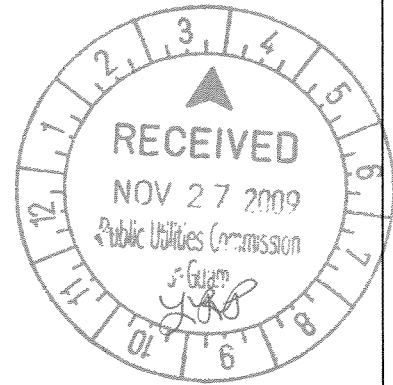


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3 **Guam Power Authority**
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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

10 Guam Power Authority's Petition for Base
11 Rate Increase

)
) **DOCKET NO. 07-10**

)
) **SUPPLEMENTAL FILING FOR BASE**
) **RATE PETITION REGARDING**
) **IMPLEMENTATION OF PHASE II RATE**
) **INCREASE**
)
)

12
13
14 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
15 of record, D. GRAHAM BOTHA, ESQ., and hereby requests the Guam Public Utilities
16 Commission to review and approve GPA's Supplemental Filing requesting implementation of
17 GPA's Phase II Rate Increase, as follows:

18
19 **BACKGROUND**

20 The Guam Power Authority filed a Base Rate Petition in October 2007 requesting for a
21 \$26.9 million dollar increase to base rates to be divided into two phases. The Public Utility
22 Commission in a rate order dated February 15, 2008, awarded GPA \$11 million in a base rate
23 increase, removed \$5.3 million from the base rate petition and placed it under the Levelized
24 Energy Adjustment Clause (LEAC), and determined that the Phase II increase of \$10.6 million
25 would not be granted until GPA completed a Management Audit. The Baker Tilly Virchow
26 Krause (VK) Management Audit was completed and filed with the PUC in October 2009.
27 During this period, energy sales for most rate classes have either declined or remained stable
28 with little growth. Rising costs together with insufficient energy sales have impaired GPA's
ability to effectively serve ratepayers, and has resulted in degraded quality of customer services,

1 insufficient investment in Capital Improvement Projects (CIPs), inadequate resources,
2 insufficient debt service coverage, and other financial impacts to GPA.

3 DISCUSSION

4 GPA hereby requests that the PUC approve its Phase II base rate increase of \$10.6
5 million to be implemented on a compressed basis effective February 1, 2010. This increase
6 represents an approximate increase of 4.2% on the overall rates and 3.4% for a 1,000 kWh
7 customer. GPA also requests authorization to enter into a \$15 million loan to cover
8 maintenance, O&M costs, and strategic initiatives to improve the delivery of services to GPA
9 customers. GPA petitions the PUC, pursuant to 12 GCA §8104(4) which authorizes GPA to
10 establish and modify from time to time, with approval of the Public Utility Commission,
11 reasonable rates and charges for electric service at least adequate to cover the full cost of such
12 service, including the cost of debt service, to approve GPA's request for implementation of its
13 Phase II Base Rate Increase.
14
15

16 GPA has previously complied with all public notice requirements required by law prior to
17 filing the original petition and this supplemental petition. The justification for the requested base
18 rate increase is contained in the attached filing which contains the testimony of the GPA General
19 Manager and CFO (Exhibit "1") and William J. Kemp (Exhibit "2"). The filing and exhibits are
20 attached herein and incorporated by reference herein as if fully set forth.
21
22

23 CONCLUSION

24 The PUC should approve GPA's Phase II base rate increase of \$10.6 million to be
25 implemented on a compressed basis effective February 1, 2010, which represents an increase in
26 base rates of approximately 4.2%, as it is reasonable, prudent, and necessary.

27 **RESPECTFULLY SUBMITTED** this 25th day of November, 2009.

28 
D. GRAHAM BOTHA, ESQ.
GPA Legal Counsel

Exhibit 1

GUAM PUBLIC UTILITIES COMMISSION

DOCKET NO. 07-10
ADDENDUM to OCTOBER 7, 2007
RATE CASE PETITION

DIRECT TESTIMONY OF

JOAQUIN C. FLORES
AND
RANDALL V. WIEGAND

ON BEHALF OF

GUAM POWER AUTHORITY

Hagåtña, Guam

November 23, 2009

DIRECT TESTIMONY OF

JOAQUIN C. FLORES

AND

RANDALL V. WIEGAND

Docket No. 07- 010

1. QUALIFICATIONS

1

2

**Q. PLEASE STATE THE NAME AND TITLE OF THE PERSONS PROVIDING
TESTIMONY IN THIS ADDENDA FILING?**

3

4

5

A. Mr. Joaquin C. Flores, General Manager and Mr. Randall V. Wiegand, Chief Financial Officer, are providing testimony in conjunction with this filing addenda.

6

7

8

Q. WHAT ARE THE RELEVANT QUALIFICATIONS OF MR. FLORES?

9

10

A. Mr. Flores has worked in the power industry for over 26 years. He started his career with GPA as an Engineer and eventually became the Manager of Engineering in 1994. For close to ten years as the Manager of Engineering he was primarily responsible for many large scale bond funded projects. These responsibilities included engineering designs, environmental permitting, construction, testing, and commissioning for projects that included: Cabras 3 & 4 Slow Speed Diesel power station, Cabras-Harmon-Piti 115 KV substations and transmission lines, Anigua, San Vitores, Pagat, Umatac power distribution substations, and the replacement of the Power System Dispatch Control Center energy management computer system. He was also responsible for many other 34.5 KV transmission line projects that included conversions to under ground systems, protective relay and control upgrades and several village hardening

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21 projects funded by FEMA or bond funds.

22

23 In 2003, he was appointed as the Assistant General Manager of Operations overseeing
24 the entire operations functions of Engineering, Generation, Transmission and
25 Distribution, Power Systems Control, Facilities, and Transportation divisions. Since
26 2005, he has served in the capacity as General Manager for Guam Power Authority.

27

28 **Q. PLEASE DESCRIBE THE EDUCATION, EXPERIENCE AND EMPLOYMENT**
29 **HISTORY OF MR. JOAQUIN C. FLORES.**

30

31 A. Mr. Flores educational background includes a B.S. in Electrical Engineering from the
32 University of Portland and an M.S. in Electrical Engineering from the University of
33 Missouri-Rolla. He is a registered Professional Electrical Engineer on Guam with more
34 than 26 years of electric utility experience. His principle strengths are in operations,
35 maintenance, and engineering of generation, transmission & distribution systems. The
36 range of his utility experience includes the management of IPP and PMC contracts,
37 System Planning studies that include a suite of power system analysis tools, load
38 forecasting, integrated resource planning studies, relay coordination & system
39 protection, construction of several GPA power plant and substations, which were
40 funded by revenue bonds or with FEMA grants. Throughout his 26 years experience at
41 GPA, he has also acquired intimate knowledge of what is needed to satisfy island
42 customers - to provide them with a power system that meets the needs of a growing
43 economy and achieves a balance of costs of services for safe, reliable and efficient
44 electric power and affordable customer rates.

45

46 **Q. PLEASE DESCRIBE THE EDUCATIONAL BACKGROUND AND WORK**
47 **EXPERIENCE OF MR. WIEGAND**

48

49 A. He graduated from Seattle Pacific University in 1983 with a Bachelor's degree in
50 Business Finance. He received a Master's of Business Administration degree with an

51 emphasis in Finance and International Business from the University of Washington in
52 1990. In 1993, he obtained a license to practice public accounting in the state of
53 Washington and the Territory of Guam. In 1996, he became a Certified Government
54 Financial Manager and in 2003, he became a Certified Fraud Examiner.

55

56 Beginning in 1990, he worked for five years as an auditor for Deloitte and Touche
57 where he participated in five audits of the Guam Power Authority. In 1995, he came to
58 work for the Guam Power Authority as its Comptroller. His responsibilities included
59 oversight of the Accounting and Budget Divisions, point of contact for communications
60 with the Public Utilities Commission, insurance, investments, bond management,
61 investor relations, etc. In 2000, he became the Underwriting Manager for Pacificare
62 Asia Pacific. In 2001, he returned to the Government of Guam and went to work for
63 the Office of the Public Auditor as Audit Manager. While there he participated in an
64 audit of the Guam Waterworks Authority. In September 2003, he was hired by the
65 Consolidated Commission on Utilities as Chief Financial Officer for the Guam
66 Waterworks Authority and the Guam Power Authority.

67

68 **Q. HAVE YOU EVER TESTIFIED BEFORE A PUBLIC UTILITIES**
69 **COMMISSION?**

70

71 A. Yes. We have both testified before the Guam Public Utilities Commission on numerous
72 occasions.

73

74 **Q. DID ANYONE ASSIST YOU WITH THIS TESTIMONY?**

75

76 A. Ms. Corazon Montellano, Assistant Chief Financial Officer

77

78 **Q. WHAT IS THE BACKGROUND OF THIS ADDENDUM?**

79

80 A. In October 2007, the Guam Power Authority petitioned the Public Utilities Commission
81 for a \$26.9 million increase to base rates to be provided in two phases. In the petition,
82 GPA provided voluminous information fully justifying the \$26.9 million request. The
83 first phase was to take effect on February 1, 2008 in the amount of \$17.9 million. The
84 second phase was to take effect on October 1, 2008 in the amount of \$9 million. The
85 Authority was petitioning for a one time rate hearing at which both phases would be set.
86 The details of the rate petition were included in a Ratepayer's Bill of Rights Notice which
87 ran in the Pacific Daily News on June 30, 2007. In its rate order dated February 15, 2008
88 the Public Utilities Commission awarded GPA and \$11 million increase to base rates,
89 determined that fuel inventory cost fluctuations should be recovered through the
90 Levelized Energy Adjustment Clause, and determined that further rate relief should not
91 be given until a Management Audit was completed in May of 2009. GPA is now filing
92 an addendum to the information previously filed to bring its financial information up to
93 date.

94

95 **Q. WHAT IS THE GUAM POWER AUTHORITY REQUESTING IN THIS**
96 **ADDENDUM?**

97

98 A. The Authority is requesting the following:

- 99 1. The second phase of the rate increase from the 2007 petition in the amount of \$10.6
100 million (\$26.9 million previous base rate increase petitioned minus the \$11 million base
101 minus the \$5.3 million which was removed from the base rate petition and placed into

102 Levelized Energy Adjustment Clause). GPA is seeking this phase II relief to be granted
103 on a compressed basis. This represents an increase of 4.2% on the rates overall and
104 3.4% for a 1,000 kWh customer.

105

106 2. Authorization to enter into a loan of approximately \$15 million to enable GPA to catch
107 up on some maintenance and other O&M costs that GPA was unable to perform in prior
108 years as well as completing some strategic initiatives to improve delivery of services to
109 GPA customers. When GPA was discussing the FY10 budget with the Consolidated
110 Commission on Utilities, GPA believed that a \$20 million loan to refinance the current
111 commercial paper program would be forthcoming in September and if the date for the
112 rate increase implementation were moved up to December 1, 2009, GPA could apply for
113 this loan as soon as the rate increase was authorized. Recent developments that will be
114 elaborated upon later in this testimony indicate the acquisition of this loan to be
115 doubtful, however, GPA continues to seek PUC authorization for such a loan in order to
116 allow for maximum flexibility in addressing these O&M needs.

117

118 3. An abbreviated discovery period in light of the fact that the Authority has already filed
119 voluminous testimony and discovery related to this rate increase in Phase I of this
120 proceeding and the fact that GPA is pledging to return to the PUC with an FY11 rate
121 filing which will enable the PUC to look at a full slate of issues confronting the
122 Authority.

123 The Authority is scheduled to request the Consolidated Commission on Utilities to approve
124 a five year rate plan. The next step after approval from the CCU would be to file a
125 ratepayers bill of rights notice and initiate a filing for FY11.

126

127 **Q. WHAT INFORMATION IS NOT KNOWN AT THIS TIME THAT WOULD BE**
128 **KNOWN IN AN FY11 PROCEEDING**

129

130 A. First, GPA is conducting a load study. Currently, meters are in place and accumulating
131 data, however, this is not enough data gathered to provide necessary input into a full cost
132 of service study. By FY11, there will be sufficient data and GPA will be in a position to
133 file a full cost of service study in its petition.

134 GPA has received widely diverging demand estimates from the U.S. Navy related to the
135 impending military buildup. The demand figures have ranged from 30 mW to 125 mW.
136 During FY10, the Navy expects to complete its Environmental Impact Statement and will
137 be in a position to provide final demand numbers to the Authority. At the present time,
138 there is significant uncertainty with regards to future Navy loads.

139 GPA is conducting a liquidity study for the purpose of comparing GPA's cash
140 availability and key financial ratios against those of other utilities. The historical position
141 of the PUC has been that GPA should be provided sufficient cash to fill the Working
142 Capital Fund and no more. GPA believes the study will show that most other utilities
143 have financial targets that allow for an additional accumulation of cash. GPA believes
144 the study will be completed around December 2009 and will provide the basis for a filing
145 to revisit PUC targets for cash, debt service, and other key financial ratios.

146

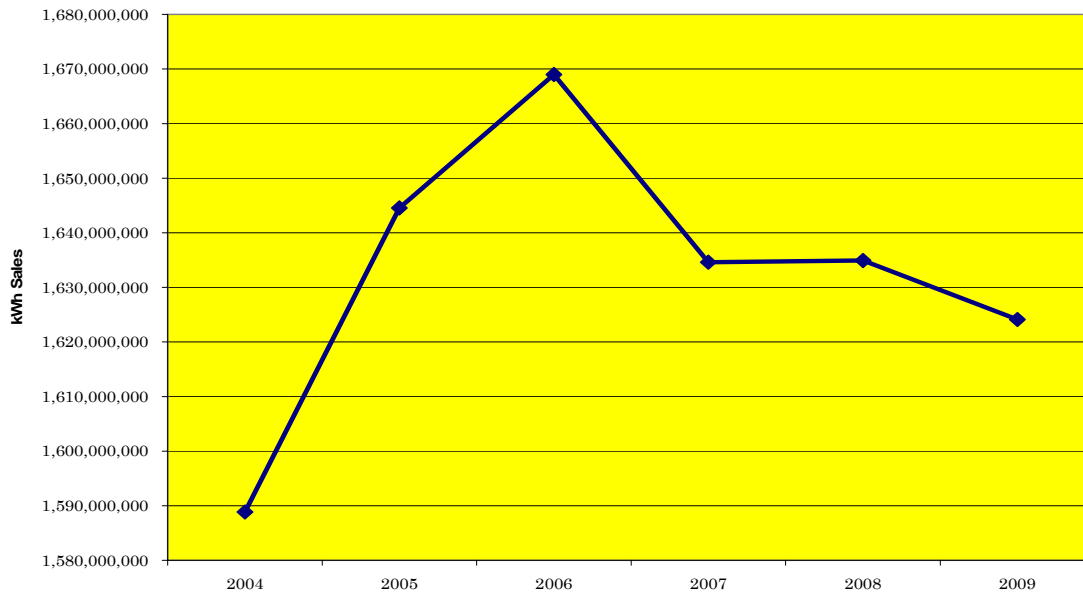
147 **Q. WHAT IS THE RECENT SALES ACTIVITY OF THE AUTHORITY?**

148

149 A. The Attached graph reflects the challenging sales environment currently faced by the
150 Authority:

151

Recent Sales Activity



152

153

154 The sales figure for 2009 was estimated based on sales levels through July 31, 2009.

155 Instead of revenue growth forecast in the Phase I filing, the Authority has seen revenue
 156 shrinkage. This is particular difficult to deal with in light of the fact that many of GPA's
 157 costs are subject to inflationary pressure or automatic escalation clauses.

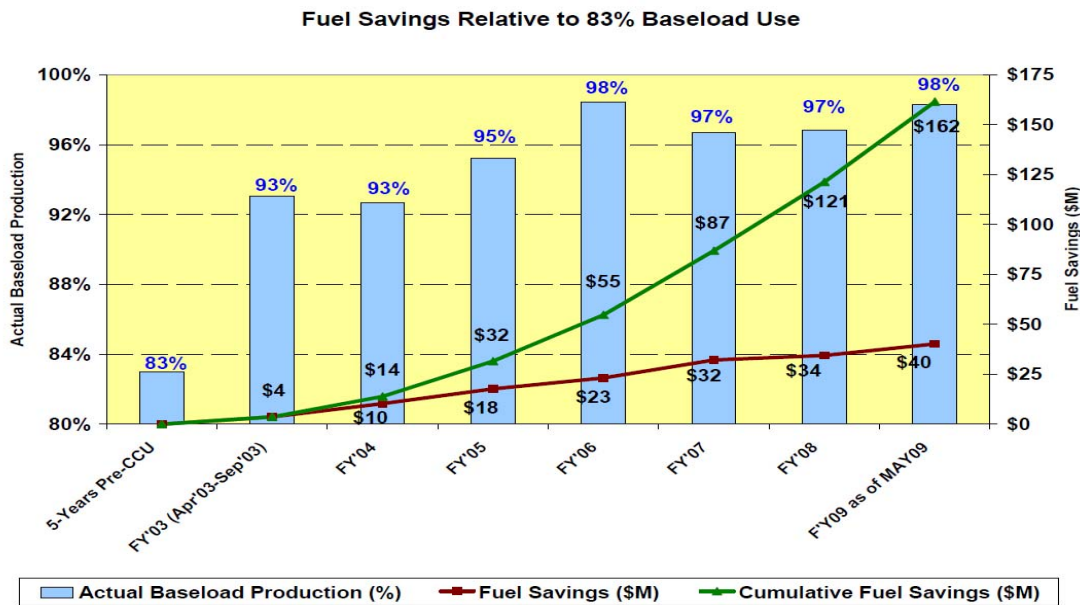
158

159 **Q. WHAT EVIDENCE IS THERE THAT GPA'S CASH POSITION HAS**
 160 **IMPACTED THE ABILITY OF THE AUTHORITY TO SERVE ITS**
 161 **CUSTOMERS?**

162 The argument over rate increases in the Guam community seems to always boil down to
 163 whether rates should be kept to the absolute minimum in the short term or whether GPA
 164 should be allowed some measure of flexibility to make investments which may cause
 165 short term rates to be a little higher than the absolute minimum in order to assure that
 166 long term rates are as low as possible.

167 One way the short term emphasis on rates has negatively impacted GPA customers has
168 been with regards to renewable. GPA recognized the need for an Integrated Resource
169 Plan shortly after the CCU took office. GPA prepared a Request for Proposals for a
170 consultant to assist with the development of an IRP in 2004; however, due to lack of
171 funding, GPA was unable to proceed with the initiative. It was eventually decided that
172 the PUC, which had restricted GPA's use of Excess Bond Funds to hard projects, would
173 authorize GPA to utilize the monies for purposes of creating the IRP. One of the chief
174 recommendations coming out of the IRP was that GPA should immediately begin to
175 pursue wind power as a means to diversify GPA's generation portfolio. However, once
176 again, GPA did not have sufficient resources to allow for the initiation of a wind
177 study. Eventually, GPA identified a funding source and issued a Request for Proposals to
178 obtain a consultant to assist with the gathering of wind monitoring data. However, the
179 actual prices came in higher than the original estimate and the amount of funding.
180 Because of GPA's tight cash situation, the Authority was unable to identify projects to
181 cut to make up for the funding shortfall for wind monitoring. Most of GPA's major
182 maintenance costs are dedicated to GPA's baseload generation plants. If GPA is to shift
183 money out of generation costs, it risks the high availability it has achieved from its
184 baseload units over recent years.

185



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As the chart reveals, GPA has been able to save its customers more than \$162 million over the last six years through more efficient operation of its baseload units. It has been GPA’s priority over the period to ensure those savings are intact. Unfortunately, that priority has left GPA with very little flexibility to undertake any other cost saving initiatives in any other area of the utility.

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If GPA were in a better cash position, the Authority would be further along in its quest to obtain renewable energy and GPA’s ratepayers would have at least a small hedge against future fuel price increases. Another factor that needs to be considered is GPA’s ability to borrow in order to obtain renewable contracts. GPA’s IRP consultant has advised that GPA can minimize its costs of renewable energy by pursuing a shared risk contract with a wind energy vendor. Part of the way that many utilities are sharing risk is through the use of tax exempt bonds to pay for the construction costs of windmills. However, if GPA is going to be in a position to issue bonds and take advantage of lower borrowing rates, it has to have a stronger credit profile. This is a clear example of how ensuring that GPA is financially sound can lead to lower long term rates for GPA’s ratepayers.

203 Another way that GPA's cash position has negatively impacted its customers has to do
204 with GPA's customer survey. GPA has included in its budget package for each of the
205 last few years, a customer survey. GPA has found that highly effective utilities conduct
206 customer surveys in order to identify areas where utility customers desire to see
207 improvement. Each year, GPA has had to eliminate the customer survey from its budget
208 as there has only been sufficient budget to address reliability issues. If GPA were not
209 operating so close to the bone, we believe service could be improved, the Authority
210 would be in a better position to justify its rates to its customers, and GPA would be in a
211 position to pursue policies that would lead to lower rates over the long term.

212

213 **Q. WHAT IS THE STATUS OF GPA'S ATTEMPT TO REFINANCE ITS \$20**
214 **MILLION COMMERCIAL PAPER LOAN?**

215

216 A. GPA has had a \$20 million commercial paper program outstanding since 1998. Nearly
217 all the time since the inception of the program, the program has been fully drawn. In
218 2007, GPA issued an RFP for a new provider of the letter of credit facility to support the
219 program. GPA received one bid in response and during the banks internal credit review;
220 they pulled out of the deal. In 2008, GPA began having difficulties attracting buyers for
221 the commercial paper program. By July 2008, GPA was unable to sell any of its
222 commercial paper and the line of credit was fully drawn. GPA began receiving requests
223 from the existing line of credit provider to find an alternative bank to hold the line of
224 credit, however, after an extensive search; GPA was unable to find any bank willing to
225 hold the line of credit. GPA's only option was to continue its arrangement with the
226 current bank even though the current provider was pleading with GPA to find an
227 alternative lending institution to refinance the loan.

228 In November 2008, the insurance provider for the commercial paper program was
229 downgraded and GPA went into default on the credit agreement. GPA again tried
230 unsuccessfully to identify a bank to take over the loan. The bank had made a decision to

231 force GPA to pay off the amount over a three year period as required under the default
232 provisions of the credit agreement. However, at the last minute, they relented and agreed
233 to a three year loan agreement with a five million secured deposit and a four year
234 amortization schedule.

235

236 The insurance provider was downgraded again causing a default on the new loan
237 agreement. GPA accepted a workout agreement from the bank to avoid paying the
238 default interest rate on the agreement.

239

240 In May 2009, GEDA issued an RFP on GPA's behalf for the takeout of the \$20 million
241 loan. One response was received. GPA submitted the documents required for the
242 vendor's home office review. To date, the approval has not been received although GPA
243 was expecting to receive approval in August. GPA has been informally notified that the
244 home office is requiring an enhancement to borrowing before authorizing the loan. GPA
245 believes the likelihood of completing this loan in the first six months of 2009 is unlikely.
246 As mentioned earlier in this testimony, the Authority has included in this amended filing,
247 a request for a \$15 million O&M loan. GPA's June financial statements indicate that
248 GPA could not enter into the \$20 million loan and still meet the debt service requirement
249 for the new loan. GPA requested language that would allow GPA 12 months in which to
250 ensure rates were adequate to cover the commercial paper loan. The Authority's strategy
251 was to move up the date of rate relief to December 1, 2009 to ensure that debt service
252 coverage would be sufficient for the \$20 million loan and then immediately seek to enter
253 into the \$15 million FY10 O&M loan. GPA did not believe it would be able to obtain the
254 \$15 million loan when it is not in compliance with the covenants of the \$20 million loan.
255 Now that GPA is experiencing delays with the \$20 million commercial paper loan, GPA
256 believes it is doubtful the \$15 million FY10 O&M loan can be secured in this fiscal year.
257 This may mean that GPA will be forced to defer some of this maintenance to FY11.
258 However, GPA continues to seek the authorization for this \$15 million O&M loan in this

259 filing in order to provide the Authority maximum flexibility in addressing these critical
260 O&M needs.

261 GPA believes an area where it should be able to work together with the PUC is to
262 establish the Authority to a position where it regains access to capital markets for the
263 purpose of entering into small, short term loans from time to time. GPA does not believe
264 it serves anyone's interests for the Authority to be so close to the margin when the
265 computation method applied by rating agencies is utilized to calculate the Authority's
266 debt service coverage ratio.

267

268 **Q. WHAT IS THE WORKING CAPITAL REQUIRMENT AS DEFINED IN GPA'S**
269 **BOND INDENTURE AGREEMENT?**

270

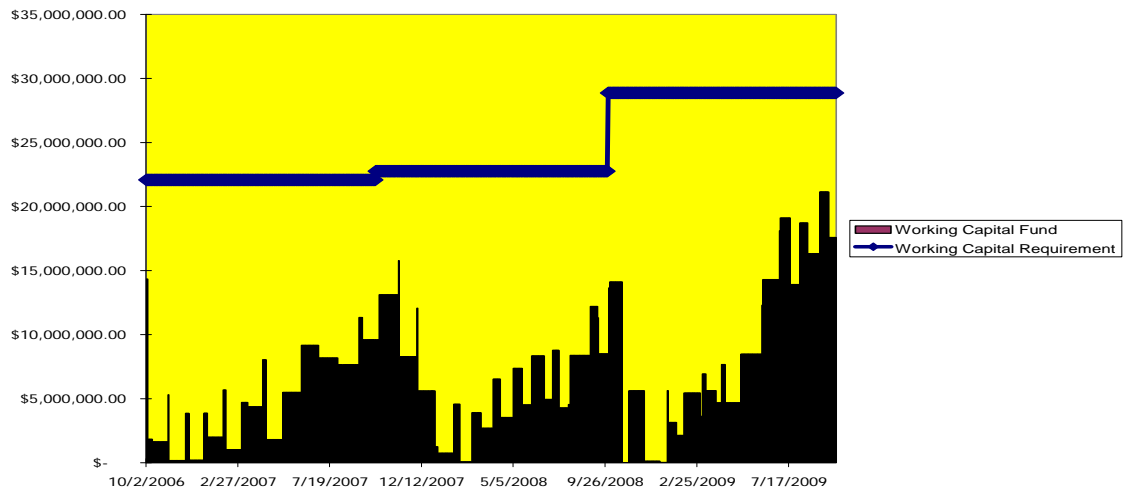
271 A. According to GPA's bond indenture agreement "Working Capital Requirement" means,
272 on any date of calculation, an amount equal to one-twelfth of the aggregate amount of
273 Maintenance and Operating Expenses budgeted, pursuant to the budget filed by the
274 Authority pursuant to Section 6.11, to be paid from Revenues during the then current
275 Fiscal Year.¹

276 On the fifth day of each month, GPA is required to deposit from its Revenue Fund one-
277 sixth of the Working Capital Requirement. The graph below depicts actual Working
278 Capital Fund Balances versus the Working Capital Requirement over the last three
279 years.²

280

281

Working Capital Balances



282

283

284 As the graph reflects, there has been no time in the last three years in which the Working
 285 Capital Fund was fully funded. Rather the graph reveals there were several months in
 286 which there were little or no funds available in the Working Capital Fund. Part of the
 287 rationale for the existence of the Working Capital Fund is to “pay the cost of repair or
 288 replacement of loss or damage caused by or resulting from fire or from action of the
 289 elements (including loss from typhoons, earthquakes, floods and tidal waves). GPA’s
 290 inability to fund the Working Capital Fund means it is highly vulnerable to the type of
 291 event for which the Fund is supposed to provide additional protection to bond holders.
 292 As of September 30, 2009, the Working Capital Fund deficit exceeded \$11 million.
 293 Because the Working Capital Fund fluctuates based on GPA’s annual budget, the growth
 294 in GPA’s operating expenses, especially fuel costs, has placed an additional burden
 295 GPA’s cash flow. Because GPA has been working with such a narrow cash margin, it
 296 has been unable to keep up with the increases in the Working Capital Requirement. In
 297 accordance with the flow of funds described in the bond indenture agreement,

298

299

Type	FY04	FY05	FY06	FY07	FY08	FY09
BIA	2.19	2.35	2.24	2.38	2.18	2.09

RA	1.35	1.51	1.40	1.54	1.34	1.25
IPP	1.19	1.28	1.22	1.30	1.19	1.13
CP	NA	NA	NA	NA	NA	1.03
Next	1.23	1.39	1.29	1.42	1.23	.96

300
301

302 The line item labeled BIA stands for Bond Indenture agreement. These are the debt
303 service calculations performed in strict accordance with GPA's bond indenture
304 agreement. The indenture did not anticipate the impact of agreements such as GPA's
305 independent power producer agreements. GPA is clearly benefiting from this in that even
306 though cashflow has been very tight, the Authority is not in danger of violating the debt
307 service coverage covenant of 1.3x debt service.

308 The line item labeled RA is the methodology the rating agencies use to measure GPA's
309 bond coverage. The main feature of this methodology is the inclusion of all IPP costs as
310 expenses. This is the methodology adopted by the PUC in Docket 94-04 for purposes of
311 calculating whether or not GPA has met the PUC's minimum debt service coverage
312 target level of 1.75x.

313 The IPP method includes debt service costs associated with the independent power
314 producers as debt service in the denominator.

315 The CP method utilizes the Rating Agency method and includes debt service coverage
316 from the \$20 million commercial paper loan which now must be paid off over a three
317 year period.

318 The line item labeled Next utilized the Rating Agency method but includes coverage if
319 the Authority were to enter into an additional \$10 million loan such as GPA has
320 attempted to enter obtain during the last few years. This calculation may illuminate part
321 of the difficulty GPA has had in obtaining such a loan.

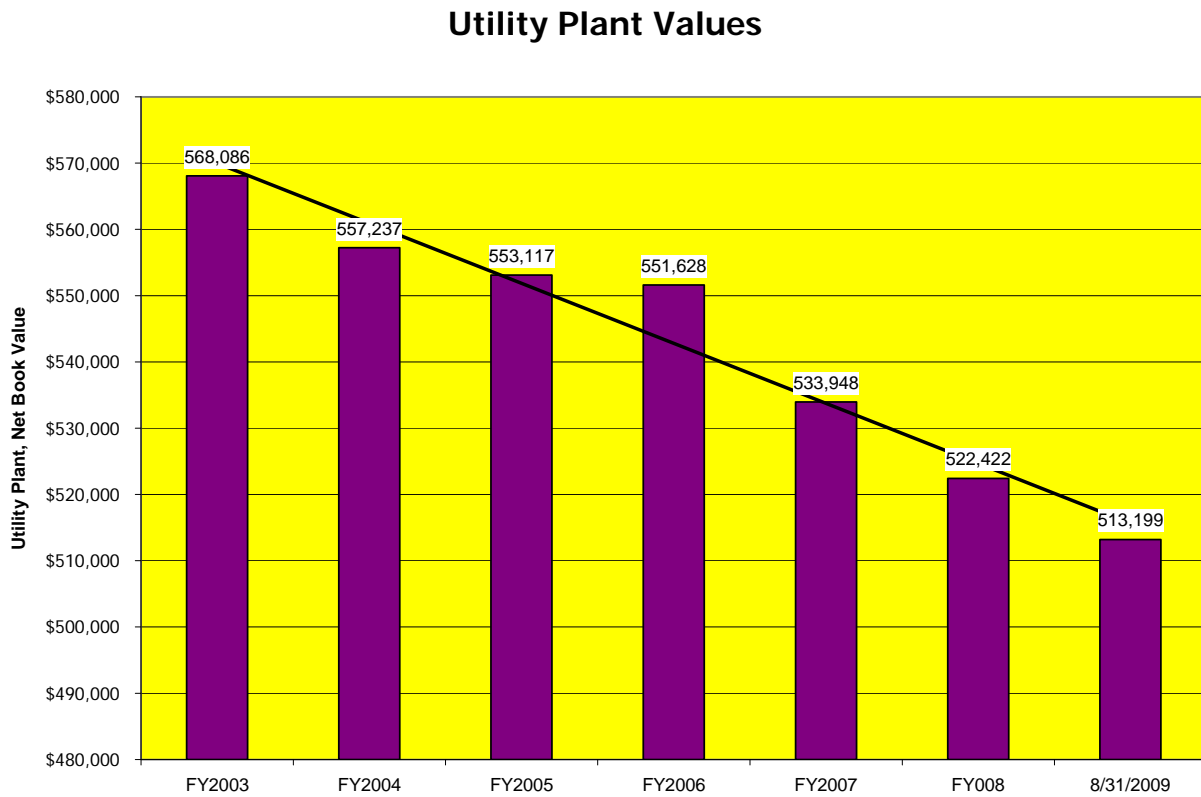
322

323 **Q. WHY SHOULD ANYONE BE CONCERNED ABOUT THE LEVEL OF**
324 **CAPITAL IMPROVEMENTS MADE BY GPA?**

325

326 A. The chart below reflects the reductions in Utility Plant over the last six years.

327



328

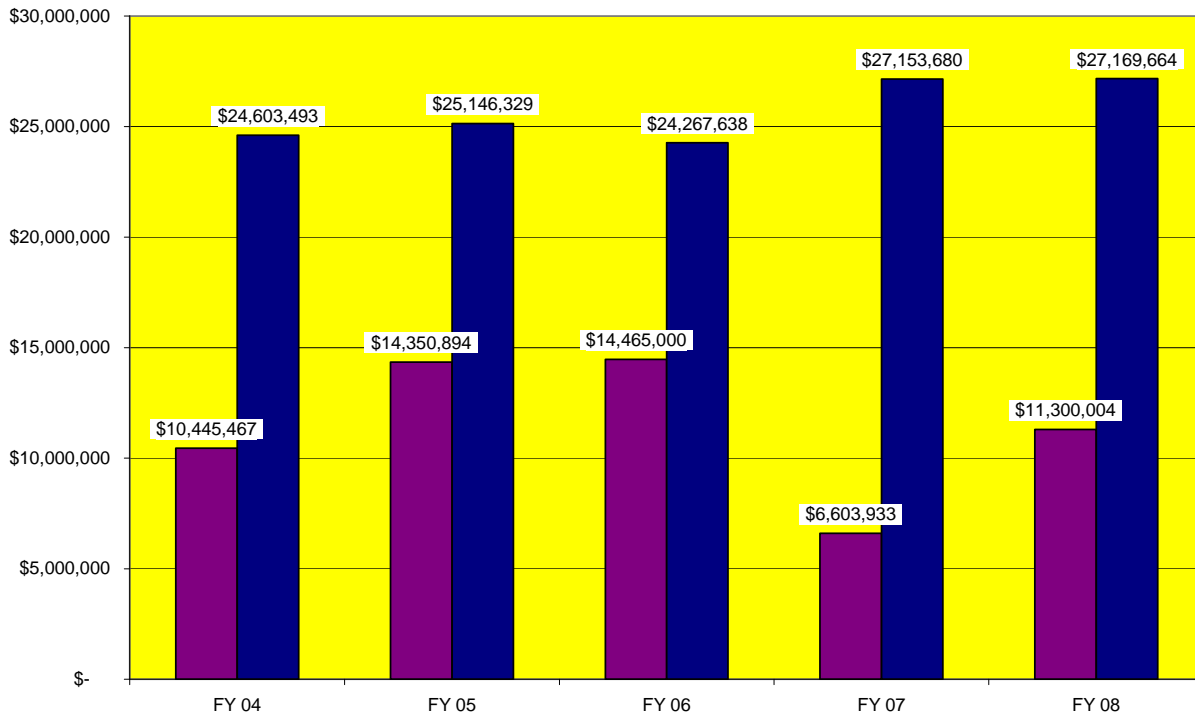
329 The chart depicts the drop in the Utility Plant Account from \$568 million to \$513 million.
 330 The amount is trending downward because the amount by which GPA is depreciating its
 331 assets exceeds the amount of new investment into the island wide power system. If you
 332 desire to have a sustained utility, then the book value of Utility Plant should either be flat
 333 or growing. If this trend is allowed to continue, then GPA will not have the facilities
 334 needed to continue to operate the system when the plants have reached the end of their
 335 useful lives.

