is used to eliminate over 70% of short-duration outages due to generators.

The 198MW dual-fire combined cycle combustion turbine, which the project was approved by CCU in 2016, is set to be commissioned in September 2025. The project faced delays due to the Covid-16 pandemic and damages from typhoon Mawar in 2023. The new combined cycle is 37% more efficient than Cabras 1 & 2 and 22% more efficient than Piti 8 & 9. The new plant is projected to reduce burning 900,000 barrels or 37 million gallons of fuel annually.

Future Borrowing

With growing renewable energy, traditional power generation will need to be augmented with energy storage batteries and synchronous condensers to regulate voltage and improve grid stability.

The Ukudu 198MW power plant uses ultra-low sulfur diesel and can use natural gas (LNG). An economic and engineering feasibility study is being conducted, and we will know more when it is completed.

Contacting GPA's Financial Management

The Management Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting GPA's operations. This financial report is designed to provide a general overview of GPA's finances and to demonstrate GPA's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the years ended September 30, 2023, is set forth in GPA's report on the audit of the financial statement, which is dated May 16, 2024. For the year ended September 20, 2022, it is set forth in GPA's report on the audit of financial statements dated August 16, 2023. That Discussion and Analysis explain in more detail the major factors impacting the 2023 and 2022 financial statements. A copy of that report can be obtained by contacting the CFO office at (671) 648-3162 or from GPA's website at the addresses noted below.

For additional information about this report, please contact Mr. John J.E. Kim, Chief Financial Officer, Guam Power Authority, P.O. Box 2977, Hagåtña, Guam 96932-2977 or visit the website at www.guampowerauthority.com.

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

Statements of Net Position

	September 30, 2024	September 30, 2023
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents – restricted	$116,779,935	$105,870,564
Cash and cash equivalents – unrestricted	61,701,693	65,423,593
Total cash and cash equivalents	178,481,628	171,294,157
Investments – restricted	18,561,431	18,528,966
Accounts receivable, net	48,701,947	52,912,281
Materials and supplies inventory, net	14,082,576	10,580,924
Fuel inventory	60,464,172	66,244,237
Prepaid expenses and other current assets	2,548,197	6,651,973
Total current assets	322,839,951	326,212,538
Utility plant, at cost		
Depreciable utility plant, net of accumulated depreciation	427,103,614	424,769,876
Non-depreciable utility plant	34,837,318	42,795,105
Total utility plant	461,940,932	467,564,981
Lease asset	6,883,411	11,906,226
Other non-current assets:		
Cash and cash equivalents – restricted	2,249,393	2,142,195
Investments – restricted	15,199,227	25,700,491
Unamortized debt insurance costs	3,899	415,509
Total other non-current assets	17,452,519	28,258,195
Regulatory assets:		
Uncovered fuel costs	14,558,943	22,481,999
Total regulatory assets	14,558,943	22,481,999
Total assets	823,675,756	856,423,939
Deferred outflows of resources:		
Unamortized loss on debt refunding	9,780,478	13,523,731
Pension	20,135,066	27,900,085
Other post-employment benefits	32,832,154	26,791,884
Total deferred outflows of resources	62,747,698	68,215,700
	$886,423,454	$924,639,639

See accompanying notes.

Statements of Net Position, continued

	September 30, 2024	September 30, 2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Current maturities of long-term debt	$ 15,855,000	$ 24,680,000
Accounts payable:		
Operations	25,816,881	18,965,883
Fuel	9,040,015	24,709,615
Accrued payroll and employees’ benefit	1,058,475	427,050
Current portion of employees’ annual leave	2,312,065	1,852,589
Current portion of lease liability	4,802,469	4,922,204
Interest payable	13,382,348	14,149,947
Customer deposits	11,234,910	10,477,456
Total current liabilities	83,502,163	100,184,744
Long-term debt, net of current maturities	457,395,893	477,616,271
DCRS sick leave liability	2,296,579	1,695,518
Lease liability	1,981,011	6,783,479
Net pension liability	82,928,842	91,535,179
Other post-employment benefits liability	154,610,401	130,691,710
Employees’ annual leave, net of current portion	1,723,317	1,723,317
Customer advances for construction	721,114	674,124
Total liabilities	785,159,320	810,904,342
Deferred inflows of resources:		
Provision for self-insurance	15,816,693	12,696,791
Pension	7,826,304	5,772,445
Other post-employment benefits	49,870,545	64,972,832
Total deferred inflows of resources	73,513,542	83,442,068
Commitments and contingencies		
Net position:		
Net investment in capital assets	17,314,364	23,495,959
Restricted	29,392,631	38,113,770
Unrestricted	(18,956,403)	(31,316,500)
Total net position	27,750,592	30,293,229
	$886,423,454	$924,639,639

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended September 30, 2024	2023
Revenues:		
Sales of electricity	$542,777,760	$548,681,198
Miscellaneous	3,551,248	5,331,744
Net operating revenues	546,329,008	554,012,942
Operating and maintenance expenses:		
Production fuel	385,761,787	399,920,099
Other production	22,856,995	17,811,809
	408,618,782	417,731,908
Administrative and general	47,360,409	33,790,472
Depreciation and amortization	35,021,336	35,215,950
Energy conversion costs	13,843,588	10,185,615
Transmission and distribution	13,791,473	11,037,863
Customer accounting	7,061,383	6,642,222
Total operating and maintenance expenses	525,696,971	514,604,030
Operating income	20,632,037	39,408,912
Non-operating revenues (expense):		
Interest income	5,114,054	4,007,116
Operating grants from the United States Government	1,152,300	3,611,725
Allowance for funds used during construction	---	14,236
Interest expense	(22,951,049)	(23,373,910)
Other expense, net	(6,489,979)	(16,542,182)
Total non-operating expense, net	(23,174,674)	(32,283,015)
Change in net position	(2,542,637)	7,125,897
Net position at beginning of year	30,293,229	23,167,332
Net position at end of year	$ 27,750,592	$ 30,293,229

See accompanying notes.

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

Statements of Fiduciary Net Position

	September 30, 2024	September 30, 2023
Asset		
Current asset:		
Cash and cash equivalents	$19,765	$50,862
	$19,765	$50,862
Liability and net position		
Current liability:		
Accounts payable - operations	$19,765	$50,862
	19,765	50,862
Commitments and contingencies		
Net position	---	---
	$19,765	$50,862

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Fiduciary Net Position

	Year Ended September 30, 2024	Year Ended September 30, 2023
Revenues	$63,118,900	$52,711,138
Miscellaneous	63,118,900	52,711,138
Change in net position	---	---
Net position at beginning of year	---	---
Net position at end of year	$ ---	$ ---

See accompanying notes.

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

Statements of Cash Flows

	Year Ended September 30, 2024	Year Ended September 30, 2023
Cash flows from operating activities:		
Cash received from customers	$554,167,679	$566,760,065
Cash payments to suppliers for goods and services	(436,482,727)	(429,632,534)
Cash payments to employees for services	(45,118,175)	(39,355,988)
Cash payments for retiree benefits	(4,397,432)	(3,382,011)
Net cash provided by operating activities	68,169,345	94,389,532
Cash flows from investing activities:		
Increase (decrease) in investments	10,468,799	(16,981,439)
Interest on investments and bank accounts	5,114,054	4,007,116
Decrease in certificates of deposit	---	1,818,139
Net cash provided by (used in) investing activities	15,582,853	(11,156,184)
Cash flows from capital and related financing activities:		
Receipts from the U.S. Government capital grant	1,354,567	3,301,718
Interest paid on long-term debt	(19,517,815)	(20,036,032)
Principal paid on long-term debt	(28,800,000)	(7,730,000)
Additions to utility plant	(29,494,281)	(27,742,677)
Net cash used in capital and related financing activities	(76,457,529)	(52,206,991)
Net change in cash and cash equivalents	7,294,669	31,026,357
Cash and cash equivalents at beginning of year	173,436,352	142,409,995
Cash and cash equivalents at end of year	$180,731,021	$173,436,352
Consisting of:		
Restricted	$119,029,328	$108,012,759
Unrestricted	61,701,693	65,423,593
	$180,731,021	$173,436,352

See accompanying notes.

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

Statements of Cash Flows, continued

	Year Ended September 30, 2024	Year Ended September 30, 2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$20,632,037	$39,408,912
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	35,021,336	34,592,340
Bad debts expense	1,245,504	1,197,996
Other pension income (expense)	1,212,541	(1,029,641)
Other post-employment benefit costs	2,776,134	(1,027,637)
(Increase) decrease in assets:		
Accounts receivable	2,762,563	9,407,100
Materials and supplies inventory	(3,501,652)	2,664,930
Fuel inventory	5,780,065	(3,961,321)
Prepaid expenses and other current assets	4,103,776	(971,548)
Unrecovered fuel costs	7,923,056	17,072,795
Increase (decrease) in liabilities:		
Accounts payable	(15,308,581)	(5,332,532)
Customer deposits	663,712	329,126
Customer advances for construction	46,990	132,623
Provision for self-insurance	3,119,902	1,680,278
Accrued payroll and employees' benefits	631,425	209,708
Employees' annual and DCRS sick leave	1,060,537	16,403
Net cash provided by operating activities	$68,169,345	$94,389,532

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Guam Power Authority (GPA) is a component unit of the Government of Guam (GovGuam). GPA provides electrical services on Guam to residential, commercial and GovGuam customers, and to the United States (U.S.) Navy under a Utility Services Contract (USC). GPA 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. Because of the rate-making process, certain differences arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated businesses. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

Primary Government Financial Statements

The primary government financial statements consist of the statement of net position, statement of revenues, expenses, and changes in net position and statement of cashflows. Fiduciary activities are not included in the government-wide financial statements.

