



GUAM POWER AUTHORITY

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

October 7, 2008



Mr. David Mair, Esq.
Administrative Law Judge
Guam Public Utilities Commission
Suite 207, GCIC Building
414 West Soledad Avenue
Hagatna, Guam 96910

Subject: Docket 94-04 General Matters
Ref: Monthly Financial Statements – March to July 2008

Dear Mr. Mair:

Attached is the Authority's Monthly Financial Statement for the months ending March through July 2008. GPA has been providing Georgetown Consulting Group with the monthly financials on a timely basis.

This is pursuant to a stipulation with the Public Utilities Commission of Guam--Administrative Docket "Contract Review Protocol for Guam Power Authority" - *Section 11: GPA shall file with PUC monthly financial reports within five working days of presentation of monthly financial reports to its governing body.*

Sincerely,

RANDALL V. WIEGAND
Chief Financial Officer

cc: Mr. G. Botha, Staff Attorney
Ms. Lou Sablan, Special Assistant to Executive
GPA Central Files
CFO PUC Docket 94-04

CFO 003 09



GUAM POWER AUTHORITY

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

GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW March 2008

Attached are the financial statements and supporting schedules for the month ending March 31, 2008.

Summary

The net income for the month is \$.2 million as compared to the projected net loss of \$.5 million at the beginning of the year. The total kWh sales for the month were 5.5% less than projected and non-fuel revenues were \$.2 million more than the projected amounts. O & M expenses were \$4.9 million which was \$.3 million under budgeted amounts for the month. Other expenses such as interest expense, IPP costs, (net of interest income and other income) totaled to \$3.9 million which is \$.3 million under the projections for the month. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	.71	.71	2
Days in Receivables	49	47	52
Days in Payables	37	32	30
LEAC Over (Under) Recovery	(\$1,472,255)	(\$73,143)	\$340,579
T&D Losses - % of net send out (moving 12 months)	7.52%	7.91%	7.00%
Debt Service Coverage	1.55	1.55	1.75

The Quick Ratio reflects the basic challenge facing GPA. GPA has current obligations of approximately \$81 million and approximately \$57 million in cash and current receivables. Included in the \$81 million is the \$20 million Taxable Commercial Paper. The year-to-date LEAC under recovery is \$5.1 million and is \$9.0 million less than the projected over recovery for the month. This is primarily due to unrelenting increased fuel costs. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
March 2008
Significant Assumptions

The significant assumptions in the financial statements are as follows:

- Accrual cutoff procedures were not performed at month end
- An inventory valuation is performed at year end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:

Reviewed by:

Approved by:

Lenora M. Sanz
Controller

Randall V. Wiegand
Chief Financial Officer

Joaquin C. Flores, P.E.
General Manager

GUAM POWER AUTHORITY
Balance sheets

<u>ASSETS</u>	<u>Unaudited March 2008</u>	<u>Unaudited September 2007</u>	<u>Change from Sept 30 2007</u>
Utility plant at cost:			
Electric plant in service	\$ 827,615,422	\$ 819,361,627	\$ 8,253,795
Construction work in progress	18,561,603	20,562,802	(2,001,199)
	846,177,025	839,924,429	6,252,596
Less: Accumulated depreciation	(318,770,551)	(305,851,417)	(12,919,134)
Total utility plant at cost	<u>527,406,444</u>	<u>534,073,012</u>	<u>(6,666,568)</u>
Restricted funds			
Reserve funds held by trustee			
Revenue bonds	27,488,253	27,488,252	1
Self insurance fund	1,480,107	1,292,936	187,171
Total restricted funds	<u>28,968,360</u>	<u>28,781,188</u>	<u>187,172</u>
Funds identified for special purposes			
Interest and principal funds			
held by Trustee for debt repayment	13,462,967	18,696,315	(5,233,348)
Bond Funds held by Trustee	20,763,449	19,343,598	1,419,851
Reserve funds for LC (Fuel/others)	25,103	25,087	16
Reserve funds held by GPA			
Bond indenture funds held by GPA	14,557,495	25,065,313	(10,507,818)
Total cash reserves	<u>48,809,014</u>	<u>63,130,313</u>	<u>(14,321,299)</u>
Accounts receivable (net of allowance)	<u>48,291,752</u>	<u>55,124,798</u>	<u>(6,833,046)</u>
Materials and supplies	<u>13,106,824</u>	<u>12,421,030</u>	<u>685,794</u>
Fuel oil	<u>45,160,565</u>	<u>33,583,554</u>	<u>11,577,011</u>
Deferred fuel cost - current portion	<u>5,114,526</u>	<u>0</u>	<u>5,114,526</u>
Prepaid expenses	<u>984,658</u>	<u>791,208</u>	<u>193,450</u>
Total current assets	<u>161,467,339</u>	<u>165,050,903</u>	<u>(3,583,564)</u>
Other assets			
Long term notes receivable	21,358,674	21,358,674	(0)
Long term accounts receivable	4,276,352	4,276,352	0
Regulatory asset	3,970,992	3,970,992	0
Unamortized costs	6,231,098	6,411,618	(180,520)
Non current deferred fuel costs	2,141,464	2,141,464	(0)
Deferred asset	3,585,396	3,665,072	(79,676)
Other assets	1,771,236	1,823,358	(52,122)
Total other assets	<u>43,335,212</u>	<u>43,647,531</u>	<u>(312,319)</u>
Total Assets	<u>\$ 761,177,355</u>	<u>\$ 771,552,634</u>	<u>\$ (10,375,280)</u>