336

337 The chart below depicts the annual capital expenditures each year (**purple**) as compared
 338 with depreciation expense (**blue**) for FY04-FY08:

339

Capital Expenditure by Fiscal Year



340

341 Many utilities use depreciation expense as a gauge for determining the appropriate levels
 342 of capital improvements for their system. It is clear from the chart that GPA’s investment
 343 in capital improvements is not keeping pace with its levels of depreciation. The problem
 344 is actually exacerbated by the fact that GPA spends about \$4 million per year on blanket
 345 job orders. These costs are mostly related to customer growth. Thus, the capital
 346 investment into existing facilities or development of new facilities is the amount
 347 remaining after the blanket job orders are removed. These trends should be a cause of
 348 concern not only for the Public Utilities Commission but also for the ratepayers of Guam.

349

350 **Q. IS STAFFING AN ISSUE IN THIS RATE CASE?**

351 A. No. The Guam Power Authority has filed with the PUC a copy of its Management and
 352 Organizational Assessment which included a staffing and productivity study. The study

353 concluded that GPA's staffing is "slightly buoyant" when compared to its peer group of
354 utilities. GPA believes there are several reasons why the PUC should be comforted with
355 existing staffing levels at the Authority:

356 1. GPA's Water Systems Diesel group was not taken into account in the study. The five
357 members of this team that is dedicated to the maintenance of GWA's waterwell and
358 booster station generators is an abnormality when compared with other utilities. The
359 other utilities in the sample did not have similar groups dedicated to maintenance of
360 water and wastewater facilities.

361

362 2. While some of the utilities in the sample were regulated, most were not. Thus, most
363 of the comparison utilities are not subjected to the same regulatory data and filing
364 requirements that GPA must be staffed to meet.

365

366 3. The staffing study conducted by Baker Tilly went so far as to include contract
367 employees who are employed in and around the Authority. For example, the private
368 employees that manage GPA's tank farm were included as employees for purposes of
369 comparison with other utilities. This makes this staffing study the most conservative
370 of any prior study performed at the Authority. The Commission can be comforted in
371 knowing that even with the rigorous methodology; GPA fell within an acceptable
372 range of the comparable utilities. The study also included every 1800 hours of
373 overtime as an additional position. This also was a very conservative assumption not
374 employed in any previous staffing study. For FY08, the year reviewed, GPA
375 employees worked 102,864 hours of overtime. Thus, for purposes of the study, this is
376 equivalent to 57 fulltime positions.

377

378 4. GPA's employee demographics place pressure on the Authority to be on the outer
379 edge of acceptable staffing levels. GPA has 305 employees that will be eligible for
380 retirement in the next 10 years. It takes a significant lead time to plan for the
381 replacement of such a large number of staff in such a short period of time. GPA does
382 not have a vast talent pool to draw from for some of these technical positions.
383 Moving from the U.S. mainland to Guam is far different than leaving a job at
384 Burbank for a job at an Anaheim utility. GPA has chosen to address this problem
385 through the creation of an apprenticeship program. This will save GPA the effort and
386 cost of relocating a large number of employees from the U.S. or other countries to
387 Guam and will help ensure that there is ample time for knowledge transfer from some
388 of GPA's career employees to the new crop of apprentices being developed to bring
389 GPA into the future.

390

391 5. The staffing study identified some areas where the Authority could improve its
392 efficiency by focusing on leveraging technology. One of the top recommendations of
393 the Management and Organizational Assessment was to hire an IT Manager and
394 develop and implement an IT Strategic Plan which could identify opportunities for
395 improving efficiency within the organization.

396

397 6. The Consultants did not recommend any areas where immediate staffing cuts should
398 be imposed. They indicated GPA was operating on a very "lean" basis and any future
399 employee reductions should take place in conjunction with improved efficiencies over
400 time as their recommendations are being implemented.

401

402 7. The study brought to light that GPA has some very generous leave policies mandated
403 by Guam law. Issues such as military leave and family medical leave were found to
404 be much more lenient than the utilities against which GPA was measured. However,

405 because these matters are beyond GPA's control, there should be an adjustment made
406 to account for the fact that GPA has some positions funded but not filled due to
407 employees taking advantage of the generous leave policies made available by the
408 Guam Legislature.

409

410 The PUC should be comforted that GPA's past actions regarding staffing levels are
411 clearly reasonable the PUC should join with the utility in ensuring rates are sufficient to
412 implement new technologies that will lead to lower rates over the long term.

413 **Q. PLEASE DESCRIBE THE BUDGETING PROCESS GPA WEN THROUGH TO**
414 **ARRIVE AT THE NUMBERS IN ITS BASE BUDGET FOR THIS RATE**
415 **INCREASE?**

416

417 A. In 2006, GPA held a series of strategic planning workshops. The sessions yielded 11
418 potential strategic goals that the utility should focus on. At the top of the list was
419 addressing the problem of the talent drain that was taking place at the Authority. As
420 GPA has testified previously, there had been a steady exodus of some of the most skilled
421 and talented employees from the Authority to positions either in the mainland or by the
422 Department of Defense locally. GPA set its focus on addressing that goal; however, GPA
423 did not have sufficient funds or resources to address many of the other initiatives
424 identified. Thus, the Authority filed a petition for a base rate increase to help provide
425 additional funding needed for the implementation of some of the strategic objectives.
426 The PUC granted relief to the Authority; however the PUC also required that the
427 Authority enter into a contract with a consultant to perform a management audit of the
428 Authority. Funds for such a study were not included in the base rate petition and GPA
429 was forced to re-shuffle its limited funds to make room for the cost of the study. GPA's
430 sales projections have not materialized as GPA expected they would when GPA filed its
431 petition. These factors have made it challenging for the Authority to address these
432 strategic initiatives.

433 In June 2009, GPA resumed its strategic planning process and ended up with a listing of
434 the top five strategic objectives of the Authority. As GPA went through its budgeting
435 process, GPA's General Manager thoroughly scrutinized each line item in the budget and
436 allowed only the initiatives that were in support of GPA's strategic goals. The General
437 Manager went through two iterations of the budget; however, the budget remained in
438 excess of the forecasted revenues for FY10. In order to develop a baseline budget
439 wherein GPA could get through the year and meet its coverage requirements, the General
440 Manager tasked the budget section with coming up with a plan to stay within the
441 revenues forecast for FY10. When the revised budget came back, we realized that while
442 many strategic priorities were left in the budget, there were some mission critical items
443 that were deleted from the budget. The most glaring example was the reduction of the
444 budget for the Cabras 1 & 2 overhaul. GPA has been in the position in the past where it
445 has deferred maintenance on its baseload generators. Current GPA management is
446 strongly opposed to allowing that type of situation to recur.

447 Another example was the drastic reduction of costs associated with employing a
448 consultant to assist with the renegotiation of the Customer Agreement with the U.S.
449 Navy. The existing Agreement is set to expire in 2012. The impending military buildup
450 has raised some issues that need to be addressed in the Customer Agreement. GPA
451 desires to resolve some of these issues expeditiously in order to assure costs of the
452 buildup can be properly assigned to the military. If GPA is successful in its Customer
453 Agreement, it could mean millions of dollars of savings over the term of the contract. If
454 GPA is not prepared to fully and thoroughly participate in the renegotiation of the
455 Customer Agreement, the result could have negative implications for civilian customers.
456 Thus, it is essential that GPA have funding to receive outside assistance in this critical
457 matter.

458

459 Additionally, it has been 12 years since GPA last purchased enterprise reporting planning
460 (ERP) software. The current software is at the end of its useful life. If GPA is going to
461 have its productivity compared with mainland utilities that maximize use of technology,
462 then GPA needs to take advantage of such technology as well. The revised budget struck

463 funding for a consultant to provide of assessment of GPA's ERP needs and to help survey
 464 the market to determine if GPA would be best served by seeking software from a new
 465 vendor or to continue with an upgrade to the software currently employed by the
 466 Authority. The line item for this project was drastically reduced. A complete listing of
 467 the cuts proposed to enable the Authority to live within the limitations of current
 468 revenues with the Phase II increase taking place on April 1, 2009 is reflected as Appendix
 469 B.

470

471 As GPA was reviewing the proposed cuts, it became apparent that if GPA is going to
 472 move forward at implementing its strategic objectives, then GPA is going to need to seek
 473 outside financing and is going to need to step up the date for receiving the phase II rate
 474 relief.

475 When the Authority realized that the likelihood of the \$15 million O&M loan was
 476 diminished, it identified an additional \$4 million in mostly labor cuts and recognized that
 477 compression of this rate increase would be required if the utility is to move forward in
 478 improving the effectiveness and efficiency of the agency.

479 The proposed budget cuts made to allow GPA to live within the \$10.6 million rate relief
 480 on a compressed basis without the \$15 million loan are as follows:

481	Vacancies	\$1.6 million
482	Contracts	\$1 million
483	Performance Increments	\$.9 million
484	Insurance	\$.5 million ¹
485	Total	\$4 million

486

¹ The cut was enabled when the Authority successfully negotiated a reduction in insurance premium renewal after initial market indications were that the premium rate would increase.

487 **Q. IS GPA'S CASH SHORTFALL A TEMPORARY RESULT OF SLUGGISH**
488 **SALES IN ANTICIPATION OF THE MILITARY BUILDUP?**

489

490 A. No. The five year forecast shown in Appendix C indicates the utility will not
491 immediately rebound from the reductions in sales. The forecast utilizes GPA's most
492 recent sales forecast, an assumption of 2% growth in costs per year, and the issuance of a
493 bond for a wind farm, a new financial system, and the new GPA office in Fadian whose
494 proceeds would be available to GPA in FY11. These projects are all somewhat soft at
495 this time and the amount is used as a placeholder for a bond issuance that will come
496 together as more information becomes available to support the issuance.

497 **Q. WHAT IS THE BASIS OF THE SALES FORECAST?**

498

499 A. The sales forecast update was conducted by PL Mangilao – the same company that
500 performed the sales forecast under which the initial petition. The updated forecast was
501 done using essentially the same assumptions as the initial forecast. The previous forecast
502 was accepted by the PUC; therefore, we believe the PUC should have no problem
503 accepting this forecast. GPA's consultant is available to answer any questions should
504 they come up in the discovery process.

505 **Q. WHY DOES THE SCHEDULE SHOW A FIVE YEAR TIMELINE FOR THE**
506 **BUILD UP OF THE WORKING CAPITAL FUND?**

507 A. The schedule was created as a part of a CCU working session and represents the level of
508 capital improvements the Commission believes they can present to GPA customers. As a
509 matter of practice, however, GPA will not be able to fund these capital projects until the
510 Working Capital Requirement is met either by funding it through revenues or the short
511 term \$15 million loan.

512 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS YOU WOULD LIKE TO**
513 **MAKE?**

514

515 A. Yes. GPA believes the award of this first \$10.6 million falls into the “no brainer”
516 category in light of the current debt service coverage ratios of the Authority. Other
517 factors that support immediate approval of this rate filing addenda are as follows:

518

519

520 1) GPA has been forced into a loan agreement with Cathay Bank for the repayment of
521 its \$20 million commercial paper facility over a three year period. GPA has tried
522 multiple times to identify a lending institution to refinance this obligation on less
523 onerous terms, however, to date; a lender has not been identified. It is readily
524 apparent that GPA requires an injection of cash to strengthen its credit profile. GPA
525 believes it is not in the interests of the Authority or the Authority’s customers or the
526 Public Utilities Commission for the utility to be shut out of capital markets. GPA
527 believes this is a cause where the Authority and the PUC can work together to
528 strengthen the credit profile of the utility. The payment of this \$20 million loan was
529 not taken into consideration during GPA’s previous rate filing and represents a new
530 requirement that needs to be funded by rates. (Note: the minimum filing requirement
531 schedules assume the loan will be refinanced to a five year term)

532

533 2) The decline in Utility Plant values from \$568 million to \$513 million over the last six
534 years. This is the result of the Authority depreciating more of the investment of the
535 system than it has been able to invest.

536

537 3) GPA has recently been notified of a grant award under the Smart Grid funds made
538 available under the American Recovery and Re-investment Act of 2009. The amount
539 of the grant is \$16.6 million and requires a match from the Authority. GPA’s
540 consultants – Baker Tilly Virchow Krause LLP – have estimated that GPA could
541 reduce line losses by a percent or more by implementing Smart Grid technology.
542 However, if GPA is unable to obtain a loan to take out its commercial paper
543 obligation, then it will not be in a position to attain the matching funds to take

544 advantage of this grant opportunity. Like so many opportunities that exist for GPA to
545 conduct projects that will save ratepayers money in the long term, GPA's poor cash
546 position impedes its ability to take advantage of such potential savings.

547

548 4) In comments made by Baker Tilly Virchow Krause LLP to a working session for the
549 Public Utilities Commission, they indicated that their assessment of GPA is that it is
550 "a lean utility and provides lean service to its customers.

551

552 5) GPA is expecting to file a liquidity study with the PUC in December, 2009. The
553 liquidity study is expected to recommend that a minimum cash level be adopted by
554 the PUC for rate setting purposes. It is expected the minimum level will exceed the
555 Working Capital Requirement currently laid out in GPA's bond indenture agreement.

556

557 6) The balance in the Working Capital Fund has not met the working capital
558 requirement for the last five years. The amount of the rate increase for the first year
559 may all be required to go into the Working Capital Fund to meet the shortfall between
560 the existing balance in the Fund and the Working Capital Requirement.

561

562 7) GPA is planning to issue a bid for renewable energy as part of its Phase II bid plan.
563 GPA's goal is to follow the "White Creek" model which shares the risk between the
564 contractor and GPA and allows for an option for GPA financing. If GPA is able to
565 provide the financing, GPA customers will be able to take advantage of tax exempt
566 interest rates which could lead to substantial savings for the Authority. However, if
567 the PUC does not act to improve the Authority's credit profile, GPA customers will
568 not be able to benefit from wind power at the lowest costs possible.

569

570 All of these indicators point to the fact that GPA needs a series of cash injections to
571 restore health to the utility. This request is the first of such cash injections. In the
572 extremely unlikely event that the PUC determines later that a \$10.6 million increase was
573 not appropriate; there will be plenty of opportunity to correct the record.

574

575 **Q. DOES THIS CONCLUDE YOUR TESTIMONY IN THIS SUPPLEMENTAL**
576 **FILING?**

577

578 A. Yes.

EXHIBIT GPA-1

MFR SCHEDULE A TO SCHEDULE K-1

Guam Power Authority
Standard Filing Requirements
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Schedule Name	Description
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Guam Power Authority
Summary of Revenue Requirement (\$000)

SCHEDULE A

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 ACTUAL	FY 2009 CURRENT	UTILITY PROPOSED TEST YEAR 2010		Reference
				PROJECTED	WITH REQUEST	
1	Proforma Income Statement					
2	Base Revenues	\$ 131,895	\$ 134,725	\$ 141,593	\$ 141,593	Schedule B
3	Fuel Revenues	237,063	256,906	236,374	236,374	Schedule B
4	Miscellaneous Revenues	2,587	1,439	1,477	1,477	Schedule B
5	Revenue from Allowed Rate Change	-	-	-	10,541	Schedule B-1
6						
7	Total Revenues	\$ 371,544	\$ 393,070	\$ 379,444	\$ 389,985	
8						
9	Production Fuel	237,063	256,906	236,374	236,374	Schedule D
10	IPP Costs	18,883	19,263	19,658	19,658	Schedule E
11						
12	Production Non-fuel	20,083	21,915	24,350	24,350	
13	Transmission and Distribution	10,284	11,102	12,574	12,574	
14	Administrative and General	23,853	23,661	29,626	29,626	
15	Customer Accounting	3,900	3,587	4,936	4,936	
16	Total O&M Expenses	58,120	60,265	71,486	71,486	Schedule C
17	Depreciation	27,170	27,285	27,762	27,762	MFR Wkpp10
18						
19	Total Operating Expenses	341,235	363,719	355,280	355,280	
20						
21	Earnings From Operations	30,309	29,351	24,164	34,705	
22						
23	Other Revenues (Expenses):					
24	Investment Income	3,501	2,016	2,132	2,132	MFR Wkpp3
25	Interest expense (ST Debt)	(2,291)	(2,436)	(1,290)	(1,290)	MFR Wkpp9
26	Interest expense (Bonds)	(20,401)	(20,072)	(19,688)	(19,688)	Schedule F
27	Interest expense (IPP's)	(16,780)	(15,971)	(15,056)	(15,056)	Schedule E
28	AFUDC	686	-	500	500	MFR Wkpp17
29	Amortization of Issuance Costs	(1,774)	(1,514)	1,514	1,514	MFR Wkpp18
30	COLA/supplemental benefits	(2,006)	(1,927)	(2,200)	(2,200)	Schedule C
31	Recovery of GovGuam receivable	13,489	-	-	-	
32						
33	Net Earnings	\$ 4,734	\$ (10,552)	\$ (9,924)	\$ 617	
34						
35	Debt Service Coverage Calculation					
36	Earnings From Operations	\$ 30,309	\$ 29,351	\$ 24,164	\$ 34,705	
37	Add: Interest Income (Net of Const. Fund Interest & Amort. Of DC)	\$ 3,086	\$ 1,269	\$ 1,348	\$ 1,348	
38	Less: COLA/supplemental benefits	\$ 2,006	\$ 1,927	\$ 2,200	\$ 2,200	
39	Add: Depreciation	27,170	27,285	27,762	27,762	
40	Balance Available for Debt Service	\$ 58,559	\$ 55,978	\$ 51,074	\$ 61,615	
41	Debt Service					
42	Bond Interest Expense	20,401	20,072	19,688	19,688	
43	Bond Principal	7,080	7,374	7,795	7,795	Schedule F
44	Total Debt Service	\$ 27,481	\$ 27,445	\$ 27,483	\$ 27,483	
45						
46	Debt Service Coverage	2.13	2.04	1.86	2.24	
47	Debt Service Coverage w/o IPP Acctg change	1.29	1.20	1.02	1.40	
48						
49	Internal Cashflow Statement					
50	Total Cash Generated	\$ 32,992	\$ 18,247	\$ 15,824	\$ 26,365	
51	CIP's-Internally Funded	(6,915)	(12,643)	(9,642)	(9,642)	Schedule G
52	Cabras 3 & 4 (CIPS & PIPS)	(980)	(633)	(1,596)	(1,596)	Schedule G
53	Cabras 1 & 2 (CIPS & PIPS)	(3,408)	(2,429)	(3,117)	(3,117)	Schedule G
54	Principal Payment (1993 & 1999 Series)	(7,080)	(7,374)	(7,795)	(7,795)	Schedule F
55	Principal Payment (IPP's)	(6,305)	(7,113)	(8,028)	(8,028)	Schedule E
56	Principal Payment (\$20M TCP Loan)	-	-	(3,462)	(3,462)	MFR Wkpp9
57	Decrease (Increase) in Working Capital Requirements:					
58	Note Payment from GPSS	1,627	1,953	2,069	2,069	MFR Wkpp6
59	Note Payment from GWA	2,013	1,285	2,084	2,084	MFR Wkpp5
60	Fuel Cost Over(Under) Recovery	6,721	(10,094)	5,514	5,514	Schedule H
61	Materials Inventory	(212)	(1,148)	(1,500)	(1,500)	MFR Wkpp13
62	Fuel Inventory ⁽¹⁾	(7,406)	8,619	-	-	Schedule H
63	Other Working Capital Requirement	(14,136)	11,392	873	(425)	Schedule H
64	WC Fund Funding Requirement	0	(6,786)	(2,599)	(2,599)	MFR Wkpp14
65	Escrow Account-Margin Call	(5,500)	5,000	0	-	
66	Proceeds from \$20M TCP Loan	0	0	2,917	2,917	MFR Wkpp12
67	Regulatory Asset amortization	1,500	2,471	-	-	MFR Wkpp16
68	Construction Fund Interest Income	(415)	(747)	(784)	(784)	MFR Wkpp3
69						
70	Cash (Deficiency)/Surplus	\$ (7,504)	\$ 0	\$ (9,244)	\$ 0	

Note (1) Fuel Inventory carrying cost is covered under LEAC effective 10/01/08.

SCHEDULE B

Guam Power Authority
Revenues (\$000)

DATE 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 ACTUAL	FY 2009 CURRENT	UTILITY PROPOSED TEST YEAR 2010		Reference
				PROJECTED	WITH REQUEST	
1	Base Rate Revenues					
2	R- Residential	\$ 32,346	\$ 31,523	\$ 32,184	\$ 34,516	
3	G-Sml/Gen- Non Dmd	6,165	6,420	6,636	7,245	
4	J-Sml/Gen - Dmd	21,256	21,468	22,797	24,889	
5	P- Large General	29,618	28,582	29,859	32,599	
6	H- Private St. Lites	174	221	290	317	
7	S-Sml/Gvt- Non Dmd	1,598	1,539	2,035	2,222	
8	K-Sml/Gvt - Dmd	10,269	10,853	11,174	12,199	
9	L-Large Government	7,306	7,436	8,563	9,348	
10	F-Public St. Lites	3,508	3,370	3,174	3,465	
11						
12	Total Civilian	112,239	111,412	116,713	126,801	
13						
14	N-Navy	19,656	23,313	24,880	25,333	
15						
16	Sub-Total	131,895	134,725	141,593	152,134	Schedule B-1
17						
18	Fuel Revenues					
19	R- Residential	\$ 69,168	\$ 74,393	\$ 67,802	\$ 67,802	
20	G-Sml/Gen- Non Dmd	7,812	8,575	7,995	7,995	
21	J-Sml/Gen - Dmd	30,885	33,154	31,484	31,484	
22	P- Large General	50,911	51,358	47,631	47,631	
23	H- Private St. Lites	88	102	121	121	
24	S-Sml/Gvt- Non Dmd	1,881	2,131	2,462	2,462	
25	K-Sml/Gvt - Dmd	15,308	16,159	14,740	14,740	
26	L-Large Government	11,710	13,029	13,268	13,268	
27	F-Public St. Lites	1,409	1,444	1,216	1,216	
28						
29	Total Civilian	189,173	200,345	186,719	186,719	
30						
31	N-Navy	47,890	56,561	49,654	49,654	
32						
33	Sub-Total	237,063	256,906	236,374	236,374	Schedule B-1
34						
35	Other Revenues					
36	Miscellaneous Revenues	2,587	1,439	1,477	1,477	MFR Wkpp2
37						
38	Total Revenues	\$ 371,544	\$ 393,070	\$ 379,444	\$ 389,985	
39						

**Guam Power Authority
Comparison of Current and Proposed Rates
Under the Anticipated Application for Change in Rates**

DATE 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Class Of Service and Rate Schedule	FY 2008					FY 2009						
		Sales	Non-Fuel Yield	Non-Fuel Revenues \$000	Fuel Yield	Fuel Revenues \$000	Total Revenues \$000	Sales	Non-Fuel Yield	Non-Fuel Revenues \$000	Fuel Yield	Fuel Revenues \$000	Total Revenues \$000
1	R- Residential	472,730	6.84230	\$ 32,346	14.63157	\$ 69,168	\$ 101,513	470,873	6.69466	\$ 31,523	15.79900	\$ 74,393	\$ 105,917
2	G-Sml/Gen- Non Dmd	53,393	11.54643	6,165	14.63157	7,812	13,977	54,274	11.82933	6,420	15.79900	8,575	14,995
3	J-Sml/Gen - Dmd	211,087	10.06985	21,256	14.63157	30,885	52,141	209,849	10.23007	21,468	15.79900	33,154	54,622
4	P- Large General	347,954	8.51202	29,618	14.63157	50,911	80,529	325,070	8.79267	28,582	15.79900	51,358	79,940
5	H- Private St. Lites	603	28.81426	174	14.63157	88	262	646	34.21508	221	15.79900	102	323
6													
7													
8	S-Sml/Gvt- Non Dmd	12,859	12.42627	1,598	14.63157	1,881	3,479	13,487	11.41003	1,539	15.79900	2,131	3,670
9	K-Sml/Gvt - Dmd	104,622	9.81567	10,269	14.63157	15,308	25,577	102,278	10.61087	10,853	15.79900	16,159	27,012
10	L-Large Government	80,032	9.12869	7,306	14.63157	11,710	19,016	82,466	9.01648	7,436	15.79900	13,029	20,464
11	F-Public St. Lites	9,627	36.43769	3,508	14.63157	1,409	4,916	9,141	36.86609	3,370	15.79900	1,444	4,814
12													
13	Total Civilian	1,292,907	8.68116	112,239	14.63157	189,173	301,412	1,268,085	8.78581	111,412	15.79900	200,345	311,756
14													
15	N-Navy	341,766	5.75130	19,656	14.01250	47,890	67,546	358,004	6.51205	23,313	15.79900	56,561	79,874
16													
17	Total	1,634,673	8.06860	131,895	14.50214	237,063	368,958	1,626,089	8.28522	134,725	15.79900	256,906	391,631

Row #	2010 Proposed Test Year	Sales	Non Fuel Rate Increase(t)	Non-Fuel Yield			Non Fuel Revenues			Fuel Clause Yield	Fuel Revenues \$000	Current Revenues \$000	Proposed Revenues \$000	% Change
				Current	Proposed	Increase	Current	Proposed	Increase					
				1	R- Residential - Lifeline	201,867		3.3540	3.3540					
2	R- Residential - Non Lifeline	267,367	9.1760%	9.50514	10.37733	0.87219	\$ 25,414	\$ 27,746	\$ 2,332	14.44954	\$ 38,633	\$ 64,047	\$ 66,379	3.64%
3	G-Sml/Gen- Non Dmd	55,334	9.1760%	11.99243	13.09285	1.10043	\$ 6,636	\$ 7,245	\$ 609	14.44954	\$ 7,995	\$ 14,631	\$ 15,240	4.16%
4	J-Sml/Gen - Dmd	217,886	9.1760%	10.46303	11.42311	0.96009	\$ 22,797	\$ 24,889	\$ 2,092	14.44954	\$ 31,484	\$ 54,281	\$ 56,373	3.85%
5	P- Large General	329,637	9.1760%	9.05830	9.88949	0.83119	\$ 29,859	\$ 32,599	\$ 2,740	14.44954	\$ 47,631	\$ 77,490	\$ 80,230	3.54%
6	H- Private St. Lites	838	9.1760%	34.64589	37.82500	3.17911	\$ 290	\$ 317	\$ 27	14.44954	\$ 121	\$ 412	\$ 438	6.48%
7	S-Sml/Gvt- Non Dmd	17,040	9.1760%	11.94426	13.04026	1.09601	\$ 2,035	\$ 2,222	\$ 187	14.44954	\$ 2,462	\$ 4,498	\$ 4,684	4.15%
8	K-Sml/Gvt - Dmd	102,007	9.1760%	10.95364	11.95874	1.00511	\$ 11,174	\$ 12,199	\$ 1,025	14.44954	\$ 14,740	\$ 25,913	\$ 26,938	3.96%
9	L-Large Government	91,822	9.1760%	9.32528	10.18097	0.85569	\$ 8,563	\$ 9,348	\$ 786	14.44954	\$ 13,268	\$ 21,830	\$ 22,616	3.60%
10	F-Public St. Lites	8,418	9.1760%	37.70519	41.16502	3.45983	\$ 3,174	\$ 3,465	\$ 291	14.44954	\$ 1,216	\$ 4,390	\$ 4,682	6.63%
11														
12	Total Civilian	1,292,216	9.1760%	8.69849	9.81270	1.11421	\$ 116,713	\$ 126,801	\$ 10,088	14.44954	\$ 186,719	\$ 303,432	\$ 313,520	3.32%
13														
14	N-Navy	357,608	1.8194%	6.95741	7.08400	0.12659	\$ 24,880	\$ 25,333	\$ 453	13.88516	\$ 49,654	\$ 74,535	\$ 74,987	0.61%
15														
16	Total	1,649,824	7.8184%	7.97770	9.22124	1.24354	\$ 141,593	\$ 152,134	\$ 10,541	13.88516	\$ 236,374	\$ 377,967	\$ 388,508	2.79%

	Civilian	Navy	Total
Total Base Revenues	116,713	24,880	141,593
Less Residential Lifeline	6,771	-	6,771
Total Base Revenues-Non Lifeline	109,942	24,880	134,823
Phase 2 Base Rate Increase	10,088	453	10,541
% Increase to Non-Lifeline	9.1760%	1.8194%	7.8184%

Proposed Revenues	\$ 388,508
Base Revenues -Sch A	\$ 141,593
Fuel Revenues - Sch A	\$ 236,374
Rate Change - Sch A	\$ 10,541
Total from Schedule A	\$ 388,508
	\$ -

SCHEDULE C

**Guam Power Authority
Operations and Maintenance Expenses (\$000)**

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 Actual	FY 2009 Current (1)	FY 2010 Projected
1	Number of Employees	525	535	569
2				
3	<u>Labor:</u>			
4	Regular	22,493	23,722	25,943
5	Overtime	2,720	2,902	1,833
6	Premium	222	220	189
7	Benefits	7,192	7,964	9,662
8	Retirees' benefits	2,006	1,927	2,200
9				
10	Sub-Total - Labor	\$ 34,633	\$ 36,735	\$ 39,827
11				
12	<u>Non-Labor</u>			
13	Contracts	11,722	13,602	20,858
14	Communications/Utilities	1,267	1,415	1,753
15	Operating Supplies	2,117	2,495	4,793
16	Office Supplies	85	80	145
17	Miscellaneous	1,935	2,248	2,423
18	Training	169	400	514
19	Travel	77	140	146
20	Other Admin Costs	65	86	167
21	Insurance	7,210	6,411	7,510
22	Others/Work order closing	3,372	2,200	-
23	Bad Debts	921	800	800
24				
25	Sub-Total - Non-Labor	28,940	29,877	39,109
26				
27	Total Labor & Non-Labor	63,573	66,612	78,936
28				
29	Capitalized O&M Costs	(3,448)	(4,419)	(5,250)
30				
31				
32	Grand Total O&M	60,125	62,193	73,687

Note 1 Reflect actual amounts as of 7/31/09 plus Aug. & Sep. 09 projection.

\$ (0) \$ (0) \$ (0)

**Guam Power Authority
OPERATIONS AND MAINTENANCE EXPENSES VARIANCE REPORT (\$000)**

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2009 Actual ⁽¹⁾	FY 2009 Budget ⁽¹⁾	Variance Fav(Unfav)
1	Number of Employees	514	540	26
2				
3	<u>Labor:</u>			
4	Regular	19,352	20,680	1,328
5	Overtime	2,252	1,437	(815)
6	Premium	183	142	(41)
7	Benefits	4,096	7,467	3,371
8	Retirees' benefits	1,927	1,833	(94)
9				
10	Sub-Total Labor	\$ 27,810	\$ 31,558	\$ 3,748
11				
12	<u>Non-Labor:</u>			
13	Contracts	10,335	13,811	3,476
14	Communications/Utilities	1,179	1,368	189
15	Operating Supplies	1,829	3,833	2,004
16	Office Supplies	46	88	42
17	Miscellaneous	1,790	2,119	329
18	Training	310	380	70
19	Travel	50	117	67
20	Other Admin Costs	72	74	2
21	Insurance	5,176	5,830	654
22	Others/Work order closing	5,108	-	(5,108)
23	Bad Debts	416	500	84
24				
25	Sub-Total Non-Labor	26,311	28,119	1,808
26				
27	Total Labor and Non-Labor	54,121	59,677	5,556
28				
29	Capitalized O&M Costs	(3,619)	(3,683)	(64)
30				
31				
32	Grand Total O&M	50,502	55,995	5,493

Note 1 Represent amounts as of July 31, 2009 (10 months).

**GUAM POWER AUTHORITY
FUEL EXPENSE**

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 Actual		FY 2009 Current ⁽¹⁾		FY 2010 Projected	
		Barrel	Amount	Barrel	Amount	Barrel	Amount
1							
2	Fuel Costs:						
3	Piti	-	\$ -	-	\$ -	-	\$ -
4	Tanguisson 1	227,387	\$ 17,975,008	108,022	\$ 7,463,798	167,704	\$ 12,541,540
5	Tanguisson 2	169,539	\$ 13,010,053	169,971	\$ 11,045,637	169,755	\$ 12,694,884
6	Cabras 1 & 2	905,165	\$ 71,174,073	939,808	\$ 61,475,619	922,486	\$ 68,986,852
7	Cabras 3 & 4	646,430	\$ 51,825,068	641,040	\$ 42,256,433	643,735	\$ 48,140,834
8	MEC(Piti 8 & 9)	801,478	\$ 64,251,202	879,979	\$ 57,800,179	840,729	\$ 62,872,720
9	Diesels & CT's:						
10	MDI 10MW	3,236	\$ 469,525	2,077	\$ 363,336	2,656	\$ 302,927
11	Dededo Diesel	47	\$ 2,932	195	\$ 12,276	121	\$ 13,821
12	Dededo CT #1	6,785	\$ 692,474	3,497	\$ 433,538	5,141	\$ 586,255
13	Dededo CT #2	-	\$ -	-	\$ -	-	\$ -
14	Macheche CT	8,851	\$ 1,012,946	910	\$ 113,548	4,881	\$ 556,586
15	Yigo CT	26	\$ 1,797	1,141	\$ 80,595	584	\$ 66,548
16	Talofofo 10 MW	1,349	\$ 228,352	2,045	\$ 232,241	1,697	\$ 193,500
17	Tenjo	45,514	\$ 5,584,669	25,389	\$ 4,791,088	35,452	\$ 4,042,904
18	TEMES Piti 7 (IPP)	53,642	\$ 6,548,521	14,542	\$ 1,432,923	34,092	\$ 3,887,832
19	GWA Generators	289	\$ 21,806	234	\$ 19,240	262	\$ 29,847
21	Marbo	-	\$ -	-	\$ -	-	\$ -
22	Deferred fuel cost		\$ 6,721,635		\$ (4,444,789)		\$ -
23	Adjustment		\$ (42,402)		\$ 176,441		\$ -
24	Fuel handling Costs		\$ (2,415,092)		\$ 73,653,694		\$ 21,456,586
25							
26	Total	2,869,738	\$ 237,062,567	2,788,849	\$ 256,905,796	2,829,294	\$ 236,373,638
27							
28	Average Fuel Cost per Barrel		\$ 82.61		\$ 92.12		\$ 83.55
29							
30	Fuel Revenues		\$ 237,062,567		\$ 256,905,796		\$ 236,373,638
31							
32	IWPS Gross Generation		1,865,516,907		1,856,159,916		1,879,316,847
33							
34							

Note 1 Reflect actual amounts as of 7/31/09 plus Aug. & Sep. 09 projection.