Fiduciary Fund Financial Statements

Separate financial statements are provided for fiduciary funds. Fiduciary financial statements include assets, liabilities and activities of the Energy Credit Program (the "ECP"), for which GPA has been legally designated to control but GPA itself is not a beneficiary. The ECP was enacted by Public Law No. 36-106 in July 2022 for the Government of Guam to provide each of the GPA residential, master-metered and commercial customers with a $500 credit towards their accounts, to be disbursed $100 per month for the months of July to November 2022. The sum of $26,381,000 of this public law was appropriated from the Government of Guam General Fund for this purpose.

In December 2022, Public Law No. 36-123 was enacted to extend the ECP for the months of December 2022 to April 2023. In May 2023, Public Law No. 37-16 was enacted to further extend the ECP for the months of May to September 2023. The sum of $52,762,000 for each of the enacted public laws were appropriated from the Government of Guam General Fund for this purpose.

In November 2023, Public Law No. 37-49 was enacted to extends the ECP for the months of October to December 2023 with $100 credit for each month. In February 2024, Public Law No. 37-66 was enacted to extend the ECP for the months of January 2024 to March 2024 with $100 credit for each month. Public Law No. 37-104 was enacted in June 2024 to further extend the ECP for the months of April 2024 to September 2024 with $100 credit for each month. The sum of approximately $63,119,000 for each of the enacted public laws were appropriated from the Government of Guam General Fund for this purpose.

1. Organization and Summary of Significant Accounting Policies, continued

Basis of Accounting

The accounting policies of the primary government financial statements and fiduciary fund financial statements conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. GPA utilizes the flow of economic resources measurement focus. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

As an instrumentality of GovGuam, GPA and all property acquired by or for GPA, and all revenues and income therefrom are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

Cash, Cash Equivalents and Investments

Cash and cash equivalents classified as current assets include cash on hand, cash in banks, money market accounts, certificates of deposit, and U.S. treasury bills with original maturities of three months or less in the interest and principal funds for debt repayment, the bond indenture funds, the bond reserve fund, the energy sense fund and the self-insurance fund.

Cash and cash equivalents restricted for the acquisition or construction of capital assets are classified as noncurrent assets.

Investments in short-term, highly liquid debt instruments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations are recorded at amortized cost. Investment in a guaranteed investment certificate is measured at cost.

All other investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

1. Organization and Summary of Significant Accounting Policies, continued

Cash, Cash Equivalents and Investments, continued

The deposit and investment policies of GPA are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. Authorized investments include obligations issued or guaranteed by the U.S. government or agencies of the U.S. government; bonds, notes or other indebtedness rated in the highest rating by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P); obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities of not more than three years; any bonds or other obligations of any state of the U.S. or any agency, instrumentality or local government unit of such state which are rated in the highest rating category of either Moody's or S&P; demand and time deposits in certificates of deposit or bankers acceptances with U.S. domestic banks which have a rating of their short term certificates of deposit of A-1 or better by S&P and P-1 by Moody's and mature no more than 360 days after purchase; commercial paper which has a rating in the highest classification by S&P and Moody's; and money market funds rated AAA or better by S&P.

Allowance for Doubtful Receivables

The allowance for doubtful receivables is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through bad debts expense recorded against operating revenues. Uncollectible accounts are written off against the allowance or are charged against operating revenues in the period GPA deems the accounts to be uncollectible but with prior approval of the CCU.

Inventory Valuation

Materials and supplies inventories and fuel inventories are stated at cost (using the weighted average and the first-in, first-out method, respectively).

Allowance for inventory obsolescence is provided for inventory items with no movement for a period of five years and over and for parts and supplies for equipment no longer in use. Allowance for inventory obsolescence was $1,026,094 and $969,487 as of September 30, 2024, and 2023, respectively, and is included as a component of fuel inventory in the accompanying statements of net position.

Utility Plant

Utility plant purchased or constructed is stated at cost. Cost includes an allowance on certain projects for funds used during construction of specific power generation plants based on the net cost of borrowed funds used for construction purposes. Donated utility is recorded at fair market value at the date of donation or at the donating entity's basis in the asset if donated by GovGuam or a GovGuam agency. Current policy is to capitalize utility plant with a cost of $1,000 or more.

1. Organization and Summary of Significant Accounting Policies, continued

Depreciation

Depreciation is computed under the straight-line method over the estimated useful lives of the respective assets.

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GPA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GPA’s proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GPA’s proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

1. Organization and Summary of Significant Accounting Policies, continued

Other Post-Employment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. OPEB offered to GPA retirees includes health and life insurance. GPA recognizes OPEB liability for the defined benefit OPEB plan in which it participates, which represents GPA's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established; thus, the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Net Position

Net position represents the residual interest in GPA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of four sections:

Net investment in capital assets - include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve.

Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GPA pursuant to those stipulations or that expire with the passage of time.

Restricted nonexpendable - net position subject to externally imposed stipulations that require GPA to maintain them permanently.

1. Organization and Summary of Significant Accounting Policies, continued

Net Position, continued

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by management or the CCU or may otherwise be limited by contractual agreements with outside parties.

All of GPA's restricted net position is expendable.

Sales of Electricity

Sales of electricity are recorded as billed to customers on a monthly cycle billing basis. At the end of each month, unbilled revenues are accrued for each cycle based on the unbilled actual usage at month end.

Operating and Non-Operating Revenue and Expenses

Operating revenues and expenses generally result directly from the operation and maintenance of systems to provide electrical services to the island of Guam. Non-operating revenues and expenses, that includes characteristics of nonexchange transactions, result from capital; financing and investing activities, costs and related recoveries from natural disasters, operating grants, and certain other non-recurring income and costs.

Deferred Outflows of Resources

Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Levelized Energy Adjustment Clause

Fuel oil costs increase or decrease billings to customers based on increases or decreases in the price of fuel oil purchased by GPA. Under or over recoveries of fuel oil costs including the fair value of outstanding commodity swap agreements (if any) are recorded as unrecovered fuel cost or unearned fuel revenue, respectively, in the accompanying statements of net position, and are recovered or deducted in future billings to customers based on the Levelized Energy Adjustment Clause (LEAC) approved by the PUC in January 1996. The LEAC results in the conversion of the monthly fuel charge to a levelized fuel charge, which is reviewed and adjusted by the PUC on a bi-annual basis. GPA is only permitted to recover its actual fuel and related costs. At September 30, 2024 and 2023, GPA has an under recovery of fuel costs of $14,558,943 and $22,481,999, respectively.

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The adoption of this statement does not have material effect on the financial statements.

Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement willc.00 result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

The Authority is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

2. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

The bond indenture agreements for the 2014, 2017, 2022 and 2024 series revenue bonds (Note 6) require the establishment of special funds to be held and administered by trustees and by GPA. In addition, proceeds from borrowings to finance generation and transmission facility construction are maintained by GPA in construction accounts. Funds in these accounts are required by loan agreement or public law to be used for generation and transmission facility construction. Also, certain other funds are restricted by rate orders of the PUC.

At September 30, 2024 and 2023, cash and cash equivalents, certificates of deposit and investments held by trustees and by GPA in these funds and accounts were as follows:

2024	Cash and Cash Equivalents and Certificates of Deposit				Investments	
	Held By Trustees		Held By GPA		Held By Trustees	
	Bond Indenture Funds	PUC Restricted Funds	Unrestricted Funds	Cash Total	Bond Indenture Funds	Total
Construction funds	$ 2,249,393	$ ---	$ ---	$ 2,249,393	$ ---	$ 2,249,393
Interest and principal funds	12,473,874	---	---	12,473,874	15,199,227	27,673,101
Working capital funds	11,083,122	---	---	11,083,122	4,821,263	15,904,385
Bond reserve fund	34,260,606	---	---	34,260,606	13,740,168	48,000,774
Self-insurance fund	---	14,481,151	---	14,481,151	---	14,481,151
Revenue funds	9,054,712	---	---	9,054,712	---	9,054,712
Energy sense fund	---	6,047,165	---	6,047,165	---	6,047,165
Operating funds	---	---	61,701,693	61,701,693	---	61,701,693
Surplus funds	29,379,305	---	---	29,379,305	---	29,379,305
	$98,501,012	$20,528,316	$61,701,693	$180,731,021	$33,760,658	$214,491,679

2023	Cash and Cash Equivalents and Certificates of Deposit				Investments	
	Held By Trustees		Held By GPA		Held By Trustees	
	Bond Indenture Funds	PUC Restricted Funds	Unrestricted Funds	Cash Total	Bond Indenture Funds	Total
Construction funds	$ 2,142,195	$ ---	$ ---	$ 2,142,195	$ ---	$ 2,142,195
Interest and principal funds	11,765,315	---	---	11,765,315	25,700,491	37,465,806
Working capital funds	15,083,122	---	---	15,083,122	4,786,966	19,870,088
Bond reserve fund	34,260,574	---	---	34,260,574	13,742,000	48,002,574
Self-insurance fund	---	11,844,666	---	11,844,666	---	11,844,666
Revenue funds	8,829,442	---	---	8,829,442	---	8,829,442
Energy sense fund	---	5,968,468	---	5,968,468	---	5,968,468
Operating funds	---	---	65,423,593	65,423,593	---	65,423,593
Surplus funds	18,118,977	---	---	18,118,977	---	18,118,977
	$90,199,625	$17,813,134	$65,423,593	$173,436,352	$44,229,457	$217,665,809

2. Cash, Cash Equivalents and Investments, continued

A. Cash and Cash Equivalents, continued

At September 30, 2024 and 2023, the operating funds include the remaining insurance proceeds of $52,787,147 and $51,545,647, respectively, recovered from the Cabras 3 and 4 explosion and fire insurance claims. Of the amount, $40 million has been internally restricted for payment due upon turnover and commercial operation date of the new power plant (see note 9).

