

**GPA 2007 Base Rate Case Village Meetings**  
**(May 29 – June 1)**

**Issue #4:** Customers would like to see effects of increase communicated to them

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**Ratepayer's Bill of Rights Notice**

The Consolidated Commission on Utilities (CCU) has authorized the Guam Power Authority to petition the Public Utilities Commission for an increase in base rate revenues of 19.72% or about \$26.9m annually. The increased rate will be phased-in over a two year period. The initial increase in Fiscal Year 2008 will be 13.84% and will increase to 19.72% in the second year. For the first five years the rate increase is in effect, the increase will be offset by a streetlight credit surcharge that will return to ratepayers all payments made by the Government of Guam for past due streetlight billings in accordance with a five year repayment plan adopted by the CCU, subject to Public Utility Commission (PUC) approval.

GPA expects to file its petition for the base rate increase on or about September 28, 2007. If approved by the PUC, the rate increase will take effect on or about February 1, 2008.

The rate increase is needed to resume the Authority's Capital Improvement Program of \$15 million per year to replace aging generation and transmission & distribution assets and to install efficiency improvements to the island wide power system. Starting from last fiscal year, capital spending has been and will continue to be severely constrained as a result of shortfalls in GPA's projected revenue. The rate increase will establish the required debt service coverage ratio of 1.75x and effectively satisfy bond covenant working capital restricted fund requirement. Additionally, the rate increase is also needed to address critical operations and maintenance requirements including compensation issues for some highly skilled positions within the Authority.

Following are tables of anticipated changes to the base rates in each of the different Rate Schedules:

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<b>Rate Schedule R - Residential</b>	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	

R - Base Rate

R - Non-fuel energy charge - 0 to 500 Kwh	0.033540	0.033540	0.033540	0.033540	-
R - Non-fuel energy charge - > 500 Kwh	0.079500	0.090499	0.095998	0.095998	0.016498
R- Customer Charge	5.21	5.93	6.29	6.29	1.08

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Rate Schedule F - Streetlighting	Wattage	kwhr per month	Effective Date of Rate			Years thereafter until changed	Increase
			Current	02/01/08	10/01/08		
F1 - Mercury Vapor Fixture charge	250	101	15.29	17.41	18.46	18.46	3.17
F1 - Energy charge	250	101	8.001220	9.108229	9.661657	9.661657	1.660437
F4 - High Pressure Sodium Fixture charge	250	101	20.93	23.83	25.27	25.27	4.34
F4 - Energy charge	250	101	8.001220	9.108229	9.661657	9.661657	1.660437
F5 - High Pressure Sodium Fixture charge	150	54	15.29	17.41	18.46	18.46	3.17
F5 - Energy charge	150	54	4.277880	4.869746	5.165638	5.165638	0.887758

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<b>Rate Schedule G - General Non-Demand</b>	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	

**G1 - Base Rate**

G1 - Non-demand energy charge - First 200 Kwhr	0.119660	0.136216	0.144492	0.144492	0.024832
G1 - Non-demand energy charge - > 200 Kwh	0.102480	0.116659	0.123747	0.123747	0.021267
G1 - Customer Charge	8.09	9.21	9.77	9.77	1.68

**G1 - Base Rate**

G1 - Non-demand energy charge - First 400 Kwhr	0.139870	0.159222	0.168896	0.168896	0.029026
G1 - Non-demand energy charge - > 400 Kwh	0.102480	0.116659	0.123747	0.123747	0.021267
G1 - Customer Charge	8.09	9.21	9.77	9.77	1.68

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<b>Rate Schedule H – Private Streetlighting</b>	Wattage	kwhr per month	Effective Date of Rate				Increase
			Current - Amount per lamp per month	02/01/08	10/01/08	Years thereafter until changed	
H1 - Mercury Vapor Fixture charge	250	101	12.08	13.75	14.59	14.59	2.51
H1 - Energy charge	250	101	6.420570	7.308888	7.195869	7.195869	0.775299
H3 - High Intensity Discharge Fixture charge	400	163	23.61	26.88	28.51	28.51	4.90
H3 - Energy charge	400	163	10.361910	11.795532	11.613134	11.613134	1.251224
H4 - High Pressure Sodium Fixture charge	250	101	20.93	23.83	25.27	25.27	4.34
H4 - Energy charge	250	101	6.420570	7.308888	7.195869	7.195869	0.775299
H5 - High Pressure Sodium Fixture charge	150	54	15.29	17.41	18.46	18.46	3.17
H5 - Energy charge	150	54	3.432780	3.907722	3.847296	3.847296	0.414516

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<b>Rate Schedule J - General Demand - Single and Three-Phase</b>	<b>Effective Date of Rate</b>				<b>Increase</b>
	<b>Current</b>	<b>02/01/08</b>	<b>10/01/08</b>	<b>Years thereafter until changed</b>	
<b>J1 - Base Rate - First 200 kwhr per kw of billing demand - Single Phase</b>					
J1 - Demand energy charge - First 200 Kwhr per month	0.119660	0.136216	0.144492	0.144492	0.024832
J1 - Demand energy charge - > 200 Kwhr per month	0.105410	0.119994	0.127285	0.127285	0.021875
J1 - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.083800	0.095394	0.101190	0.101190	0.017390
J1 - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.060630	0.069018	0.073212	0.073212	0.012582
J1 - Customer Charge	16.19	18.43	19.55	19.55	3.36
<b>J3 - Base Rate - First 200 kwhr per kw of billing demand - Three Phase</b>					
J3 - Demand energy charge - First 400 Kwhr per month	0.139870	0.159222	0.168896	0.168896	0.029026
J3 - Demand energy charge - > 400 Kwhr per month	0.105360	0.119937	0.127225	0.127225	0.021865
J3 - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.083800	0.095394	0.101190	0.101190	0.017390
J3 - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.060630	0.069018	0.073212	0.073212	0.012582
J3 - Customer Charge	16.19	18.43	19.55	19.55	3.36

