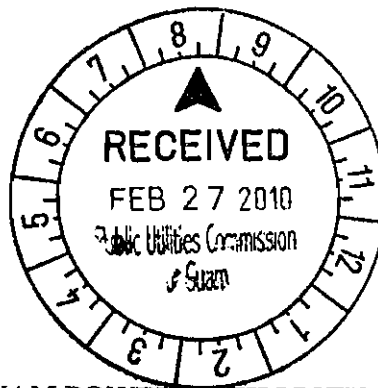


Issued March 21, 1994
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Effective with meters read
on and after March 01, 2008



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.