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

Custodial credit risk is the risk that in the event of a bank failure, GPA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GPA does not have a deposit policy for custodial credit risk.

As of September 30, 2024 and 2023, the carrying amount of GPA's total cash and cash equivalents and certificates of deposit was $180,731,021 and $173,436,352, respectively, and the corresponding bank balances were $180,734,791 and $174,461,712, respectively. Of the bank balance amount as of September 30, 2024 and 2023, $82,155,868 and $83,202,148, respectively, were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024 and 2023, bank deposits in the amount of $628,626 and $771,415, respectively, were subject to FDIC insurance coverage. GPA does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. At September 30, 2024 and 2023, $81,527,342 and $82,430,733, respectively, of cash and cash equivalents and certificates of deposit were subject to custodial credit risk. GPA has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits. Bank balances as of September 30, 2024 and 2023 also include $98,513,280 and $90,199,625, respectively, representing cash and cash equivalents and certificates of deposit held and administered by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures.

2. Cash, Cash Equivalents and Investments, continued

B. Investments

As of September 30, 2024, GPA's investments were as follows:

	Amount	Maturity	S&P or Moody's Rating
Current:			
Investments held by trustee – restricted:			
Bond Reserve Fund:			
Toyota Motor Corporation (commercial paper)	$13,740,168	Less than 1 year	P-1
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	4,821,263	Less than 1 year	Not rated
	$18,561,431		
Noncurrent:			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	$15,199,227	More than 10 years	Aa3

As of September 30, 2023, GPA's investments were as follows:

	Amount	Maturity	S&P or Moody's Rating
Current:			
Investments held by trustee – restricted:			
Bond Reserve Fund:			
Societe Generale (commercial paper)	$13,742,000	Less than 1 year	P-1
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	4,786,966	Less than 1 year	Not rated
	$18,528,966		
Noncurrent:			
Investments held by trustee - restricted:			
Bond Fund:			
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	$ 25,700,491	More than 10 years	Aa3

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, GPA will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GPA's investments are held and administered by trustees in accordance with various trust agreements and bond indentures.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

2. Cash, Cash Equivalents and Investments, continued

B. Investments, continued

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investment in any one issuer that represents five percent (5%) or more of total investments. As of September 30, 2024 and 2023, each of GPA's investments exceeded 5% of total investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. Maturities of investments in certain funds are limited to five years to limit interest rate risk. Maturities of investments in all funds may not be later than the dates that such moneys are expected to be required by the trustees.

GPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2024 and 2023, investments in Federated Government Ultrashort Duration Fund (mutual fund) are valued using Level 1 inputs.

3. Accounts Receivables, net

Accounts receivable at September 30, 2024 and 2023 were summarized as follows:

	2024	2023
Customers:		
Private	$31,065,176	$33,288,066
Government	13,963,330	11,354,787
	45,028,506	44,642,853
U.S. Government – Navy (Note 8)	3,870,937	4,637,865
U.S. Government – grants	859,835	1,062,102
Others	6,834,577	9,247,633
	56,593,855	59,590,453
Allowance for doubtful receivables	(7,891,908)	(6,678,172)
	$48,701,947	$52,912,281

Unbilled accounts receivable included in the accounts receivable – private customers amounted to $11,985,627 and $11,346,806 as at September 30, 2024 and 2023, respectively.

Substantially all of GPA's customer accounts receivable are from individuals, companies and government agencies based in Guam. Concentrations largely result from accounts receivable from GovGuam agencies and the U.S. Navy. Management assesses the risk of loss and provides for an allowance for doubtful accounts to compensate for known and estimated credit risks.

4. Pensions

GPA is statutorily responsible for providing pension benefits for GPA employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS) Plan. The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of public corporations of GovGuam, which include GPA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018, are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB Plan and DCRS Plan who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF’s website.

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

4. Pensions, continued

A. General Information About the Pension Plans, continued

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,300 and $2,200 for 2024 and 2023, respectively. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

4. Pensions, continued

A. General Information About the Pension Plans, Continued

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced by ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions and Funding Policy: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GPA are established and may be amended by the GGRF.

The Authority's statutory contribution rates were 29.43% and 28.43% for the years ended September 30, 2024 and 2023, respectively. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2024 and 2023.

GPA's contributions to the DB Plan for the years ended September 30, 2024 and 2023 were $5,540,278 and $4,440,890, respectively, which were equal to the statutorily required contributions for the respective years then ended.

GPA's contributions to the supplemental annuity benefit payments and the COLA payments for the years ended September 30, 2024 and 2023 were $1,421,213 and $1,400,822, respectively, which were equal to the statutorily required contributions for the respective years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2024 and 2023 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

4. Pensions, continued

A. General Information About the Pension Plans, Continued

GPA's contributions to the DCRS Plan for the years ended September 30, 2024 and 2023 were $2,873,580 and $2,971,836, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts $2,267,278 and $2,323,635 were or will be contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2024 and 2023, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: At September 30, 2024 and 2023, GPA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2024 and 2023, respectively, which is comprised of the following:

	2024	2023
Defined Benefit Plan	$64,653,895	$75,169,330
Ad Hoc COLA/supplemental annuity Plan for DB retirees	14,686,538	13,566,656
Ad Hoc COLA Plan for DCRS retirees	3,588,409	2,799,193
	$82,928,842	$91,535,179

GPA's proportion of the GovGuam net pension liabilities was based on GPA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2024 and 2023, GPA's proportionate shares of the GovGuam net pension liabilities were as follows:

	2024	2023
Defined Benefit Plan	4.63%	5.06%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	5.46%	5.29%
Ad Hoc COLA Plan for DCRS retirees	4.58%	4.65%

Pension Expense: For the years ended September 30, 2024 and 2023, GPA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	2024	2023
Defined Benefit Plan	$ 8,136,630	$6,568,888
Ad Hoc COLA/supplemental annuity Plan for DB retirees	1,734,114	411,366
Ad Hoc COLA Plan for DCRS retirees	643,262	176,633
	$10,514,006	$7,156,887

4. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Deferred Outflows and Inflows of Resources: At September 30, 2024 and 2023, GPA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2024					
	Supplemental Annuity Defined Benefit Plan		Ad Hoc COLA Plan for DB Retirees		Ad Hoc COLA/ Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 663,865	$ 727,256	$ ---	$ 594,812	$ 351,570	$ 46,164
Net difference between projected and actual earnings on pension plan investments	8,414,611	---	---	---	---	---
Changes of assumptions	---	390,175	224,998	748,253	694,718	635,270
Contributions subsequent to the measurement date	7,807,555	---	1,267,113	---	154,100	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	---	4,108,662	468,074	---	88,462	575,712
	$16,886,031	$5,226,093	$1,960,185	$1,343,065	$1,288,850	$1,257,146

	September 30, 2023					
	Supplemental Annuity Defined Benefit Plan		Ad Hoc COLA Plan for DB Retirees		Ad Hoc COLA/ Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,457,316	$ 201,008	$ ---	$ 115,945	$ 346,186	$ 55,441
Net difference between projected and actual earnings on pension plan investments	16,940,585	---	---	---	---	---
Changes of assumptions	---	---	22,144	1,472,085	582,033	749,807
Contributions subsequent to the measurement date	6,764,525	---	1,262,222	---	138,600	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	---	2,539,930	285,569	7,403	100,905	630,826
	$25,162,426	$2,740,938	$1,569,935	$1,595,433	$1,167,724	$1,436,074

4. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2024 will be recognized in pension (expense) income as follows:

Year Ending September 30,	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCR Retirees	Total
2025	$ 718,628	$(714,720)	$ 13,205	$ 17,113
2026	(464,203)	64,727	13,204	(386,272)
2027	4,330,627	---	13,205	4,343,832
2028	(732,669)	---	16,824	(715,845)
2029	---	---	12,408	12,408
Thereafter	---	---	(191,243)	(191,243)
	$3,852,383	$(649,993)	$(122,397)	$3,079,993

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	DB Plan: 50% of employees will retire when first eligible for unreduced retirement, thereafter, 20% of employees will retire at each year until age 75; DC Plan: 5% per year from age 55 to 64, 10% per year from age 65 to age 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

4. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	26.0%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.5%	8.73%	0.64%
Global Infrastructure	2.0%	8.20%	0.16%
Expected arithmetic mean (1 year)			7.66%
Expected geometric mean (30 years)			6.94%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments was 4.09%, which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GPA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$79,402,552	$64,653,895	$52,028,888

4. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
Net Pension Liability	$16,024,158	$14,686,538	$13,518,311

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
Net Pension Liability	$4,049,946	$3,588,409	$3,198,157

C. Payables to the Pension Plans

As of September 30, 2024 and 2023, GPA has no payables to GGRF relating to unremitted statutorily required contributions.

5. Other Post-Employment Benefits (OPEB)

GPA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

5. Other Post-Employment Benefits (OPEB), continued

A. General Information About the OPEB Plan

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2024 and 2023, GPA reimbursed GovGuam $3,807,487 and $3,246,043, respectively, for its share of the costs of the above mentioned Plan, which were equal to the statutorily required contributions.

B. Total OPEB Liability

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2024	September 30, 2023
Measurement date:	September 30, 2023	September 30, 2022
Valuation date:	September 30, 2022	September 30, 2022

Total OPEB liability as of September 30, 2024 and 2023 is $154,610,401 and $130,691,710, respectively.