SCHEDULE E

Guam Power Authority
IPP COSTS

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 Actual	FY 2009 Current	FY 2010 Projected
1	Energy Conversion Costs:			
2	TEMES	\$ 3,884,497	\$ 4,016,992	\$ 4,099,340
3	MEC	\$ 11,554,650	\$ 11,963,373	\$ 12,208,622
4	Pruvient	\$ 3,443,699	\$ 3,282,710	\$ 3,350,006
5	Total Energy Conversion Costs	\$ 18,882,846	\$ 19,263,075	\$ 19,657,968
6	Capital Lease (Principal):			
7	TEMES	\$ 1,131,217	\$ 1,228,645	\$ 1,334,467
8	MEC	\$ 4,525,203	\$ 5,144,638	\$ 5,848,864
9	Pruvient	\$ 648,182	\$ 740,070	\$ 844,984
10	Sub-Total	\$ 6,304,602	\$ 7,113,353	\$ 8,028,315
11	Capital Lease (Interest):			
12	TEMES	\$ 1,408,307	\$ 1,310,879	\$ 1,205,060
13	MEC	\$ 13,724,757	\$ 13,105,322	\$ 12,401,096
14	Pruvient	\$ 1,646,638	\$ 1,554,750	\$ 1,449,836
15	Sub-Total	\$ 16,779,702	\$ 15,970,951	\$ 15,055,992
16	Total Capital Lease Payment	\$ 23,084,304	\$ 23,084,304	\$ 23,084,307
17				
18	Total IPP Costs	\$ 41,967,150	\$ 42,347,379	\$ 42,742,275

GUAM POWER AUTHORITY
DEBT SERVICE

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 Actual	FY 2009 Current	FY 2010 Projected
1	DEBT SERVICE COMPONENTS:			
2	1993 Series Revenue Bond-Principal	\$ 3,030,000	\$ 3,190,000	\$ 3,360,000
3	1999 Series Revenue Bond-Principal	\$ 4,050,000	\$ 4,183,601	\$ 4,435,000
4	Sub-Total	\$ 7,080,000	\$ 7,373,601	\$ 7,795,000
5				
6	1993 Series Revenue Bond-Interest	\$ 3,843,263	\$ 3,684,188	\$ 3,516,713
7	1999 Series Revenue Bond-Interest	\$ 16,557,500	\$ 16,387,400	\$ 16,171,100
8	Sub-Total	\$ 20,400,763	\$ 20,071,588	\$ 19,687,813
9				
10				
11	TOTAL	\$ 27,480,763	\$ 27,445,189	\$ 27,482,813

GUAM POWER AUTHORITY
INTERNALLY FUNDED CONSTRUCTION

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 Actual	FY 2009 Current ⁽¹⁾	FY 2010 Projected
1				
2	Total Blanket Job Orders	\$ 4,203,833	\$ 4,709,458	\$ 3,500,000
3				
4	Total General Plant	\$ 644,918	\$ 4,070,564	\$ 2,344,297
5				
6	Engineering Projects:			
7	Upgrade Fire Protection Dededo CT 1 & 2	337,773	326,047	-
8	USN 8" Above Ground Pipeline Upgrade	233,414	170,830	150,000
9	System Stability/Relay Coordination	218,010	94,558	100,000
10	Substation and Distribution Capacitor Program			200,000
11	GPA Central Office		39,663	500,000
12	Underground Fuel Pipeline		81,825	300,000
13	Harmon to GIAT 34.5 kV Line Reconductoring	105,545	122,422	
14	Agana Power Plt Asbestos Removal/New WSD Facility			200,000
15	Pulantat Substation Grounding Transformer			-
16	Harmon to Tanguisson 34.5 kV Underground Conversion-GPA		745,410	
17	Upgrade Fire Protection Macheche CT		488,660	350,000
18	Hagatna 34.5/115 kV Refurbishment and Upgrade		1,216,746	1,450,000
19	Prepaid Metering Project			198,000
20	PSCC MET Tower Replacement			250,000
21	PSCC Building Renovations			100,000
22	Merizo Underground Reconstruction	92,000		
23	Tamuning to Tumon UG Conversion	752,370		
24	Agana to Tamuning and P202 Underground Conversion-GPA	327,337		
25	P003 Extension, Makai, San Vitores, Harmon to Tango Underbuilt		372	
26	Macheche to San Vitores 34.5kv ug line conversion	-	576,474	-
27				
28	Total Engineering Projects	\$ 2,066,449	\$ 3,863,007	\$ 3,798,000
29				
30	Cabras No. 1&2	3,407,961	2,429,124	3,116,943
31	Cabras No. 3&4	979,842	632,791	1,596,467
32	Total CIP's & PIP's	\$ 4,387,803	\$ 3,061,915	\$ 4,713,410
33				
34	Total Internally Funded CIP's	\$ 11,303,003	\$ 15,704,944	\$ 14,355,707

Note (1) Projected CIP expenditures for FY 09.

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GUAM POWER AUTHORITY
WORKING CAPITAL (\$000)

DATE 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2007 Actual	FY 2008 Actual	Variance FY07-FY08	FY2008 Actual	FY 2009 Current	Variance FY08-FY09
1	Current Assets:						
2	Accounts Receivable-Trade	\$ 46,704	\$ 45,103	\$ (1,601)	\$ 45,103	\$ 48,397	\$ 3,294
3	Long Term receivables (GWA & DOE)	19,528	15,888	(3,640)	15,888	12,649	(3,239)
4	Prepaid Expenses	791	730	(61)	730	761	31
5	Deferred fuel cost	2,141	-	(2,141)	-	5,514	5,514
6	Materials and Supplies	12,421	12,633	212	12,633	13,781	1,148
7	Fuel Oil	33,584	40,990	7,406	40,990	32,371	(8,619)
8	Total Current Assets	\$ 115,169	\$ 115,344	\$ 175	\$ 115,344	\$ 113,473	\$ (1,871)
9							
10	Current Liabilities						
11	Accounts Payable	\$ 27,976	\$ 13,679	\$ (14,297)	\$ 13,679	\$ 28,197	\$ 14,518
12	Deferred Payment Agreement	1,102	-	(1,102)	-	-	-
13	Deferred Fuel Revenue	-	4,580	4,580	4,580	-	(4,580)
14	Bid Bond and Customers Deposits	4,481	4,561	80	4,561	4,521	(40)
15	Current Portion of employees' annual leave	1,138	1,117	(21)	1,117	1,128	11
16	Accrued Payroll and Benefits	1,124	1,035	(89)	1,035	1,080	45
17	Interest Payable	11,272	10,903	(369)	10,903	11,088	185
18	Total Current Liabilities	\$ 47,093	\$ 35,875	\$ (11,218)	\$ 35,875	\$ 46,012	\$ 10,137
19							
20	(Decrease) Increase in Working Capital	\$ 68,076	\$ 79,469	\$ 11,393	\$ 79,469	\$ 67,461	\$ (12,008)

**GUAM POWER AUTHORITY
WORKING CAPITAL (\$000)**

DATE **10/01/09**
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2009 Current	FY 2010 Projected	Variance FY09- FY10	FY 2009 Current	FY 2010 W/ Request	Variance FY09- FY10
1	Current Assets:						
2	Accounts Receivable-Trade	\$ 48,397	\$ 46,720	\$ (1,678)	\$ 48,397	\$ 48,017	\$ (380)
4	Long Term receivables (GWA & DOE)	12,649	8,497	(4,152)	12,649	8,497	(4,152)
5	Prepaid Expenses	761	745	(15)	761	745	(15)
6	Deferred fuel cost	5,514	-	(5,514)	5,514	-	(5,514)
7	Materials and Supplies	13,781	15,281	1,500	13,781	15,281	1,500
8	Fuel Oil	32,371	33,600	1,229	32,371	33,600	1,229
9	Total Current Assets	\$ 113,473	\$ 104,843	\$ (8,631)	\$ 113,473	\$ 106,140	\$ (7,333)
10							
11	Current Liabilities						
12	Accounts Payable	\$ 28,197	\$ 27,476	\$ (720)	\$ 28,197	\$ 27,476	\$ (720)
13	Deferred Payment Agreement	-	-	-	\$ -	-	-
14	Bid Bond and Customers Deposits	4,521	4,541	20	4,521	4,541	20
15	Current Portion of employees' annual leave	1,128	1,122	(5)	1,128	1,122	(5)
16	Accrued Payroll and Benefits	1,080	1,057	(22)	1,080	1,057	(22)
17	Interest Payable	11,088	10,995	(92)	11,088	10,995	(92)
18	Total Current Liabilities	\$ 46,012	\$ 45,192	\$ (820)	\$ 46,012	\$ 45,192	\$ (820)
19							
20	(Decrease) Increase in Working Capital	\$ 67,461	\$ 59,650	\$ (7,811)	\$ 67,461	\$ 60,948	\$ (6,513)

**GUAM POWER AUTHORITY
OTHER CASH FLOW ITEMS (\$000)**

DATE: 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Description	FY 2008 ACTUAL	FY 2009 CURRENT	FY 2010 PROJECTED
1	Other Sources of Funds			
2	Note Payment from GPSS	\$ 1,627	\$ 1,953	\$ 2,069
3	Note Payment from GWA	2,013	1,285	2,084
4	Fuel Cost Over(Under) Recovery	6,721	-	5,514
5	Fuel Inventory	-	8,619	-
6	Other Working Capital Requirement	-	11,392	-
7	Return Escrow Account-Margin Call	-	5,000	-
8	Proceeds from \$20M TCP Loan	-	-	2,917
9	Regulatory Asset amortization	1,500	2,471	-
10	Total Other Sources of Funds	\$ 11,861	\$ 30,721	\$ 12,583
11				
12				
13	Other Uses of Funds			
14	Materials Inventory	\$ 212	\$ 1,148	\$ 1,500
15	Fuel Inventory	7,406	-	-
16	Other Working Capital Requirement	14,136	-	425
17	Escrow Account-Margin Call Settlement	5,500	-	-
18	Working Capital Fund Funding Requirement	-	6,786	2,599
19	Fuel Cost Over(Under) Recovery	-	10,094	-
20	Construction Fund Interest Income & Amortization of DC	\$ 415	\$ 747	\$ 784
21	Total Other Uses of Funds	\$ 27,669	\$ 18,775	\$ 5,308

GUAM POWER AUTHORITY
PROOF OF REVENUES (\$000)

DATE 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Class of Service & Rate Schedule FY 2010 Proposed Test Year	Sales	Non-Fuel Rate Increase ⁽¹⁾	NON-FUEL YIELD			Non-Fuel Revenues			Fuel Clause Yield	Fuel Revenues	Current Revenues	Proposed Revenues	% Change
				Current	Proposed	Increase	Current	Proposed	Increase					
1	R- Residential - Lifeline	201,867		3.3540	3.3540	-	\$ 6,771	\$ 6,771	\$ -	14.44954	\$ 29,169	\$ 35,939	\$ 35,939	0.00%
2	R- Residential - Non Lifeline	267,367	9.1760%	9.50514	10.37733	0.87219	\$ 25,414	\$ 27,746	\$ 2,332	14.44954	\$ 38,633	\$ 64,047	\$ 66,379	3.64%
3	G-Sml/Gen- Non Dmd	55,334	9.1760%	11.99243	13.09285	1.10043	\$ 6,636	\$ 7,245	\$ 609	14.44954	\$ 7,995	\$ 14,631	\$ 15,240	4.16%
4	J-Sml/Gen - Dmd	217,886	9.1760%	10.46303	11.42311	0.96009	\$ 22,797	\$ 24,889	\$ 2,092	14.44954	\$ 31,484	\$ 54,281	\$ 56,373	3.85%
5	P- Large General	329,637	9.1760%	9.05830	9.88949	0.83119	\$ 29,859	\$ 32,599	\$ 2,740	14.44954	\$ 47,631	\$ 77,490	\$ 80,230	3.54%
6	H- Private St. Lites	838	9.1760%	34.64589	37.82500	3.17911	\$ 290	\$ 317	\$ 27	14.44954	\$ 121	\$ 412	\$ 438	6.48%
7	S-Sml/Gvt- Non Dmd	17,040	9.1760%	11.94426	13.04026	1.09601	\$ 2,035	\$ 2,222	\$ 187	14.44954	\$ 2,462	\$ 4,498	\$ 4,684	4.15%
8	K-Sml/Gvt - Dmd	102,007	9.1760%	10.95364	11.95874	1.00511	\$ 11,174	\$ 12,199	\$ 1,025	14.44954	\$ 14,740	\$ 25,913	\$ 26,938	3.96%
9	L-Large Government	91,822	9.1760%	9.32528	10.18097	0.85569	\$ 8,563	\$ 9,348	\$ 786	14.44954	\$ 13,268	\$ 21,830	\$ 22,616	3.60%
10	F-Public St. Lites	8,418	9.1760%	37.70519	41.16502	3.45983	\$ 3,174	\$ 3,465	\$ 291	14.44954	\$ 1,216	\$ 4,390	\$ 4,682	6.63%
11														
12	Total Civilian	1,292,216	9.1760%	8.69849	9.81270	1.11421	\$ 116,713	\$ 126,801	\$ 10,088	14.44954	\$ 186,719	\$ 303,432	\$ 313,520	3.32%
13														
14	N-Navy	357,608	1.8194%	6.95741	7.08400	0.12659	\$ 24,880	\$ 25,333	\$ 453	13.88516	\$ 49,654	\$ 74,535	\$ 74,987	0.61%
15														
16	Total	1,649,824	7.8184%	7.97770	9.22124	1.24354	\$ 141,593	\$ 152,134	\$ 10,541	13.88516	\$ 236,374	\$ 377,967	\$ 388,508	2.79%

	Civilian	Navy	Total
Total Base Revenues	116,713	24,880	141,593
Less Residential Lifeline	6,771	-	6,771
Total Base Revenues-Non Lifeline	109,942	24,880	134,823
Phase 2 Base Rate Increase	10,088	453	10,541
% Increase to Non-Lifeline	9.1760%	1.8194%	7.8184%

Proposed Revenues	\$ 388,508
Base Revenues -Sch A	\$ 141,593
Fuel Revenues - Sch A	\$ 236,374
Rate Change - Sch A	\$ 10,541
Total from Schedule A	\$ 388,508
	\$ -

Note (1) % Rate increase allocation for the Civilian and Navy is from the transmission level cost of service.

SCHEDULE K

GUAM POWER AUTHORITY
EXTERNALLY FUNDED CONSTRUCTION

DATE 10/01/09
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	A Project Description	B In-Service Date	C FY 2009 Actual ⁽¹⁾	D FY 2010 Projected	E FY 2011 Projected	F Latest Engineering Total	G Construction Fund Plus Interest ⁽²⁾	H Unexpended Bond Funds	Project Status
1	1999 SERIES "A" REVENUE FUNDS								
2	Tenjo 5&6 (34.5 kV Transmission Line along Rt. 2A			\$ 860,000		\$ 860,000	\$ 860,000	\$ -	Project will begin in FY 10
3	Agana Heights Pole Hardening		\$ 167,102		\$ 1,570,000	\$ 1,737,102	\$ 1,570,000	\$ 1,570,000	To be reprogrammed, needs PUC approval
4	Barigada Village Hardening		\$ 1,329		\$ 1,463,000	\$ 1,464,329	\$ 1,463,000	\$ 1,463,000	To be reprogrammed, needs PUC approval
5	Distribution Automation Systems	11/18/08	\$ 622,219		\$ -	\$ 622,219	\$ 377,781	\$ 377,781	Completed, project closed.
6	Old Dededo Kaiser Pole Hardening Phase II				\$ 905,000	\$ 905,000	\$ 905,000	\$ 905,000	To be reprogrammed, needs PUC approval
7	Old Dededo Kaiser Pole Hardening Phase III		\$ 925		\$ 1,071,000	\$ 1,071,925	\$ 1,071,000	\$ 1,071,000	To be reprogrammed, needs PUC approval
8	Marbo to Pagat LLine		\$ 221,483	\$ 2,322,000	\$ 968,517	\$ 3,512,000	\$ 3,290,517	\$ 968,517	Project will begin in FY 10
9	Boiler Control Upgrade - Cabras				\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	Planned for FY 2011
10	Cabras Miscellaneous				\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	Planned for FY 2011
11	Interest Earned						\$ 5,055,864		
12	Total		\$ 1,013,057	\$ 3,182,000	\$ 7,525,517	\$ 11,720,574	\$ 16,141,162	\$ 7,903,298	
							\$ -		

(1) Total cost incurred from inception of the project through 7/31/09 excluding AFUDC.

(2) Construction Fund Balance as of 7/31/09.

**GUAM POWER AUTHORITY
EXTERNALLY FUNDED CONSTRUCTION**

SCHEDULE K-1

DATE **10/01/09**
Public Utilities Commission of Guam

Test Year: 2010
Individual Responsible:
Randy Wiegand, CFO

Row #	Project Description	A In-Service Date	B FY 2008 Actual ⁽¹⁾	C FY 2009 Current ⁽²⁾	D FY 2010 Projected	E Total Project Cost	F GPA Share ⁽³⁾	G FEMA Share ⁽⁴⁾	H Approved Budget Total	I Project Status
	Hazard Mitigation Grant Program									
1	Macheche to GAA Underground Lines Conversion	Feb 2010	\$ 806,273	\$ 2,414,524	\$ 450,000	\$ 3,670,797	\$ 2,314,044	\$ 1,356,753	\$ 3,670,797	Construction ongoing
2	San Vitores to Macheche Underground Lines Conversion	Aug 2009	\$ 1,251,211	\$ 4,041,363	\$ 766,000	\$ 6,058,574	\$ 2,462,109	\$ 3,596,465	\$ 6,058,574	Energized, to be completed 10/09
3	Total		\$ 2,057,484	\$ 6,455,887	\$ 1,216,000	\$ 9,729,371	\$ 4,776,153	\$ 4,953,218	\$ 9,729,371	

(1) Total cost incurred from inception of the project.

(2) Total cost incurred through 7/31/09 plus projected costs through 9/30/09.

(3) GPA share is funded by the Excess Bond Fund (\$4.2M) and revenues (\$576K).

(4) FEMA share has been reimbursed to GPA for all eligible funds.

EXHIBIT GPA-1

APPENDIX B

BUDGET CUTS

**Guam Power Authority
Budget Cuts Required to fit O&M Expenses into Funds Available**

<u>COST CENTER</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
Contracts		
Apprentices	Apprentices (training/labor costs)	\$ (118,900)
Board	Quarterly Newsletter	\$ (10,000)
C.F.O.	Financial Mgmt System(NEW), Base Rate Case, Forecast, Cost of Service, Auditing Svcs, Risk Mgr, Financial Plan, Fixed Assets Sys, Mgmt Audit, Regulatory RFPs-Navy CSA, Self Ins, Cash Study	\$ (1,247,000)
Computer Services	Network security assessment, Business Analyst	\$ (112,500)
Customer Service	AMR consultant, Armored Car Services, Credit Card Machine Rental	\$ (126,000)
Engineering	Pole Numbering Proj, Equip Failure Analysis, Land Surveyor, Title/escrow svcs, Engr SW, GIS/AMR consultants, Med range plan, Auto Gen Control	\$ (158,910)
Facilities	Land Lease, Elevator Maint, electrical, plumbing, painting supplies, disposal/recycling, Bldg/Gen Maintenance	\$ (17,867)
Generation	Stack Refurbishment/Boiler Casing/Archway Bend Tube, Emer generator maint	\$ (450,000)
	Turbine Overhaul, Generator Tuning	\$ (1,290,000)
	Catwalks, Fuel & water treatmt plt, plant electric valve actuator repl.	\$ (119,379)
	Other rentals, crane/elevator certification, Fuel Metering	\$ (120,344)
	Engine Overhauls/Boiler chemical Cleaning, Turbocharger overhaul	\$ (559,550)
	Technical Svcs, Motor rewinding, Upgrade Paging system, Annual Reports	\$ (123,975)
	PMC Fixed Mgmt Fees/Performance Testing/Environmental	\$ (685,920)
	Fuel Nozzle refurbishment, A/E assessmt-No2 Gen, Oil wtr separator	\$ (314,300)
Renewal of Cylinder Liners, A/E Assessment-smoke stack/cathodic	\$ (575,000)	
Human Resources	Salary benchmark surveys, Video Knowledge Capture, Grant writer svc (NEW), Random Drug Testing	\$ (168,000)
Internal Audit	Film Development	\$ (100)
PIO	DSM Program, Cust Svc enhancements, Mktg ad svcs, Expo Display, Photography	\$ (45,500)
Planning & Regulatory	Environmental Compliance Program/CEMS/Emission Testing; Equipment Rental	\$ (27,500)
Procurement	Records Archiving svcs	\$ (10,000)
PSCC	Building Maint Tiling/Carpeting Control Rm, Leaking Roof repair), Repaint MET Tower, VHF Smartnet Radios, airtime/maint; Siemen Consulting Svcs	\$ (129,500)
Safety	Industrial Hygienist Services/medical screening, Audio logical Screening	\$ (14,700)
Spord	Strategist Model, PMC contract support, DSM RFP's	\$ (37,500)
T&D	Rust Removal Services, Tree Trimming/Vegetation Mgmt, Snake Control, freight svcs, small engine repairs, Equip/Tool Rental, 115kv Maint, sub maint, tech rep, calibration, crane cert, GIS, DGA	\$ (439,944)
Transportation	Repairs-Heavy Equipmt, Light and Heavy Vehicles; Towing svcs	\$ (50,525)
Warehouse	Crane repairs/surveillance camera maintenance	\$ (1,700)
	Sub-Total	\$ (6,954,614)
Utilities		
	Postage/Courier Service(rate change); Telephone	\$ (50,608)
	Water(rate change)	\$ (100,000)
	Sub-Total	\$ (150,608)
Operating Supplies		
GEN, T&D, PSCC, WAREHOUSE, CUST SVC, ACCTNG	Lubrication-(System Lube Oil for Govr control, Engine MLO system, transformers, etc); Other Mat'ls	\$ (346,252)
TRANS, GEN, T&D, FACILITIES, SAFETY	Vehicle parts; Other Parts, Diesel/Gas Fuel, Chemicals, Gases	\$ (182,203)
CT, SUB, CUST SVC	Transformer Repair Parts/Station Parts; Accessory Equipmt, conductors, line hardware	\$ (139,275)
TRANS, P&R, GEN, T&D, PSCC, CUST SVC, IA, BOARD	EPA & others-Pads, Booms; Lead Seals, Scada parts, Tools; Meter Test parts, boiler parts; Other Supplies	\$ (217,245)
GEN, SAFETY, COMP SVCS, FAC, T&D, GEN, PMMS, WAREHSE, PIO, ACCTNG, CUST SVC	Diesel Parts for scheduled maintenance; Coveralls, Safety supplies, printed forms, xerox & dp supplies Janitorial Supplies	\$ (159,730)
	Sub-Total	\$ (1,044,705)

Guam Power Authority
Budget Cuts Required to fit O&M Expenses into Funds Available

<u>COST CENTER</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
Travel and Office Supplies		
	Travel	\$ (35,665)
	Office Supplies	\$ (67,630)
	Sub-Total	\$ (103,295)
MISC		
	Ads & Radio Announcements	\$ (112,000)
	Dues & Subscriptions	\$ (25,000)
	Public Util Commission (PUC)-fees	\$ (25,000)
	Trustee and Bank Fees	\$ (200,000)
	Sub-Total	\$ (362,000)
Training		
	Engineering Scholarship	\$ (25,000)
	Tuition Reimbursement-Doc Sanchez	\$ (25,000)
	Computer Operation & PC Support training; Weapons of Mass Destruction Awareness Training; Accident & Injury; RPS Investigator Certification Training; Gas Turbine Operator & Maintenance Training; GIS/GPS Training; Siemens SCADA/RTU Training; Hazardous Materials	\$ (175,000)
	Cabras 1&2 - Advance Welding Training	\$ (50,000)
	CABRAS 3&4 - Main Engine Advanced Training, Woodard Gov Adv Training, Scada Training	\$ (20,000)
	Sub-Total	\$ (295,000)
Other Admin		
	Other Admin:	\$ (86,700)
	Community Outreach	
	GPA Public Awareness Campaigns	
	Consumer Energy Saving Tips	
	Sub-Total	\$ (86,700)
	Grand Total	\$ (8,996,922)

Assumptions

This scenario assumed the Phase II rate increase would provide revenues of 5.3 million in FY10

EXHIBIT GPA-1

APPENDIX C

5 (FIVE) YEAR FORECAST

Guam Power Authority
Five Year Forecast

% Base Rate Increase	7.6%		14.3%		0.3%		5.6%		0.1%	
	FY10	FY11	FY12	FY13	FY14					
1 Proforma Income Statement										
2 Base Revenues	\$ 139,387	154,997	181,912	186,086	198,213					
3 Fuel Revenues	\$ 236,374	244,267	250,796	255,851	258,168					
4 Miscellaneous Revenues	\$ 1,477	1,507	1,537	1,567	1,599					
5 Revenue from Allowed Rate Change	\$ 10,600	22,185	489	10,340	215					
6										
7 Total Revenues	\$ 387,839	\$ 422,955	\$ 434,734	\$ 453,844	\$ 458,195					
8										
9 Production Fuel	\$ 236,374	244,267	250,796	255,851	258,168					
10 IPP Costs	\$ 19,658	20,051	20,452	20,861	21,278					
11 Production Non-fuel	\$ 27,112	27,654	28,207	28,771	29,347					
12 Transmission and Distribution	\$ 13,743	14,018	14,298	14,584	14,876					
13 Administrative and General	\$ 32,457	33,106	33,768	34,443	35,132					
14 Customer Accounting	\$ 4,375	4,462	4,551	4,642	4,735					
15 Total O&M Expenses	77,686	79,239	80,824	82,441	84,090					
16 Decrease in O&M Expenses	(4,000)									
17 Adjusted O&M Expenses	73,686									
18 Depreciation	\$ 27,761	28,247	28,744	29,251	29,768					
19										
20 Total Operating Expenses	\$ 357,479	\$ 371,804	\$ 380,816	\$ 388,404	\$ 393,304					
21										
22 Earnings From Operations	30,360	51,151	53,918	65,441	64,892					
23										
24 Other Revenues (Expenses):										
25 Investment Income	\$ 2,064	3,253	2,746	2,396	2,167					
26 Interest expense (TCP Debt)	\$ (1,290)	(1,040)	(772)	(484)	(175)					
27 Interest expense (\$15M Loan)	\$ -	-	-	-	-					
28 Interest expense (Bonds)	\$ (19,688)	(19,279)	(18,848)	(18,394)	(17,917)					
Interest expense (2010 Bond)			(1,167)	(1,151)	(1,133)					
29 Interest expense (2011 Bond)				(9,044)	(8,915)					
30 Interest expense (IPP's)	\$ (15,056)	(14,021)	(12,849)	(11,522)	(10,020)					
31 AFUDC	167	\$ 508	332	137						
32 Amortization of Issuance Costs	\$ (1,514)	\$ (1,514)	\$ (1,514)	\$ (1,514)	\$ (1,514)					
33										
34 Net Earnings	\$ (4,958)	\$ 19,058	\$ 21,846	\$ 25,865	\$ 27,384					
35										
36 Debt Service Coverage Calculation										
37 Earnings From Operations	\$ 30,360	\$ 51,151	\$ 53,918	\$ 65,441	\$ 64,892					
38 Amount Financed by \$15M ST Loan	\$ -									
39 Add Interest Income	\$ 1,280	1,671	1,546	1,606	1,583					
40 Add: Depreciation	\$ 27,761	28,247	28,744	29,251	29,768					
41 Balance Available for Debt Service	\$ 59,401	\$ 81,069	\$ 84,208	\$ 96,298	\$ 96,243					
42 Debt Service										
43 Bond Interest Expense	\$ 19,688	19,279	20,015	28,589	27,965					
44 Bond Principal	\$ 7,795	8,205	8,635	11,714	12,335					
45 Total Debt Service	27,483	27,484	28,650	40,302	40,300					
46										
47 Debt Service Coverage (Bond Method)	2.16	2.95	2.94	2.39	2.39					
48 Debt Service Coverage (S&P Method)	1.32	2.11	2.13	1.82	1.82					
49 Debt Service Coverage (GPA Method)	1.07	1.47	1.49	1.21	1.21					
50										
51 Internal Cashflow Statement										
52 Total Cash Generated	\$ 23,810	\$ 48,486	\$ 51,967	\$ 56,630	\$ 58,666					
53 CIP's-Internally Funded	(7,565)	(17,332)	(17,712)	(17,616)	(17,916)					
54 Cabras 3 & 4 (CIPS & PIPS)	(2,440)	(3,833)	(3,840)	(3,994)	(4,153)					
55 Cabras 1 & 2 (CIPS & PIPS)	(3,417)	(4,093)	(4,102)	(4,443)	(4,672)					
56 Principal Payment (1993 & 1999 Series)	\$ (7,795)	(8,205)	(8,635)	(9,090)	(9,565)					
Principal Payment (2010 Series)			(298)	(315)	(332)					
57 Principal Payment (2011 Series)				(2,309)	(2,438)					
58 Principal Payment (IPP's)	\$ (8,028)	(9,064)	(10,235)	(11,562)	(13,064)					
59 Principal Payment (\$15M Loan)	\$ -									
60 Principal Payment (TCP Loan)	\$ (3,462)	(3,712)	(3,981)	(4,268)	(4,577)					
61 Decrease (Increase) in WC Requirements:	\$ -									
62 Note Payment from GPSS	\$ 2,069	2,163	2,262	1,862						
63 Note Payment from GWA	\$ 2,614	1,840								
64 Fuel Cost Over(Under) Recovery	\$ 5,514									
65 Materials Inventory	\$ (1,500)	(1,000)	(1,000)	(1,000)	(1,000)					
66 Fuel Inventory	\$ -									
67 Proceeds from 2010 Series Bonds	\$ 16,661									
68 Construction Fund 2010 Series Bond	\$ (16,661)									
69 Proceeds from 2011 Series Bonds		129,062								
70 Construction Fund 2011 Series Bond	\$ -	(129,062)								
71 FEMA Projects & Vehicles	\$ -									
72 Other WC Requirement	\$ -									
73 Remaining Proceeds from the \$20M loan	\$ 2,917									
74 WC Fund Funding Requirement	\$ (2,516)	(3,669)	(3,225)	(3,106)	(365)					
75 Proceeds from the \$15M ST loan	\$ -									
76 Construction Fund Interest Income	\$ (200)	(1,581)	(1,200)	(789)	(584)					
77										
78 Cash (Deficiency)/Surplus	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)					

EXHIBIT GPA-1

APPENDIX D

GPA

RATE

SCHEDULES

R, G, J, P, H, S, K, L,

M, F, N, A, B & Z

Rate Schedules to Reflect PUC Decision in
Docket #07-10

- SCHEDULE R - RESIDENTIAL SERVICE
- SCHEDULE G - GENERAL SERVICE - NON DEMAND
- SCHEDULE J - GENERAL SERVICE - DEMAND
- SCHEDULE P - LARGE POWER SERVICE
- SCHEDULE H - PRIVATE OUTDOOR LIGHTING
- SCHEDULE S - SMALL GOVERNMENT SERVICE - NON DEMAND
- SCHEDULE K - SMALL GOVERNMENT SERVICE - DEMAND
- SCHEDULE L - LARGE GOVERNMENT SERVICE
- SCHEDULE M - STANDBY, AUXILIARY, SUPPLEMENTARY OR
BREAKDOWN SERVICE
- SCHEDULE F - STREET LIGHTING
- SCHEDULE N - NAVY SERVICE
- SCHEDULE A - ACCOMMODATION SERVICE CHARGES
- SCHEDULE B - SERVICE ESTABLISHMENT CHARGES
- SCHEDULE Z - FUEL RECOVERY CHARGES

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "R"

GUAM POWER AUTHORITY

SCHEDULE "R"

Residential Service

Availability:

Applicable to single phase residential lighting, heating, cooking, air conditioning and power in a single family dwelling unit metered and billed separately by the Authority. This schedule does not apply where residence and business are combined nor where the average daily consumption is more than 200 kilowatt hours per day. A Residential (Schedule R) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

Non-Fuel Energy Charge

First 500 kwhr per month	- per kwhr \$0.03354
Over 500 kwhr per month	- per kwhr \$0.09601*
Monthly customer charge	\$6.29*

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when the Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when the Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh in excess of 500 kilowatt hour usage, will be billed monthly.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "R"

SCHEDULE "R" (Continued)

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Apartment House Collection Arrangement:

Any apartment owner having three or more apartments at one location, each apartment being separately metered and billed on the above rate, may elect to accept a discount of ten percent (10%) of the amount of the bills rendered for each apartment, but not to exceed \$5.00 per month for each apartment, upon entering into the following collection agreement with the Authority under the following terms and conditions:

1. All accounts shall be kept in the name of the apartment house owner who shall assume the responsibility for the prompt payment of all bills.
2. All accounts shall remain active at all times. Individual apartments cannot be added to or deleted from this agreement more often than once in twelve months.
3. The Authority will render individual bills for each apartment on a regular billing period basis and will also furnish a statement showing gross and net billings.