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Rate Schedule K - Small Government Demand - Single and Three-Phase	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	

**K1 - Base Rate - First 200 kwhr per kw of billing demand - Single Phase**

K1 - Demand energy charge - First 200 Kwhr per month	0.129050	0.146905	0.155831	0.155831	0.026781
K1 - Demand energy charge - > 200 Kwhr per month	0.114210	0.130012	0.137911	0.137911	0.023701
K1 - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.090670	0.103215	0.109486	0.109486	0.018816
K1 - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.071040	0.080869	0.085782	0.085782	0.014742
K1 - Customer Charge	16.19	18.43	19.55	19.55	3.36

**K3 - Base Rate - First 200 kwhr per kw of billing demand - Three Phase**

K3 - Demand energy charge - First 400 Kwhr per month	0.149320	0.169979	0.180307	0.180307	0.030987
K3 - Demand energy charge - > 400 Kwhr per month	0.114130	0.129920	0.137815	0.137815	0.023685
K3 - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.090670	0.103215	0.109486	0.109486	0.018816
K3 - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.071040	0.080869	0.085782	0.085782	0.014742
K3 - Customer Charge	16.19	18.43	19.55	19.55	3.36

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<b>Rate Schedule L - Large Government Service</b>	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	
L - Base Rate - First 200 kwhr per kw of billing demand					
L - Demand energy charge - First 200 Kwhr per month	0.168120	0.191380	0.203009	0.203009	0.034889
L - Demand energy charge - > 200 Kwhr per month	0.119330	0.135840	0.144094	0.144094	0.024764
L - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.079500	0.090499	0.095998	0.095998	0.016498
L - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.046360	0.052774	0.055981	0.055981	0.009621
L - Customer Charge	19.43	22.12	23.46	23.46	4.03

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<b>Rate Schedule P - Large Power Service</b>	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	
P - Base Rate - First 200 kwhr per kw of billing demand					
P - Demand energy charge - First 4000 Kwhr per month	0.158470	0.180395	0.191356	0.191356	0.032886
P - Demand energy charge - > 4000 Kwhr per month	0.109670	0.124843	0.132429	0.132429	0.022759
P - Demand energy charge - Next 200 Kwhr per kw of billing demand	0.067500	0.076839	0.081508	0.081508	0.014008
P - Demand energy charge - Over 400 Kwhr per kw of billing demand	0.042200	0.048039	0.050957	0.050957	0.008757
P - Customer Charge	19.43	22.12	23.46	23.46	4.03

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<b>Rate Schedule S - Small Government Non-Demand</b>	Effective Date of Rate				Increase
	Current	02/01/08	10/01/08	Years thereafter until changed	

**S1 - Base Rate**

S1 - Non-demand energy charge - First 200 Kwhr	0.129050	0.146905	0.155831	0.155831	0.026781
S1 - Non-demand energy charge - > 200 Kwh	0.109670	0.124843	0.132429	0.132429	0.022759
S1 - Customer Charge	8.09	9.21	9.77	9.77	1.68

**S3 - Base Rate**

S3 - Non-demand energy charge - First 400 Kwhr	0.149320	0.169979	0.180307	0.180307	0.030987
S3 - Non-demand energy charge - > 400 Kwh	0.109670	0.124843	0.132429	0.132429	0.022759
S3 - Customer Charge	8.09	9.21	9.77	9.77	1.68

Note: These numbers are estimates and are subject to change during the review process with the PUC. The numbers are subject to the outcome of GPA's transmission level cost of service study which will be incorporated into the 2/1/08 rate adjustment and a distribution level cost of service study which will be incorporated into the 10/1/08 rate adjustment. GPA is not proposing a change to the lifeline rate at this time.

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Additionally, because the failure of the Government of Guam to reimburse the Authority for streetlight billings in prior years is causing the amount of the rate increase for all rate classes to be a little higher than it would otherwise be, the CCU determined that a credit surcharge should be established. The concept of this credit surcharge is that for any month that the past due streetlight payment is made in accordance with GPA's amortization schedule, the funds would be returned to all ratepayer classes. For periods that the government does not make streetlight payments, the credit surcharge will not be given to ratepayers. The amount of this credit surcharge will be \$.002154/ kWh.

In January 2006, the Guam Power Authority made available for the first time the convenience for residential customers to pay for their monthly power bills with credit cards. Over the last seventeen months the number of customers who paid with credit cards, whether online or in our lobbies, has risen to over 6,000 customers a month. With this increase comes the related increase in banking fees for the convenience provided to our customers. GPA estimates that the merchant banking fees for credit card payments will exceed \$500,000 for the current fiscal year. At this time, the Authority absorbs the cost of this benefit. GPA, therefore, is proposing the establishment of a convenience fee in the amount of \$2.50. This nominal amount will help recover about half of the fees paid for merchant banking services.

The Federal Emergency Management Agency (FEMA) is requiring government agencies to seek alternatives to manage risk related to natural disasters, etc., and GPA is proposing to develop a self insurance program to enable the Authority to better manage its risks of losses – primarily losses resulting from natural disasters. GPA is proposing that its self insurance fund cap be increased from \$2.5 million to \$25 million and that the self insurance surcharge also be increased from \$.00145/kWh to \$.00290/kWh.