5. Other Post-Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.50%
Healthcare cost trend rate:	For non-Medicare claims, 8% for FY2023, then 26% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For Medicare claims, 8% for FY2023, then 14% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For both Medicare and non-Medicare retiree contributions, 8% for FY2023, then 0% for FY2024 and 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Healthy retiree mortality rates:	Head-count weighted PUB-2010 Table, set forward 4 years and 2 years for males and females, respectively, projected generationally using 50% of MP-2020.
Disabled retiree mortality rates:	PUB-2010 Disabled Retiree Amount Weighted mortality table set forward 4 years and 2 years for males and females, respectively, using 130% of the rates before age 80 and projected generationally from 2010 using 50% of mortality improvement scale MP-2020.

5. Other Post-Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09% and 4.02% as of September 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, tax-exempt, high quality municipal bond rate at each year was applied respectively to all periods to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position: An OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

C. Changes in the Total OPEB Liability

Discount Rate Sensitivity Analysis: The following schedule shows the impact on the OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.09%) in measuring the OPEB liability.

	1% Decrease in Discount Rate 3.09%	Current Discount Rate 4.09%	1% Increase in Discount Rate 5.09%
OPEB Liability	$179,217,787	$154,610,401	$134,640,345

Healthcare Cost Trend Rate Sensitivity Analysis: The following schedule presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact on the OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the current healthcare cost trend rate used in measuring the OPEB liability.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Liability	$131,589,983	$154,610,401	$184,089,057

5. Other Post-Employment Benefits (OPEB), continued

D. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended September 30, 2024 and 2023, GPA recognized OPEB expense of $6,611,256 and $3,058,744, respectively, for its proportionate share of the GovGuam total OPEB expense. At September 30, 2024 and 2023, GPA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 5,224,425	$29,624,964	$12,119,451	$42,913,384
Difference between expected and actual experience	23,656,719	6,529,583	10,192,069	6,009,834
Contributions subsequent to the measurement date	3,807,487	---	3,246,043	---
Changes in proportion and difference between GPA contributions and proportionate share of contributions	143,523	13,715,998	1,234,321	16,049,614
	$32,832,154	$49,870,545	$26,791,884	$64,972,832

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (expense) income as follows:

Year Ending September 30,	
2025	$(2,805,912)
2026	(5,295,479)
2027	(4,556,601)
2028	(5,321,911)
2029	(5,321,911)
Thereafter	2,455,937
	$(20,845,877)

6. Noncurrent Liabilities

A. Long-term Debt

Long-term debt as at September 30, 2024 and 2023 are as follows:

	2024	2023
2024 Series Revenue Refunding Bonds, initial face value of $54,830,000 interest at 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $1,810,000 in October 2025, increasing to a final payment of $3,460,000 in October 2045.	$ 54,830,000	$ ---
2022 Series Revenue Refunding Bonds, initial face value of $257,570,000 interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $5,740,000 in October 2022, increasing to a final payment of $21,940,000 in October 2044.	232,955,000	251,830,000
2017 Series Revenue Refunding Bonds, initial face value of $148,670,000, interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $135,000 in October 2018, increasing to a final payment of $16,800,000 in October 2040.	143,990,000	148,040,000
2014 Series Senior Revenue Bonds, initial face value of $76,470,000, interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $1,310,000 in October 2017, increasing to a final payment of $1,080,000 in October 2045.	6,845,000	67,550,000
Total long-term debt	438,620,000	467,420,000
Less current maturities	(15,855,000)	(24,680,000)
	422,765,000	442,740,000
Add premium on bonds	34,630,893	34,876,271
Total bonds	$ 457,395,893	$ 477,616,271

6. Noncurrent Liabilities, continued

A. Long-term Debt , continued

Proceeds of the 2014 Series Revenue Bonds were used to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, make a deposit to the Senior Bond Reserve Fund, provide capitalized interest through September 30, 2017, and pay costs of issuance.

Proceeds of the 2017 Series Revenue Refunding Bonds were used to refund GPA’s 2010 Series Senior Revenue Bonds and to pay costs of issuance. The 2010 Series Senior Revenue Bonds were used to finance capital projects, generally consisting of a new administration building and various generation, transmission and distribution facilities, make a deposit to the Bond Reserve Fund, provide capitalized interest, and pay costs of issuance.

Proceeds of the 2022 Series Revenue Refunding Bonds were used to refund GPA’s 2012 Series Senior Revenue Bonds and to pay costs of issuance. The 2012 Series Senior Revenue Bonds were used to refund GPA’s 1993 and 1999 Senior Bonds.

Proceeds of the 2024 Series Revenue Refunding Bonds were used to refund portion of GPA’s 2014 Series Senior Revenue Bonds and to pay costs of issuance of the 2024 Senior Bonds and the refunding of 2014 Senior Bonds.

All gross revenues have been pledged to repay the bonds principal and interest. For the years ended September 30, 2024 and 2023, the debt service for the series bonds were $25,889,282 and $27,809,983, respectively, or approximately 4.7% and 5.0% of pledged gross revenues, respectively.

Premium associated with the bonds as at September 30, 2024 and 2023 are being amortized on the effective interest method over the life of the applicable debt.

As of September 30, 2024, future maturities of long-term debt are as follows:

Year Ending September 30,	Principal	Interest	Total Debt Service
2025	$ 15,855,000	$ 20,090,813	$ 35,945,813
2026	16,525,000	20,675,125	37,200,125
2027	17,350,000	19,828,250	37,178,250
2028	18,220,000	18,939,000	37,159,000
2029	19,130,000	18,005,250	37,135,250
2030 through 2034	110,985,000	74,302,875	185,287,875
2035 through 2039	99,315,000	46,977,375	146,292,375
2040 through 2044	114,760,000	21,346,650	136,106,650
2045	26,480,000	656,600	27,136,600
	$438,620,000	$240,821,938	$679,441,938

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding

In October 2012, GPA refunded its 1993 and 1999 Series bonds through the issuance of the 2012 Series bonds. At the time of refunding, the 1993 and 1999 Series bonds had principal balances outstanding of $56,370,000 and $299,680,000, respectively. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 1993 and 1999 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 1993 and 1999 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling $17,283,801 representing the difference between the reacquisition price and the carrying amount of the 1993 and 1999 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by $16,506,398 over the next twenty years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of $27,940,966.

In December 2017, GPA refunded its 2010 Series bonds through the issuance of the 2017 Series bonds. At the time of refunding, the 2010 Series bonds had a principal balance outstanding of $150,440,000. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held uninvested as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 2010 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 2010 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling $18,390,430 representing the difference between the reacquisition price and the carrying amount of the 2010 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by $11,528,439 over the next twenty-two years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of $7,773,490.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding, continued

In July 2022, GPA refunded its 2012 Series bonds through the issuance of the 2022 Series bonds. At the time of refunding, the 2012 Series bonds had a principal balance outstanding of $285,795,000. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held uninvested as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 2012 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 2012 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling $2,224,524 representing the difference between the reacquisition price and the carrying amount of the 2012 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by $43,135,796 over the next twenty-three years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of $5,772,263.

In July 2024, GPA refunded portion of its 2014 Series bonds through the issuance of the 2024 Series bonds. At the time of refunding, the 2014 Series bonds had a principal balance outstanding of $58,950,000. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held uninvested as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 2014 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the portions of the 2014 bonds were removed from GPA's financial statements. The advance refunding resulted in a gain on defeasance totaling $2,583,926 representing the difference between the reacquisition price and the carrying amount of the 2014 bonds. The advance refunding resulted an economic gain (difference between the present values of the old debt and the new debt service payments) of $4,619,292.

The loss on refunding of the bonds is being amortized using the effective interest method over the average remaining life of the old bonds which approximated the average life of the new bonds. As of September 30, 2024 and 2023, the net unamortized balance of the loss on refunding amounted to $9,780,478 and $13,523,731, respectively.

At September 30, 2024 and 2023, bonds outstanding amounting to $594,765,000 and $535,815,000, respectively, were considered defeased.

All of GPA’s outstanding bonds are public offerings sold through competitive sale. GPA has no direct borrowings.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Debt Refunding, continued

Changes in GPA's long-term debt for the years ended September 30, 2024 and 2023 are as follows:

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
Long-term debt:					
2014 Series Senior bonds	$ 67,550,000	$ ---	$ (60,705,000)	$ 6,845,000	$ 1,845,000
2017 Series Senior bonds	148,040,000	---	(4,050,000)	143,990,000	4,245,000
2022 Series Senior bonds	251,830,000	---	(18,875,000)	232,955,000	9,765,000
2024 Series Senior bonds	---	54,830,000	---	54,830,000	---
Unamortized premium on bonds	34,876,271	---	(245,378)	34,630,893	---
	$502,296,271	$ 54,830,000	$ (83,875,378)	$473,250,893	$15,855,000

	Outstanding October 1, 2022	Increases	Decreases	Outstanding September 30, 2023	Current
Long-term debt:					
2014 Series Senior bonds	$69,225,000	$ ---	$(1,675,000)	$ 67,550,000	$ 1,755,000
2017 Series Senior bonds	148,355,000	---	(315,000)	148,040,000	4,050,000
2022 Series Senior bonds	257,570,000	---	(5,740,000)	251,830,000	18,875,000
Unamortized premium on bonds	36,453,798	---	(1,577,527)	34,876,271	---
	$511,603,798	$ ---	$(9,307,527)	$502,296,271	$24,680,000

Bond Covenants

The Indenture, dated December 1, 1992, as subsequently amended and supplemented by Supplemental Indentures, sets forth the establishment of accounts, the application of revenues, and certain other covenants to ensure payment of debt service. Management believes GPA was in compliance with all bond covenants as of and for the years ended September 30, 2024 and 2023.