GUAM POWER AUTHORITY
Balance sheets

<u>LIABILITIES AND NET ASSETS</u>	<u>Unaudited March 2008</u>	<u>Unaudited September 2007</u>	<u>Change from Sept 30 2007</u>
Current liabilities			
Current portion, debt			
Revenue bonds, Series A	\$ 7,080,000	\$ 6,770,000	\$ 310,000
Accrued bond interest	10,605,517	10,570,649	34,868
Current obligation under capital lease	5,589,841	5,589,841	0
Accounts payable			
Operations & fuel oil	28,375,578	29,354,799	(979,221)
Accrued payroll & benefits	1,304,850	1,123,991	180,859
Current portion of employees' annual leave	286,733	185,982	100,751
Bid bond and customers' deposits	4,867,283	4,480,789	386,494
Interest payable on customers' deposit	701,836	701,718	118
Deferred credit - self insurance	1,712,569	1,337,850	374,719
Current portion, Deferred credit repurchase agreement	584,018	584,018	0
TCP- short term notes payable	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>
Total current liabilities	<u>81,108,225</u>	<u>80,699,637</u>	<u>408,588</u>
Deferred credit - repurchase agreement (less current portion)	12,556,379	12,848,387	(292,008)
Employee annual leave, less current portion	2,065,107	2,065,107	0
Unfunded retirement deferred contributions	9,105,058	9,105,058	0
Obligation under capital lease (less current portion)	129,928,481	132,985,820	(3,057,339)
Long term debt, less current maturities	368,339,104	374,825,390	(6,486,286)
Total liabilities	<u>603,102,354</u>	<u>612,529,399</u>	<u>(9,427,045)</u>
Commitments and contingencies			
Net assets			
Invested in capital assets, net of related debt	17,154,461	14,648,492	2,505,969
Restricted	47,990,141	52,815,772	(4,825,631)
Unrestricted	<u>92,930,399</u>	<u>91,558,969</u>	<u>1,371,430</u>
Total net assets	<u>158,075,001</u>	<u>159,023,233</u>	<u>(948,232)</u>
Total liabilities and net assets	<u>\$ 761,177,355</u>	<u>\$ 771,552,634</u>	<u>\$ (10,375,280)</u>

GUAM POWER AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets

	March 31, 2008		% of change Inc (dec)	Six Months Ending March 31		% of change Inc (dec)
	Unaudited 2008	Unaudited 2007		Unaudited 2008	Unaudited 2007	
Revenues						
Sales of electricity	\$ 30,408,048	\$ 24,610,454	24	\$ 169,363,422	\$ 145,929,241	16
Miscellaneous	<u>450,095</u>	<u>102,484</u>	339	<u>1,809,673</u>	<u>1,030,024</u>	76
Total revenues	30,858,143	24,712,938	25	171,173,095	146,959,265	92
Operating and maintenance expenses						
Production fuel	19,172,196	13,942,295	38	104,060,528	81,928,555	27
Other production	<u>1,738,066</u>	<u>1,582,609</u>	10	<u>9,429,929</u>	<u>8,772,730</u>	7
	<u>20,910,262</u>	<u>15,524,904</u>	35	<u>113,490,457</u>	<u>90,701,285</u>	25
Depreciation	2,229,359	2,147,107	4	13,376,371	13,204,980	1
Energy conversion cost	1,539,180	1,529,790	1	9,426,747	9,071,802	4
Transmission & distribution	828,533	763,571	9	4,198,893	4,173,614	1
Customer accounting	285,561	242,856	18	1,765,803	1,430,245	23
Administrative & general	<u>2,030,639</u>	<u>1,846,963</u>	10	<u>11,537,931</u>	<u>10,918,734</u>	6
Total operating and maintenance expenses	<u>27,823,534</u>	<u>22,055,191</u>	26	<u>153,796,201</u>	<u>129,500,660</u>	19
Operating income	<u>3,034,609</u>	<u>2,657,747</u>	14	<u>17,376,894</u>	<u>17,458,605</u>	(0)
Other income (expenses)						
Interest income	437,908	372,163	18	1,960,008	1,966,436	(0)
Interest expense	<u>(3,223,926)</u>	<u>(3,252,607)</u>	(1)	<u>(19,438,211)</u>	<u>(19,402,240)</u>	0
Allowance for funds used during construction	77,945	42,105	85	354,875	267,549	33
COLA/Supplemental annuities	4,481	6,744	N/A	<u>(2,006,013)</u>	<u>(1,030,906)</u>	N/A
Inventory losses	0	0	N/A	<u>(169,636)</u>	0	N/A
Gain on regulatory asset	0	0	0	0	0	0
Losses due to typhoon/earthquake	0	<u>(100,862)</u>	N/A	0	636,534	0
Other	<u>(144,093)</u>	<u>(136,346)</u>	6	<u>(857,363)</u>	<u>(218,076)</u>	5
Total other income (expenses)	<u>(2,847,685)</u>	<u>(3,066,823)</u>	(7)	<u>(20,156,240)</u>	<u>(18,380,703)</u>	10
Income (loss) before capital contributions	186,924	(411,076)	(145)	(2,779,446)	(922,098)	201
Capital contributions	<u>1,831,213</u>	<u>0</u>	N/A	<u>1,831,213</u>	<u>679,861</u>	N/A
Increase (decrease) in net assets	2,018,137	(411,076)	(591)	(948,233)	(242,237)	291
Total net assets at beginning of period	<u>156,056,863</u>	<u>150,274,531</u>	N/A	<u>159,023,233</u>	<u>150,105,692</u>	6
Total net assets at end of period	\$ <u>158,075,000</u>	\$ <u>149,863,455</u>	5	\$ <u>158,075,000</u>	\$ <u>149,863,455</u>	5