Multi-family Dwellings:

In apartment buildings or other residential premises where additional dwelling units are created by alterations or modifications to the premises and where the separate metering and billing by the Authority of the service used in each dwelling unit is impractical, the service may be supplied through a single meter. In such instances the above rate shall be increased by \$1.50 per month for each dwelling unit on the premises.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

Issued March 21, 1984
Revised **November 20, 2009**
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Rate Schedule "G"

GUAM POWER AUTHORITY

SCHEDULE "G"

General Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small General Non-Demand (Schedule G) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small Non-Demand (Schedule G) customer whose monthly consumption is below 5,000 Kwh per month in each of the customer's last twelve (12) billing months and who otherwise qualifies for service under Schedule R, will be transferred to Schedule R.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr \$0.14449*
Over 200 kwhr per month	- per kwhr \$0.12375*

For Three Phase Service:

First 400 kwhr per month	- per kwhr \$0.16891*
Over 400 kwhr per month	- per kwhr \$0.12375*

Monthly Customer Charge	\$9.77*
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Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "G"

SCHEDULE "G" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

General Service - Demand
Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "J"

GUAM POWER AUTHORITY

SCHEDULE "J"

General Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small General Demand (Schedule J) customer will be transferred to Small General Non-Demand (Schedule G) service, if the customer's average daily Kwh consumption in less than 200 Kwh per day in each of the customer's last twelve (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.14449*
Over 200 kwhr per month	- per kwhr \$0.12729*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10119*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.07322*

Issued March 21, 1984
 Revised **November 20, 2009**
 Effective with meters read
 on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "J"

SCHEDULE "J" (Continued)

For Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr \$0.16891*
Over 400 kwhr per month	- per kwhr \$0.12723*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10119*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.07322*
Monthly Customer Charge	\$19.54*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.6155 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "J"

SCHEDULE "J" (Continued)

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "P"

GUAM POWER AUTHORITY

SCHEDULE "P"

Large Power Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Power (Schedule P) customer will be transferred to Small General Demand service (Schedule J), if the customer's monthly billing demand for each of the customer's last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.19136*
Over 4000 kwhr per month	- per kwhr \$0.13243*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.08151*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05338*
Monthly Customer Charge	\$23.46*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.3161 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "P"

SCHEDULE "P" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Issued March 21, 1984
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Rate Schedule "P"

SCHEDULE "P" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "H"

GUAM POWER AUTHORITY

SCHEDULE "H"

Private Outdoor Lighting

Availability:

Applicable to private outdoor lighting service where the Authority owns, maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.07677*

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$28.51*
High Pressure Sodium (Lucalox)	250	101	\$25.28*
High Pressure Sodium (HPS)	150	54	\$18.46*

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order _____ dated _____.**

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "H"

SCHEDULE "H" (Continued)

Terms and Conditions:

1. **Determination of Energy:**
Standard service will be unmetered dusk to dawn service. The kilowatt-hours shall be the average kwh use per month by lamp type.
2. **Standard Equipment Furnished:**
Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.
3. **Other Than Standard Equipment:**
Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. **Replacement Cost:**
Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "S"

GUAM POWER AUTHORITY

SCHEDULE "S"

Small Government Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small Government Non-Demand (Schedule S) customer will be transferred to the Small Government Demand rate schedule (Schedule K), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr \$0.15583*
Over 200 kwhr per month	- per kwhr \$0.13243*

For Three Phase Service:

First 400 kwhr per month	- per kwhr \$0.18032*
Over 400 kwhr per month	- per kwhr \$0.13243*

Monthly Customer Charge	\$9.77*
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Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

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Rate Schedule "S"

SCHEDULE "S" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "K"

GUAM POWER AUTHORITY

SCHEDULE "K"

Small Government Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small Government Demand (Schedule K) customer will be transferred to Small Government Non-Demand (Schedule S) service, if the customer's monthly consumption in each of the customer's last twelve (12) billing months is less than 5,000 Kwh.

A Small Government Demand (Schedule K) customer will be transferred to the Large Government rate schedule (Schedule L), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.15583*
Over 200 kwhr per month	- per kwhr \$0.13792*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10949*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.08579

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Rate Schedule "K"

SCHEDULE "K" (Continued)

For Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr \$0.18032*
Over 400 kwhr per month	- per kwhr \$0.13781*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10949*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.08579*
Monthly Customer Charge	\$19.54*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.4762 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "K"

SCHEDULE "K" (Continued)

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "L"

GUAM POWER AUTHORITY

SCHEDULE "L"

Large Government Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Government (Schedule L) customer will be transferred to Small General Demand service (Schedule K), if the customer's monthly billing demand for each of the customers last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.20301*
Over 4000 kwhr per month	- per kwhr \$0.14409*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.09601*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05598*
Monthly Customer Charge	\$23.46*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.5024 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "M"

GUAM POWER AUTHORITY

SCHEDULE "M"

**Standby, Auxiliary, Supplementary or Breakdown Service
For Customers With Demands of 200 Kilowatts or More**

Availability:

This Schedule is applicable where the customer regularly obtains electric energy from a source or sources other than the Authority and has a maximum demand of 200 kilowatts or more. This Schedule will not apply where the customer's own generating facilities are used exclusively for emergency service in case of failure of the normal supply from the Authority or where the customer has a contract with the Authority to both purchase and sell firm electricity.

Monthly Rate:

First 200 kwhr per kw of billing demand	
0-20 kwhr/kw of billing demand	- per kwhr \$0.45582*
Over 20 kwhr/kw billing demand	- per kwhr \$0.13183*
Next 200-400 kwhr per kw of billing demand	- per kwhr \$0.09167*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05278*

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Determination of "Contract" Demand:

The customer shall specify in writing the maximum kw capacity required, which will be known as the "Contract" demand during the next twelve (12) months and continue thereafter until the Authority is otherwise notified in writing. If at any time the actual measured demand exceeds the "Contract" demand, then such higher demand shall be used and will establish a new "Contract" demand for the subsequent twelve months. At the end of such twelve months period the "Contract" demand shall continue at the higher amount unless the Authority is otherwise notified in writing. The contract demand shall be the billing demand.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Limitation of Capacity:

The Authority shall not be required to supply electricity at a rate greater than the "Contract" demand and may, at its option, limit the capacity of the service connection to conform with the "Contract" demand. The circuit breaker and other equipment necessary for the purpose shall be paid for by the customer but will be maintained and operated by the Authority.

Parallel Operation:

The operation of the customer's plant in parallel with the Authority's system will be permitted when special approval is granted by the Authority in which case the Authority shall specify the terms and conditions for such parallel operation.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Special Facilities:

1. Special facilities are considered to be existing, enlarged or new facilities installed and/or used by the utility at the applicant's request in addition to, as enlargements of, as alternate to, or in substitution for, the standard facilities which the utility would normally install or use and which represents additional costs to the utility over normally installed facilities. Except where provided by rate schedule, installation of special facilities will be made, provided the type of special facilities requested is acceptable to the utility and the utility agrees to the installation of the special facilities, under the following conditions:

a. The applicant for special facilities is also an applicant for permanent electric service or is a customer for permanent electric service at the same location.

b. The applicant will execute a contract covering the installation of special facilities. In addition to providing for the payment of charges as determined under a regularly filed rate schedule, the contract will provide for the following:

1. The payment of a facility charge equal to 2.25% per month of the estimated installed cost of the special facilities as determined by the utility.

2. The payment of the net amount of the sum of the estimated installed cost of the special facilities added, plus the estimated cost of removal of these special facilities less the estimated salvage value of removal materials. This payment will be made in the event that applicant terminates the use of the special facilities at any time within five years immediately following the date the special facilities are ready for service to applicant.

2. Where, at the Authority's election, special facilities have been or are to be provided to service a customer, a contract for use of or continued use of such facilities will be executed by the customer and Authority embodying the above mentioned terms as applicable.

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Rate Schedule "F"

GUAM POWER AUTHORITY

SCHEDULE "F"

Streetlighting

Availability:

Applicable to public outdoor lighting service where the Authority owns maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.09566*

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$28.51*
High Pressure Sodium (Lucalox)	250	101	\$25.28*
High Pressure Sodium (HPS)	150	54	\$18.46*

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order _____ dated _____.**

Fuel Recovery Charge:

The fuel adjustment cost, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Terms and Conditions:

1. Determination of Energy:

Standard service will be unmetered dusk to dawn service.
 The kilowatt-hours shall be the average kwh use per month by lamp type.

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Rate Schedule "F"

SCHEDULE "F" (Continued)

2. Standard Equipment Furnished:

Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.

3. Other Than Standard Equipment:

Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. Replacement Cost:

Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "N"

GUAM POWER AUTHORITY

SCHEDULE "N"

Navy Service

Availability:

Applicable to power service supplied to the Navy and metered at all delivery points to the Navy and metered at 34.5 kv.

Customer Agreement:

All services to Navy shall be subject to the provisions of that service contract between the Authority and Navy effective August 1, 1992, ("Customer Agreement"), as amended.

Monthly Rate:

Demand Charge:

All kw of billing demand per month - per kw \$32.89*

Non-Fuel Energy Charge:

All kwhr per month, excluding an insurance charge - per kwhr \$0.00970*

Customer Charge - per month \$9,419*

Insurance Charge per Kwhr per month - per kwhr \$0.00070

Determination of Demand:

The maximum demand for each month shall be the maximum combined load on Navy's meters in kw during any 30-minute period. The billing demand for each month shall be as determined through application of the relevant provisions of the Customer Agreement.

Insurance Charge:

The insurance charge shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the civilian insurance charge.

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Rate Schedule "N"

SCHEDULE "N" (Continued)

Power Factor:

The power factor adjustment shall be calculated for each bill through application of the relevant provisions of the Customer Agreement.

The average monthly power factor will be determined from the readings of kwh meters and kvarh meters. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Supply Voltage Delivery:

Navy shall take delivery at the 34.5 kv level.

Fuel Clause:

The fuel factor from the Navy Fuel Adjustment Clause, as specified in the Customer Agreement will be added to each bill for service.

Wheeling Rate:

The following charges are applicable to Navy usage of the Authority distribution facilities to wheel power.

- Non-NCS Wheeling Rate - per kwhr \$0.01980*

As Available Power:

As Available Power is defined in Article 20.3 of the Customer Agreement and is subject to the following charges:

Demand Charge: 50% of the Demand Charge for Firm Service, pro-rated on a daily basis.

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_____ dated _____.**

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Rate Schedule "N"

SCHEDULE "N" (Continued)

Non Fuel Energy Charge: 100% of the energy charge for Firm Service.

Fuel Charge shall be computed in accordance with Attachment III of the Customer Agreement.

Rules:

Service supplied under this rate shall be subject to the relevant provisions of the Customer Agreement.

Other Services:

Such other services as the Authority may provide to Navy from time to time shall be subject to the relevant service and rate provisions of the Customer Agreement.

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on and after March 01, 2008

Rate Schedule "A"

GUAM POWER AUTHORITY

SCHEDULE "A"

Accommodation Service Charges

A. Returned Checks:

Any check tendered in payment of an electric bill and returned by the bank for any non-payment reason shall be subject to a \$10.00 handling charge.

Customers will thereupon be subject to disconnection of service for non-payment of bills.

B. Reconnection for non-payment shall be as set forth in Schedule "B".

C. For each copy of an electric bill at customer's request, a service charge of \$1.00 will be made.

D. For each account analysis at customer's request, involving data on electric bills for a twelve month period, a service charge of \$6.00 per account shall be made.

E. A Convenience Fee will be charged for all credit card transaction at a rate of \$2.50 per transaction applicable only to Rate Schedule "R" customers.

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Rate Schedule "B"

GUAM POWER AUTHORITY

SCHEDULE "B"

Service Establishment Charge

Availability:

Applicable to all customers

Rate:

For each establishment, supersedure, or re-establishment of
electric service. \$10.00

Special Conditions:

1. The service establishment charge provided for herein is in addition to the charges calculated in accordance with the applicable schedule and will be made each time an account is opened, including a turn on, or reconnection of electric service, or a change of name which requires a meter reading.
2. In case the customer requests that electric service be turned on, or reconnected outside of regular business hours [Monday through Friday until 6:00 p.m.], or within four hours after his request or on Saturday, Sunday or Holidays, an additional charge will be made as follows:

1. Residential Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$35.00
2. Small General Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$45.00
3. Large General Service \$50.00

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on and after March 01, 2008

Rate Schedule "Z"

GUAM POWER AUTHORITY

SCHEDULE "Z"

**Levelized Energy Adjustment Clause
(LEAC)**

The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Fuel Recovery Charge times the total kilowatt hours for which the bill is rendered.

The Fuel Recovery Charge will be calculated semi-annually by the following formula:

$$\text{Fuel Recovery Charge} = \frac{\text{A} +/- \text{B} +/- \text{C}}{\text{D}}$$

Where:

- A - Equals the projected fuel expense for the next LEAC period, including amounts GPA is required to pay under the fuel risk management program and adjustments to the carrying value of GPA's fuel inventory so long as the number of barrels is consistent with parameters adopted by the PUC¹, but excluding net fuel reimbursement from Navy through the Customer Agreement settlements.
- B - Equals the difference between the fuel revenue and actual fuel expenses as approved by the Public Utilities Commission, including the true up of the second prior six month period excluding net revenue from Navy through the Customer Agreement settlements.
- C - Refunds or credits from supplier, excluding legal settlements.
- D - Equals the projected retail KWH sales for the next six months.

The Fuel Recovery Charge will be recalculated semi-annually for a six month period and be subject to the approval of the Guam Public Utilities Commission. In the event that GPA has a cumulative under [or over] recovery balance of more than \$2 million or if the under [over] recovery balance is projected to exceed \$2 million during the six-month levelized period, excluding net revenues from the Navy under The Customer Agreement, the Fuel Recovery Charge may be adjusted to recover such deficit, subject to PUC approval.

¹ For the LEAC period ending July 31, 2008 the adjustment to the carrying value has been established to be \$5.296 million. For periods beginning after July 31, 2008 the change in carrying value will be based on projected changes for the succeeding six month period and (for periods beginning after January 31, 2009) a true up of projected versus actual costs for the preceding six month period.

Exhibit

2

GUAM PUBLIC UTILITIES COMMISSION

DOCKET NO. 07-010

DIRECT TESTIMONY OF

WILLIAM J. KEMP

ON BEHALF OF

GUAM POWER AUTHORITY

Agana, Guam

November 18, 2009

BEFORE THE PUBLIC SERVICE COMMISSION
OF GUAM

In the Matter of Guam Power Authority)
Request For a Base Rate Increase)
) Docket No. 07-010
)
)
)

AFFIDAVIT OF WILLIAM J. KEMP

TERRITORY OF GUAM)
)
)

WILLIAM J. KEMP, being first duly sworn on his oath, states:

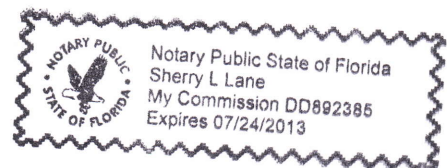
1. My name is **WILLIAM J. KEMP**. My office is in Sarasota, Florida, and I am employed by Black & Veatch Corporation as a Vice President.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Guam Power Authority, consisting of twenty-six (26) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

William J. Kemp
William J. Kemp

Subscribed and sworn before me this 17th day of November, 2009.

Sherry L. Lane
Notary Public

My commission expires: July 24, 2013



DIRECT TESTIMONY OF

WILLIAM J. KEMP

Docket No. 07- 010

1. QUALIFICATIONS

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is William J. Kemp. My business address is 7589 Seth Raynor Place,
4 Sarasota, Florida 34240.

5

6 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

7 A. I am employed as a Vice President in the Enterprise Management Solutions
8 division of Black & Veatch Corporation.

9

10 **Q. WHAT ARE YOUR RESPONSIBILITIES?**

11 A. I lead our management consulting practice in Business Strategy and Planning.
12 This includes consulting services in the areas of strategic planning, business planning,
13 M&A transaction support, financial due diligence, financial analysis, financing strategies,
14 load forecasting, demand-side management, resource planning, transmission planning,
15 and litigation support.

16

17 **Q. WHAT ARE THE RELEVANT QUALIFICATIONS OF BLACK & VEATCH
18 CORPORATION?**

19 A. Black & Veatch, an employee-owned company, is a leading global consulting,
20 engineering, and construction company, focusing on the power and water industries.
21 Founded in 1915 and headquartered in Overland Park, Kansas, Black & Veatch maintains
22 more than 90 offices worldwide. Black & Veatch was ranked in 2008 by the Engineering
23 News-Record as the number 3 company worldwide in power generation

1 design/engineering, and number 4 company in electricity transmission/distribution. Our
2 consulting practice is very active in the areas of Regulatory & Rate Advisory services and
3 in transaction-related financing support. Collectively, Black & Veatch's team of industry
4 experts has submitted testimony in well over 1,000 proceedings before the Federal
5 Energy Regulatory Commission, state regulatory commissions and other regulatory
6 bodies, licensing and siting boards, U.S. state and local legislative bodies and
7 investigative panels, and civil and bankruptcy courts. In my role as Vice President
8 Director for numerous consulting projects at Black & Veatch, I routinely draw upon the
9 company's very large base of technical expertise to address the client issues at hand.

10
11 **Q. PLEASE DESCRIBE YOUR EDUCATION, EXPERIENCE AND EMPLOYMENT**
12 **HISTORY.**

13 A. My educational background includes a B.A. magna cum laude from Harvard
14 University and a Master of Public Policy from the Goldman School of Public Policy at
15 the University of California at Berkeley, with a focus on energy policy.

16 Prior to joining Black & Veatch in 2003, I served as a Managing Director of
17 Economists.com, a management consultancy focusing on financial and technology issues
18 in the power, gas, and water industries. I was responsible for Economists.com's strategic
19 direction, sales and marketing leadership, alliance development, client relationship
20 management, and direct services to clients.

21 My previous consulting experience was primarily with Deloitte Consulting. From
22 1986 to 1999, I held positions of increasing responsibility in that firm's management
23 consulting practice in the energy industry, ultimately serving as one of three managing
24 partners for the worldwide practice. I was energy industry leader for the Asia-Pacific-
25 Africa region, and before that for the western U.S. region. My experience includes
26 advisory roles in the competitive restructuring of the power industry in a number of
27 countries, including the United States, Australia, New Zealand, United Kingdom,
28 Singapore, the Philippines, Turkey, and China. I advised energy clients on numerous
29 M&A transactions, served on Deloitte's Global Steering Committee for its M&A and
30 Customer/Product Profitability service lines across all industries, and led development of
31 major portions of its M&A methodology.

1 My experience includes numerous assignments in utility ratemaking and cost-of-
2 service analysis. I have personally performed or directed over 300 cost-of-service
3 analyses in regulatory or federal administrative proceedings.

4 I have served GPA in various consulting roles since 1988, including the
5 negotiations and regulatory approval process for the original Customer Service
6 Agreement (CSA) with the U.S. Navy. I also testified on behalf of GPA on the
7 transmission-level cost-of-service analysis (TLCOS) in the first phase of this rate
8 proceeding, and supported the negotiations between GPA, Navy, and Georgetown
9 Consulting that resulted in settlement of the first phase issues.

10 Earlier in my career, I held positions as Senior Wholesale Rate Engineer for
11 Pacific Gas & Electric Company, Regulatory Cost Analyst for Southern California
12 Edison Company, Research Specialist for Lawrence Berkeley Laboratory in the U.S.
13 Department of Energy, and Regulatory Economist for the President's Council on
14 Environmental Quality, Office of the White House.

15
16 **Q. HAVE YOU PREPARED AN EXHIBIT DETAILING YOUR RELEVANT**
17 **EXPERIENCE?**

18 A. Yes. My resume is included as Exhibit WJK-1, Schedule 1.

19
20 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN A PROCEEDING BEFORE THE**
21 **GUAM PUBLIC UTILITIES COMMISSION OR ANY OTHER UTILITY**
22 **REGULATORY AGENCY?**

23 A. Yes, I testified previously before the Guam Public Utilities Commission (GPUC)
24 in docket numbers 92-001, 93-001, and 07-010. In addition, I assisted GPA and its
25 witnesses in developing testimony in GPUC docket numbers 89-002B, 89-002C, 92-002,
26 92-010, and 92-011.

27 I have testified as an expert witness or prepared expert witness testimony before
28 federal and state regulatory agencies in the U.S., the U.S. International Trade
29 Commission, and civil courts, and presented on energy policy issues to numerous
30 governmental bodies outside the U.S. My expert witness experience is summarized in
31 Exhibit WJK-1, Schedule 2.

1
2 **2. PURPOSE AND METHODOLOGY**
3

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

5 A. The purpose of my testimony is to describe how portions of GPA production,
6 transmission, and customer accounting costs for FY 2010 are allocated to the Navy in
7 accordance to Attachment I to the Customer Agreement, as approved by the Commission
8 in Docket No 89-002A. This cost allocation becomes the basis for the rates charged to the
9 Navy by GPA. I will also recommend Navy non-fuel rates.

10 My testimony supports GPA's overall filing, which is essentially an update of the
11 FY2008 filing in this docket.
12

13 **Q. WHAT ARE THE KEY ISSUES ADDRESSED BY YOUR TESTIMONY?**

14 A. My testimony will offer conclusions on the following questions:

- 15 1. Do the proposed Navy non-fuel rates for FY 2010 comply with the requirements of
16 the Customer Service Agreement with the Navy?
17 2. Do the proposed Navy non-fuel rates for FY 2010 reflect GPA's full requested
18 revenue requirement for serving the Navy?
19 3. Do the proposed Navy and civilian rates recover GPA's requested revenue
20 requirement for FY 2010?
21

22 **Q. WHAT METHODOLOGY DID YOU FOLLOW TO DEVELOP YOUR**
23 **TESTIMONY?**

24 A. My approach to developing my testimony in this proceeding followed typical
25 procedures for an outside expert. I drew from my base of experience in performing many
26 hundreds of similar cost-of-service studies for other clients, and analyzed information
27 from a number of sources that is relevant to the issues I am addressing in this proceeding.
28 More specifically, I reviewed the following types of documentation:

- 29 • Historical and forecasted loads for Navy and for GPA civilian classes.
30 • GPA's FY 2010 budget and the related revenue requirements data.

- 1 • Transmission-level cost-of-service (TCOS) analyses performed in prior GPA base
- 2 rate filings.
- 3 • The provisions of the Customer Agreement relating to rate-setting for the Navy.
- 4 • Utility industry practices for cost-of-service analyses.

5 Using my experience base and the information gathered and reviewed, I worked
 6 with GPA to develop the load and billing determinant data that feed into the calculation
 7 of cost allocation factors in the TCOS. I reviewed closely the cost inputs into the TCOS,
 8 which flow from GPA's revenue requirements exhibits, and ensured that such all cost
 9 items were treated in the TCOS as required by the Customer Agreement. I calculated
 10 proposed Navy rates, developed the proof of revenue schedule for those Navy rates, and
 11 validated the parallel proof of revenue for proposed civilian rates. Finally, I developed
 12 proposed rate tariffs for Navy and for the civilian classes.

13
 14 **Q. PLEASE OUTLINE THE REMAINING SECTIONS OF YOUR TESTIMONY.**

15 A. Section 3 summarizes my recommendations. Section 4 reviews the nature of
 16 service provided by GPA to Navy. Section 5 explains the allocation of FY 2010 costs to
 17 the Navy under Attachment I of the Customer Agreement and Navy rates. Section 6
 18 compares average GPA and Navy rates at the transmission level. Section 7 provides the
 19 projected Navy and Civilian demands and kWh sales at 34.5Kv.

20
 21 **3. RECOMMENDATIONS**

22
 23 **Q. WHAT ARE THE MAJOR RECOMMENDATIONS THAT YOU DEVELOP IN**
 24 **THIS TESTIMONY?**

25 A. I recommend that \$21,769,497 of GPA demand costs, \$53,005,859 of GPA
 26 energy costs (fuel and non-fuel), and \$103,266 of GPA customer costs be allocated to the
 27 Navy for FY 2010, as shown on Exhibit WJK- 1, Appendix A, Schedule 3.

28 I recommend that the following transmission level non-fuel rates be approved for
 29 Navy.

- 30 • Demand Rate: \$32.72 / kw-mo.
- 31 • Non Fuel Energy Rate: \$0.0094 / kWh

- Customer Charge: \$8,605 per month

I also recommend a wheeling charge of \$0.0199 /kWh for delivery of power over GPA distribution lines to Navy housing facilities.

The calculation of these charges is shown on Exhibit WJK- 1, Appendix A, Schedule 14.

The demand charge, energy charge, and fuel charge result in a Navy average transmission level base rate of 20.91 cents per kwh versus a civilian average transmission level base rate of 20.84 cents kwh, as shown on Exhibit WJK- 1, Appendix A, Schedule 4. (These rates do not include the LEAC fuel surcharge.)

4. NATURE OF GPA SERVICE TO NAVY

Q. PLEASE DESCRIBE THE GENERAL NATURE OF GPA TO THE NAVY, AS CONTEMPLATED UNDER THE CUSTOMER AGREEMENT.

A. The Navy will be served as a transmission-level retail customer. It will receive firm system service, like other retail customers, but GPA will deliver the power directly off its transmission system. Delivery voltage to the Navy will be 34.5 Kv. GPA serves its other retail customers through its distribution system, at lower voltages.

Q. DOES GPA INCUR THE SAME TYPES OF COSTS TO SERVE THE NAVY AS IT DOES FOR ITS CIVILIAN CUSTOMERS?

A. GPA incurs the same types of production and transmission costs to serve the Navy as it does for its other customers. GPA also incurs customer accounting costs to serve the Navy, but these differ from comparable costs for other customers, as will be explained below. Because GPA does not use its distribution system for normal service to the Navy, no GPA distribution costs are incurred.

Q. WHAT TYPES OF COSTS DOES THE NAVY INCUR IN RENDERING SERVICE TO ITS RETAIL CUSTOMERS?

1 A. Charges for transmission-level service from GPA are of course a large part of the
2 Navy's electricity costs. In addition, the Navy incurs the costs of its own distribution
3 system and customer accounting activities.
4

5 **Q. DOES GPA CONTEMPLATE PROVIDING OTHER TYPES OF SERVICE**
6 **TO THE NAVY?**

7 A. Yes. GPA will provide wheeling service to deliver Navy power to certain retail
8 customers of the Navy, using GPA distribution lines.
9

10 **Q. WHAT TYPES OF COSTS DOES GPA INCUR TO PROVIDE SUCH**
11 **WHEELING SERVICE?**

12 A. GPA incurs distribution costs to provide wheeling service.
13

14 **Q. WHAT COSTS WILL GPA RECOVER THROUGH ITS WHEELING RATES TO**
15 **THE NAVY?**

16 A. Its wheeling rate to the Navy will recover the average cost per Kwh of GPA
17 distribution.
18

19 **5. ALLOCATION OF FY 2010 COSTS TO THE NAVY**
20 **UNDER THE CUSTOMER AGREEMENT AND NAVY RATES**
21

22 **Q. WHAT IS GPA'S TOTAL COST THAT MUST BE ALLOCATED FOR FY 2010?**

23 A. As Mr. Wiegand and Mr. Flores have testified, GPA's total requested revenue
24 requirements from rates for FY 2010 is \$388,508,000. See the testimony of Mssrs.
25 Wiegand and Flores.
26

27 **Q. HAS GPA PREPARED A COST-OF-SERVICE STUDY AND DEVELOPED**
28 **TRANSMISSION LEVEL RATES IN ACCORDANCE WITH ATTACHMENT I**
29 **OF THE CUSTOMER AGREEMENT?**

1 A. Yes, the transmission level cost-of service study and non-fuel rates is contained in
2 Exhibit WJK-1, Appendix A, and the proposed fuel adjustment clause is shown on
3 Exhibit WJK-1, Schedule 3. Appendix A contains 14 schedules and will be referenced as
4 Exhibit WJK-1, Appendix A, Schedule __. Thus, a reference to Schedule 12 in the
5 Appendix would be Exhibit WJK- 1, Appendix A, Schedule 12.
6

7 **Q. HOW ARE GPA'S CIVILIAN CUSTOMER CLASSES TREATED IN THE**
8 **INITIAL ALLOCATION TO THE NAVY?**

9 A. Only costs and loads for the Navy are broken out separately in the initial
10 allocation to the Navy under Customer Agreement, so in effect the civilian customer
11 classes are grouped together. Once the costs are allocated between Navy loads and
12 civilian loads at the transmission level, GPA can address separately the costs of serving
13 its civilian customers.
14

15 **Q. WHY IS THE NAVY'S ALLOCATION OF ITS OWN COSTS AMONG ITS**
16 **RETAIL CUSTOMERS NOT AN ISSUE IN THIS PROCEEDING?**

17 A. The Navy's internal cost allocations are not an issue here because Navy is a
18 transmission level customer. Navy's internal cost allocation is its own responsibility, and
19 does not affect any GPA civilian customers. This proceeding deals only with Navy's costs
20 at the transmission level.
21

22 **FUNCTIONALIZATION**

23 **Q. WHAT RULES GUIDE FUNCTIONALIZATION OF GPA COSTS UNDER THE**
24 **CUSTOMER AGREEMENT?**

25 A. The rules for functionalizing GPA costs are specified in Attachment I to the
26 Customer Agreement. See Article 19 and Attachment I to the Customer Agreement for
27 details of the functionalization process summarized below.
28

29 **Q. HOW ARE NAVY-SPECIFIC COSTS FUNCTIONALIZED UNDER THE**
30 **CUSTOMER AGREEMENT?**

31 A. Navy-specific costs are those incurred only to serve the Navy. They are

1 functionalized to a separate Navy-specific function and assigned directly to the Navy. No
2 Navy-specific costs are allocated to civilian customers.

3
4 **Q. WHAT COSTS ARE FUNCTIONALIZED TO PRODUCTION UNDER THE**
5 **CUSTOMER AGREEMENT?**

6 A. All costs in FERC accounts relating to production plant and O&M are
7 functionalized to production, plus an allocation of general and intangible plant and O&M.

8
9 **Q. WHAT COSTS ARE FUNCTIONALIZED TO TRANSMISSION UNDER THE**
10 **CUSTOMER AGREEMENT?**

11 A. All costs in FERC accounts relating to transmission plant and O&M are
12 functionalized to transmission, plus an allocation of general and intangible plant and
13 O&M.

14
15 **Q. WHAT COSTS ARE FUNCTIONALIZED TO DISTRIBUTION UNDER THE**
16 **CUSTOMER AGREEMENT?**

17 A. All costs in FERC accounts relating to distribution plant and O&M are
18 functionalized to distribution, plus an allocation of general and intangible plant and
19 O&M.

20
21 **Q. WHAT COSTS ARE FUNCTIONALIZED TO CUSTOMER ACCOUNTING**
22 **UNDER THE CUSTOMER AGREEMENT?**

23 A. All costs in FERC accounts relating to customer accounting plant and O&M are
24 functionalized to customer accounting, plus an allocation of general and intangible plant
25 and O&M.

26
27 **Q. HOW ARE GENERAL AND INTANGIBLE COSTS FUNCTIONALIZED**
28 **UNDER CUSTOMER AGREEMENT?**

29 A. General and intangible costs are first assigned to one of the five functions above
30 according to specific use, if applicable. Otherwise, they are spread to the production,
31 transmission, distribution, customer accounting, and Navy-specific functions based on the

1 ratio of directly functionalized plant (for plant-related costs) or labor (for labor-related
 2 costs) in those functions.

3
 4 **Q. HOW DOES THE FUNCTIONALIZATION OF RATE BASE AFFECT THE**
 5 **NAVY COST OF SERVICE DETERMINATION?**

6 A. Rate base is the net investment of the utility to provide utility service. It includes
 7 plant-in- service, accumulated depreciation, and various materials and supply items. GPA
 8 does not use rate base directly in calculating its revenue requirement. However, the
 9 proportion of rate base in each function is used to functionalize GPA's debt service
 10 coverage costs. The Navy is allocated a portion of debt service costs functionalized to
 11 production, transmission, and customer accounting.

12
 13 **Q. PLEASE SUMMARIZE GPA'S FUNCTIONALIZATION METHOD UNDER THE**
 14 **CUSTOMER AGREEMENT?**

15 A. Exhibit WJK- 1, Appendix A, Schedule 1 shows the functionalization of GPA's
 16 capital and O&M costs by major type.

17
 18 **Q. WHAT IS THE FY 2010 REVENUE REQUIREMENTS BREAK DOWN BY**
 19 **FUNCTION, AFTER FUNCTIONALIZATION UNDER THE CUSTOMER**
 20 **AGREEMENT IS COMPLETED?**

21 A. The FY 2010 revenue requirements by function under the Customer Agreement
 22 are:

Function	FY 2010 Cost	Percent of Total
Production	\$ 338,474,777	87.1%
Transmission	\$ 16,481,242	4.2%
Distribution	\$ 25,283,700	6.5%
Customer Accounting	\$ <u>8,268,155</u>	<u>2.1%</u>
Total	\$ 388,507,873	100.0%

23
 24 Source: EXHIBIT WJK-1, Appendix A, Schedule 1

25 These TCOS revenue requirements equal the revenue requirements shown in the
 26 testimony of Mr. Randall Wiegand.

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CLASSIFICATION

Q. WHAT RULES GUIDE CLASSIFICATION OF GPA COSTS UNDER THE CUSTOMER AGREEMENT?

A. The rules for classifying GPA costs are specified in Attachment I to the Customer Agreement. See Attachment I to the Customer Agreement for details of the classification process summarized below (Exhibit WJK- 1, Appendix A, Schedule 2.)

Q. HOW ARE NAVY-SPECIFIC COSTS CLASSIFIED UNDER THE CUSTOMER AGREEMENT?

A. Navy-specific costs are separately isolated for direct assignment to the Navy. No Navy- specific costs are allocated to civilian customers.

Q. HOW ARE FUEL COSTS CLASSIFIED UNDER THE CUSTOMER AGREEMENT?

A. They are classified to production energy. Because fuel costs are recovered separately through the fuel adjustment clause, they are excluded from the costs used in setting non fuel rates to the Navy under Attachment I to the Customer Agreement. The fuel clause applicable to Navy is provided in Attachment In to the Customer Agreement. Attachment III is provided on Exhibit WJK-1, Schedule 3.

Q. WHAT COSTS ARE CLASSIFIED TO DEMAND IN ATTACHMENT I OF THE CUSTOMER AGREEMENT?

A. The demand classification includes:

- debt service or capacity payments for purchased power
- production plant costs (except fuel inventory)
- all transmission plant costs and O&M expense
- all distribution plant costs and O&M expense, except for the portion classified as Customer related in accordance with the September 1994 Distribution Cost Classification Study

1 **Q. WHAT COSTS ARE CLASSIFIED TO ENERGY IN ATTACHMENT I OF THE**
 2 **CUSTOMER AGREEMENT?**

3 A. The energy classification includes:
 4 • production fuel expense and fuel inventory costs
 5 • energy payments for purchased power
 6 • variable production O&M expense (including most non-labor production
 7 O&M expense) and an allocated portion of production O&M supervision
 8 expense
 9

10 **Q. WHAT COSTS ARE CLASSIFIED TO CUSTOMER IN ATTACHMENT I OF**
 11 **THE CUSTOMER AGREEMENT?**

12 A. The customer classification generally includes all customer accounting plant costs and
 13 O&M expense.
 14

15 **Q. WHAT IS THE FY 2010 REVENUE REQUIREMENTS BREAK DOWN BY**
 16 **CLASSIFICATION, AFTER CLASSIFICATION UNDER THE CUSTOMER**
 17 **AGREEMENT IS COMPLETED?**

18 A. The FY 2010 revenue requirements by classification under the Customer
 19 Agreement is:

Classification	FY 2010 Cost	Percent of Total
Demand	\$ 126,011,391	32.4%
Energy	\$ 252,329,914	64.9%
Customer	\$ 10,166,568	2.6%
Total	\$ 388,507,873	100.0%

20
 21 Source: Exhibit WJK-I, Appendix Schedule 1.

22 These TCOS revenue requirements equal the revenue requirements shown in the
 23 testimony of Mr. Randall Wiegand.
 24

25 **DEMAND COST ALLOCATION**

26 **Q. WHAT CATEGORIES OF DEMAND COSTS ARE ALLOCATED TO THE**
 27 **NAVY UNDER THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

1 A. Article 19 and Attachment I of the Customer Agreement specify that only
2 production demand and transmission demand costs are allocated to the Navy. No
3 distribution demand costs are allocated to the Navy for firm service, although some GPA
4 distribution demand costs are recovered through GPA charges to the Navy for wheeling
5 service.

6

7 **Q. WHAT DEMAND ALLOCATION BASIS IS SPECIFIED IN THE CUSTOMER**
8 **AGREEMENT?**

9 A. Section 19.3 of the Customer Agreement specifies that production demand and
10 transmission demand costs will be allocated using the twelve Coincident Peak (12CP)
11 method. No distribution demand costs are allocated to the Navy for firm service, although
12 some GPA distribution demand costs are recovered through GPA charges to the Navy for
13 wheeling service.