The primary requirements of the Indenture are summarized below:

Rate Covenant - GPA has covenanted to at all times to establish, fix, prescribe and collect rates and charges for the sale or use of electric energy produced, transmitted, distributed or furnished from the system so as to yield, with respect to the then immediately following twelve months, net revenues equal to at least 1.30 times of the annual debt service. Net revenues are defined as all revenues received during the period less maintenance and operation expenses incurred during such period.

6. Noncurrent Liabilities, continued

A. Long-term Debt, continued

Bond Covenants, continued

Revenue Fund – The Indenture requires GPA to deposit all revenues upon receipt in the revenue fund. Amounts in the revenue fund are to be used to pay budgeted maintenance and operation expenses and transfer the remaining moneys to different fund accounts.

Working Capital Requirement – Working capital refers to the amount of cash GPA maintains at any given time to pay for its operations. GPA must maintain a balance in such account equal to one-twelfth of the budgeted maintenance and operation expenses for the then current fiscal year.

Bond Fund - the Indenture created the Bond Fund solely for the purposes of: (1) paying interest on the Senior Bonds when due and payable; (2) paying principal of the Serial Senior Bonds when due and payable; and (3) purchasing and redeeming or paying at maturity the Term Senior Bonds.

Bond Reserve Fund - the Indenture created a Bond Reserve Fund available for the purpose of paying debt service on Bonds in the event of a deficiency in the Bond Fund. GPA is required to maintain an amount within the Bond Reserve Fund equal to the maximum annual debt service for the then current or future fiscal year on all outstanding bonds.

Events of default with finance related consequences - the Indenture specifies a number of Events of Default and related remedies. In the event that the amount in any Fund or Account is insufficient for the purposes for which such Fund or Account was established, the Trustee shall transfer such amount as is necessary to satisfy such deficiency. If an event of default continues, the Trustee is entitled, and if requested to do so by the Bondholders, to declare the principal and accrued interest to be due and payable immediately upon notice in writing to GPA.

Acceleration - the remedies granted to the Trustee and the Bondholders under the Indenture do not include any right to accelerate the payment of the outstanding bonds. The Trustee is authorized to take certain actions upon the occurrence of an event of default, including proceedings to enforce the rights of Bondholders as outlined in the Indenture.

6. Noncurrent Liabilities, continued

B. Other Long-term Liabilities

Changes in other long-term liabilities in fiscal years 2024 and 2023 were as follows:

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
Others:					
DCRS sick leave liability	$ 1,695,518	$ 601,061	$ ---	$ 2,296,579	$ ---
Employees' annual leave	3,575,906	459,476	---	4,035,382	2,312,065
Lease liabilities	11,705,683	---	(4,922,203)	6,783,480	4,802,469
Net pension liability	91,535,179	---	(8,606,337)	82,928,842	---
OPEB liability	130,691,710	23,918,691	---	154,610,401	---
Customer advances for construction	674,124	46,990	---	721,114	---
	$239,878,120	$25,026,218	$(13,528,540)	$251,375,798	$ 7,114,534

	Outstanding October 1, 2022	Increases	Decreases	Outstanding September 30, 2023	Current
Others:					
DCRS sick leave liability	$ 1,695,518	$ ---	$ ---	$ 1,695,518	$ ---
Employees' annual leave	3,559,503	16,403	---	3,575,906	1,852,589
Lease liabilities	17,115,653	---	(5,409,970)	11,705,683	4,922,204
Net pension liability	70,467,715	21,067,464	---	91,535,179	---
OPEB liability	174,910,068	---	(44,218,358)	130,691,710	---
Customer advances for construction	541,501	132,623	---	674,124	---
	$268,289,958	$21,216,490	$(49,628,328)	$239,878,120	$6,774,793

7. Leases

Leased assets at September 30, 2024 consists of the following:

Lease Description	Classification	Gross Balance	Accumulated Amortization	Net Balance
Fuel Storage	Fuel Storage	$19,870,827	$13,365,577	$ 6,505,250
Ground lease	Land	563,486	281,743	281,743
Copier equipment	Equipment	401,779	401,779	---
Office building	Building	279,104	182,686	96,418
		$21,115,196	$14,231,785	$ 6,883,411

Leased assets at September 30, 2023 consists of the following:

Lease Description	Classification	Gross Balance	Accumulated Amortization	Net Balance
Fuel Storage	Fuel Storage	$19,870,827	$8,598,016	$11,272,811
Ground lease	Land	563,486	187,829	375,657
Copier equipment	Equipment	401,779	301,334	100,445
Office building	Building	279,104	121,791	157,313
		$21,115,196	$9,208,970	$11,906,226

7. Leases, continued

The following represent significant leases included in the fuel storage category:

- A lease agreement for fuel storage tanks effective September 1, 2013. The contract includes fixed annual fees escalating 4% every year until August 31, 2022. In July 2022, the lease was extended until August 2025.

- A lease agreement for the use of pipelines effective September 1, 2013. The contract includes fixed annual fees escalating at a certain percentage every year until August 31, 2022. In July 2022, the lease was extended until August 2025.

- A lease agreement for additional fuel storage tank effective January 1, 2018. The contract includes fixed annual fees every year until December 31, 2022. In December 2022, the lease was then extended until May 2024. In May 2024, GPA exercised the option to extend the lease term until June 2026.

- A lease agreement for additional fuel storage tank effective July 1, 2022. The contract includes fixed annual fees every year until June 30, 2023. In December 2022, the lease was extended until June 2024. In May 2024, GPA exercised the option to extend the lease term until June 2026.

The future lease payments for the aforementioned agreements are as follows:

Year ending September 30,	Principal	Interest	Total
2025	$4,802,469	$100,578	$4,903,047
2026	1,880,763	22,437	1,903,200
2027	100,248	1,992	102,240
	$6,783,480	$125,007	$6,908,487

8. Agreements with the U.S. Navy

On September 15, 1996, a lease agreement was entered into between GPA and the U.S. Navy (Navy) to transfer to GPA the operations, maintenance, and custody of certain Navy-owned electrical transmission and distribution lines, electric power generation facilities, related structures and equipment, together with the associated land interest. The facilities are leased to GPA at no cost for a period of 50 years.

8. Agreements with the U.S. Navy, continued

On August 1, 2012, GPA and the Navy entered into a Utility Services Contract (USC) for a period of ten years, unless terminated early at the option of the Navy, with no option for extension. Key features of the USC include transfer of certain Navy facilities to GPA at no charge, calculation of power rates charged to the Navy in accordance with the methodology approved by the PUC, GPA's continued use of the Navy's assets and associated real estate assets at no charge, compensation by GPA to the Navy for energy supplied to GPA's customers from Navy dedicated facilities, weekly fuel payments by the Navy, supply of water to Guam Waterworks Authority (GWA) by the Navy for power generation facilities, maintenance of a minimum contract demand with no maximum demand provision, and payment within fifteen days of electric billing by the Navy, subject to late payment charges. During the years ended September 30, 2024 and 2023, GPA billed the Navy $95,580,987 and $90,867,260, respectively, for sales of electricity under the USC. Receivables from the Navy were $3,870,937 and $4,637,865 as at September 30, 2024 and 2023, respectively.

On August 31, 2015, GPA and the Navy entered into a Basic Ordering Agreement (BOA) which enumerates task items that are to be contracted to identify, develop and/or implement work on Navy facilities and utility systems. The tasks are generally related to energy services including renewable energy and energy efficiency. The period during which the orders may be placed against the BOA may not exceed five years. On August 26, 2020, GPA and the Navy executed their first task under the BOA. However, no costs have been incurred as of September 30, 2024.

On September 12, 2016, GPA and the Navy entered into a lease agreement to lease a portion of the land controlled by the Navy to construct and operate a renewable energy plant. The lease will not be effective until GPA secures the renewable energy contract. No lease payment is due or accruing until then.

9. Commitments and Contingencies

Fuel Purchase Contracts

In November 2019, GPA entered into diesel fuel supply contracts with IP&E Guam, Inc. and Mobil Oil Guam, Inc. The agreements are for two years beginning January 1, 2020 with an option to extend for three years, renewable annually. GPA extended the contracts until December 31, 2024.

In September 2020, GPA entered into residual fuel oil (RFO) supply contract with Hyundai Corporation. The agreement is for three years commencing on or about September 1, 2020 until August 31, 2023 with the options to extend for two (2) additional one (1) year terms, upon mutual agreement of both parties. In March 2024, both parties amended the second one-year term extension, extending the contract for two years, with the Fuel Purchase Contract expiring on August 31, 2026. The minimum purchase under the contract is 1,000,000 barrels per year of Ultra-Low Sulfur Fuel Oil.

9. Commitments and Contingencies, continued

Fuel Purchase Contracts, continued

In February 2024, GPA entered into a bulk supply contract for diesel fuel with Hyundai Corporation. The agreement is for three years commencing on or about February 6, 2024 and continuing until February 5, 2027 with options to extend for two (2) additional one (1) year terms, upon mutual agreement of both parties.

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, for a period of five years with an option to extend for another five-year term, which expired on September 2020. Fees under the PMC are subject to certain incentives and penalties, as agreed by both parties. On July 30, 2020, the Guam PUC approved GPA's petition to award the bid to Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES) for the base period total cost of $9,969,188 for three years with an option to extend up to two additional one-year terms. The second one-year term extension was exercised, extending the contract until September 30, 2025. The minimum payment for the year ending September 30, 2025 approximated $2,773,220.