**Guam Power Authority
Statement of Cash Flows
March 31, 2008**

	Month Ending <u>3/31/2008</u>	YTD Ending <u>3/31/2008</u>
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$30,858,891	171,173,095
Cash payments to suppliers and employees for goods and services	<u>27,995,273</u>	<u>154,251,355</u>
Net cash provided by operating activities	\$2,863,618	16,921,740
Cash flows from investing activities:		
Decrease in bond reserve funds	-	-
Interest and dividends on investments and bank accounts	<u>437,908</u>	<u>1,960,008</u>
	437,908	1,960,008
Cash flows from non-capital financing activities		
Proceeds from short term debt	-	-
Principal paid on short-term debt	-	-
Pay off of fuel credit line	-	-
Interest paid on short term debt	(71,230)	(562,685)
Funds for LC payments	(5)	(16)
Provision for self insurance funds	<u>(3,256)</u>	<u>(187,171)</u>
Net cash provided by noncapital financing activities	(74,491)	(749,872)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(802,365)	(6,709,803)
Principal paid on bonds and other long-term debt	-	(6,770,000)
Interest paid on bonds(net of capitalized interest)	77,945	(10,000,851)
Interest paid on capital lease obligations	(1,401,261)	(8,484,813)
Interest & principal funds held by trustee	(2,012,649)	5,233,348
Bond funds held by trustee	(6,460)	(1,419,851)
Additional grant from US Government	1,831,213	1,831,213
Principal payment on capital lease obligations	(522,431)	(3,057,339)
Proceeds from capital related short-term debt	-	-
Deferred credits-repurchase agreement-Working Capital Funds	-	-
Debt issuance costs/loss on defeasance	<u>123,067</u>	<u>738,402</u>
Net cash provided by(used in) capital and related financing activities	(2,712,941)	(28,639,694)
Net (decrease) increase in cash and cash equivalents	514,094	(10,507,818)
Cash and cash equivalents, beginning	<u>14,043,401</u>	<u>25,065,313</u>
Cash and cash equivalents, March 31, 2008	<u>\$ 14,557,495</u>	<u>\$ 14,557,495</u>

**Guam Power Authority
Statement of Cash Flows
March 31, 2008**

	Month Ending <u>3/31/2008</u>	YTD Ending <u>3/31/2008</u>
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$3,035,357	\$17,376,894
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,229,359	13,376,371
Other expense	(139,612)	(3,033,012)
(Increase) decrease in assets:		
Accounts receivable	(1,106,796)	6,833,046
Materials and inventory	(547,188)	(685,794)
Fuel inventory	2,566,275	(11,577,011)
Deferred fuel costs	(73,143)	(5,114,526)
Prepaid expenses	59,251	(193,450)
Long term notes receivable	-	-
Long term accounts receivable	-	-
Regulatory asset	-	-
Unamortized costs	4,293	35,830
Deferred asset	13,279	79,676
Other assets	18,899	52,122
Increase (decrease) in liabilities:		
Accounts payable-operations	(3,786,812)	(979,221)
Customers deposits	186,665	386,494
Accrued payroll and employees' benefits	146,351	180,859
Deferred credit-self insurance funds	319,644	374,719
Deferred credit repurchase agreement	(48,668)	(292,008)
Employees' annual leave,current portion	(13,536)	100,751
Net cash provided by operating activities	<u>\$2,863,618</u>	<u>\$16,921,740</u>