14 **Q. PLEASE DESCRIBE THE 12CP METHOD.**

15 A. The 12CP method of allocating demand costs is the most commonly used variant
16 of the general Coincident Peak method. It is based on the premise that demand costs
17 should be allocated according to each class average responsibility for the twelve monthly
18 system peak loads. This peak responsibility is determined by estimating the class
19 coincident peak load, i.e., the load at a time coincident with the monthly system peak. For
20 example, if the January system peak was 100 MW and occurred on January 20 at 6:21
21 p.m., and the commercial class combined load at that minute was estimated to be 15 MW,
22 then its CP allocation factor for January would be 15%. The 12CP method averages the
23 monthly CP allocation factors over a twelve-month period.

24

25 **Q. HOW IS THE 12CP ALLOCATION FACTOR FOR THE NAVY CALCULATED?**

26 A. The total of the Navy coincident peak loads for the twelve months of the rate
27 setting period is divided by the total of the twelve monthly system peak loads.

28

29 **Q. WHAT DEMAND ALLOCATION FACTOR FOR THE NAVY RESULTS FROM**
30 **APPLICATION OF THE 12CP METHOD FOR FY2010?**

1 A. As measured at the transmission level (34.5 kV) to ensure comparability of units,
2 the total of the Navy's twelve monthly coincident peaks in FY 2010 is projected to be
3 621,008 kW-months on an annual basis. The total of GPA's twelve monthly system peaks
4 (combined GPA civilian and Navy) is projected to be 2,927,564 kW-months on an annual
5 basis. The Navy's demand allocation factor is the former divided by the latter, or 21.21%.
6 GPA's civilian customer classes as a group are allocated the other 78.79% of demand
7 costs. See Exhibit WJK-1, Appendix A, Schedule 2.

8

9 **Q. WHAT FY 2010 DEMAND COSTS ARE ALLOCATED TO THE NAVY UNDER**
10 **THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

11 A. \$21,769,497 of GPA's FY 2010 demand costs are allocated to the Navy. See
12 EXHIBIT WJK-1, Appendix A, Schedule 3.

13

14 **ENERGY COST ALLOCATION**

15 **Q. WHAT CATEGORIES OF ENERGY COSTS ARE ALLOCATED TO THE NAVY**
16 **UNDER THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

17 A. Article 19 and Attachment I of the Customer Agreement specifies that all of
18 GPA's energy costs are in the production energy category. The Navy bears a full portion
19 of production energy costs.

20

21 **Q. WHAT IS THE NATURE OF ENERGY COST INCURRENCE ON THE GPA**
22 **SYSTEM?**

23 A. Fuel and the as-billed energy portion of purchased power expense account for
24 approximately 95% percent of total energy costs. Non-supervisory O&M labor expense
25 in GPA's production plants and carrying costs on GPA's fuel inventory makes up almost
26 all of the remaining energy costs. Both fuel and O&M expense tend to vary with total
27 energy output over time. GPA's energy costs also do not vary greatly from on-peak to
28 off-peak. Fuel efficiency is relatively stable over the day.

29

30 **Q. WHAT ENERGY ALLOCATION BASIS IS SPECIFIED IN THE CUSTOMER**
31 **AGREEMENT?**

1 A. Section 19.3 of the Customer Agreement specifies that energy costs will be
2 allocated using the total energy method.

3

4 **Q. PLEASE DESCRIBE THE TOTAL ENERGY METHOD.**

5 A. The total energy method is very straightforward. It allocates energy costs to
6 customer classes on the basis of total class energy consumption over the rate setting
7 period. For example, if the industrial class is projected to consume 20,000,000 kWh for
8 the year, and total system consumption is projected to be 100,000,000 kWh, then the
9 industrial class is allocated 20% of energy costs.

10

11 **Q. WHAT ENERGY ALLOCATION FACTOR FOR NAVY RESULTS FROM
12 APPLICATION OF THE TOTAL ENERGY METHOD FOR FY 2010?**

13 A. As measured at the transmission level (34.5 kV) to ensure comparability of units,
14 GPA's forecast of the Navy's energy consumption in FY 2010 totals 357,608,170 kWh at
15 34.5 Kv. GPA's forecast of the total GPA system energy consumption totals
16 1,702,363,499 kWh at 34.5 Kv as shown on Exhibit WJK-1, Appendix A, Schedule 2.
17 The Navy's energy allocation factor is the former divided by the latter, or 21.01%. GPA's
18 civilian customer classes as a group are allocated the other 78.99% of energy costs. See
19 Exhibit WJK-1, Appendix A, Schedule 2.

20

21 **Q. WHAT FY 2010 BASE ENERGY COSTS ARE ALLOCATED TO THE NAVY
22 UNDER THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

23 A. \$53,005,859 of GPA's FY 2010 base energy costs are allocated to the Navy. (See
24 Exhibit WJK-1, Appendix A, Schedule 3). This is composed of \$49,653,992 in fuel costs
25 and \$3,351,866 in non-fuel energy costs.

26

27 **CUSTOMER COST ALLOCATION**

28 **Q. WHAT CATEGORIES OF CUSTOMER COSTS ARE ALLOCATED TO THE
29 NAVY UNDER THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

30 A. Article 19.3 and Attachment I of the Customer Agreement specify that the Navy
31 is allocated a portion of GPA's meter reading, billing, and customer accounting costs.

1 Other types of customer costs (service drops, meters) are not applicable to the Navy,
2 because the Navy provides its own distribution facilities and meters.
3

4 **Q. HOW IS THE CUSTOMER COST TO BE BORNE BY THE NAVY**
5 **DETERMINED UNDER THE CUSTOMER AGREEMENT?**

6 A. GPA first identifies any Navy-specific customer costs and directly assigns them to
7 the Navy. For example, the cost of a contract administrator who worked solely on the
8 Navy contract would be directly assigned to the Navy. GPA then allocates the remaining
9 customer costs to all customer classes (including the Navy) on the basis of weighted
10 number of customers.
11

12 **Q. PLEASE EXPLAIN THE WEIGHTED CUSTOMER BASIS.**

13 A. The weighted number of customers for a class is the number of customers
14 (counting each meter as one customer) times the customer weighting factor for the class.
15 The customer weighting factor represents the average customer cost for the class, stated
16 as a multiple of the customer cost for the residential class. The customer weighting
17 factors must be developed through a detailed cost accounting study.
18

19 **Q. HAS GPA REVISED THE CUSTOMER WEIGHTING FACTORS SINCE THE**
20 **LAST RATE CASE?**

21 A. Yes. In late 2007, GPA obtained from Maui Electric Company a copy of the
22 customer weighting factors used in its 2007 general rate case. Since GPA has not
23 conducted its own detailed study of customer accounting costs, and its mix of customers
24 is generally similar to Maui Electric Company, GPA has used these updated customer
25 weighting factors for the allocation of customer costs between Navy and GPA's civilian
26 classes.
27

28 **Q. WHAT CUSTOMER WEIGHTING FACTOR IS USED FOR THE NAVY?**

29 A. The Navy is given a customer weighting factor of 31.77, for each of its metering
30 points.
31

1 **Q. HOW MANY METERS DOES GPA USE TO SERVE: THE NAVY?**

2 A. The Navy receives power from GPA at 18 different metering points at
3 transmission level service of 34.5 Kv and will be billed in accordance with the Customer
4 Agreement. In the period since the Customer Agreement was executed, six Navy
5 metering points have been discontinued, and two new metering points have been added.
6 In addition, certain Navy customers are served at the distribution level through power
7 wheeled over GPA's distribution lines.

8

9 **Q. WHAT CUSTOMER ALLOCATION FACTOR FOR THE NAVY RESULTS**
10 **FROM APPLICATION OF THE WEIGHTED CUSTOMER METHOD FOR FY**
11 **2010?**

12 A. With 18 metering points and a weighting factor of 31.77, the Navy's weighted
13 customers is 572. GPA's projection of total system weighted customers for FY 2010
14 totals 51,853. The Navy's customer allocation factor is Navy's weighted customers
15 divided by the total weighted customers, or 1.10%. GPA's civilian customer classes as a
16 group are allocated the other 98.90% of customer costs. See Exhibit WJK-1, Appendix A,
17 Schedule 2.

18

19 **Q. WHAT FY 2010 CUSTOMER COSTS ARE ASSIGNED OR ALLOCATED TO**
20 **THE NAVY UNDER THE CUSTOMER AGREEMENT (ATTACHMENT I)?**

21 A. \$103,266 in customer costs are allocated to the Navy. See Exhibit WJK-1,
22 Appendix A, Schedule 3.

23

24 **FY2008 RATE CASE SETTLEMENT TERMS**

25 **Q. IS YOUR TREATMENT OF GPA'S FY2010 REVENUE REQUIREMENTS AND**
26 **THE SUBSEQUENT COST ALLOCATIONS TO THE NAVY CONSISTENT**
27 **WITH THE RELEVANT TERMS OF THE SETTLEMENT OF THE FY2008**
28 **RATE FILING?**

29 A. In general, this FY2010 rate filing attempts to use the same ratemaking treatment
30 of GPA costs as in the final FY2008 rate case settlement. The cost levels have been
31 updated, but the intent was to continue with the settlement principles.

1 GPA has accepted the settlement terms that pertain to interpretation of the
2 Customer Service Agreement, and incorporated them into the FY2010 transmission-level
3 cost of service analysis.

- 4 • Non-fuel IPP costs have been treated for cost of service purposes as debt
5 service costs.
- 6 • A more recent study of customer accounting costs by customer class, from
7 Maui Electric Company, was used for allocating customer costs between the
8 Navy and GPA civilian classes.
- 9 • GPA's O&M and debt service expense related to customer meters were
10 classified as customer-related costs.

11 GPA has started collecting data from its study of customer class load
12 characteristics, and expects to use the results of this study to inform a more
13 comprehensive civilian cost of service study in its next general rate case filing. Rate
14 design issues will also receive a fresh look, including lifeline rates.

15 GPA has made the judgment call to use its own forecast of Navy peak demands
16 and energy sales, as explained in Mr. Wiegand's and Mr. Flores' testimony.

17 18 **NAVY RATE DESIGN**

19 **Q. HOW DOES GPA RECOVER ALLOCATED DEMAND COSTS FROM THE**
20 **NAVY, UNDER THE CUSTOMER AGREEMENT?**

21
22 A. Article 19.3 and Attachment I of the Customer Agreement specify that allocated demand
23 costs are recovered from the Navy through a demand charge in \$ per kW-month.

24
25 **Q. HOW IS THE NAVY DEMAND CHARGE CALCULATED?**

26 A. Allocated demand costs for FY 2010 are divided by the sum of the forecasted
27 monthly Navy billing determinants for the year. The billing determinants for FY 2010 are
28 the sum of the forecasted actual Navy maximum monthly demands, since they are
29 expected to exceed the minimum contract billing demand in the coming year. The Navy
30 maximum actual demand for each month is the demand during the 30 minute period
31 when the sum of demands at all the Navy metering points is the highest. (This is

1 sometimes called the maximum “conjunctive” demand.)

2 The resulting demand rate charge for FY 2010 is \$32.72 per kW-month, as shown
3 on Exhibit WJK-1, Appendix A, Schedule 14. The demand rate is based on forecasted
4 Navy actual demands of 665,351 kW-months for FY 2010. A coincident peak demand
5 basis is utilized on Exhibit WJK-1, Appendix A, Schedule 4, in order to have a common
6 denominator for comparison of demand rates between Navy and GPA civilian customer
7 classes.

8
9 **Q. HOW DOES GPA RECOVER ALLOCATED ENERGY COSTS FROM THE
10 NAVY, UNDER THE CUSTOMER AGREEMENT?**

11 A. All fuel costs are recovered through the fuel adjustment mechanism specified
12 under GPA’s LEAC mechanism. The Navy fuel rate will recover the same actual fuel
13 cost per kWh as the fuel rate for the civilian classes, after adjustment for losses.
14 Allocated non-fuel energy costs are recovered from the Navy through an energy charge in
15 cents per kWh.

16
17 **Q. HOW IS THE NAVY NON-FUEL ENERGY CHARGE CALCULATED?**

18 A. Allocated non-fuel energy costs for FY 2010 are divided by the forecasted Navy
19 energy consumption for the year, as metered at 34.5 Kv. The resulting non-fuel energy
20 charge for FY 2010 is 0.94 cents per kWh as shown on Exhibit WJK-1, Appendix A,
21 Schedule 14. The total energy rate is 14.82 cents per kWh and the fuel energy rate is
22 13.89 cents per kWh, as shown on Exhibit WJK-1, Appendix A, Schedule 4. (Note: The
23 fuel charge in Schedule 4 is stated at the 34.5 Kv level.)

24
25 **Q. HOW DOES GPA RECOVER ASSIGNED AND ALLOCATED CUSTOMER
26 COSTS FROM THE NAVY, UNDER THE CUSTOMER AGREEMENT?**

27 A. All customer costs are recovered from the Navy through a customer charge of
28 \$8,605 per month. This charge applies every month, regardless of the volume of service.

29
30 **Q. HOW IS THE MONTHLY NAVY CUSTOMER CHARGE CALCULATED?**

31 A. Total Navy customer costs for the year are divided by twelve. The resulting

1 customer charge for FY 2010 is \$8,605 per month, as shown on Exhibit WJK-1,
2 Appendix A, Schedule 14.

3
4 **Q. HOW DOES GPA RECOVER ITS COSTS OF WHEELING POWER OVER GPA**
5 **DISTRIBUTION LINES?**

6 A. GPA recovers its costs for wheeling power for Navy distribution-level customers
7 through a wheeling charge of 1.99 cents/kWh, which is applied to the volumes of power
8 wheeled for the Navy.

9
10 **Q. HOW IS THE NAVY WHEELING CHARGE CALCULATED?**

11 A. Total GPA distribution costs are divided by the sum of total GPA sales at
12 distribution level plus the wheeled energy delivered to Navy customers at distribution
13 level. The resulting wheeling charge for FY 2010 is 1.99 cents per kWh, as shown on
14 Exhibit WJK-1, Appendix A, Schedule 14.

15
16 **Q. HAVE YOU PREPARED A TARIFF FOR NAVY FOR THE PROPOSED FY 2010**
17 **RATES?**

18 A. Yes. The proposed Tariff is provided in Exhibit WJK-1 Appendix B, which
19 consists of three pages.

20
21 **Q. HAVE YOU PREPARED A PROOF OF REVENUE FOR THE PROPOSED**
22 **NAVY TARIFF?**

23 A. Yes. Exhibit WJK-1, Appendix A, Schedule 14 also serves as the proof of
24 revenue calculation, since all of the Navy's rates are calculated simply by dividing
25 allocated costs by forecasted billing determinants. Forecasted revenue is equal to the
26 calculated rates times the forecasted billing determinants, which yields the allocated
27 costs.

28
29 **6. AVERAGE FY 2010 GPA AND NAVY RATES AT TRANSMISSION LEVEL**

30
31 **Q. WHAT TRANSMISSION LEVEL RATES FOR THE NAVY AND GPA DOES IT**

1 **MAKE SENSE TO COMPARE?**

2 A. It makes sense to compare the average rate per cost allocation unit, i.e., per Kw of
3 coincident demand and per kWh of energy. This comparison will show whether costs are
4 being allocated on a consistent basis to the Navy and to the civilian customer classes.
5

6 **Q. WILL THESE COMPARATIVE RATES DIFFER FROM RATES ACTUALLY**
7 **CHARGED TO CUSTOMERS?**

8 A. Yes, they will differ because they include only the production and transmission
9 cost components of retail rates. Distribution and customer costs are not reflected because
10 Navy is a transmission level customer. They will also involve different demand units, as
11 the comparative rates are expressed on a coincident kW-month while the actual rates will
12 be expressed on a per noncoincident kW-month basis for the GPA civilian class rates and
13 a conjunctive billing demand basis for Navy.
14

15 **Q. WHAT ARE THE COMPARATIVE DEMAND RATES FOR THE NAVY VS.**
16 **GPA'S CIVILIAN CLASSES AS A GROUP?**

17 A. For comparative purposes, the Navy and civilian classes effective demand rate per
18 coincident kW-month are \$35.06 and \$35.06, respectively. (See Exhibit WJK- I,
19 Appendix A, Schedule 4.)

20 The actual rates will be on non-coincident peak demand for GPA civilian
21 customer classes and conjunctive demand for Navy, but will recover the respective
22 demand related costs as shown on Exhibit WJK-1, Appendix A, Schedule 3 for GPA
23 civilian customer classes and Navy, respectively. The utilization of coincident peak
24 demand on Exhibit WJK- 1, Appendix 4 Schedule 4, was to provide for a common
25 denominator that would allow a comparison of Navy to GPA civilian customer classes.
26

27 **Q. WHAT ARE THE COMPARATIVE ENERGY RATES FOR THE NAVY VS.**
28 **GPA'S CIVILIAN CLASSES AS A GROUP?**

29 A. The Navy and civilian classes will pay the same effective energy rate, 14.82 cents
30 per kWh at 34.5 kV. (See Exhibit WJK-1, Appendix A, Schedule 4). This includes a
31 non-fuel energy rate of 0.94 cents per kwh and a fuel energy rate of 13.89 cents per

1 kWh, based on deliveries at 34.5 kV.

2
3 **Q. COMBINING DEMAND AND ENERGY COSTS, WHAT ARE THE TOTAL**
4 **TRANSMISSION-LEVEL RATES FOR THE NAVY VS. GPA'S CIVILIAN**
5 **CLASSES AS A GROUP, IN CENTS PER KWH?**

6 A. The Navy's average rate for production plus transmission is 20.91 cents per kWh.
7 The average rate for GPA's civilian classes as a group is 20.84 cents per kWh. (See
8 Exhibit WJK-1, Appendix A, Schedule 4). Again, these rates include only production
9 and transmission demand and energy costs. They exclude LEAC fuel surcharges, other
10 surcharges, and distribution and customer costs.

11
12 **Q. WHY IS GPA'S TOTAL CIVILIAN RATE SLIGHTLY LOWER?**

13 A. GPA's civilian load has marginally lower peak demands, relative to its average
14 usage, than the Navy. Thus, it is a bit less costly to serve. With a slightly higher load
15 factor, GPA's civilian customers consume relatively more energy per demand unit. They
16 have more kWh across which to spread the cost of each kW-month of demand costs.

17 In any case, the difference in total transmission-level rate per kWh is quite small.

18
19 **Q. PLEASE SUMMARIZE THE COST ALLOCATION OF TRANSMISSION**
20 **LEVEL SERVICE.**

21 A. Allocation of transmission level costs to the Navy is performed according to the
22 specifications in Attachment I of the Customer Agreement, as approved by the
23 Commission. GPA will recover the costs it incurs to meet the Navy's needs for firm
24 system service, and will gain an additional contribution to net income through revenues
25 from interruptible service.

26
27
28 **7. PROJECTED NAVY DEMAND AND KWH SALES**

29
30 **Q. WHAT IS THE PROJECTED NAVY AND CIVILIAN DEMAND FOR FY 2010?**

31 A. The FY 2010 projected 12 CP demand for the Navy at 34.5 Kv is 621,008 kW-

1 months. For the civilian customer classes, the projected 12 CP demand at 34.5 Kv is
 2 2,306,557 kW-months (Exhibit WJK-1, Appendix A, Schedule 2).

3
 4 **Q. WOULD YOU PLEASE DESCRIBE HOW THE FY 2010 PROJECTED NAVY**
 5 **DEMAND WAS DETERMINED?**

6 A. The FY 2010 12 CP demand of 621,008 kW-months (Exhibit WJK- 1, Appendix
 7 A, Schedule 2) was forecasted by GPA, based on adjustments (for load patterns in recent
 8 months) from a Navy forecast of 12 CP demands that was provided in August 2009.

9 Navy billing demands forecasted by dividing GPA’s forecast of Navy 12 CP
 10 demands for FY 2010 by a calculated Navy coincidence factor. The Navy coincidence
 11 factor is the ratio of Navy’s demand at the time of GPA’s system peak to Navy’s
 12 maximum conjunctive demand. (Conjunctive demand is the combined demand of all
 13 Navy metering points.) The most recent available twelve months of Navy demand data,
 14 for the period August 2008 through July 2009, were used for the calculation of the Navy
 15 coincidence factor.

FY 2010 Forecasted Navy 12 CP Demands	621,008 kW-months
Navy Coincidence Factor	ratio of Navy demand at GPA system peak to Navy 93.34% conjunctive demand
FY 2010 Navy 12NCP Demands	665,351 kW-months

16
 17
 18 **Q. WOULD YOU PLEASE DESCRIBE HOW THE FY 2010 CIVILIAN 12CP**
 19 **DEMANDS WERE DETERMINED?**

20 A. The FY 2010 civilian 12CP demand of 2,306,557 kW-months (Exhibit WJK- 1,
 21 Appendix A, Schedule 2) was determined by restating the forecasted FY 2010 monthly
 22 system peaks for GPA to the 34.5 kV level, then subtracting the FY 2010 Navy 12CP
 23 demands that were calculated above. My work papers provide the detail for this
 24 calculation.

25
 26 **Q. WHAT ARE THE PROJECTED NAVY AND CIVILIAN ENERGY SALES FOR**
 27 **FY 2010?**

28 A. The FY 2010 projected energy sales for the Navy at 34.5 kV are 357,608,170

1 kWh, and for the civilian customer classes, the projected energy sales at 34.5 kV are
 2 1,344,755,329 kWh (Exhibit WJK- 1, Appendix A, Schedule 2).

3
 4 **Q. WOULD YOU PLEASE DESCRIBE HOW THE FY 2010 PROJECTED NAVY**
 5 **ENERGY SALES WAS DETERMINED?**

6 A. The FY 2010 Navy energy sales of 357,608,170 kWh (Exhibit WJK-1, Appendix
 7 A, Schedule 2) were forecasted by GPA. See the testimony of Mr. Wiegand. This
 8 forecast is already at the 34.5 kV level and therefore does not require conversion from
 9 distribution voltages.

10
 11 **Q. WOULD YOU PLEASE DESCRIBE HOW THE FY 2010 PROJECTED**
 12 **CIVILIAN ENERGY SALES AT 34.5 KV WAS DETERMINED?**

13 A. The FY 2010 energy sales of 1,344,755,329 kWh at 34.5 kV (Exhibit WJK- 1,
 14 Appendix A, Schedule 2) for the civilian customer classes is based on the GPA’s FY
 15 2010 sales forecast. All forecasted kWh sales at distribution level were grossed up by a
 16 factor of 1.0414 to restate them to the 34.5 kV level. This distribution loss factor of
 17 4.14% has been accepted by the Guam PUC in the recent August 2009 LEAC filings.

18 The forecasted kWh sales for the civilian customers that GPA serves at the 34.5
 19 kV level (Guam Airport Authority, Enron, Temes, Mirant Guam) were not grossed up.

FY 2010 Civilian Sales at Distribution Level	1,268,101,186 kWh
Distribution Loss Factor	1.0414
FY 2010 Civilian Sales at Distribution Level - Restated to 34.5 kV	1,320,640,739 kWh
FY 2010 Forecasted Civilian Sales For Transmission-Level Customers	24,114,589 kWh
Total FY 2010 Civilian Sales at 34.5 kV	1,344,755,329 kWh

20
 21 **8. FY 2010 CIVILIAN RATES AND TARIFFS**

22
 23 **Q. HOW DOES GPA CALCULATE THE PROPOSED CIVILIAN RATES FOR FY**
 24 **2010?**

25 A. As has been its practice for the last 17 years at least, GPA derives its proposed
 26 civilian rate by applying an equal percentage increase to all elements of all civilian
 27 tariffs. In other words, it is an equal across-the-board increase to all classes. The only

1 exception is the lifeline block of the residential (R) rate, which is not subject to the
2 proposed rate increase.

3 To forecast FY 2010 revenues under current rates, GPA multiplies forecasted FY
4 2010 energy sales by class by the average non-fuel revenue yield per kWh by class for
5 the most recent 12 months. It then calculates the percentage increase in the average non-
6 fuel revenue yield (excluding lifeline) would be needed to generate the requested increase
7 in base revenue, using the same sales volumes. The increase in base revenue already
8 reflects the netting out of system costs that will be recovered from the Navy, through the
9 Navy tariffs as discussed above.

10 To generate the requested increase in civilian base revenue of \$10,088,000 for FY
11 2010, the required across-the-board increase to non-fuel base rates (excluding lifeline) is
12 9.18 percent. See the testimony of Mr. Wiegand.

13
14 **Q. HAVE YOU PREPARED A SET OF PROPOSED FY 2010 TARIFFS FOR THE**
15 **CIVILIAN RATE CLASSES?**

16 A. Yes. See Exhibit WJK-1, Appendix C. All elements of all tariffs have been
17 increased by 9.18 percent, again with the exception of the residential lifeline block.

18
19 **Q. HAVE YOU PREPARED A PROOF OF REVENUE FOR THE PROPOSED FY**
20 **2010 CIVILIAN TARIFFS?**

21 A. Yes. See Exhibit WJK-1, Appendix A, Schedule 15. The increase of 9.18
22 percent in all elements of the civilian non-lifeline tariffs will increase the average non-
23 fuel revenue yield by the same percentage. The proposed civilian tariffs, if applied to the
24 forecasted civilian sales for FY 2010, are forecasted to produce the requested total
25 civilian revenue requirement of \$313.520 million.

9. CONCLUSIONS

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Q. WHAT ARE YOUR CONCLUSIONS ON THE CENTRAL ISSUES ADDRESSED IN YOUR TESTIMONY?

A. My conclusions are as follows:

1. *Do the proposed Navy non-fuel rates for FY 2010 comply with the requirements of the Customer Service Agreement with the Navy?*

Yes. GPA has closely followed the requirements of the Customer Service Agreement in performing the transmission level cost-of-service in this filing, and developing the proposed Navy non-fuel rates accordingly.

2. *Do the proposed Navy non-fuel rates for FY 2010 reflect GPA's full requested revenue requirement full costs of serving the Navy?*

Yes. The proposed Navy rates include the Navy's full allocation (but no more) of all the revenue requirement items included in the proposed civilian rates.

3. *Do the proposed Navy and civilian rates recover GPA's requested revenue requirement for FY 2010?*

Yes. The proposed Navy and civilian rates for FY 2010 when applied to the forecasted usage and billing determinants for those years, produce the requested levels of base revenue.

Q. DOES THAT CONCLUDE YOUR PREFILED TESTIMONY?

A. Yes, it does.

EXHIBIT WJK-1
KEMP
RESUME



**Vice President
Business Strategy &
Planning Services**

*Strategic Planning
Mergers and Acquisitions
Asset Valuation
Industry Restructuring
Competitive Markets
Analysis
Pricing and Regulatory
Policy Analysis
Re-engineering/Process
Redesign
Technology Business
Cases
Litigation Support*

Education

University of California –
Berkeley; Master of Public
Policy, 1981

Harvard University;
Bachelor of Arts magna
cum laude, 1977

National Merit Scholar,
Presidential Science
Scholar, National English
Achievement Award

Years Experience
28

Joined B&V
2003

Professional
Associations

American Public Power
Association
Association for Public
Policy Analysis and
Management
Congress of the Electricity
Production Supply
Industry [Asia]
Edison Electric Institute
Florida Municipal Electric
Association
International Association
for Energy Economics
Suncoast Technology
Alliance
Western Energy Institute

Bill Kemp leads B&V’s consulting services in Business Strategy and Planning. Bill advises clients on how to harness the long-term drivers to their success, with an end-to-end suite of services for strategy, operations, and technology, all building on B&V’s depth of technical expertise. In addition, he is currently directing the firm’s Sustainability Pathfinder initiative, to help clients shape long-term decisions that can robustly satisfy diverse stakeholder perspectives.

Mr. Kemp has directed over 300 management consulting projects in the areas of strategic planning, mergers and acquisitions, technology and market economics, market analysis, industry restructuring, marketing and trading, competitive positioning, and re-engineering/cost management. He has advised on numerous energy industry mergers, acquisitions, restructurings, greenfield investments, and technology initiatives in the U.S. and overseas.

Prior to joining Black & Veatch in 2003, Mr. Kemp co-founded and served as a Managing Director of Economists.com, a financial and economic utility consultancy. From 1986 to 1999, he was a key contributor to the growth of Deloitte Consulting, ultimately rising to become one of three managing partners for their worldwide practice in the energy and utilities industry. Mr. Kemp served on the global steering committee for Deloitte Consulting’s Strategy/M&A and Customer/Product Profitability service lines, and co-authored their methodologies for merger integration and analysis of utility cost drivers and cost assignments/allocations.

His clients have included multinational corporations, large national enterprises, many governmental agencies, leading suppliers of technology, major investment firms and law firms, and a number of middle- and small-market companies. He has testified as an expert witness before numerous courts and agencies.

Consulting Experience

Mr. Kemp’s consulting expertise ranges broadly across strategy, finance, technology, and operations in the energy industries. The following projects are particularly relevant to Guam Power Authority:

- Assisted **Guam Power Authority** in eight rate case filings. Conducted transmission-level and retail cost-of-service studies, designed rate schedules, assisted in preparing rate case testimony and exhibits on financial issues. Coordinated with GPA on development of revenue requirements exhibits. Reviewed testimony filed by other parties to rate cases, identified relevant issues, developed cross-examination questions, assisted legal counsel at hearings and in drafting briefs. Testified before Guam PUC as expert witness on cost-of-service and rate design issues.
- Assisted in development of IT strategic plan for **Guam Power Authority**. Reviewed existing IT governance process, operations, software and data architecture, networks, hardware assets, and



controls. Compared to industry best practice for similar utilities. Recommended changes in IT funding levels and priorities. Assisted in resolving network performance issues.

- Assisted **Guam Power Authority** in negotiating asset transfer and wholesale service contract with U.S. Navy (Customer Agreement). Helped define GPA objectives for contract, identified major contractual issues, researched utility industry practice on major issues (e.g., financial/O&M performance standards, cost basis for asset transfers, accounting treatment of granted assets, etc.), recommended GPA negotiating strategy, developed responses to Navy positions, analyzed financial impacts of contract proposals, participated in negotiating sessions, developed testimony to Guam PUC in support of final contract.
- Conducted two load studies for **Guam Power Authority**, to update load characteristics of each GPA customer class. Identified desired detail and confidence level, analyzed billing distribution by class, stratified classes, determined sample size, developed sampling and analysis plan. Coordinated with GPA engineering staff in implementing sampling plan and resolving data collection issues. Produced quarterly and annual analyses of sampled data. Estimated class load characteristics (e.g., load factor, coincidence factor), revised cost allocations. Forecasted class loads for ratemaking period. Also conducted load studies for other electricity distributors in western U.S.
- Developed base rate case filing and long-term financial plan for electric, water, and wastewater services provided by **Commonwealth Utilities Commission** of the Commonwealth of the Northern Mariana Islands. Reviewed existing operations processes and expenditures, analyzed financial position and budgets. Forecasted test year loads and operating expenses, reviewed and prioritized capital spending plans, developed revenue requirements, performed cost-of-service analyses, designed cost-based rates, recommended multi-year phase-in program, assisted in public presentations and hearings. Also analyzed generation unit performance and fuel costs, and recommended priorities for generation resource upgrades or replacements.
- Performed cost-of-service studies for **Northwest and Pacific utilities**. Identified management objectives, analyzed historical and forecasted costs and loads, determined revenue requirement, allocated costs to classes, designed rates, and developed supporting testimony.
- Designed wholesale power and transmission rates for Southern California Edison. Conducted fully allocated cost of service study, forecasted billing determinants, designed rates, assembled cost documentation, developed regulatory filings to FERC.
- On behalf of **Pacific Gas & Electric**, directed economic analysis and led successful FERC approval efforts for the Western Systems Power Pool, a precedent-setting free market experiment in wholesale power and transmission trading. Determined scope of pool products and services, developed contractual provisions on participation, information reporting requirements, and pricing mechanisms. Pool now facilitates short-term trading across half of U.S.
- Assessed appropriate valuation range for wireless and wired operations of **Verizon Pacifica** on Guam, Saipan, and nearby islands. Supported an investigation by the Commonwealth of the Northern Mariana Islands into utility's post-transaction financial viability. Developed reasonable range of five-year scenarios for revenues, O&M costs, and capital expenditures across all business lines; analyzed financial performance in these scenarios.
- Served as expert witness for **Snohomish PUD** in power contract litigation before the FERC. Litigation focused on alleged overcharges, unreasonable contractual terms, and exercise of market power by certain power marketing firms during the Western power crisis of 2000-2001. Quantified economic impacts on clients, identified bounds for just and reasonable terms based on competitive



market fundamentals and accepted industry practices, outlined proposed remedies. Supported client counsel in case strategy, discovery.

- Testified for **Pacific Gas & Electric** before Bonneville Power Administration and FERC on proposed BPA transmission and wholesale power rates. Reviewed proposed rates, determined impacts on BPA's California customers, analyzed relevant statutory and regulatory ratemaking standards, evaluated reasonableness of proposed rates on bases of cost of service and cost causation. Testified for three straight days in one contentious case.
- Managed over twenty interventions in utility rate cases before Northwest state regulatory commissions, on behalf of **Bonneville Power Administration**. Reviewed testimony and exhibits of other parties, analyzed financial and rate issues relevant to client, developed cross-examination lines of questioning, prepared intervention testimony, assisted in drafting briefs.
- Developed and presented comprehensive training programs on regulatory principles and ratemaking practices, including the following classes: Principles of Utility Accounting, Economics and Rate Design; Accounting and Finance for Non-Financial Managers; and, Cost of Service Study Design and Development. Presented programs to staff and management of numerous utilities in U.S. Northwest and Asia-Pacific. Over 200 in-class hours.
- Directed team of financial analysts, auditors and economists assisting **Bonneville Power Administration** in administering Residential Exchange program, and in a wide variety of other financial analyses. Acted as equivalent of in-house regulatory commission in reviewing over 150 filings for rate subsidies, based on determinations of utility vs. BPA average system costs. Analyzed full range of revenue requirements, cost allocation, and rate design issues. Identified regulatory and financial concerns of participating public and private utilities, analyzed economic, legal, and political factors.

Following are summaries of selected groups of relevant projects and consulting engagements, by functional area.

Strategy and Finance

Mr. Kemp has deep M&A experience on both enterprise and asset transactions, and has advised a variety of clients on growth strategies, investment opportunities, and financial risk management.

- Advised numerous energy industry clients in U.S. and Asia-Pacific on mergers and acquisitions, and post-transaction integration. Developed strategic framework, screened targets, evaluated strategic fit of customer/resource portfolios, quantified synergies, assessed regulatory/financial/operational risks, developed enterprise valuations. Set benefit goals, facilitated integration teams, helped drive benefits realization.
- Assisted numerous U.S.-based energy firms in acquiring in foreign assets. Analyzed relevant power/gas markets, identified potential acquisition targets, independently reviewed public information on revenues and costs, analyzed market and regulatory impacts on revenues and risks, assessed achievable cost reductions, developed economic valuation models, coordinated with accounting and tax experts on financial structure.
- Developed growth strategies for companies in energy, manufacturing, and software industries. Identified critical business issues, assessed core competencies and key assets, defined strategic vision, identified capability gaps and partnering opportunities, prioritized strategic and financial risks, analyzed business cases for investment, recommended growth strategies and tactics.
- Determined appropriate valuations for production and distribution assets in various electricity or gas markets. Assessed competitive context, regulatory environment, operating strategy, forward prices.