GPA entered into a PMC for the Dededo, Macheche and Yigo combustion turbine power plants for a period of five years commencing on March 1, 2016 with options to extend for one additional three-year term and one additional two-year term. The fees are subject to certain incentives and penalties, as agreed by both parties. The first three-year term extension was exercised and the PMC is expiring on February 28, 2026.

Year Ending September 30,	Amount
2025	$3,633,854
2026	363,003
	$3,996,857

9. Commitments and Contingencies, continued

Fuel Bulk Storage Facility Contract

In September 2023, GPA entered into an agreement for the management and operation of its fuel bulk storage facility. The agreement is for three years, to take effect October 1, 2023 until September 30, 2026, with an option to extend the contract for two additional one-year terms.

Renewable Energy Contracts

GPA entered into two renewable energy purchase agreements to purchase 20 MW and 5.65 MW of solar renewable energy. The commercial operation date of the two solar plants was October 30, 2015. The agreements include escalating contract prices per MW hour until 2041 and 90% minimum production which is the minimum requirement per contract year that is to be met to avoid production shortfall penalties. The total minimum renewable energy purchase commitment is 1.1 million MW hours.

In August 2018, GPA executed three renewable energy purchase agreements to purchase a total of 120 MW of solar renewable energy. The 60 MW Solar Project under KEPCO commenced operations in June 2022 until 2047. The agreement includes escalating contract prices per MW hour until 2047 and 90% minimum production which is the minimum requirement per contract year that is to be met to avoid production shortfall penalties. The total minimum renewable energy purchase commitment is 3.1 million MW hours. The other remaining 60MW project was terminated in March 2025.

At September 30, 2024, the minimum future renewable energy purchases are as follows:

Year Ending September 30,	Amount
2025	$ 20,784,159
2026	20,883,476
2027	20,942,081
2028	20,988,248
2029	21,054,053
2030 through 2034	106,064,403
2035 through 2039	108,138,665
2040 through 2044	72,879,096
2045 through 2047	34,014,167
	$425,748,348

9. Commitments and Contingencies, continued

Energy Conversion Agreement

In January 2019, ownership of a power plant under an energy conversion agreement was transferred to GPA. GPA entered into an agreement with the same company to continue to manage and operate the power plant for a period of five years. In March 2023, an amendment was made to extend the management until January 2029. The operation and maintenance fees are calculated based on factors stated in the agreement and paid on a monthly basis. GPA also pays a monthly recapitalization fee of $305,265 consisting of payments for capital and performance improvement projects, operations and maintenance fees, 4% cost of money and 10% contingency. The total recapitalization fees paid during each of the years ended September 30, 2024 and 2023 were $959,400 and $3,663,180, of which $466,972 and $4,817,674, respectively, were prepaid. Of the total amount, $5,310,103 and $3,249,069 was for capital projects which were recorded in utility plant assets for the years ended September 30, 2024 and 2023, respectively. The remaining amount was unspent and is included in prepaid expenses and other current assets in the accompanying statements of net position as of September 30, 2024 and 2023.

As amended, effective January 30, 2024, the recapitalization fees clause was deleted in its entirety and the related prepaid expenses and other current assets and liabilities reversed in the accompanying statement of net position.

In November 2019, GPA entered into a 25-year energy conversion agreement with Guam Ukudu Power LLC (Ukudu) under which, GPA is contracted to purchase all of the capacity and output from the power plant facility to be constructed. In addition, GPA shall pay Ukudu $40 million on the operation date which is anticipated to be by September 30, 2025. 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.

Capital Commitments

As of September 30, 2024, GPA has various on-going construction contracts with a total contract price of $10.2 million, of which $8.8 million is recorded in construction work in progress.

Self-Insurance

GPA self-insures its transmission and distribution (T&D) plant, because no insurance is available at reasonable rates.

As the result of a PUC Order, GPA adds an insurance charge of $0.00290 per kWh for civilian ratepayers and from $0.00035 per kWh to $0.00070 per kWh for the Navy until a self-insurance fund balance of $20 million is achieved. Insurance charge proceeds are transferred to the restricted self-insurance fund to be used to cover losses that would normally be covered by insurance. GPA is not prohibited from petitioning PUC for approval to use the self-insurance fund for additional purposes to the extent that such losses are not covered by insurance.

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9. Commitments and Contingencies, continued

Self-Insurance, continued

In 2015, GPA reached the $20 million self-insurance cap and the insurance surcharge was discontinued.

In July 2021, CCU approved a $10 million drawdown from the self-insurance used for partial settlement of fuel cost, resulting in the fund balance to fall to less than $18 million, which is the threshold for surcharge reactivation. The insurance surcharge was reactivated effective August 1, 2021

The self-insurance fund, included in restricted cash and cash equivalents held by GPA, was $14,481,151 and $11,844,666 as at September 30, 2024 and 2023, respectively, and is included in the cash and cash equivalent – restricted in the accompanying statements of net position.

Litigation

GPA has several asserted and unasserted claims outstanding as of September 30, 2024. It is not possible for the management of GPA to estimate the ultimate resolution of these matters and therefore, no provision for any liability that may result from these claims has been made in the accompanying financial statements.

U.S. Environmental Protection Agency

On May 24, 1986, the administrator of the U.S. Environmental Protection Agency (EPA) granted a continuing exemption to GPA under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption.

In February 2011, EPA, under the Clean Air Act, established new rules under National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine Maximum Achievable Control Technology (RICE MACT). These rules require stack emissions control and continuous monitoring system equipment to be installed on all GPA peaking and baseload diesel generators including its Cabras 3 and 4 and MEC 8 and 9 slow speed diesel units. Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of $37,500 per unit per day. GPA applied for and received a one-year extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period. The Cabras 3 and 4 power plants are no longer subject to compliance due to an explosion and fire in August 2015.

EPA also established rules for Electric Generating Unit Maximum Achievable Control Technology (EGU MACT) which applies to Cabras 1 and 2 and Tanguisson steam boiler units. Compliance under the EGU MACT was required by April 2015. Non-compliance could result in penalty fees of $37,500 per unit per day. GPA obtained PUC approval to early terminate the associated energy conversion agreement of the Tanguisson unit. By deactivating the Tanguisson unit, GPA did not incur compliance costs for this unit.

9. Commitments and Contingencies, continued

U.S. Environmental Protection Agency, continued

As to compliance with the other units subjected to RICE MACT and EGU MACT, GPA and EPA entered into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In early February 2020, EPA and GPA signed the consent decree. The US District Court approved the consent decree on April 20, 2020 and this approval shall constitute the final judgement to GPA. Due to the COVID-19 pandemic, GPA encountered delays in completing some of the objectives set forth in the consent decree. On January 14, 2022, the US District Court approved certain modifications of the consent decree most of which pertain to the schedules for implementing the injunctive relief required by the decree. The consent decree requires monetary penalties for not accomplishing the various objectives by the required dates. Some of the objectives of the consent decree follow:

a. permanently retire Cabras 1 and 2 units by October 31, 2024.
b. bring the MEC 8 and 9 units into compliance by switching from residual fuel oil to ultra-low sulfur diesel oil and installing oxidation catalysts by July 31, 2022.
c. construct a new power plant that will comply with the requirements of Clean Air Act to be activated by April 30, 2024.
d. pay a sum of $400,000 as a civil penalty. This penalty was settled on May 1, 2020.

Additionally, the timelines for a and c are further delayed due to Typhoon Mawar in May 2023. GPA now anticipates the completion of the new power plant by September 30, 2025 and the permanent retirement of Cabras 1 and 2 units by March 31, 2026. GPA applied to the USEPA for extensions of time to meet these milestones in the consent decree and all of the requests were approved on December 9, 2024.

Hazardous Waste Assessment

Guam Public Law 20-110 requires certain entities to remit payments to a hazardous substance expense fund. There are questions as to the enforceability of the law; accordingly, no provision has been made in the accompanying financial statements for payments to be made under this law. GPA is covered by its self-insurance and worker’s compensation insurance in case of accidents due to hazardous substances.

9. Commitments and Contingencies, continued

Autonomous Agency Collections Fund

On March 31, 2011, GPA received an invoice from the Government of Guam Department of Administration (GovGuam DOA) of $12,250,000 representing an annual assessment of $875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund. In September 2013, GPA received another invoice for $875,000 from the Chamorro Land Trust Commission referring to the same annual assessment aforementioned. There were no invoices received for the year ended September 30, 2024 and 2023. GPA obtained approval from the CCU to offer GovGuam DOA a settlement amount of $2.6 million. However, such settlement offer is conditional on the approval by the PUC of a surcharge to recover the assessment from ratepayers. The PUC has not approved the surcharge as of September 30, 2024 and therefore, no liability or other impact has been recognized in the accompanying financial statements.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of GovGuam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning 1991 but was suspended by law for the years 1996, 2002, 2003 and 2004. Between 1991 and 2008, GPA did not calculate or pay any bonuses. In 2010, the Guam Legislature authorized GPA to implement a Pay for Performance program, similar to the GovGuam unified pay systems for certified, technical and professional positions, covering the evaluation period of 2009. As of September 30, 2024 and 2023, the CCU determined that there was no liability for employees covered in the new pay system. Therefore, no liability has been recognized in the accompanying financial statements.

Integrated Resource Plan

The 2012 developed Integrated Resource Plan (IRP) of GPA was updated in 2022 (2022 IRP). The objectives of the Authority’s 2022 IRP includes identifying the timing, size and technology of future power generating units and addressing issues such as fuel diversification and the renewable portfolio standards. More specifically, the 2022 IRP is focused on (1) transitioning the Authority’s fuel supply from residual fuel oils to ULSD and LNG by building new facilities fueled by ULSD and/or LNG and retrofitting existing facilities to be fueled by ULSD, and (2) retiring facilities that are operating beyond their expected useful life.

In August 2015, GPA lost 78 MW of base load capacity and experienced insufficient generation reserve after the explosion and fire at the Cabras 4 Power Plant. The PUC ordered GPA to update the IRP in consideration of this event. The results of the updated IRP indicated that GPA should procure up to 180 MW of combined cycle units. In October 2016, the PUC authorized GPA to proceed with procurement and in October 2019, the PUC approved the energy conversion agreement for a 198 MW power plant build, own/operate and transfer contract. The PUC Order, however, does not include the authorization or approval for any use of LNG as a fuel source for the new plant.

9. Commitments and Contingencies, continued

Asset Retirement Obligation

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, 2023, 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 accompanying financial statements.

Effect of Typhoon Mawar

On May 24, 2023, the island of Guam suffered severe damages caused by super typhoon Mawar. GPA performed its damage assessment processes, and its submission of application to the Federal Emergency Agency (FEMA) for potential funding to cover eligible items is ongoing. As of the date of this report, the application is still pending review and approval by FEMA. During the years ended September 30, 2024 and 2023, approximately $5,696,000 and $17,081,000 in repair and other costs due to damages from typhoon Mawar is included as a component of other expense, net in the accompanying statements of revenues, expenses and changes in net position.

Aggreko Temporary Power

In April 2024, GPA commissioned Aggreko to supply GPA with 24 diesel units owned and operated by Aggreko that will provide 20 MW of additional power for two years, beginning mid-July 2024. Aggreko will supply, install, operate and maintain the temporary power services at the Yigo CT site. The CCU and PUC approved the temporary power purchase in January 2024 and February 2024, respectively. The temporary power is anticipated to address energy shortfalls when existing generators are down for maintenance or repair and to address renewable shortfalls during cloudy or rainy weather. During the year ended September 30, 2024 approximately $3,353,000 is included in other production costs in the accompanying statement of revenue, expenses and changes in net position.

10. Related Party Transactions and Balances

During the years ended September 30, 2024 and 2023, GPA billed GovGuam agencies amounting to $70,437,252 and $77,582,680, respectively, for sales of electricity included in the accompanying statements of revenues, expenses and changes in net position. Receivables from GovGuam agencies were $13,963,330 and $11,354,787 as at September 30, 2024 and 2023, respectively (see Note 3), included in the accounts receivable, net in the accompanying statements of net position.

GPA provides electrical and administrative services to GWA, a component unit of the GovGuam, which is also governed by the CCU. Electricity sales to GWA for the years ended September 30, 2024 and 2023 were $21,891,776 and $24,390,789, respectively, for sales of electricity included in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables were $1,912,578 and $1,710,779 as at September 30, 2024 and 2023, respectively, which are included in the GovGuam agencies receivable mentioned above.

10. Related Party Transactions and Balances, continued

On June 23, 2009, GPA and GWA entered into a Memorandum of Understanding (MOU) where each agency agrees to provide administrative, operational, maintenance, repair and other specified services on behalf of the other agency and each will reimburse the other for their actual costs for providing said services. Total billings by GPA to GWA for administrative expenses and cost reimbursements were $272,632 and $120,916 for the years ended September 30, 2024 and 2023, respectively, and is included in miscellaneous revenues in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables totaled $153,172 as of September 2024 are included in accounts receivables, net in the accompanying 2024 statement of net position. No outstanding receivables as at September 30, 2023.

Effective October 1, 2015, GPA and GWA implemented an agreement to share in the costs of the office building commonly occupied by them for an annual cost of $269,170 due from GWA to GPA. GWA also shares in the actual costs incurred for security, janitorial services, building insurance and other maintenance costs. Total billings by GPA to GWA for its share in the costs of the office building were $620,400 and $555,337 for the years ended September 30, 2024 and 2023, respectively, and are included in miscellaneous revenues in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables were $30,382 and $24,158 as at September 30, 2024 and 2023, respectively, and were included in accounts receivables, net in the accompanying statements of net position.

GWA billed GPA for water and sewer charges totaling $2,914,300 and $1,186,554 for the years ended September 30, 2024 and 2023, respectively, and are included in other production expenses in the accompanying statements of revenues, expenses and changes in net position. The amount due to GWA at September 30, 2024 and 2023 was $2,494,554 and $117,259, respectively, which was included in accounts payable - operations in the accompanying statements of net position.

In October 2011, U.S. Federal Emergency Management Agency (FEMA) reimbursed GPA for certain typhoon related costs incurred in 2002 of approximately $1,800,000. The reimbursement was received by GovGuam DOA which plans to offset such amount against billings to GPA related to the Autonomous Agency Collections Fund (see note 9). Due to uncertainty of receipt, GPA has not recorded the reimbursement in the accompanying financial statements.

11. Restricted Net Position

As at September 30, 2024 and 2023, respectively, net position was restricted for the following purposes:

	2024	2023
Debt service	$14,290,754	$23,315,859
Budgeted maintenance and operating expenses	9,054,712	8,829,443
Demand Side Management Program and projects	6,047,165	5,968,468
	$29,392,631	$38,113,770

12. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024 is as follows:

	Estimated Useful Lives in Years	Beginning Balance October 1, 2023	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2024
Depreciable:					
Other production plant	12 - 25	$ 419,518,538	$ 23,708,534	$ ---	$ 443,227,072
Distribution plant	15 - 45	259,478,480	8,578,904	(1,394,552)	266,662,832
Transmission plant	30 - 45	233,379,073	123,306	(175,553)	233,326,826
Steam production plant	25 - 50	130,142,846	90,063	---	130,232,909
General plant	3 - 60	118,060,951	5,029,820	(398,107)	122,692,664
Production plant under capital lease	15 - 40	32,466,516	---	---	32,466,516
		1,193,046,404	37,530,627	(1,968,212)	1,228,608,819
Accumulated depreciation		(768,276,528)	(34,826,790)	1,598,114	(801,505,204)
		424,769,876	2,703,837	(370,098)	427,103,615
Non-depreciable:					
Land and land rights		12,249,830	---	---	12,249,830
Construction work in progress		30,545,275	11,257,288	(19,215,076)	22,587,487
		42,795,105	11,257,288	(19,215,076)	34,837,317
Utility Plant, net		$ 467,564,981	$ 13,961,125	(19,585,174)	$ 461,940,932
Lease assets:					
Cost		$ 21,115,196	$ ---	$ ---	$ 21,115,196
Accumulated amortization		(9,208,970)	(5,022,815)	---	(14,231,785)
Lease assets, net		$ 11,906,226	$(5,022,815)	$ ---	$ 6,883,411

12. Capital Assets, continued

A summary of changes in capital assets for the year ended September 30, 2023 is as follows:

	Estimated Useful Lives in Years	Beginning Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2023
Depreciable:					
Other production plant	12 - 25	$ 413,248,039	$ 6,270,499	$ ---	$ 419,518,538
Distribution plant	15 - 45	256,407,503	4,219,992	(1,149,015)	259,478,480
Transmission plant	30 - 45	233,387,952	166,673	(175,552)	233,379,073
Steam production plant	25 - 50	125,737,862	4,404,984	---	130,142,846
General plant	3 - 60	114,789,226	3,271,725	---	118,060,951
Production plant under capital lease	15 - 40	32,466,516	---	---	32,466,516
		1,176,037,098	18,333,873	(1,324,567)	1,193,046,404
Accumulated depreciation		734,209,291	(35,215,950)	1,149,013	(768,276,528)
		441,827,807	(16,882,077)	(175,554)	424,769,876
Non-depreciable:					
Land and land rights		12,249,830	---	---	12,249,830
Construction work in progress		20,946,680	27,924,897	(18,326,302)	30,545,275
		33,196,510	27,924,897	(18,326,302)	42,795,105
Utility Plant, net		$ 475,024,317	$ 11,042,820	(18,501,856)	$ 467,564,981
Lease assets:					
Cost		$ 21,115,196	$ ---	$ ---	$ 21,115,196
Accumulated amortization		(4,135,933)	(5,073,037)	---	(9,208,970)
Lease assets, net		$ 16,979,263	$(5,073,037)	$ ---	$ 11,906,226

GPA reassessed the estimated useful life of Cabras 1 and 2 based on the expected retirement of these plants when the new power plant becomes operational (see note 9). GPA recorded additional depreciation expense of approximately $1.83 million and $2.08 million during the years ended September 30, 2024 and 2023 due to the revised estimated useful life of these power plants.