- Developed long-term financial strategies for energy companies. Defined financial objectives, identified long-term market threats and opportunities, evaluated financing alternatives, recommended improvements to financial operations, advised on pre-IPO initiatives.
- Developed international strategies and business plans for U.S.-based energy companies. Assessed corporate financial objectives and risk tolerance, determined core competencies, screened global markets for locations meeting risk/return criteria, recommended partnership structures.
- Advised industrial suppliers to energy industries on growth opportunities and risks. Clients included equipment manufacturers, IT hardware suppliers, and software vendors.
- Improved risk management performance at energy companies and agencies. Identified new types of risks deriving from competitive restructuring of commodity markets, developed comprehensive risk management policies, defined governance structure and required capabilities.

Representative Clients:

Areva (formerly Alstom)	American Electric Power	Idacorp
Verizon	Deloitte & Touche	Australian Gas Light
Intel	Bonneville Power Administration	Avista
Exelon	Duke Energy	State Power Corp. of China
Sempra	PG&E	Electricity Corp. of New Zealand
Puget Energy	Eskom	Kohlberg Kravitz & Roberts
FirstEnergy	Entergy	[plus other confidential clients]

Market Analysis, Marketing and Pricing

Mr. Kemp has broad international experience in market design, analysis of competitive markets, asset valuation, regulated and competitive pricing, commodity marketing, and regulatory policy.

- Advised governments and regulatory agencies on market liberalization policy and design of commodity markets. Clarified policy objectives, outlined optimal market and regulatory structure, designed market rules and business practices, analyzed market power issues, assessed technology platforms, recommended strategies for mitigating financial and operational risk.
- Assisted in creation of start-up retailers of gas and electricity. Assessed market opportunities, defined business model, developed business processes, acquired human and IT resources, analyzed resource and customer portfolio risks, purchased customer bases, executed marketing campaigns.
- Developed revenue and demand forecasting models for energy companies and public agencies. Implemented on selected technology platforms, tested and rolled out completed systems.
- Advised large retail chains on energy facility management and energy procurement. Assessed current supply arrangements, recommended revised portfolio strategies and operations practices.
- Implemented marketing information systems for commodity retailers. Assessed marketing program requirements for IT support, adapted existing solution, built interfaces, supported applications.
- Assisted in enhancing revenues through service differentiation and unbundling, for suppliers of energy services. Segmented local markets, redefined service bundles, developed pricing.
- Assisted major U.S. energy firms in retaining large industrial customers. Analyzed economics of customers' alternative supplies, developed competitive pricing offers, assisted in negotiations with customers and regulators.



- Performed production and distribution cost studies for Northwest and Pacific utilities. Identified management objectives, analyzed historical and forecasted costs and loads, determined revenue requirement, allocated costs to products and customer classes, designed rates, and developed supporting testimony.

Representative Clients:

Nordstroms	Washington Natural Gas	Edison International
Areva	PG&E	East China Power Group
RTO West	Bonneville Power Administration	State Power Corp. of China
Electricity Corp. of New Zealand	President’s Council on Environmental Quality	Singapore Public Utility Board
U.K. Dept. of Energy	State Electricity Commission of Victoria (Australia)	Transalta
Napocor (Philippines)		Hydro-Electric Commission of Tasmania

Energy Operations and Technology

Mr. Kemp has led a large number of engagements to improve operations, implement new technologies, redesign business processes, and reduce costs.

- Developed information technology strategic plans for specific companies and for industry sectors. Identified critical business issues, mapped and prioritized significant IT applications across enterprises, assessed IT capability gaps, analyzed business cases, recommended solutions.
- Directed enterprise transformation projects at major energy companies, including strategic planning, process visions and redesigns, technology implementations (ERP, CRM), change leadership, cost reduction targets, benefit realization.
- Directed merger integration planning and implementation for energy companies in U.S. and Australia/New Zealand. Achieved merger synergies substantially greater than targeted. Led development of M&A integration methodology later adopted as best practice by Deloitte Consulting.
- Managed technology-enabled process redesign, project oversight and account relationships for large ERP implementations. Defined high level business needs, developed business cases, performed quality assurance reviews, assisted in change leadership, resolved project issues.
- Provided program management for regional enterprises responsible for developing and operating commodity markets and related financial markets. Defined business and functional requirements for technology, assisted in organization design, designed business processes, selected technology vendors, identified and addressed major programmatic risks, recommended staging plans.
- Conducted benchmarking and comparative practices studies for industrial operations. Developed consistent engineering and accounting information, analyzed key practices and metrics.
- Advised on organizational restructurings, carve-outs, and spin-offs for major industrial corporations and public agencies. Clarified change mandate, defined roles and functions for new units, identified human and financial assets to be allocated from parent, recommended corporate structure and governance mechanisms, analyzed organization development issues, drafted initial business plans.
- Conducted operations reviews and improvement projects for financial and operational processes in large energy companies. Identified deficiencies; recommended improvements in processes, operations technology, information systems, and organization structure.
- Assisted commodity producers in analyzing the operational economics of their wholesale customers. Modeled customers’ supply portfolios, customer demands, distribution operations, retail pricing, and finances. Analyzed impact of various wholesale contracting and pricing strategies.



Representative Clients:

Puget Sound Energy	BC Gas	U.S. Bureau of Reclamation
Australian Gas Light	India Ministry of Power	Kansai Electric
Pacific Gas & Electric	Bonneville Power Administration	Jiangsu Power
Western Power Exchange	New York Independent System	Sacramento Municipal Utility
Mossgas	Operator	District

Litigation Support

Mr. Kemp has led teams providing the full range of litigation support services, and has served as an expert witness on energy markets, valuation of energy enterprises and assets, and economic damages in a number of contexts.

- Served as expert witness in legal disputes regarding enforceability of commodity supply contracts in unusual market conditions. Identified key issues to be addressed, used industry network and personal expertise to compile documentary record, analyzed market fundamentals and related price behavior, drafted initial and reply reports. Considered issues related to client bankruptcy filings. Coordinated with outside and inside counsel in case strategy, discovery, depositions, hearings, briefs.
- Served as expert witness on energy-related issues in countervailing duty claims before international trade agencies. Analyzed cost basis and market context of contracts to purchase energy from foreign government-owned utilities. Quantified impacts of subsidized pricing.
- Developed loss profits claims related to business interruptions. Quantified “but for” baseline profits, calculated actual post-event profits, estimated lost profits associated with reduced investment funds.
- Served as expert witness or prepared expert testimony on various ratemaking issues (revenue requirements, forecasted sales, cost allocations, rate design) before numerous utility regulatory commissions or governing bodies.
- Served as expert witness in studies of energy industry practices in construction accounting, cost accounting, cost allocations to products and customers, and financial reporting.

Representative Clients:

Norsk Hydro	U.S. Dept. of Justice	Lyon Productions
Bethlehem Steel	Snohomish PUD	North Pacific Seafoods
Kaiser Aluminum & Chemical	Bonneville Power Administration	Kuauai Electric
Daishowa America	Washington Natural Gas	Williams Group

PROFESSIONAL EMPLOYMENT

2003 – Present **Black & Veatch Corporation, Enterprise Management Solutions**
Managing Director, Business Strategy and Planning Services

2001 – 2003 **Economists.com**
Managing Director

- Responsible for strategic direction, sales and marketing leadership, alliance development, client relationship management, thoughtware development, direct services to major clients. Grew firm to four offices.



1999 – 2001 **Precise Power Corporation**

President / Chief Operating Officer

- Responsible for strategic direction, day-to-day operations, and financial and administrative management for this start-up manufacturer of high tech electric motors and power quality equipment. Led transition of company from R&D to commercial manufacturing.
- Strengthened management and board team, implemented “virtual manufacturing” strategy using production partners, redesigned sales process and sales channels, raised substantial private capital through personal network in investment community.
- Company was named fastest growing private manufacturer in Florida (486% growth over 3 years), and one of 50 fastest growing technology firms in Tampa Bay region for three consecutive years. Selected as finalist for Suncoast “Entrepreneur of the Year” in 2001.

1986 – 1999

Deloitte Consulting

Managing Partner, Asia-Pacific-Africa Energy Practice 1997-99

Lead Partner, U.S. West Energy Practice 1995-97

Partner, U.S. Northwest Practice 1993-95

- As Managing Partner, responsible for management of one of three global regions in Deloitte’s management consulting practice in Energy industry (oil, gas, electricity, water). Member of core partner team that grew Energy consulting revenues 12-fold in five years. Consistently strong partner evaluations.
- Responsible for consulting operations in Energy industry in Asia-Pacific-Africa region. Led practice in overtaking more established competitors to become a top firm in regional Energy market by 1999. Defined strategic direction, managed key account relationships, set practice and partner goals, controlled practice costs. Participated in management committees for region and Energy industry.
 - Directed team sales effort on large opportunities, established large personal network among clients and advisors to clients (attorneys, investment bankers, industry associations), presented frequently to industry conferences, contributed thoughtware, published articles in industry press on current hot issues.
 - Contributed to thought leadership in key strategy and operations service lines. Served on global Steering Committees for M&A and Customer/Product Profitability service lines, and on regional leadership team for Business Process Reengineering and Customer Dynamics service lines. Helped in defining global best practices and designing service delivery methodologies. Developed business case tool for assessing net benefits of new IT solutions.

1981 – 1986

Pacific Gas and Electric Company

Supervising Wholesale Rate Engineer 1984-86

Senior Regulatory Analyst 1983-84

Fuel Economist 1981-82



- 1982 – 1983 **Southern California Edison Company**
Regulatory Cost Analyst
- 1980 – 1981 **U.S. Department Of Energy**
Research Scientist, Energy Demand Forecasting
- 1980 **Office of the White House, President’s Council on Environmental Quality**
Regulatory Economist

EDUCATION

- University of California – Berkeley; Master of Public Policy, 1981
focus on Energy and Environmental Policy
- Harvard University; Bachelor of Arts, magna cum laude in Anthropology; 1977
secondary focus in Physics
- National Merit Scholar, Presidential Science Scholar, National English Achievement Award

PROFESSIONAL MEMBERSHIPS (and offices held)

- American Public Power Association
- Association for Public Policy Analysis and Management
- Congress of the Electricity Production Supply Industry [Asia]
- Florida Municipal Electric Association
- International Association for Energy Economics
Northwest U.S. Chapter President
Chairman, 1993 North American Conference, Seattle
Co-Chairman, 2000 Global Conference, Sydney (resigned after move from Sydney)
- Suncoast Technology Alliance
- Western Energy Institute
Accounting and Finance Committee
Non-Utility Generation Committee

CIVIC/CHARITABLE ORGANIZATIONS (selected; and offices held)

- Precise Power Foundation (President)
- University of South Florida President’s Council
- Oregon Environmental Council (Board member)
- First Presbyterian Church, Bradenton, FL (Elder; Mission Committee Chairman)
- Agape Flights

PUBLICATIONS

List of publications and professional presentations provided upon request.

EXHIBIT WJK-1
KEMP
TESTIMONY
EXPERIENCE

**SUMMARY OF TESTIMONY EXPERIENCE
WILLIAM J. KEMP**

JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Direct Expert Witness Testimony					
Guam Public Utilities Commission	07-010	Guam Power Authority	Guam Power Authority	2007	Transmission level cost-of-service analysis, rate design
Missouri Public Service Commission	EM-2007-0374	Kansas City Power & Light Co.	Kansas City Power & Light Co.	2007	Merger synergies, allocation of merger benefits
California Public Utilities Commission	U-902-E	San Diego Gas & Electric Co.	San Diego Gas & Electric Co.	2007	Economics of renewable generation development, need for transmission
U.S. District Court, Eastern Virginia	Civil Action No. 05-CV-34	Old Dominion Electric Cooperative	Ragnar Benson, Inc.	2006	Wholesale power markets, natural gas markets, generation project economics, transmission constraints
American Arbitration Association	Consolidated Case No. 53 Y 110 00521 03	Williams Service Group Inc. of Ohio	Williams Service Group Inc. of Ohio	2005	Wholesale power markets, natural gas markets, generation project economics, transmission constraints
FERC	EL02-56	Snohomish Public Utility District	Snohomish Public Utility District	2003	Wholesale market power, wholesale power contracts, credit terms, forward markets
Guam Public Utilities Commission	93-001	Guam Power Authority	Guam Power Authority	1995	Load study design and analysis, cost of service analysis

JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Guam Public Utilities Commission	92-001	Guam Power Authority	Guam Power Authority	1994	Transmission-level and retail cost of service analyses, interruptible rates, rate design
U.S. International Trade Commission	US-95-1257	Bethlehem Steel	Bethlehem Steel	1994	Steel production costs, electricity production costs, wholesale power contracts, steel markets
U.S. International Trade Commission	USA-92-1904-05	Gouvernement du Québec	Norsk Hydro Canada	1993	Aluminum production costs, electricity production costs, wholesale power contracts, aluminum markets
Guam Public Utilities Commission	92-003	Guam Power Authority	Guam Power Authority	1993	Transmission-level and retail cost of service analyses, interruptible rates, rate design, labor costs, performance standards
FERC	ER83-03	Bonneville Power Administration	Pacific Gas & Electric Co.	1983	Hydroelectricity economics, wholesale power markets
FERC	ER82-04	Bonneville Power Administration	Pacific Gas & Electric Co.	1982	Hydroelectricity economics, wholesale power markets
Bonneville Power Administration	1983 Rate Case	Bonneville Power Administration	Pacific Gas & Electric Co.	1983	Hydroelectricity economics, wholesale power markets
Bonneville Power Administration	1982 Rate Case	Bonneville Power Administration	Pacific Gas & Electric Co.	1982	Hydroelectricity economics, wholesale power markets

JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Testimony Prepared on Behalf of Clients					
International Court of Arbitration	12 573/JNK	Kaiser Aluminum & Chemical Corp.	Kaiser Aluminum & Chemical Corp.	2003	Aluminum production costs, electricity production costs, wholesale power contracts, aluminum markets
California Public Utilities Commission	96-10-038	Pacific Enterprises	Pacific Enterprises	1997	Merger synergies for proposed merger of Pacific Enterprises and Enova
Washington Utilities and Transportation Commission	Various	PacifiCorp, Portland General Electric	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Washington Utilities and Transportation Commission	Various	PacifiCorp, Portland General Electric	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Oregon Public Utilities Commission	Various	PacifiCorp, Puget Power, Washington Water Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Idaho Public Utilities Commission	Various	Idaho Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies

JURISDICTION	CASE OR DOCKET NO.	UTILITY/ORGANIZATION INITIATING PROCEEDING	CLIENT	YEAR	SUBJECT MATTER
Montana Public Service Commission	Various	Montana Power	Bonneville Power Administration	1987-1996	Power production costs, investment prudence, conservation/DSM, wholesale cost of service, merger synergies
Colorado Public Utilities Commission	95A-531EG	Public Service Co. of Colorado	Public Service Co. of Colorado	1995	Merger synergies for proposed merger of Public Service Co. of Colorado and Southwestern Public Service
U.S. District Court, Alaska		North Pacific Seafoods	North Pacific Seafoods	1990	[Exxon Valdez oil spill] Fisheries industry economics, business interruption damages
U.S. District Court, North Texas		Lyon Productions	Lyon Productions	1989	Film/TV industry economics, revenue and cost unbundling

EXHIBIT WJK-1

APPENDIX A

TCOS

SCHEDULE 1

TO

SCHEDULE 15

GUAM POWER AUTHORITY

Island-Wide Electric System Summary of Total Costs Test Year Ending September 30, 2010

Line	Function	Demand (1)	Energy (2)	Customer (3)	Total (4)	Reference
Production:						
1	Fuel Expense	\$0	\$236,373,638	\$0	\$236,373,638	GPA Wkpp 1
2	GPA O&M	33,459,385	9,820,660	0	43,280,046	Sch 10
3	Navy O&M	0	0	0	0	Sch 9
4	IPP Costs	17,323,889	2,334,079	0	19,657,968	Sch 10c
5	Depreciation	0	0	0	0	Sch 10a
6	Other Expense (Income)	(3,688,898)	(396,574)	0	(4,085,472)	Sch 13
7	Debt Service Coverage	<u>39,050,486</u>	<u>4,198,111</u>	<u>0</u>	<u>43,248,598</u>	Sch 12
8	Total	<u>86,144,863</u>	<u>252,329,914</u>	<u>0</u>	<u>338,474,777</u>	
Transmission:						
9	GPA O&M	8,537,148	0	0	8,537,148	Sch 10
10	Navy O&M	0	0	0	0	Sch 9
11	Depreciation	0	0	0	0	Sch 10a
12	Other Expense (Income)	(828,723)	0	0	(828,723)	Sch 13
13	Debt Service Coverage	<u>8,772,816</u>	<u>0</u>	<u>0</u>	<u>8,772,816</u>	Sch 12
14	Total	<u>16,481,242</u>	<u>0</u>	<u>0</u>	<u>16,481,242</u>	
Distribution:						
15	GPA O&M	12,191,051	0	1,409,966	13,601,017	Sch 10
16	Navy O&M	0	0	0	0	Sch 9
17	Depreciation	0	0	0	0	Sch 10a
18	Other Expense (Income)	(1,167,775)	0	(50,955)	(1,218,730)	Sch 13
19	Debt Service Coverage	<u>12,362,010</u>	<u>0</u>	<u>539,402</u>	<u>12,901,413</u>	Sch 12
20	Total	<u>23,385,286</u>	<u>0</u>	<u>1,898,414</u>	<u>25,283,700</u>	
Customer Accounting:						
21	GPA O&M	0	0	7,468,155	7,468,155	Sch 10
22	Bad Debts	0	0	800,000	800,000	GPA Wkpp 2
23	Navy O&M	0	0	0	0	
24	Depreciation	0	0	0	0	Sch 10a
25	Other Expense (Income)	0	0	0	0	Sch 13
26	Debt Service Coverage	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	Sch 12
27	Total	<u>0</u>	<u>0</u>	<u>8,268,155</u>	<u>8,268,155</u>	
26	Grand Total	<u>\$126,011,391</u>	<u>\$252,329,914</u>	<u>\$10,166,568</u>	<u>\$388,507,873</u>	

Reconciliation:

Fuel	\$	236,373,638
O&M		73,686,365
IPP Costs		19,657,968
Other Expense		(6,132,925)
Debt Service		<u>64,922,827</u>
Total Revenue Requirement	\$	<u>388,507,873</u>

Total Revenues:

Base Revenues	\$	141,593,235
Fuel Revenues		236,373,638
Rate Increase		<u>10,541,000</u>
		<u>388,507,873</u>
Difference (Rounding)	\$	<u>0</u>

GUAM POWER AUTHORITY

GPA Total System Cost Allocation Factors Test Year Ending September 30, 2010

Line	Description	Net At 34.5 kV		Weighted Number of Customers (3)
		12 CP Demands (1)	Energy Consumption (kWh) (2)	
1	Navy	621,008	357,608,170	572
2	GPA	2,306,557	1,344,755,329	51,282
3	Total	2,927,564	1,702,363,499	51,853

Cost of Service Allocators:

Navy:				
4	Production	21.2124%	21.0066%	0.0000%
5	Transmission	21.2124%	21.0066%	0.0000%
6	Distribution	0.0000%	0.0000%	1.1025%
7	Customer Account	0.0000%	0.0000%	1.1025%
GPA:				
8	Production	78.7876%	78.9934%	0.0000%
9	Transmission	78.7876%	78.9934%	0.0000%
10	Distribution	100.0000%	0.0000%	98.8975%
11	Customer Account	0.0000%	0.0000%	98.8975%

References:

Columns (1) and (2) are from GPA Wkpp13
 Line 1, Column (3) equals 18 Metering Points times 31.76 Weighted Average
 from GPA workpaper 3.
 Line 2, Column (4) is from GPA workpaper 3

GUAM POWER AUTHORITY

Island-Wide Electric System
 Allocated Cost of Service
Test Year Ending September 30, 2010

<u>Line</u>	<u>Description</u>	<u>Demand Cost of Service</u> (1)	<u>Energy Cost of Service</u> (2)	<u>Customer Cost of Service</u> (3)	<u>Total Cost of Service</u> (4)
Navy:					
1	Production	\$18,273,424	\$53,005,859	\$0	\$71,279,283
2	Transmission	3,496,073	0	0	3,496,073
3	Distribution	0	0	20,930	20,930
4	Customer Accounting	<u>0</u>	<u>0</u>	<u>82,336</u>	<u>82,336</u>
5	Total Navy	\$21,769,497	\$53,005,859	\$103,266	\$74,878,621
GPA:					
6	Production	\$67,871,439	\$199,324,056	\$0	\$267,195,494
7	Transmission	12,985,169	0	0	12,985,169
8	Distribution	23,385,286	0	1,877,484	25,262,770
9	Customer Accounting	<u>0</u>	<u>0</u>	<u>8,185,819</u>	<u>8,185,819</u>
10	Total GPA	\$104,241,894	\$199,324,056	\$10,063,303	\$313,629,252
11	Total	\$126,011,391	\$252,329,914	\$10,166,568	\$388,507,873

388,507,873 check from Sch1

GUAM POWER AUTHORITY

**Island-Wide Electric System
34.5 kV Cost Comparison
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Description</u>	<u>Cost of Service</u> (1)	<u>Units</u> (2)	<u>Rates</u> (3)
Navy Cost at 34.5 kV:				
1	Demand Production and Transmission	\$21,769,497	621,008 Annual kW	\$35.06
Base Energy:				
2	Nonfuel	3,351,866	357,608,170 Annual kWh	\$0.0094
3	Fuel	<u>49,653,992</u>	357,608,170	<u>0.1389</u>
4	Total Base Energy	<u>\$53,005,859</u>	357,608,170	\$0.1482
5	Average Cost per kWh	\$74,775,356	357,608,170	\$0.2091
GPA Cost at 34.5 kV:				
6	Demand Production and Transmission	\$80,856,608	2,306,557 Annual kW	\$35.06
Base Energy:				
7	Nonfuel	12,604,410	1,344,755,329 Annual kWh	\$0.0094
8	Fuel	<u>186,719,645</u>	1,344,755,329	<u>0.1389</u>
9	Total Base Energy	<u>\$199,324,056</u>	1,344,755,329	\$0.1482
10	Average Cost per kWh	\$280,180,663	1,344,755,329	\$0.2084

GUAM POWER AUTHORITY

**Navy Transferred Assets
Related Nonfuel O & M Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Straight Time Hours</u> (1)	<u>Overtime Hours</u> (2)	<u>Total Direct Labor</u>		<u>Overhead Hours</u> (5)	<u>Total Hours</u> (6)	
				<u>Hours</u> (3)	<u>Percent</u> (4)			
1	Production							
2	Transmission							
3	Distribution							
4	Total	0.0	0.0	0.0	0.00%	0.0	0.0	
5	Rate					\$0.00		
		<u>Straight Time Expense</u> (7)	<u>Overtime Expense</u> (8)	<u>Overhead Expense</u> (9)		<u>Total Labor Expense</u> (10)	<u>Non-Labor Expense</u> (11)	<u>Total Expense</u> (12)
6	Production	\$0	\$0	\$0		\$0		
7	Transmission	0	0	0		0		
8	Distribution	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>		
9	Total	\$0	\$0	\$0		\$0	\$0	\$0
10	Average Expense per Hour							

GUAM POWER AUTHORITY

**Navy Transferred Assets
Classification of
Non-Labor O & M Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Demand</u> (1)	<u>Energy</u> (2)	<u>Customer</u> (3)	<u>Total</u> (4)
1	Production				
2	Transmission				
3	Distribution				
4	Total	\$0	\$0	\$0	\$0

		<u>Energy Related Nonfuel O & M Expenses</u>			
	<u>Account</u>	<u>PITI</u> (5)	<u>Tanguisson</u> (6)	<u>Marbo</u> (7)	<u>Total</u> (8)
5	a/c 502				
6	a/c 505				
7	a/c 512				
8	a/c 513				
9	a/c 514				
10	Total	\$0	\$0	\$0	\$0

GUAM POWER AUTHORITY

**Navy Transferred Assets
Classification of Navy Labor Hours
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Demand Hours</u> (1)	<u>Energy Hours</u> (2)	<u>Customer Hrs</u> (3)	<u>Total Hours</u> (4)
1	Production				
2	Transmission				
3	Distribution				
4	Total	0.0	0.0	0.0	0.0

	<u>Account</u>	<u>Total Hours</u>			<u>Total</u> (8)
		<u>PITI</u> (5)	<u>Tanguisson</u> (6)	<u>Marbo</u> (7)	
5	a/c 502				
6	a/c 505				
7	a/c 512				
8	a/c 513				
9	a/c 514				
10	Total	0	0	0	0
11	a/c 500				
12	a/c 510				
13	Total	0	0	0	
14	Allocate Accts 500 & 510				
15	Total Energy Hours				

GUAM POWER AUTHORITY

**Navy Transferred Assets
Classification of Navy Labor Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Demand</u> (1)	<u>Energy</u> (2)	<u>Customer</u> (3)	<u>Total</u> (4)
1	Production				
2	Transmission				
3	Distribution				
4	Total	\$0	\$0	\$0	\$0

GUAM POWER AUTHORITY

**Navy Transferred Assets
Classification of Total
Operation and Maintenance Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Demand</u> (1)	<u>Energy</u> (2)	<u>Customer</u> (3)	<u>Total</u> (4)
1	Production	\$0	\$0	\$0	\$0
2	Transmission	0	0	0	0
3	Distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	Total	\$0	\$0	\$0	\$0

Note: This Schedule totals Schedule 6 and Schedule 8.

GUAM POWER AUTHORITY

**Classification of GPA
Operation and Maintenance Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	Total GPA O&M Expense (1)	<u>Demand</u> (2)	<u>Energy</u> (3)	<u>Customer</u> (4)	<u>Total</u> (5)
1	Production	\$43,280,046	\$33,459,385	\$9,820,660	\$0	\$43,280,046
2	Transmission	8,537,148	8,537,148	0	0	8,537,148
3	Distribution	13,601,017	12,191,051	0	1,409,966	13,601,017
4	Customer Accounting	<u>8,268,155</u>	<u>0</u>	<u>0</u>	<u>8,268,155</u>	<u>8,268,155</u>
5	Total	\$73,686,365	\$54,187,585	\$9,820,660	\$9,678,120	\$73,686,365

<u>Account</u>	Production (Energy)		
6 Account 501	\$0	GPA Wkpp 10	- Total
7 Account 502	\$446	GPA Wkpp 10	- Non-Labor
8 Account 505	\$0	GPA Wkpp 10	- Non-Labor
9 Account 512	1,141,092	GPA Wkpp 10	- Total
10 Account 513	1,742	GPA Wkpp 10	- Total
11 Account 514	3,597,915	GPA Wkpp 10	- Total
12 Total Direct Production Energy	\$4,741,194		
13 Production Supervision (a/c 500,510,546,551)	4,659,453	GPA Wkpp 10	
14 A & G Expense Allocated to Production	<u>18,930,488</u>	Sch 10b, L1, Col (3)	
15 Total Production Indirect	23,589,941		
16 Production Energy Direct Labor	1,792,008	GPA Wkpp 10	- Accounts 501, 512, 513, 514 - Labor only
17 Total Production Direct Labor	8,322,404	GPA Wkpp 10	- Production Labor Excl Fuel and Accounts 500, 510, 546 and 551)
18 Energy Percentage of Production Labor	21.53%	(L16 / L17)	- Classification Basis for Total Production Indirect
19 Production Energy	\$9,820,660	(L12 + (L15 * L18))	

Meter O&M Expense

Meter Expense	\$	1,268,521	GPA Wkpp 10
Meter Maintenance Expense		141,444	GPA Wkpp 10

Total Meter O&M Expense

\$ 1,409,966

GUAM POWER AUTHORITY

**Schedule of Depreciation Expense
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Total Depreciation</u> (1)	<u>Adjustment for Grants</u> (2)	<u>Adjusted Depreciation</u> (3)	<u>Allo- cation Percent</u> (4)	<u>General & Intangible Depre- ciation</u> (5)	<u>Total Depreciation</u> (6)
1	Production	\$0	\$0	\$0	64.48%	\$0	\$0
2	Transmission	0	0	0	15.60%	0	0
3	Distribution	0	0	0	19.92%	0	0
4	Customer Accounting	0	0	0	0.00%	0	0
5	General & Intangible	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0</u>
6	Total	\$0	\$0	\$0	100.00%	\$0	\$0
	<u>Gross Plant</u>	<u>Amount</u> (7)	<u>Percent</u> (8)				
7	Production	\$527,085,788	64.48%				
8	Transmission	127,553,069	15.60%				
9	Distribution	162,808,500	19.92%				
10	Customer Accounting	<u>0</u>	<u>0.00%</u>				
11	Total	\$817,447,358	100.00%				

GUAM POWER AUTHORITY

Functionalization of GPA
Operation and Maintenance Expense
Test Year Ending September 30, 2010

Line	Function	Direct Labor		A & G Expense (3)	O & M Nonfuel Expense (4)	Total Nonfuel Expense (5)
		Amount (1)	Percent (2)			
1	Production	\$12,911,199	59.48%	\$18,930,488	\$24,349,558	\$43,280,046
2	Transmission	2,354,833	10.85%	3,452,672	5,084,476	8,537,148
3	Distribution	4,167,898	19.20%	6,111,000	7,490,017	13,601,017
4	Customer Accounting	<u>2,272,299</u>	<u>10.47%</u>	<u>3,331,661</u>	<u>4,936,494</u>	<u>8,268,155</u>
5	Total	\$21,706,228	100.00%	\$31,825,821	\$41,860,544	\$73,686,365

GPA Wkpp 10

GUAM POWER AUTHORITY

Classification of GPA IPP Costs Test Year Ending September 30, 2010

<u>Line</u>	<u>Function</u>	<u>Demand</u> (2)	<u>Energy</u> (3)	<u>Customer</u> (4)	<u>Total IPP Costs</u> (5)
1	Production	\$ 17,323,889	2,334,079	\$0	\$19,657,968
2	Transmission	0	0	0	0
3	Distribution	0	0	0	0
4	Customer Accounting	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5	Total	\$17,323,889	\$2,334,079	\$0	\$19,657,968
	Line 1, Col 2	All other IPP charges			
			Fixed O&M Payments	\$ 17,323,889	
			Fixed Principal + Interest Payments	<u>\$ -</u>	
				\$ 17,323,889	GPA Wkpp 4
	Line 1, Col 3	All as-billed IPP energy charges (\$/MWH)			
			Variable O&M component of Energy Conversion Costs	\$ 2,334,079	GPA Wkpp 4

GUAM POWER AUTHORITY

Classification of Rate Base Components Test Year Ending September 30, 2010

Line	Function	Rate Base (1)	Removal of Grant Assets (2)	Total Rate Base (3)	Demand (4)	Energy (5)	Customer Accounting (6)
1	Production	\$334,250,712	\$300,563	\$333,950,149	\$301,533,840	\$32,416,309	\$0
2	Transmission	86,081,926	18,341,387	67,740,539	67,740,539	0	0
3	Distribution	106,685,298	7,065,219	99,620,079	95,455,007	0	4,165,072
	Customer						
4	Accounting	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5	Total	\$527,017,937	\$25,707,169	\$501,310,768	\$464,729,386	\$32,416,309	\$4,165,072

Percent of Total Rate Base:

6	Production	66.62%	60.15%	6.47%	0.00%
7	Transmission	13.51%	13.51%	0.00%	0.00%
8	Distribution	19.87%	19.04%	0.00%	0.83%
	Customer				
9	Accounting	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
10	Total	100.00%	92.70%	6.47%	0.83%

Account	Production (Energy)	
11	Average Fuel Inventory	\$32,985,500
12	Cash Working Capital	1,164,901
13	Retirement Fund	(1,597,256)
14	Accrued Payroll	(136,835)
15	Total	\$32,416,309

Lines 1- 3, Col 2 See GPA Workpaper 11
Line 8 Column 6 See GPA Workpaper 15

GUAM POWER AUTHORITY

GPA Rate Base Components
Test Year Ending September 30, 2010

Line	Function	Plant in	PIS Excl.	CWIP &	Subtotal	Gross Plant	Gross Plant
		Service	Gen Pt			Percent	Percent
		(1)	(2)	(3)	(4)	(5)	(6)
1	Production	\$527,085,788	64.48%	\$4,177,479	\$531,263,267	62.26%	64.66%
3	Transmission	127,553,069	15.60%	0	127,553,069	14.95%	15.52%
4	Distribution	162,808,500	19.92%	0	162,808,500	19.08%	19.82%
5	Customer Acct.	0	0.00%	0	0	0.00%	0.00%
6	General Plant	<u>31,712,237</u>	<u>0.00%</u>	<u>0</u>	<u>31,712,237</u>	<u>3.72%</u>	<u>0.00%</u>
7	Total	\$849,159,595	100.00%	\$4,177,479	\$853,337,074	100.00%	100.00%

Line	Function	Accumulated	Accum Depr	Fuel	Materials	Prepay-	Cash
		Depreciation	Intangible	Inventory	& Supplies	ments	Working
		(7)	(8)	(8)	(9)	(10)	Capital
7	Production	(\$241,326,968)	(\$4,177,479)	\$32,985,500	\$9,046,585	\$468,718	\$5,410,006
9	Transmission	(45,427,107)		0	2,172,030	112,536	1,067,144
10	Distribution	(60,785,690)		0	2,772,375	143,641	1,700,127
11	Customer Acct.	0		0	-	-	1,033,519
12	General Plant	<u>(18,542,690)</u>	<u>0</u>	<u>0</u>	<u>540,010</u>	<u>27,979</u>	<u>0</u>
13	Total	(\$366,082,455)	(\$4,177,479)	\$32,985,500	\$14,531,000	\$752,875	\$9,210,796

Line	Function	Deferred	Accrued	Subtotal	General	Total
		Retirement	Payroll		Plant	Rate Base
		Fund	(13)	(14)	(15)	(16)
13	Production	(\$7,417,943)	(\$635,486)	\$325,616,202	\$8,634,510	\$334,250,712
14	Transmission	(1,352,935)	(115,904)	84,008,833	2,073,093	86,081,926
15	Distribution	(2,394,605)	(205,143)	104,039,206	2,646,092	106,685,298
16	Customer Acct.	(1,305,517)	(111,842)	(383,839)	0	0
17	General Plant	<u>0</u>	<u>0</u>	<u>13,737,535</u>	<u>0</u>	<u>0</u>
18	Total	(\$12,471,000)	(\$1,068,375)	\$527,017,937	\$13,353,696	\$527,017,937

GUAM POWER AUTHORITY

GPA Allocation of Debt Service Coverage Test Year Ending September 30, 2010

<u>Line</u>	<u>Function</u>	<u>Total Debt Service Coverage</u> (1)	<u>Demand</u> (2)	<u>Energy</u> (3)	<u>Customer Accounting</u> (4)
1	Production	\$43,248,598	\$39,050,486	\$4,198,111	\$0
2	Transmission	8,772,816	8,772,816	0	0
3	Distribution	12,901,413	12,362,010	0	539,402
4	Customer Accounting	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5	Total	\$64,922,827	\$60,185,313	\$4,198,111	\$539,402
6	Principal Payments -Bonds	\$7,795,000	GPA Wkpp 7		
7	Interest Payments-Bonds	19,687,813	GPA Wkpp 7		
6a	Principal Payments -IPP	8,028,315	GPA Wkpp 4		
7a	Interest Payments-IPP	15,055,992	GPA Wkpp 4		
8	Total Debt Service	\$50,567,120			
9	Coverage Ratio	1.2839	to cover CIP's and debt service		
10	DSC Requirement	\$ 64,922,827			

Note: Columns (2), (3), and (4) are allocated on Rate Base from Schedule 11.

Total Debt Service-Bonds	\$ 27,482,813	
Total Debt Service-IPP	\$ 23,084,307	GPA Wkpp 4
Total Revenue Funded CIP's	<u>\$ 14,355,707</u>	GPA Wkpp 8
Total DSC Requirement	<u>\$ 64,922,827</u>	

GUAM POWER AUTHORITY

GPA Allocation of
Other Expense (Income)
Test Year Ending September 30, 2010

<u>Line</u>	<u>Function</u>	<u>Total</u> (1)	<u>Demand</u> (2)	<u>Energy</u> (3)	<u>Customer Accounting</u> (4)
Production:					
1	Other Revenues	(\$983,858)	(\$888,356)	(\$95,502)	\$0
2	Investment Revenues	(1,420,433)	(1,282,552)	(137,880)	0
3	Dec. in Working Cap Req	(5,157,364)	(4,656,742)	(500,622)	0
4	Proceeds from \$20M TCP Loan	(1,943,171)	(1,754,549)	(188,622)	0
5	Interest Payment (ST Loan)	859,557	776,120	83,437	0
6	Principal Payments (\$20M TCP Loan)	2,306,198	2,082,337	223,861	0
7	Working Capital Fund Req	1,731,334	1,563,275	168,059	0
8	Const Fund Interest Income	<u>522,265</u>	<u>471,569</u>	<u>50,696</u>	<u>0</u>
9	Total Production	(4,085,472)	(3,688,898)	(396,574)	0
Transmission:					
10	Other Revenues	(199,572)	(199,572)	0	0
11	Investment Revenues	(288,129)	(288,129)	0	0
12	Dec. in Working Cap Req	(1,046,152)	(1,046,152)	0	0
13	Proceeds from \$20M TCP Loan	(394,165)	(394,165)	0	0
14	Interest Payment (ST Loan)	174,358	174,358	0	0
15	Principal Payments (\$20M TCP Loan)	467,804	467,804	0	0
16	Working Capital Fund Req	351,195	351,195	0	0
17	Const Fund Interest Income	<u>105,939</u>	<u>105,939</u>	<u>0</u>	<u>0</u>
18	Total Transmission	(828,723)	(828,723)	0	0
Distribution:					
19	Other Revenues	(293,493)	(281,222)	0	(12,271)
20	Investment Revenues	(423,727)	(406,011)	0	(17,716)
21	Dec. in Working Cap Req	(1,538,484)	(1,474,161)	0	(64,323)
22	Proceeds from \$20M TCP Loan	(579,664)	(555,428)	0	(24,235)
23	Interest Payment (ST Loan)	256,413	245,692	0	10,721
24	Principal Payments (\$20M TCP Loan)	687,958	659,195	0	28,763
25	Working Capital Fund Req	516,471	494,878	0	21,593
26	Const Fund Interest Income	<u>155,796</u>	<u>149,282</u>	<u>0</u>	<u>6,514</u>
27	Total Distribution	(1,218,730)	(1,167,775)	0	(50,955)
		(6,132,925)			
		\$0			

GUAM POWER AUTHORITY

**GPA Allocation of
Other Expense (Income)
Test Year Ending September 30, 2010**

<u>Line</u>	<u>Function</u>	<u>Total</u> (1)	<u>Demand</u> (2)	<u>Energy</u> (3)	<u>Customer Accounting</u> (4)
	Customer Accounting:				
28	Other Revenues	0	0	0	0
29	Investment Revenues	0	0	0	0
30	Dec. in Working Cap Req	0	0	0	0
31	Proceeds from \$20M TCP Loan	0	0	0	0
32	Interest Payment (ST Loan)	0	0	0	0
33	Principal Payments (\$20M TCP L	0	0	0	0
34	Working Capital Fund Req	0	0	0	0
35	Const Fund Interest Income	0	0	0	0
36	Total Customer Acct	0	0	0	0
37	Total Other Expense	(\$6,132,925)	(\$5,685,396)	(\$396,574)	(\$50,955)

<u>Misc Items to be Allocated:</u>	<u>Total Expense (Income)</u>	<u>Method of Allocation</u>
38	Other Revenues	(\$1,476,923) Rate Base, Schedule 11
39	Investment Revenues	(\$2,132,289) Rate Base
40	Decrease in Working Capital Requirem	(\$7,742,000) Rate Base
41	Proceeds from \$20M TCP Loan	(\$2,917,000) Rate Base
42	Interest Payment (Short Term Loan)	\$1,290,328 Rate Base
43	Principal Payments (\$20M TCP Loan)	\$3,461,959 Rate Base
44	Working Capital Fund Requirement	\$2,599,000 Rate Base
45	Construction Fund Interest Income	<u>\$784,000</u> Rate Base
46	Total	<u>(\$6,132,925)</u> GPA Wkpp 9

Calculation of Navy Rates

Test Year Ending 9/30/2010

		Reference
	Demand Charge:	(1)
1	Demand Cost	\$21,769,497 Sch 3, Line 5, Col 1
	Forecasted Navy Billing Demands	
2	(Monthly maximum conjunctive demands)	665,351 kw-mo GPA WKpp 12
3	Demand Charge - Monthly	\$32.72 /kw-mo Line 1 / Line 2
	Non Fuel Energy Charge:	
4	Energy Cost	\$53,005,859 Sch 3, Line 5, Col 2
5	Less Fuel Cost	(\$49,653,992) Sch 4, Line 3, Col 1
6	Non Fuel Energy Cost	\$3,351,866 Line 4 + Line 5
7	Energy Sales (kWh)	357,608,170 kWh Sch 2, Line 1, Col 2
8	Non Fuel Energy Charge	\$0.0094 /kWh Line 6 / Line 7
	Customer Charge	
9	Customer Cost	\$103,266 Sch 3, Line 5, Col 3
10	Number of Months	12
11	Customer Charge Per Month	\$8,605 Line 9 / Line 10
	Wheeling Rate:	
12	Total Civilian Distribution Costs	\$25,262,770 Sch 3, Line 8, Col 4
13	Total Civilian + Navy Sales at Distribution	1,272,630,380 GPA Wkpp 13
14	Wheeling Rate	\$0.0199 /kWh Line 6 / Line 7

GUAM POWER AUTHORITY

Proof of Civilian Revenue

Test Year Ending September 30, 2010

CLASS	Average Non-Fuel Yield Per kWh			Fuel Clause Yield (4)	FY2010 Energy Sales (5)	Total Revenue (6)	
	Current Rates (1)	Increase (2)	Proposed Rates (3)				
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
1	R - Residential - Lifeline	0.0335	0.00%	0.0335	0.1445	201,866,904	35,939,445
2	R - Residential - Non-Lifeline	0.0951	9.18%	0.1038	0.1445	267,366,526	66,378,736
3	G - Small General Nondemand	0.1199	9.18%	0.1309	0.1445	55,333,583	15,240,189
4	J - Small General Demand	0.1046	9.18%	0.1142	0.1445	217,886,110	56,372,911
5	P - Large Power	0.0906	9.18%	0.0989	0.1445	329,636,760	80,230,362
6	H - Private Streetlighting	0.3465	9.18%	0.3782	0.1445	838,479	438,311
7	S - Small Government Nondemand	0.1194	9.18%	0.1304	0.1445	17,040,216	4,684,321
8	K - Small Government Demand	0.1095	9.18%	0.1196	0.1445	102,007,375	26,938,392
9	L - Large Government	0.0933	9.18%	0.1018	0.1445	91,821,905	22,616,201
10	F - Public Streetlighting	0.3771	9.18%	0.4117	0.1445	8,417,917	4,681,587
11	TOTAL CIVILIAN REVENUE	0.0870	9.18%	0.2426	0.1445	1,292,215,775	313,520,455
							313,520,455

-

EXHIBIT WJK-1

APPENDIX B

**NAVY
TARIFF**

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "N"

GUAM POWER AUTHORITY

SCHEDULE "N"

Navy Service

Availability:

Applicable to power service supplied to the Navy and metered at all delivery points to the Navy and metered at 34.5 kv.

Customer Agreement:

All services to Navy shall be subject to the provisions of that service contract between the Authority and Navy effective August 1, 1992, ("Customer Agreement"), as amended.

Monthly Rate:

Demand Charge:

All kw of billing demand per month - per kw \$32.89*

Non-Fuel Energy Charge:

All kwhr per month, excluding an insurance charge - per kwhr \$0.00970*

Customer Charge - per month \$9,419*

Insurance Charge per Kwhr per month - per kwhr \$0.00070

Determination of Demand:

The maximum demand for each month shall be the maximum combined load on Navy's meters in kw during any 30-minute period. The billing demand for each month shall be as determined through application of the relevant provisions of the Customer Agreement.

Insurance Charge:

The insurance charge shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the civilian insurance charge.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "N"

SCHEDULE "N" (Continued)

Power Factor:

The power factor adjustment shall be calculated for each bill through application of the relevant provisions of the Customer Agreement.

The average monthly power factor will be determined from the readings of kwh meters and kvarh meters. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Supply Voltage Delivery:

Navy shall take delivery at the 34.5 kv level.

Fuel Clause:

The fuel factor from the Navy Fuel Adjustment Clause, as specified in the Customer Agreement will be added to each bill for service.

Wheeling Rate:

The following charges are applicable to Navy usage of the Authority distribution facilities to wheel power.

- Non-NCS Wheeling Rate - per kwhr \$0.01980*

As Available Power:

As Available Power is defined in Article 20.3 of the Customer Agreement and is subject to the following charges:

Demand Charge: 50% of the Demand Charge for Firm Service, pro-rated on a daily basis.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "N"

SCHEDULE "N" (Continued)

Non Fuel Energy Charge: 100% of the energy charge for Firm Service.

Fuel Charge shall be computed in accordance with Attachment III of the Customer Agreement.

Rules:

Service supplied under this rate shall be subject to the relevant provisions of the Customer Agreement.

Other Services:

Such other services as the Authority may provide to Navy from time to time shall be subject to the relevant service and rate provisions of the Customer Agreement.

EXHIBIT WJK-1

APPENDIX C

CIVILIAN
TARIFFS

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "R"

GUAM POWER AUTHORITY

SCHEDULE "R"

Residential Service

Availability:

Applicable to single phase residential lighting, heating, cooking, air conditioning and power in a single family dwelling unit metered and billed separately by the Authority. This schedule does not apply where residence and business are combined nor where the average daily consumption is more than 200 kilowatt hours per day. A Residential (Schedule R) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

Non-Fuel Energy Charge

First 500 kwhr per month	- per kwhr \$0.03354
Over 500 kwhr per month	- per kwhr \$0.09601*
Monthly customer charge	\$6.29*

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when the Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when the Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh in excess of 500 kilowatt hour usage, will be billed monthly.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "R"

SCHEDULE "R" (Continued)

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Apartment House Collection Arrangement:

Any apartment owner having three or more apartments at one location, each apartment being separately metered and billed on the above rate, may elect to accept a discount of ten percent (10%) of the amount of the bills rendered for each apartment, but not to exceed \$5.00 per month for each apartment, upon entering into the following collection agreement with the Authority under the following terms and conditions:

1. All accounts shall be kept in the name of the apartment house owner who shall assume the responsibility for the prompt payment of all bills.
2. All accounts shall remain active at all times. Individual apartments cannot be added to or deleted from this agreement more often than once in twelve months.
3. The Authority will render individual bills for each apartment on a regular billing period basis and will also furnish a statement showing gross and net billings.

Multi-family Dwellings:

In apartment buildings or other residential premises where additional dwelling units are created by alterations or modifications to the premises and where the separate metering and billing by the Authority of the service used in each dwelling unit is impractical, the service may be supplied through a single meter. In such instances the above rate shall be increased by \$1.50 per month for each dwelling unit on the premises.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "G"

GUAM POWER AUTHORITY

SCHEDULE "G"

General Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small General Non-Demand (Schedule G) customer will be transferred to the Small General Demand rate schedule (Schedule J), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small Non-Demand (Schedule G) customer whose monthly consumption is below 5,000 Kwh per month in each of the customer's last twelve (12) billing months and who otherwise qualifies for service under Schedule R, will be transferred to Schedule R.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:	
First 200 kwhr per month	- per kwhr \$0.14449*
Over 200 kwhr per month	- per kwhr \$0.12375*
For Three Phase Service:	
First 400 kwhr per month	- per kwhr \$0.16891*
Over 400 kwhr per month	- per kwhr \$0.12375*
Monthly Customer Charge	\$9.77*

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

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Rate Schedule "G"

SCHEDULE "G" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

General Service - Demand
Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

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Rate Schedule "J"

GUAM POWER AUTHORITY

SCHEDULE "J"

General Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small General Demand (Schedule J) customer will be transferred to the Large Power rate schedule (Schedule P), if the customer's billing demand exceeds 200 kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

A Small General Demand (Schedule J) customer will be transferred to Small General Non-Demand (Schedule G) service, if the customer's average daily Kwh consumption in less than 200 Kwh per day in each of the customer's last twelve (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.14449*
Over 200 kwhr per month	- per kwhr \$0.12729*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10119*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.07322*

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Rate Schedule "J"

SCHEDULE "J" (Continued)

For Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr \$0.16891*
Over 400 kwhr per month	- per kwhr \$0.12723*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10119*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.07322*
Monthly Customer Charge	\$19.54*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.6155 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "J"

SCHEDULE "J" (Continued)

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

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Rate Schedule "P"

GUAM POWER AUTHORITY

SCHEDULE "P"

Large Power Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Power (Schedule P) customer will be transferred to Small General Demand service (Schedule J), if the customer's monthly billing demand for each of the customer's last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.19136*
Over 4000 kwhr per month	- per kwhr \$0.13243*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.08151*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05338*
Monthly Customer Charge	\$23.46*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.3161 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "P"

SCHEDULE "P" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
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Rate Schedule "P"

SCHEDULE "P" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "H"

GUAM POWER AUTHORITY

SCHEDULE "H"

Private Outdoor Lighting

Availability:

Applicable to private outdoor lighting service where the Authority owns, maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.07677*

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$28.51*
High Pressure Sodium (Lucalox)	250	101	\$25.28*
High Pressure Sodium (HPS)	150	54	\$18.46*

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
dated _____.**

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "H"

SCHEDULE "H" (Continued)

Terms and Conditions:

1. **Determination of Energy:**
Standard service will be unmetered dusk to dawn service. The kilowatt-hours shall be the average kwh use per month by lamp type.
2. **Standard Equipment Furnished:**
Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.
3. **Other Than Standard Equipment:**
Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. **Replacement Cost:**
Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "S"

GUAM POWER AUTHORITY

SCHEDULE "S"

Small Government Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month. A Small Government Non-Demand (Schedule S) customer will be transferred to the Small Government Demand rate schedule (Schedule K), if the customer's average daily Kwh consumption exceeds 200 Kwh per day for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr \$0.15583*
Over 200 kwhr per month	- per kwhr \$0.13243*

For Three Phase Service:

First 400 kwhr per month	- per kwhr \$0.18032*
Over 400 kwhr per month	- per kwhr \$0.13243*

Monthly Customer Charge	\$9.77*
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Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

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Rate Schedule "S"

SCHEDULE "S" (Continued)

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "K"

GUAM POWER AUTHORITY

SCHEDULE "K"

Small Government Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day. A Small Government Demand (Schedule K) customer will be transferred to Small Government Non-Demand (Schedule S) service, if the customer's monthly consumption in each of the customer's last twelve (12) billing months is less than 5,000 Kwh.

A Small Government Demand (Schedule K) customer will be transferred to the Large Government rate schedule (Schedule L), if the customer's billing demand exceeds 200 Kw for either:

- (a) any three (3) consecutive months within the customer's last twelve (12) billing months, or
- (b) any six (6) of the customer's last (12) billing months.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr per month	- per kwhr \$0.15583*
Over 200 kwhr per month	- per kwhr \$0.13792*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10949*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.08579

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Rate Schedule "K"

SCHEDULE "K" (Continued)

For Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr \$0.18032*
Over 400 kwhr per month	- per kwhr \$0.13781*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.10949*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.08579*
Monthly Customer Charge	\$19.54*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.4762 that is derived from most recent Load Research Study.

Primary Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

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Rate Schedule "K"

SCHEDULE "K" (Continued)

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of **\$0.00292*** per Kwh will be billed monthly unless otherwise ordered by the Commission.

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order**
_____ dated _____.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "L"

GUAM POWER AUTHORITY

SCHEDULE "L"

Large Government Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more. A Large Government (Schedule L) customer will be transferred to Small General Demand service (Schedule K), if the customer's monthly billing demand for each of the customers last twelve (12) billing months, is less than 200 kw.

When transferred to a new rate schedule, the customer must remain on that rate schedule for a minimum of twelve (12) billing months.

Monthly Rate:

First 200 kwhr per kw of billing demand	
First 4000 kwhr per month	- per kwhr \$0.20301*
Over 4000 kwhr per month	- per kwhr \$0.14409*
Next 200 kwhr per kw of billing demand	- per kwhr \$0.09601*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05598*
Monthly Customer Charge	\$23.46*

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand for the preceding eleven months nor less than 200 kw, for customers with a demand meter. If a customer does not have a demand meter, the billing demand will be the average demand multiplied by the demand factor of 1.5024 that is derived from most recent Load Research Study.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "L"

SCHEDULE "L" (Continued)

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges

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Rate Schedule "M"

GUAM POWER AUTHORITY

SCHEDULE "M"

**Standby, Auxiliary, Supplementary or Breakdown Service
For Customers With Demands of 200 Kilowatts or More**

Availability:

This Schedule is applicable where the customer regularly obtains electric energy from a source or sources other than the Authority and has a maximum demand of 200 kilowatts or more. This Schedule will not apply where the customer's own generating facilities are used exclusively for emergency service in case of failure of the normal supply from the Authority or where the customer has a contract with the Authority to both purchase and sell firm electricity.

Monthly Rate:

First 200 kwhr per kw of billing demand	
0-20 kwhr/kw of billing demand	- per kwhr \$0.45582*
Over 20 kwhr/kw billing demand	- per kwhr \$0.13183*
Next 200-400 kwhr per kw of billing demand	- per kwhr \$0.09167*
Over 400 kwhr per kw of billing demand	- per kwhr \$0.05278*

Fuel Recovery Charge:

The Fuel Recovery Charge, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Emergency Water Well and Wastewater Charge:

An emergency water well and wastewater charge of \$0.00292* per Kwh will be billed monthly unless otherwise ordered by the Commission.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Determination of "Contract" Demand:

The customer shall specify in writing the maximum kw capacity required, which will be known as the "Contract" demand during the next twelve (12) months and continue thereafter until the Authority is otherwise notified in writing. If at any time the actual measured demand exceeds the "Contract" demand, then such higher demand shall be used and will establish a new "Contract" demand for the subsequent twelve months. At the end of such twelve months period the "Contract" demand shall continue at the higher amount unless the Authority is otherwise notified in writing. The contract demand shall be the billing demand.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.

Limitation of Capacity:

The Authority shall not be required to supply electricity at a rate greater than the "Contract" demand and may, at its option, limit the capacity of the service connection to conform with the "Contract" demand. The circuit breaker and other equipment necessary for the purpose shall be paid for by the customer but will be maintained and operated by the Authority.

Parallel Operation:

The operation of the customer's plant in parallel with the Authority's system will be permitted when special approval is granted by the Authority in which case the Authority shall specify the terms and conditions for such parallel operation.

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Rate Schedule "M"

SCHEDULE "M" (Continued)

Special Terms and Conditions:

Primary Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Special Facilities:

1. Special facilities are considered to be existing, enlarged or new facilities installed and/or used by the utility at the applicant's request in addition to, as enlargements of, as alternate to, or in substitution for, the standard facilities which the utility would normally install or use and which represents additional costs to the utility over normally installed facilities. Except where provided by rate schedule, installation of special facilities will be made, provided the type of special facilities requested is acceptable to the utility and the utility agrees to the installation of the special facilities, under the following conditions:

a. The applicant for special facilities is also an applicant for permanent electric service or is a customer for permanent electric service at the same location.

b. The applicant will execute a contract covering the installation of special facilities. In addition to providing for the payment of charges as determined under a regularly filed rate schedule, the contract will provide for the following:

1. The payment of a facility charge equal to 2.25% per month of the estimated installed cost of the special facilities as determined by the utility.

2. The payment of the net amount of the sum of the estimated installed cost of the special facilities added, plus the estimated cost of removal of these special facilities less the estimated salvage value of removal materials. This payment will be made in the event that applicant terminates the use of the special facilities at any time within five years immediately following the date the special facilities are ready for service to applicant.

2. Where, at the Authority's election, special facilities have been or are to be provided to service a customer, a contract for use of or continued use of such facilities will be executed by the customer and Authority embodying the above mentioned terms as applicable.

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Rate Schedule "F"

GUAM POWER AUTHORITY

SCHEDULE "F"

Streetlighting

Availability:

Applicable to public outdoor lighting service where the Authority owns maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr \$0.09566*

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
High-Intensity Discharge	400	163	\$28.51*
High Pressure Sodium (Lucalox)	250	101	\$25.28*
High Pressure Sodium (HPS)	150	54	\$18.46*

*** These are Compressed Rates effective 02/01/2010 through 09/30/09 per PUC Order
_____ dated _____.**

Fuel Recovery Charge:

The fuel adjustment cost, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Insurance Charge:

An insurance charge of \$0.00290 per Kwh shall be billed monthly unless suspended by the Authority when Commission insurance reserve criteria have been met. The Authority may reinstate the insurance charge when Commission reinstatement criteria have been met. The insurance charge will be suspended or reinstated in conjunction with the Navy insurance charge.

Terms and Conditions:

1. Determination of Energy:

Standard service will be unmetered dusk to dawn service.
The kilowatt-hours shall be the average kwh use per month by lamp type.

Issued March 21, 1984
Revised **November 20, 2009**
Effective with meters read
on and after **February 01, 2010 (Compressed Rates)**

Rate Schedule "F"

SCHEDULE "F" (Continued)

2. Standard Equipment Furnished:

Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.

3. Other Than Standard Equipment:

Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. Replacement Cost:

Where the customer requests an existing street lighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Issued March 21, 1994
Revised February 29, 2008
Effective with meters read
on and after March 01, 2008

Rate Schedule "A"

GUAM POWER AUTHORITY

SCHEDULE "A"

Accommodation Service Charges

A. Returned Checks:

Any check tendered in payment of an electric bill and returned by the bank for any non-payment reason shall be subject to a \$10.00 handling charge.

Customers will thereupon be subject to disconnection of service for non-payment of bills.

B. Reconnection for non-payment shall be as set forth in Schedule "B".

C. For each copy of an electric bill at customer's request, a service charge of \$1.00 will be made.

D. For each account analysis at customer's request, involving data on electric bills for a twelve month period, a service charge of \$6.00 per account shall be made.

E. A Convenience Fee will be charged for all credit card transaction at a rate of \$2.50 per transaction applicable only to Rate Schedule "R" customers.

Issued March 21, 1994
Effective with meters read
on and after March 01, 1997

Rate Schedule "B"

GUAM POWER AUTHORITY

SCHEDULE "B"

Service Establishment Charge

Availability:

Applicable to all customers

Rate:

For each establishment, supersedure, or re-establishment of
electric service. \$10.00

Special Conditions:

1. The service establishment charge provided for herein is in addition to the charges calculated in accordance with the applicable schedule and will be made each time an account is opened, including a turn on, or reconnection of electric service, or a change of name which requires a meter reading.
2. In case the customer requests that electric service be turned on, or reconnected outside of regular business hours [Monday through Friday until 6:00 p.m.], or within four hours after his request or on Saturday, Sunday or Holidays, an additional charge will be made as follows:

1. Residential Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$35.00
2. Small General Service
 - a. Watt-hour Meter \$25.00
 - b. Demand Meter \$45.00
3. Large General Service \$50.00

Issued March 21, 1994
Revised February 29, 2008
Effective with meters read
on and after March 01, 2008

Rate Schedule "Z"

GUAM POWER AUTHORITY

SCHEDULE "Z"

**Levelized Energy Adjustment Clause
(LEAC)**

The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Fuel Recovery Charge times the total kilowatt hours for which the bill is rendered.

The Fuel Recovery Charge will be calculated semi-annually by the following formula:

$$\text{Fuel Recovery Charge} = \frac{A \pm B \pm C}{D}$$

Where:

- A - Equals the projected fuel expense for the next LEAC period, including amounts GPA is required to pay under the fuel risk management program and adjustments to the carrying value of GPA's fuel inventory so long as the number of barrels is consistent with parameters adopted by the PUC¹, but excluding net fuel reimbursement from Navy through the Customer Agreement settlements.
- B - Equals the difference between the fuel revenue and actual fuel expenses as approved by the Public Utilities Commission, including the true up of the second prior six month period excluding net revenue from Navy through the Customer Agreement settlements.
- C - Refunds or credits from supplier, excluding legal settlements.
- D - Equals the projected retail KWH sales for the next six months.

The Fuel Recovery Charge will be recalculated semi-annually for a six month period and be subject to the approval of the Guam Public Utilities Commission. In the event that GPA has a cumulative under [or over] recovery balance of more than \$2 million or if the under [over] recovery balance is projected to exceed \$2 million during the six-month levelized period, excluding net revenues from the Navy under The Customer Agreement, the Fuel Recovery Charge may be adjusted to recover such deficit, subject to PUC approval.

¹ For the LEAC period ending July 31, 2008 the adjustment to the carrying value has been established to be \$5.296 million. For periods beginning after July 31, 2008 the change in carrying value will be based on projected changes for the succeeding six month period and (for periods beginning after January 31, 2009) a true up of projected versus actual costs for the preceding six month period.

EXHIBIT WJK-1

**TCOS
WORKPAPERED
1 ~ 15**

Workpaper 2

Guam Power Authority
Operations and Maintenance Expenses (\$000)

Row #	Description	FY2010 Projected
1	Number of Employees	574
2		
3	<u>Labor:</u>	
4	Regular	25,594
5	Overtime	1,833
6	Premium	189
7	Benefits	8,998
8	Retirees' benefits	2,200
9		
10	Sub-Total - Labor	\$ 38,813
11		
12	<u>Non-Labor</u>	
13	Contracts	21,872
14	Communications/Utilities	1,753
15	Operating Supplies	4,793
16	Office Supplies	146
17	Miscellaneous	2,423
18	Training	514
19	Travel	146
20	Other Admin Costs	167
21	Insurance	7,510
22	Others/Work order closing	-
23	Bad Debts	800
24		
25	Sub-Total - Non-Labor	40,123
26		
27	Total Labor & Non-Labor	78,937
28		
29	Capitalized O&M Costs	(5,250)
30		
31		
32	Grand Total O&M	73,687
		\$ -

**GUAM POWER AUTHORITY
FUEL EXPENSE**

Row #	Description	FY 2010 Projected	
		Barrel	Amount
1	-		
2	<u>Fuel Costs:</u>		
3	Piti	-	\$ -
4	Tanguisson 1	167,704	\$ 12,541,540
5	Tanguisson 2	169,755	\$ 12,694,884
6	Cabras 1 & 2	922,486	\$ 68,986,852
7	Cabras 3 & 4	643,735	\$ 48,140,834
8	MEC(Piti 8 & 9)	840,729	\$ 62,872,720
9	Diesels & CT's:	-	\$ -
10	MDI 10MW	2,656	\$ 302,927
11	Dededo Diesel	121	\$ 13,821
12	Dededo CT #1	5,141	\$ 586,255
13	Dededo CT #2	-	\$ -
14	Macheche CT	4,881	\$ 556,586
15	Yigo CT	584	\$ 66,548
16	Talofofo 10 MW	1,697	\$ 193,500
17	Tenjo	35,452	\$ 4,042,904
18	TEMES Piti 7 (IPP)	34,092	\$ 3,887,832
19	GWA Generators	262	\$ 29,847
21	Marbo	-	\$ -
22	Deferred fuel cost	-	\$ -
23	Adjustment	-	\$ -
24	Fuel handling Costs	-	\$ 21,456,586
25			
26	Total	2,829,294	\$ 236,373,638
27			
28	Average Fuel Cost per Barrel		\$ 83.55
29			
30	Fuel Revenues		\$ 236,373,638
31			
32	IWPS Gross Generation		1,879,316,847
33			
34			

**CIVILIAN CUSTOMER ALLOCATION FACTORS
FOR COST-BASED RATES**

	(1)	(2)	(3)	(4)	(5)
	CLASS	FY 2010 CUSTOMERS	WEIGHTING FACTOR	WEIGHTED CUSTOMERS	CUSTOMER ALLOCATION FACTOR
1	R - Residential	39,377	1.00	39,377	76.79%
2	G - Small General Nondemand	3,074	1.36	4,180	8.15%
3	J - Small General Demand	1,607	2.64	4,243	8.27%
4	P - Large Power	179	3.30	590	1.15%
5	H - Private Streetlighting	618	1.00	618	1.21%
6	S - Small Government Nondemand	568	1.36	772	1.51%
7	K - Small Government Demand	440	2.64	1,162	2.27%
8	L - Large Government	59	3.30	196	0.38%
9	F - Public Streetlighting	144	1.00	144	0.28%
10	Total	46,066		51,282	100.00%

Notes:

- Col 2 from Load Statistics Summary. Year-end customers.
- Col 3 from Maui Electric Co. 2007 customer cost study.