Required Supplementary Information

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

Schedule I
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Government of Guam net pension liability	$ 1,396,762,577	$ 1,486,783,582	$ 963,578,517	$ 1,246,336,897	$ 1,214,462,675	$ 1,179,192,550	$ 1,142,249,393	$ 1,368,645,126	$ 1,436,814,230	$ 1,246,306,754
Guam Power Authority's (GPA's) proportionate share of the net pension liability	$ 64,653,895	$ 75,169,330	$ 51,163,877	$ 68,455,958	$ 69,262,940	$ 64,825,399	$ 58,849,896	$ 71,113,926	$ 74,504,797	$ 67,025,973
GPA's proportion of the net pension liability	4.63%	5.06%	5.31%	5.49%	5.70%	5.50%	5.15%	5.20%	5.19%	5.38%
GPA's covered-employee payroll**	$ 27,612,538	$ 28,084,220	$ 28,273,584	$ 28,706,604	$ 29,057,547	$ 28,249,473	$ 26,188,178	$ 26,308,182	$ 26,516,476	$ 27,155,671
GPA's proportionate share of the net pension liability as percentage of its covered employee payroll	234.15%	267.66%	180.96%	238.47%	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%
Plan fiduciary net position as a percentage of the total pension liability	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

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

Schedule II
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees
(Unaudited)

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Government of Guam net pension liability***	$ 268,893,090	$ 256,501,295	$ 308,340,992	$ 321,889,969	$ 324,192,725	$ 289,875,668	$ 288,147,121	$ 229,486,687	$ 235,799,709
Guam Power Authority's (GPA's) proportionate share of the net pension liability	$ 14,686,538	$ 13,566,656	$ 15,888,333	$ 16,611,913	$ 16,449,816	$ 14,132,063	$ 13,986,942	$ 10,942,403	$ 11,002,776
GPA's proportion of the net pension liability	5.46%	5.29%	5.15%	5.16%	5.07%	4.88%	4.85%	4.77%	4.67%
GPA's covered payroll**	$ 32,581,720	$ 29,380,061	$ 27,436,251	$ 26,972,315	$ 25,852,347	$ 25,052,074	$ 24,673,401	$ 24,142,501	$ 23,861,140
GPA's proportionate share of the net pension liability as percentage of its covered payroll	45.08%	46.18%	57.91%	61.59%	63.63%	56.41%	56.69%	45.32%	46.11%

* This data is presented for those years for which information is available.
** Covered payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

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

Schedule III
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

Ad Hoc COLA Plan for DCRS Retirees
(Unaudited)

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017
Total Government of Guam net pension liability***	$ 78,375,419	$ 60,135,991	$ 70,547,850	$ 66,393,472	$ 59,884,407	$ 49,342,424	$ 62,445,490	$ 61,688,067
Guam Power Authority's (GPA's) proportionate share of the net pension liability	$ 3,588,409	$ 2,799,193	$ 3,415,505	$ 3,363,211	$ 3,507,330	$ 2,843,640	$ 3,717,897	$ 3,818,888
GPA's proportion of the net pension liability	4.58%	4.65%	4.84%	5.07%	5.86%	5.76%	5.95%	6.19%
GPA's covered-employee payroll**	$ 15,944,913	$ 14,526,678	$ 13,613,013	$ 13,134,227	$ 13,793,153	$ 15,241,921	$ 22,433,189	$ 22,600,153
GPA's proportionate share of the net pension liability as percentage of its covered employee payroll	22.51%	19.27%	25.09%	25.61%	25.43%	18.66%	16.57%	16.90%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

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

Schedule IV
Required Supplementary Information
Schedule of the Pension Contributions
(Unaudited)

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 6,764,525	$ 6,878,689	$ 6,700,019	$ 6,649,614	$ 6,882,846	$ 7,047,809	$ 6,458,402	$ 6,474,792	$ 6,993,365
Contributions in relation to the statutorily required contribution	6,847,485	6,831,435	6,682,875	6,535,155	6,932,584	7,468,311	6,454,286	6,464,756	6,974,715
Contribution (excess) deficiency	$ (82,960)	$ 47,254	$ 17,144	$ 114,459	$ (49,738)	$ (420,502)	$ 4,116	$ 10,036	$ 18,650
GPA's covered-employee payroll **	$ 27,612,538	$ 28,084,220	$ 28,273,584	$ 28,273,584	$ 29,057,547	$ 29,057,547	$ 28,249,473	$ 26,188,178	$ 26,308,182
Contribution as a percentage of covered-employee payroll	24.80%	24.32%	23.64%	23.11%	23.86%	25.70%	22.85%	24.69%	26.51%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

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

Schedule V
Required Supplementary Information
Schedule of the Proportionate Share of the Total OPEB Liability
(Unaudited)

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability **	$ 2,734,605,674	$ 2,296,447,530	$ 2,771,848,089	$ 2,518,489,145	$ 2,553,523,376	$ 1,874,970,335	$ 2,431,048,672	$ 2,532,753,040
GPA's proportionate share of the total OPEB liability	$ 154,610,401	$ 130,691,710	$ 174,910,068	$ 160,364,667	$ 161,936,073	$ 120,278,683	$ 145,955,861	$ 154,134,007
GPA's proportion of the total OPEB liability	5.65%	5.69%	6.31%	6.37%	7.97%	8.64%	6.00%	6.00%
GPA's covered-employee payroll	$ 30,828,217	$ 30,828,217	$ 40,268,155	$ 31,845,149	$ 31,141,489	$ 29,507,688	$ 25,806,659	$ 25,806,659
GPA's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	501.52%	423.94%	434.36%	503.58%	520.00%	407.62%	565.57%	597.26%

* This data is presented for those years for which information is available.

** No assets accumulated in a trust to pay the benefits.

*** This is a 10-year schedule. However, the information in this schedule is not required to be presented retoactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Note to Required Supplementary Information
(Unaudited)

Year Ended September 30, 2024

Changes of Assumptions – Pension Plans

Amounts reported in the 2023 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2022 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to $6,565,000 per year.

Amounts reported in the 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,439,000 per year.

Amounts reported in the 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,860,000 per year.

Amounts reported in the 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change of assumption for payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expenses reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in the 2016 actuarial valuation reflect a change of assumption for administrative expenses to $6,078,000 per year rather than $5,806,000.

Amounts reported in the 2015 actuarial valuation reflect a change of assumption for payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of expectations for salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change of assumption for valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployement Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary Information and Other Information

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

Schedule of Sales of Electricity
Years Ended September 30, 2024 and 2023

	2024	2023
Commercial	$189,397,474	$191,816,579
Residential	187,362,047	188,414,679
U.S. Navy	95,580,987	90,867,260
Government of Guam	70,437,252	77,582,680
	$542,777,760	$548,681,198
Annual Electric Sales in kWh		
Residential	537,878,244	495,407,459
Commercial	520,896,718	482,372,090
U.S. Navy	321,758,778	291,307,631
Government of Guam	175,817,236	178,514,825
	1,556,350,976	1,447,602,005

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

Schedule of Operating and Maintenance Expenses
Years Ended September 30, 2024 and 2023

	2024	2023
Administrative and General		
Salaries and wages:		
Regular pay	$ 7,269,380	$ 6,242,706
Overtime	258,576	227,074
Premium pay	10,189	8,986
Benefits	4,406,361	3,091,465
Pension adjustment	12,192,592	10,113,605
OPEB adjustment	2,776,134	(1,027,637)
Total salaries and wages	26,913,232	18,656,199
Insurance	9,158,423	8,425,554
Contract	5,833,637	4,797,262
Retiree healthcare and other benefits	4,397,432	1,981,189
Utilities	280,627	1,186,976
Other administrative expenses	285,166	282,876
Travel	306,236	196,583
Miscellaneous	183,632	169,013
Trustee fee	131,242	113,742
Operating supplies	99,213	106,762
Training	198,164	58,642
Office supplies	92,274	43,837
Overhead allocations	64,933	19,301
Lease expense	170,644	(318,133)
Completed work orders	(754,446)	(1,929,331)
Total administrative and general	$47,360,409	$33,790,472
Customer Accounting:		
Salaries and wages:		
Regular pay	$ 2,185,943	$ 2,043,005
Benefits	201,152	178,215
Overtime	22,400	47,296
Premium pay	854	1,200
Total salaries and wages	2,410,349	2,269,716
Collection fee	2,178,935	2,112,497
Demand-side management program	1,581,841	1,564,983
Contracts	444,069	394,727
Communication	308,754	279,708
Office supplies	11,402	6,844
Miscellaneous	126,033	13,747
Total customer accounting	$ 7,061,383	$ 6,642,222

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

Schedule of Operating and Maintenance Expenses, continued

	2024	2023
Fuel:		
Salaries and wages:		
Regular pay	$ 161,888	$ 129,119
Overtime	13,529	13,059
Premium pay	829	353
Total salaries and wages	176,246	142,531
Fuel	385,585,541	399,777,568
Total production fuel costs	$385,761,787	$399,920,099
Other Production:		
Salaries and wages:		
Regular pay	$ 7,020,298	$ 6,138,895
Overtime	3,594,208	3,459,872
Premium pay	264,629	235,635
Benefits	539,519	588,381
Total salaries and wages	11,418,654	10,422,783
Contract	6,304,247	4,646,551
Operating supplies	2,462,884	2,729,008
Overhead allocations	2,440,240	74,064
Completed work orders	223,234	(67,604)
Office supplies	7,736	7,007
Total other production	$ 22,856,995	$ 17,811,809
Transmission and Distribution:		
Salaries and wages:		
Regular pay	$ 8,997,518	$ 7,270,392
Benefits	488,706	441,226
Overtime	326,552	56,564
Premium pay	67,554	693,868
Total salaries and wages	9,880,330	8,462,050
Overhead allocations	1,773,104	1,584,574
Completed work orders	762,293	(87,113)
Operating supplies	660,276	453,819
Contract	707,035	621,071
Office supplies	8,435	3,462
Total transmission and distribution	$ 13,791,473	$ 11,037,863

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

Schedule of Salaries and Wages
Years Ended September 30, 2024 and 2023

	2024	2023
Salaries and wages:		
Regular pay	$25,635,028	$21,824,117
Overtime	4,215,265	4,188,527
Premium pay	344,055	302,738
Benefits	5,635,738	4,551,930
Pension adjustment	12,192,592	10,113,605
OPEB adjustment	2,776,134	(1,027,637)
Total salaries and wages	$50,798,812	$39,953,280