GPA Eighteen (18) Points of Delivery to Navy:

1	P44	NCS Housing Sta A
2	T8	Piti Sub
3	T9	Agana Sub
4	T11	Orote Sub
5	T12	Orote Sub
6	T13	Orote Sub
7	T14	Marbo Sub
8	T15	Andersen Sub
9	T16	Andersen Sub
10	T21	Harmon Sub
11	T22	Harmon Sub
12	T23	Radio Barrigada Sub
13	T24	Radio Barrigada Sub
14	T47	NCS Sub
15	T110	Potts Junction
16	T132	Cold Storage Sub
17	P222/P223	Apra Substation
18	X34	Orote Sub, Victor Wharf

Notes: On Table 1 of the CSA, original count
Nos. 1, 2, 11, 16, 17, and 20 on Table 1 are no longer points of delivery
Additional points of delivery - T13 and P222/P223
Total points of Delivery to Navy

22 (A)
-6 (B)
2 (C)
18 Σ (A)(B)(C)

Workpaper 4

Guam Power Authority
IPP COSTS

Row #	Description	FY 2010 Projected
1	Energy Conversion Costs:	
2	TEMES	\$ 4,099,340
3	MEC	\$ 12,208,622
4	Pruvient	\$ 3,350,006
5	Total Energy Conversion Costs	\$ 19,657,968
6	Capital Lease (Principal):	
7	TEMES	\$ 1,334,467
8	MEC	\$ 5,848,864
9	Pruvient	\$ 844,984
10	Sub-Total	\$ 8,028,315
11	Capital Lease (Interest):	
12	TEMES	\$ 1,205,060
13	MEC	\$ 12,401,096
14	Pruvient	\$ 1,449,836
15	Sub-Total	\$ 15,055,992
16	Total Capital Lease Payment	\$ 23,084,307
17		
18	Total IPP Costs	\$ 42,742,275 \$ -

	Demand and Energy Allocation	Demand	Energy
1	Total Energy Conversion Costs	\$ 17,323,889	\$ 2,334,079
2			
3	Total Capital Lease	\$ 23,084,307	\$ -
4			
5	Total	\$ 40,408,196	\$ 2,334,079
6			

GUAM POWER AUTHORITY
BALANCE SHEET

Workpaper 5

<u>ASSETS</u>	Projected Sept 30 2010	Projected Unaudited Sept 30 2009	Change from Sept 30 2009	AVERAGE BALANCES
Utility plant at cost:				
Electric plant in service	\$ 862,236	\$ 848,313	\$ 13,923	\$ 855,274
Construction work in progress	<u>20,887</u>	<u>18,649</u>	<u>2,237</u>	<u>19,768</u>
	883,123	866,962	16,161	875,042
Less: Accumulated depreciation	<u>(384,141)</u>	<u>(356,379)</u>	<u>(27,762)</u>	<u>(370,260)</u>
Total utility plant at cost	<u>498,982</u>	<u>510,583</u>	<u>(11,601)</u>	<u>504,782</u>
Restricted funds				
Reserve funds held by trustee				
Revenue bonds	27,488	27,488	0	27,488
Self insurance fund	<u>6,775</u>	<u>2,777</u>	<u>3,998</u>	<u>4,776</u>
Total restricted funds	<u>34,263</u>	<u>30,265</u>	<u>3,998</u>	<u>32,264</u>
Funds identified for special purposes				
Interest and principal funds				
held by Trustee for debt repayment	15,187	12,782	2,405	13,985
Bond Funds held by Trustee	13,641	19,823	(6,182)	16,732
Reserve funds held by GPA				
Escrow Account	0	500		
Bond indenture funds held by GPA	<u>20,235</u>	<u>20,653</u>	<u>(418)</u>	<u>20,444</u>
Total cash reserves	<u>49,063</u>	<u>53,758</u>	<u>(4,695)</u>	<u>51,411</u>
Accounts receivable				
Accounts receivable (net of allowance)	47,802	48,397	(595)	48,100
Current Installment of LT receivables	4,003	4,152		
Materials and supplies	15,281	13,781	1,500	14,531
Fuel oil	33,600	32,371	1,229	32,986
Deferred fuel cost - current portion	0	5,514	(5,514)	2,757
Prepaid expenses	<u>745</u>	<u>761</u>	<u>(15)</u>	<u>753</u>
Total current assets	<u>150,495</u>	<u>158,734</u>	<u>(8,090)</u>	<u>154,614</u>
Other assets				
Long term notes receivable	4,494	8,497	(4,003)	6,495
Unamortized debt issuance costs	3,955	3,788	167	3,872
Unamortized Weber barge costs	380	258	122	319
Regulatory asset	0	0	0	0
Deferred asset	3,188	3,029	159	3,109
Other assets	<u>1,713</u>	<u>1,465</u>	<u>248</u>	<u>1,589</u>
Total other assets	<u>13,730</u>	<u>17,037</u>	<u>(3,307)</u>	<u>15,383</u>
Total Assets	<u>\$ 697,470</u>	<u>\$ 716,619</u>	<u>\$ (19,149)</u>	<u>\$ 707,044</u>

<u>LIABILITIES AND NET ASSETS</u>	Projected Sept 30 2010	Unaudited Sept 30 2009	Change from Sept 30 2009	AVERAGE BALANCES 0
Current liabilities				
Current portion, debt				
Revenue bonds, Series A	\$ 7,795	\$ 7,374	\$ 421	\$ 7,584
Short term debt	28,942	17,083	11,859	23,012
Accrued bond interest	9,844	11,088	(1,244)	10,466
Current obligation under capital lease	8,028	7,114	915	7,571
Accounts payable				
Operations & fuel oil	27,810	28,197	(387)	28,003
Accrued payroll & benefits	1,057	1,080	(22)	1,068
Current portion of employees' annual leave	1,122	1,128	(5)	1,125
Bid bond and customers' deposits	4,541	4,521	20	4,531
Provision for self insurance	6,775	2,777	3,998	4,776
Deferred fuel revenue	0	0	0	0
Total current liabilities	95,914	80,361	15,554	88,137
Deferred Revenues, net	11,682	11,099	583	11,391
Retirement Fund deferred contributions	12,121	12,821	(700)	12,471
Obligation under capital lease (less current portion)	111,262	119,290	(8,028)	115,276
Long term debt, less current maturities	354,754	362,549	(7,795)	358,651
Others	2,517	2,517	0	2,517
Total liabilities	588,250	588,637	(386)	588,443
Commitments and contingencies				
Net assets				
Invested in capital assets, net of related debt	14,762	19,329	(4,567)	17,046
Restricted	56,331	58,056	(1,725)	57,194
Unrestricted	38,126	50,597	(12,471)	44,362
Total net assets	109,220	127,983	(18,763)	118,601
Total liabilities and net assets	\$ 697,470	\$ 716,621	\$ (19,151)	\$ 707,045
	0	0	0	

PLANT IN SERVICE BALANCES

Workpaper 6

PLANT IN SERVICE	9/30/2006	9/30/2007	9/30/2008	9/30/2009	9/30/2010	AVERAGE
PRODUCTION	\$ 502,773,916	\$ 510,385,589	\$ 521,568,234	\$ 528,135,159	\$ 534,391,376	\$ 531,263,267
TRANSMISSION	117,316,621	118,037,054	125,225,351	126,802,030	128,304,109	127,553,069
DISTRIBUTION	153,334,326	156,212,260	159,837,405	161,849,875	163,767,126	162,808,500
GENERAL PLANT	<u>36,445,104</u>	<u>35,969,336</u>	<u>31,133,520</u>	<u>31,525,514</u>	<u>31,898,961</u>	<u>31,712,237</u>
TOTAL	<u>809,869,967</u>	<u>820,604,239</u>	<u>837,764,510</u>	<u>848,312,577</u>	<u>858,361,572</u>	<u>853,337,074</u>
ACCUMULATED DEPRECIATION						
PRODUCTION	\$ 189,164,212	\$ 202,169,300	\$ 218,492,807	\$ 236,300,610	\$ 254,708,283	\$ 245,504,447
TRANSMISSION	33,638,859	36,972,207	40,428,987	43,724,068	47,130,146	45,427,107
DISTRIBUTION	45,143,532	49,526,735	54,097,741	58,506,865	63,064,514	60,785,690
GENERAL PLANT	<u>16,164,730</u>	<u>17,922,147</u>	<u>16,502,530</u>	<u>17,847,535</u>	<u>19,237,846</u>	<u>18,542,690</u>
	<u>284,111,333</u>	<u>306,590,389</u>	<u>329,522,065</u>	<u>356,379,078</u>	<u>384,140,789</u>	<u>370,259,934</u>

**GUAM POWER AUTHORITY
DEBT SERVICE**

Row #	Description	FY 2010 Projected
1	DEBT SERVICE COMPONENTS:	
2	1993 Series Revenue Bond-Principal	\$ 3,360,000
3	1999 Series Revenue Bond-Principal	\$ 4,435,000
4	Sub-Total	\$ 7,795,000
5		
6	1993 Series Revenue Bond-Interest	\$ 3,516,713
7	1999 Series Revenue Bond-Interest	\$ 16,171,100
8	Sub-Total	\$ 19,687,813
9		
10		
11	TOTAL	\$ 27,482,813
		\$ -

**GUAM POWER AUTHORITY
INTERNALLY FUNDED CONSTRUCTION**

Row #	Description	FY 2010 Projected
1		
2	Total Blanket Job Orders	\$ 3,500,000
3		
4	Total General Plant	\$ 2,344,297
5		
6	Engineering Projects:	
7	Upgrade Fire Protection Dededo CT 1 & 2	-
8	USN 8" Above Ground Pipeline Upgrade	150,000
9	System Stability/Relay Coordination	100,000
10	Substation and Distribution Capacitor Program	200,000
11	GPA Central Office	500,000
12	Underground Fuel Pipeline	300,000
13	Harmon to GIAT 34.5 kV Line Reconductoring	-
14	Agana Power Plt Asbestos Removal/New WSD Facility	200,000
15	Pulantat Substation Grounding Transformer	-
16	Harmon to Tanguisson 34.5 kV Underground Conversion-GPA	-
17	Upgrade Fire Protection Macheche CT	350,000
18	Hagatna 34.5/115 kV Refurbishment and Upgrade	1,450,000
19	Prepaid Metering Project	198,000
20	PSCC MET Tower Replacement	250,000
21	PSCC Building Renovations	100,000
22	Merizo Underground Reconstruction	
23	Tamuning to Tumon UG Conversion	
24	Agana to Tamuning and P202 Underground Conversion-GPA	
25	P003 Extension, Makai, San Vitores, Harmon to Tango Underbuilt	
26	Macheche to San Vitores 34.5kv ug line conversion	-
27		
28	Total Engineering Projects	\$ 3,798,000
29		
30	Cabras No. 1&2	3,116,943
31	Cabras No. 3&4	1,596,467
32	Total CIP's & PIP's	\$ 4,713,410
33		
34	Total Internally Funded CIP's	\$ 14,355,707
55		

**GUAM POWER AUTHORITY
FUEL EXPENSE**

Row #	Description	FY 2010 Projected	
		Barrel	Amount
1	-		
2	<u>Fuel Costs:</u>		
3	Piti	-	\$ -
4	Tanguisson 1	167,704	\$ 12,541,540
5	Tanguisson 2	169,755	\$ 12,694,884
6	Cabras 1 & 2	922,486	\$ 68,986,852
7	Cabras 3 & 4	643,735	\$ 48,140,834
8	MEC(Piti 8 & 9)	840,729	\$ 62,872,720
9	Diesels & CT's:	-	\$ -
10	MDI 10MW	2,656	\$ 302,927
11	Dededo Diesel	121	\$ 13,821
12	Dededo CT #1	5,141	\$ 586,255
13	Dededo CT #2	-	\$ -
14	Macheche CT	4,881	\$ 556,586
15	Yigo CT	584	\$ 66,548
16	Talofofo 10 MW	1,697	\$ 193,500
17	Tenjo	35,452	\$ 4,042,904
18	TEMES Piti 7 (IPP)	34,092	\$ 3,887,832
19	GWA Generators	262	\$ 29,847
21	Marbo	-	\$ -
22	Deferred fuel cost	-	\$ -
23	Adjustment	-	\$ -
24	Fuel handling Costs	-	\$ 21,456,586
25			
26	Total	2,829,294	\$ 236,373,638
27			
28	Average Fuel Cost per Barrel		\$ 83.55
29			
30	Fuel Revenues		\$ 236,373,638
31			
32	IWPS Gross Generation		1,879,316,847
33			
34			

**GUAM POWER AUTHORITY
OTHER CASH FLOW ITEMS**

Row #	Description	FY 2010 PROJECTED
1	<u>Other Sources of Funds</u>	
2	Other Revenues	\$ 1,476,923
3	Investment Revenues	\$ 2,132,289
4	Decrease in Working Capital Requirement	\$ 7,742,000
5	Proceeds from \$20M TCP Loan	\$ 2,917,000
6	Total Other Sources of Funds	\$ 14,268,212
7		
8		
9	<u>Other Uses of Funds</u>	
10	Interest Payment (Short Term Loan)	\$ (1,290,328)
11	Principal Payments (\$20M TCP Loan)	\$ (3,461,959)
12	Working Capital Fund Requirement	\$ (2,599,000)
13	Construction Fund Interest Income & Amortization of DC	\$ (784,000)
14	Total Other Uses of Funds	\$ (8,135,287)
15		
16		
17	Net Other Cashflow Items	\$ 6,132,925

USN BILLING SUMMARY

	FY2010 PROJECTIONS		FY2010 NEW NAVY RATES	
KWH SALES	357,608,170		357,608,170	
WHEELING CHARGES RATE .0201	4,920,000 \$ 98,892.00	1.38% of Navy loads \$ 0.0199	4,920,000 \$ 97,908	
BILLED KW DEMAND RATE \$32.39	665,351 \$ 21,550,703		665,351 \$ 21,770,268	
NON FUEL ENERGY CHARGE (RATE \$.0088)	3,146,952	\$ 0.0094	\$ 3,361,517	
INSURANCE CHARGE	250,326			
CUSTOMER CHARGE (\$6,977/MO.)	83,724	\$ 8,605	\$ 103,260	
FUEL CHARGE	51,235,417			
TOTAL BILLING	76,366,013			
NON FUEL ENRGY CHRG WITH WHEELING	0.0702741			
NON FUEL ENRGY CHRG EXCL WHEELING	0.0699976			
NON-FUEL EXCLUDING INS	0.0695741			
NAVY NON-FUEL EXCLUDING INSURANCE	\$ 24,880,271		\$ 25,332,953	\$ 452,683 1.82%

FY10 Energy Sales Forecast (kWh)

Wkpp13

	Total System	Civilian Sales		Navy Sales
		At Dist	At Trans	
As Stated in Forecast	(mix of transmission and distribution level sales)			
GPA Forecast	1,649,823,945	1,268,101,186	24,114,589	357,608,170
P&L Forecast	1,649,823,945			
Ratio	100.00%			
At Sales Level				
GPA Forecast	1,635,939,833	1,268,101,186	23,237,488	344,601,159
At 34.5 kV				
GPA Forecast	1,702,363,499	1,320,640,739	24,114,589	357,608,170
		1,344,755,329		

Loss Factors	% of Plant Use:	% of Gross Gen	% of Net Sales
Transmission level civilian custome	5.43%	5.43%	6.18%
Transmission Loss:	2.99%	2.99%	3.40%
Distribution Loss:	3.64%	3.64%	4.14%
Company Use:	0.16%	0.16%	0.18%
Source: 8/1/09 LEAC filing			
Adjustment for Gross Generation to 34.5 kV		91.42%	

FY10 Navy Demands (at 34.5 kV)

	Energy	12NCP Demands (kW-mo)	Navy Coincidence Factor ⁽²⁾	12CP Demands (kW-mo)
GPA Forecast	357,608,170	665,351	93.34%	621,008
Navy Forecast ⁽¹⁾	372,000,000			646,000
Ratio	96.13%			96.13%

Note (1) Navy forecast from 8/12/09 e-mail from V. Zialcita
 Note (2) Based on FY 09 Data Wkpp14

FY10 System Peak Demands (kW)

	Gross Demands at Generation		Net Demands at 34.5 kV		
	System - P&L Forecast	System - GPA Forecast	System	Navy 12CP	Civilian 12CP
Oct-09	264,360				
Nov-09	262,686				
Dec-09	263,951				
Jan-10	255,105				
Feb-10	256,257				
Mar-10	259,299				
Apr-10	267,600				
May-10	273,743				
Jun-10	271,571				
Jul-10	271,393				
Aug-10	278,276				
Sep-10	278,083				
FY2010 Total	3,202,326	3,202,326	2,927,564	621,008	2,306,557
		100.00%			

P&L Forecast	FY10 Monthly System Peak
Oct-09	264,360
Nov-09	262,686
Dec-09	263,951
Jan-10	255,105
Feb-10	256,257
Mar-10	259,299
Apr-10	267,600
May-10	273,743
Jun-10	271,571
Jul-10	271,393
Aug-10	278,276
Sep-10	278,083
Total 2010	278,276
	266.861 Average monthly

Adjustment Factor to 34.5 kV 91.42%
 See loss factors above

Navy Coincidence Factor
Based on 8/08-7/09 Recorded Navy CP and NCP Conjunctive Demands

Wkpp14

Month	Gross System Peak (MW)	Navy Coincident Peak (MW)	Navy Max Demand (MW)	Plant Use (MW)	Trans Loss (MW)	Company Use (MW) at 34.5 kV	Net System Peak at 34.5 kV (MW)	Civilian Peak Demand (MW)	System Peak Day	System Peak Time	Navy Coincidence Factor
Aug-08	267	49.2	51.4	14.5	8.0	0.4	244.1	192.7	8/27/2008	19:00	95.9%
Sep-08	255	47.2	49.8	13.8	7.6	0.4	233.1	183.4	9/1/2008	20:00	94.9%
Oct-08	264	44.6	48.5	14.3	7.9	0.4	241.3	192.9	10/21/2008	19:00	92.0%
Nov-08	258	45.5	51.6	14.0	7.7	0.4	235.9	184.2	11/20/2008	19:00	88.1%
Dec-08	255	48.5	51.8	13.8	7.6	0.4	233.1	181.3	12/15/2008	19:00	93.7%
Jan-09	252	45.4	48.7	13.7	7.5	0.4	230.4	181.7	1/14/2009	19:00	93.2%
Feb-09	255	52.4	54.1	13.8	7.6	0.4	233.1	179.0	2/10/2009	19:00	96.8%
Mar-09	244	46.1	48.7	13.2	7.3	0.4	223.1	174.4	3/31/2009	20:00	94.6%
Apr-09	260	53.3	55.1	14.1	7.8	0.4	237.7	182.6	4/21/2009	20:00	96.7%
May-09	262	46.2	49.2	14.2	7.8	0.4	239.5	190.3	5/11/2009	20:00	93.9%
Jun-09	255	48.9	56.5	13.8	7.6	0.4	233.1	176.6	6/1/2009	20:00	86.6%
Jul-09	261	51.3	54.6	14.2	7.8	0.4	238.6	184.0	7/29/2009	20:00	93.8%
	3088.0	578.6	620.0				2823.0	2,203.1			93.34%

kWh sales	358,730,778		1,265,477,229
CP kw/kwh	0.001613		0.001741
NCP kw/kwh	0.001728		

Loss Factors	% of Gross Gen	% of Net Sales	
Plant Use:	5.43%	6.18%	
Transmission Loss:	2.99%	3.40%	0.18760922754865100%
Distribution Loss:	3.64%	4.14%	103.64%
Company Use:	0.16%	0.18%	1.082723712
	Source: 8/1/09 LEAC filing		4.64%

Gross Gen to 34.5 kV 91.42%

MONTHLY NAVY PEAK COINCIDENT TO IWPS PEAK

Wkpp14a

Month	Gross System Peak (MW)	IWPS Peak Date	IWPS Peak Time	Navy Max peak for the Month (kW) *	Navy Peak Coincident to IWPS peak (kW) *	Navy Noncoincident Peak	Navy Coincident Peak	Coincident Factor	T21	Navy Coincident with T21	Navy coincident w/ Conversion on T21 & P44	GPA Portion from Navy Load	Navy Load from GPA backfeeding	Navy Billed Demand	Navy Peak Coincident to IWPS peak (kW) (AdJ)	Coincidence Factor
Aug-08	267	8/27/2008	19:00	58896.50	46761.50	58896.50	48597.00	0.8251	4742.81	53339.81	53621.24	6164.63	3902.89	51359.50	49242.57	0.9588
Sep-08	255	9/1/2008	20:00	53991.40	43456.40	53991.40	45703.10	0.8465	5084.42	50787.52	51087.49	6528.68	5202.54	49761.35	47214.68	0.9488
Oct-08	264	10/21/2008	19:00	56912.00	42014.60	56912.00	45717.00	0.8033	2360.61	48077.61	48237.66	3697.02	3928.13	48468.77	44606.32	0.9203
Nov-08	258	11/20/2008	19:00	55404.00	39844.70	55404.00	45776.30	0.8262	3391.05	49167.35	49382.72	4749.09	6994.29	51627.92	45480.95	0.8809
Dec-08	255	12/15/2008	19:00	54620.80	42714.00	54620.80	45682.40	0.8364	4738.62	50421.02	50700.72	6223.75	7302.21	51779.18	48531.08	0.9373
Jan-09	252	1/14/2009	19:00	55787.30	43463.40	55787.30	46496.50	0.8335	4706.38	51202.88	51478.88	6191.2	3383.03	48670.71	45361.61	0.9320
Feb-09	255	2/10/2009	19:00	51648.00	46387.40	51648.00	47833.70	0.9261	4722.00	52555.70	52834.63	6197.32	7485.12	54122.43	52397.20	0.9681
Mar-09	244	3/31/2009	20:00	53126.60	41661.10	53126.60	44012.80	0.8285	4626.46	48639.26	48907.95	6106.44	5908.51	48710.02	46089.63	0.9462
Apr-09	260	4/21/2009	20:00	53030.20	46949.80	53030.20	48495.30	0.9145	4788.76	53284.06	53569.15	6250.17	7821.39	55140.37	53309.78	0.9668
May-09	262	5/11/2009	20:00	57469.60	45179.30	57469.60	47880.90	0.8332	4800.98	52681.88	52967.38	6338.6	2561.62	49190.40	46203.30	0.9393
Jun-09	255	6/1/2009	20:00	54841.00	43836.50	54841.00	51129.40	0.9323	4424.93	55554.33	55817.79	5919.18	6588.45	56487.06	48930.70	0.8662
Jul-09	261	7/29/2009	20:00	55517.80	48270.90	55517.80	51392.40	0.9257	4129.50	55521.90	55770.01	5580.27	4456.02	54645.76	51276.15	0.9383
Aug-09														619963.47	578643.97	0.9334
Aug-09																

* Based on data from Quantum/Sentinel Meters only. Does not include Navy load backed from GPA circuits. Includes some GPA load connected to Navy circuits.

**GUAM POWER AUTHORITY
STATEMENT OF PLANT CHANGES
ACCOUNT 101**

File Name: FY09-101Schedule

PLANT IN SERVICE	Balance 09/30/08	Additions	Contribution in Aid	Retirements	Adjustment	Balance 07/31/09
I. INTANGIBLE PLANT						
303 Miscellaneous Intangible Plant	\$176,509.81	0.00				\$176,509.81
II. POWER PRODUCTION PLANT						
A. STEAM PRODUCTION PLANT						
310 Land and Land Rights	24,729.80	0.00	0.00	0.00		24,729.80
311 Structures and Improvements	20,966,712.54	425,099.84	0.00	7,674.55		21,384,137.83
312 Boiler Plant Equipment	38,575,176.76	5,658,444.80	0.00	976,603.05	-409,488.00	42,847,530.51
313 Engine and Engine Driven Gen.	0.00	0.00	0.00	0.00		0.00
314 Turbogenerator Units	23,389,011.68	0.00	0.00	0.00		23,389,011.68
315 Accessory Electric Equipment	7,838,293.00	300,064.73	0.00	44,344.54		8,094,013.19
316 Miscellaneous Power Plt. Equipt.	1,504,330.91	0.00	0.00	0.00		1,504,330.91
TOTAL STEAM PRODUCTION PLANT	92,298,254.69	6,383,609.37	0.00	1,028,622.14	-409,488.00	97,243,753.92
B. OTHER PRODUCTION PLANT						
340 Land and Land Rights	1,013,393.61	0.00	0.00	0.00		1,013,393.61
341 Structures and Improvements	47,692,240.41	141,882.38	0.00	0.00	-42,913.10	47,791,209.69
342 Fuel Holders, Prod. & Acc'ries	10,532,101.22	98,134.00	0.00	0.00		10,630,235.22
343 Prime Movers	82,767,759.45	3,187,277.75	0.00	2,477,627.15		83,477,410.05
344 Generators	86,567,641.95	0.00	0.00	0.00		86,567,641.95
345 Accessory Electric Equipment	22,979,376.60	128,589.52	0.00	87,482.91		23,020,483.21
346 Miscellaneous Power Plt. Equipt.	2,157,259.63	23,300.00	0.00	0.00		2,180,559.63
TOTAL OTHER PRODUCTION PLANT	253,709,772.87	3,579,183.65	0.00	2,565,110.06	-42,913.10	254,680,933.36
III. TRANSMISSION PLANT						
350 Land and Land Rights	0.00	0.00	0.00	0.00		0.00
352 Structures and Improvements	19,010,182.90	136,836.77	0.00	0.00		19,147,019.67
353 Station Equipment	47,961,391.96	583,595.64	0.00	0.00	-104,612.01	48,440,375.59
354 Towers and Fixtures	5,796,824.88	0.00	0.00	0.00		5,796,824.88
355 Poles and Fixtures	27,609,032.41	0.00	0.00	0.00		27,609,032.41
356 O/H Conductors and Devices	10,612,069.62	0.00	0.00	0.00		10,612,069.62
357 Underground Conduits	8,262,587.32	0.00	0.00	0.00		8,262,587.32
358 U/G Conductors and Devices	5,995,420.80	0.00	0.00	0.00		5,995,420.80
Pole Hardening	0.00	0.00	0.00	0.00		0.00
359 Roads and Trails	0.00	0.00	0.00	0.00		0.00
TOTAL TRANSMISSION PLANT	125,247,509.89	720,432.41	0.00	0.00	-104,612.01	125,863,330.29
IV. DISTRIBUTION PLANT						
360 Land and Land Rights	26,111.56	0.00	0.00	0.00		26,111.56
361 Structures and Improvements	792,999.08	0.00	0.00	0.00		792,999.08
362 Station Equipment	10,591,641.92	61,883.56	0.00	0.00		10,653,525.48
363 Storage Battery Equipment	0.00	0.00	0.00	0.00		0.00
364 Poles, Towers and Fixtures	50,314,522.12	1,133,978.22	15,658.20	143,611.48	-37,778.50	51,251,452.16
365 O/H Conductors and Devices	23,737,008.84	605,839.17	10,602.96	182,246.76	-6,274.43	24,143,723.86
366 Underground Conduits	12,885,733.71	36,530.56	0.00	0.00		12,922,264.27
367 U/G Conductors and Devices	14,437,404.91	517,469.57	30,837.33	0.00	6,755.99	14,930,793.14
368 Line Transformers	32,084,561.10	591,733.99	0.00	271,732.63	0.00	32,404,562.46
369 Services	7,269,049.82	238,265.77	0.00	0.00	-5,521.97	7,501,793.62
370 Meters	9,630,235.75	115,662.13	0.00	0.00	0.00	9,745,897.88
371 Installation on Cust.Premises	33,075.01	0.00	0.00	0.00		33,075.01
Pole Hardening		0.00	0.00	0.00		0.00
372 Leased Prop. on Cust. Premises		0.00	0.00	0.00		0.00
373 St. Lighting and Signal System	3,702,490.35	166,104.86	0.00	0.00	-905.59	3,867,689.62
TOTAL DISTRIBUTION PLANT	165,504,834.17	3,467,467.83	57,098.49	597,590.87	-43,724.50	168,273,888.14
V. GENERAL PLANT						
389 Land and Land Rights	8,000.00	0.00	0.00	0.00		8,000.00
390 Structures and Improvements	6,339,302.26	38,762.47	0.00	0.00	-993,869.40	5,384,195.33
391 Office Furnitures and Fixt.	11,355,884.22	78,773.12	0.00	1,066,430.40	-3,146,490.13	7,221,736.81
391.01 Office Furnitures and Fixt.	197,619.94	334,249.70	0.00	428,602.00	-12,225.16	91,042.48
392 Transportation Equipment	10,575,502.75	6,774.00	0.00	0.00	168,951.80	10,751,228.55
393 Stores Equipment	160,614.85	2,900.00	0.00	0.00	0.00	163,514.85
394 Tools, Shop and Garage Equipt.	1,326,861.41	0.00	0.00	0.00		1,326,861.41
395 Laboratory Equipment	1,431,418.44	0.00	0.00	0.00		1,431,418.44
396 Power Operate Equipment	237,812.14	810.00	0.00	0.00		238,622.14
397 Communication Equipment	2,872,133.55	711.05	0.00	0.00		2,872,844.60
398 Miscellaneous Equipment	544,159.32	0.00	0.00	0.00		544,159.32
399 Other Tangible Property-010	16,000,000.00	0.00	0.00	0.00		16,000,000.00
399 Other Tangible Property-020	130,619,315.00	0.00	0.00	0.00		130,619,315.00
399 Other Tangible Property-030	24,763,412.00	0.00	0.00	0.00		24,763,412.00
TOTAL GENERAL PLANT	206,432,035.88	462,980.34	0.00	1,495,032.40	-3,983,632.89	201,416,350.93

Navy
51,146

TOTAL ELECTRIC PLANT	\$843,368,917.31	\$14,613,673.60	\$57,098.49	\$5,686,355.47	-\$4,584,370.50	\$847,654,766.45
RETIREMENT WORK IN PROGRESS						

ACCUMULATED DEPRECIATION	Balance 09/30/06	Additions	Retirements	Proceeds from Sale/ Salvage	Cost of Removal	Adjust.	Balance 09/30/07
I. INTANGIBLE PLANT							
303 Misc. Intangible Plt.	4,177,478.53	0.00			0.00		4,177,478.53
		0.00			0.00		
II. POWER PRODUCTION PLANT							
A. STEAM PRODUCTION PLANT							
310 Land and Land Rights		0.00			0.00		0.00
311 Structures and Imp.	8,593,967.53	349,450.00			0.00		8,943,417.53
312 Boiler Plant Equipment	13,435,093.87	918,440.00	0.00		0.00		14,353,533.87
313 Engine & Eng. Driven Gen.		0.00			0.00		0.00
314 Turbogenerator Units	11,995,965.62	487,270.00	0.00		0.00		12,483,235.62
315 Accessory Electric Equip.	4,650,505.93	186,620.00	0.00		0.00		4,837,125.93
316 Misc. Power Plant Equip.	1,535,952.07	50,140.00			0.00		1,586,092.07
TOTAL STEAM PRODUCTION PLANT	40,211,485.02	1,991,920.00	0.00	0.00	0.00	0.00	42,203,405.02
B. OTHER PRODUCTION PLANT							
340 Land and Land Rights					0.00		0.00
341 Structures and Imp.	23,221,152.90	1,589,740.00	0.00		0.00		24,810,892.90
342 Fuel Hldrs, Prod. & Acces.	5,150,903.37	351,070.00	0.00		0.00		5,501,973.37
343 Prime Movers	37,257,476.54	2,758,930.00	0.00		0.00		40,016,406.54
344 Generators	49,287,172.84	2,885,590.00	0.00		0.00		52,172,762.84
345 Accessory Electric Equip.	11,003,020.68	765,980.00	0.00		0.00		11,769,000.68
346 Misc. Power Plant Equip.	1,162,615.30	71,910.00			0.00		1,234,525.30
TOTAL OTHER PRODUCTION PLANT	#####	8,423,220.00	-	-	-	-	135,505,561.63
III. TRANSMISSION PLANT							
350 Land and Land Rights		0.00			0.00		0.00
352 Structures and Imp.	5,426,732.67	396,050.00			0.00		5,822,782.67
353 Station Equipment	15,996,189.63	1,141,830.00	0.00		0.00		17,138,019.63
354 Towers and Fixtures	2,191,146.69	107,350.00			0.00		2,298,496.69
355 Poles and Fixtures	10,075,539.32	766,710.00			0.00		10,842,249.32
356 O/H Conductors and Dev.	4,108,870.72	223,336.17			58842.45		4,273,364.44
357 Underground Conduits	959,304.96	153,010.00			0.00		1,112,314.96
358 U/G Conductors and Dev.	1,671,202.67	166,540.00			0.00		1,837,742.67
Pole Hardening		0.00			0.00		0.00
359 Roads and Trails		0.00			0.00		0.00
TOTAL TRANSMISSION PLANT	40,428,986.66	2,954,826.17	-	-	58,842.45	-	43,324,970.38
IV. DISTRIBUTION PLANT							
360 Land and Land Rights		0.00			0.00		0.00
361 Structures and Imp.	423,735.83	16,390.00			0.00		440,125.83
362 Station Equipment	6,044,707.28	291,470.00			0.00		6,336,177.28
363 Storage Battery Equip.	10,345.89	0.00			0.00		10,345.89
364 Poles, Towers and Fixt.	9,605,314.15	1,294,010.00	155,525.00		36,961.37	-3,216.79	10,710,054.57
365 O/H Conductors and Dev.	6,453,275.09	635,350.00	106,917.54		35,522.86	-1,447.72	6,947,632.41
366 Underground Conduits	2,949,341.19	238,300.00			0.00		3,187,641.19
367 U/G Conductors and Dev.	4,862,885.03	392,950.00			0.00		5,255,835.03
368 Line Transformers	9,974,025.37	883,630.00			0.00		10,857,655.37
369 Services	5,673,163.73	239,190.00			0.00		5,912,353.73
370 Meters	5,192,457.50	266,580.00			0.00		5,459,037.50
371 Instal'n on Cust. Prem	48,463.50	1,080.00			0.00		49,543.50
Pole Hardening		0.00			0.00		0.00
372 Leased Prop.on Cust.Prem		0.00			0.00		0.00
373 St. Light & Signal Syst	3,159,241.79	143,430.00			0.00	0.00	3,302,671.79
TOTAL DISTRIBUTION PLANT	54,396,956.35	4,402,380.00	262,442.54	-	72,484.23	(4,664.51)	58,469,074.09
V. GENERAL PLANT							
389 Land and Land Rights		0.00			0.00		0.00
390 Structures and Imp.	1,050,128.90	73,909.90	0.00		0.00		1,124,038.80
391 Office Furnitures & Fixt	3,857,898.73	-95,734.75	0.00		0.00	-404,896.00	4,167,059.98
391 Fixed Asset System-ASI(3)	4,276.05	50,388.56			0.00		54,664.61
392 Transportation Equipment	8,382,926.34	369,419.71	0.00		0.00	0.00	8,752,346.05
393 Stores Equipment	63,929.10	7,591.49			0.00		71,520.59
394 Tools, Shop & Gar. Equip.	593,563.81	55,331.78	0.00		0.00		648,895.59
395 Laboratory Equipment	849,688.80	49,215.44			0.00		898,904.24

396 Power Operated Equipment	66,700.45	10,586.76			0.00		77,287.21
397 Communication Equipment	1,374,988.70	-1,984,970.94			0.00	-2,099,574.00	1,489,591.76
398 Miscellaneous Equipment	258,428.67	22,454.42			0.00		280,883.09
399 Other Tangible Property		0.00			0.00		0.00
399 Other Tangible Property-010	8,800,000.44	666,666.70			0.00		9,466,667.14
399 Other Tangible Property-020	31,566,334.12	2,721,235.70			0.00		34,287,569.82
399 Other Tangible Property-030	6,655,166.76	515,904.40			0.00		7,171,071.16
TOTAL GENERAL PLANT	63,524,030.87	2,461,999.17	-	-	-	(2,504,470.00)	68,490,500.04
SUB-TOTAL	329,821,279.06	20,234,345.34	262,442.54	0.00	131,326.68	-2,509,134.51	352,170,989.69
	299,215.28	174,663.56	-128,696.45			-3,270.53	341,911.86
TOTAL ACCUM. DEPRECIATION	329,522,063.78	20,059,681.78	133,746.09	0.00	131,326.68	-2,512,405.04	351,829,077.83
	513,547,638.25						495,483,776.76

	Balance 09/30/08	Balance 07/31/09
NET PLANT		
I. INTANGIBLE PLANT		
303 Misc. Intangible Plt.	(4,000,969)	(4,000,969)
II. POWER PRODUCTION PLANT		
A. STEAM PRODUCTION PLANT		
310 Land and Land Rights	24,730	24,730
311 Structures and Imp.	12,372,745	12,440,720
312 Boiler Plant Equipment	25,140,083	28,493,997
313 Engine & Eng. Driven Gen.	-	-
314 Turbogenerator Units	11,393,046	10,905,776
315 Accessory Electric Equip.	3,187,787	3,256,887
316 Misc. Power Plant Equip.	(31,621)	(81,761)
NET STEAM PRODUCTION PLANT	52,086,770	55,040,349
B. OTHER PRODUCTION PLANT		
340 Land and Land Rights	1,013,394	1,013,394
341 Structures and Imp.	24,471,088	22,980,317
342 Fuel Hldrs, Prod. & Acces.	5,381,198	5,128,262
343 Prime Movers	45,510,283	43,461,004
344 Generators	37,280,469	34,394,879
345 Accessory Electric Equip.	11,976,356	11,251,483
346 Misc. Power Plant Equip.	994,644	946,034
NET OTHER PRODUCTION PLANT	126,627,431	119,175,372
III. TRANSMISSION PLANT		
350 Land and Land Rights	-	-
352 Structures and Imp.	13,583,450	13,324,237
353 Station Equipment	31,965,202	31,302,356
354 Towers and Fixtures	3,605,678	3,498,328
355 Poles and Fixtures	17,533,493	16,766,783
356 O/H Conductors and Dev.	6,503,199	6,338,705
357 Underground Conduits	7,303,282	7,150,272
358 U/G Conductors and Dev. Pole Hardening	4,324,218	4,157,678
359 Roads and Trails	-	-
NET TRANSMISSION PLANT	84,818,523	82,538,360
IV. DISTRIBUTION PLANT		
360 Land and Land Rights	26,112	26,112
361 Structures and Imp.	369,263	352,873
362 Station Equipment	4,546,935	4,317,348
363 Storage Battery Equip.	(10,346)	(10,346)
364 Poles, Towers and Fixt.	40,709,208	40,541,398
365 O/H Conductors and Dev.	17,283,734	17,196,091
366 Underground Conduits	9,936,393	9,734,623
367 U/G Conductors and Dev.	9,574,520	9,674,958
368 Line Transformers	22,110,536	21,546,907
369 Services	1,595,886	1,589,440
370 Meters	4,437,778	4,286,860
371 Instal'n on Cust. Prem Pole Hardening	(15,388)	(16,468)
372 Leased Prop.on Cust.Prem	-	-
373 St. Light & Signal Syst	543,249	565,018
NET DISTRIBUTION PLANT	111,107,878	109,804,814
V. GENERAL PLANT		
389 Land and Land Rights	8,000	8,000

390 Structures and Imp.	5,289,173	4,260,157
391 Office Furnitures & Fixt	7,497,985	3,054,677
391 Fixed Asset System-ASI(3)	193,344	36,378
392 Transportation Equipment	2,192,576	1,998,883
393 Stores Equipment	96,686	91,994
394 Tools, Shop & Gar. Equip.	733,298	677,966
395 Laboratory Equipment	581,730	532,514
396 Power Operated Equipment	171,112	161,335
397 Communication Equipment	1,497,145	1,383,253
398 Miscellaneous Equipment	285,731	263,276
399 Other Tangible Property-010	7,200,000	6,533,333
399 Other Tangible Property-020	99,052,981	96,331,745
399 Other Tangible Property-030	18,108,245	17,592,341
NET GENERAL PLANT	142,908,005	132,925,851
NET RATE BASE	\$513,547,638	\$495,483,777

Meters % of Net Distribution Plant

3.994% **3.904%**

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