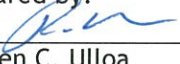

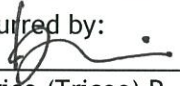
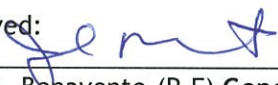


<p align="center"><b>GUAM POWER AUTHORITY</b> <b>AUTHORITY POLICY</b></p>	<p>Prepared by: <u></u> / <u>5/16/18</u> Reuben C. Ulloa / Date</p>
<p><b>TITLE: INVENTORY OBSOLESCENCE POLICY</b></p>	<p>Reviewed by: <u></u> / <u>5/16/18</u> Jamie Lynn C. Pangetinan / Date Supply Management Administrator</p>
<p><b>NO: AP-075</b>  <b>Supersedes: AP-075 01/28/16</b></p>	<p>Concurred by: <u></u> / <u>5/16/18</u> Beatrice (Tricee) P. Limtiaco / Date Assistant General Manager-Administration</p>
<p>Page 1 of 2</p>	<p>Approved: <u></u> / <u>5/18/18</u> John M. Behavente, (P.E) General Manager / DATED</p>

**1.0 BACKGROUND:**

Every year obsolescence of inventory and its disposition continue to be an audit subject area that must be addressed not only to satisfy storage concerns but to also alleviate liability to the Authority in maintain huge unusable inventory value. Obsolescence is defined as a loss in the utility of an asset due to the development of improved or superior equipment, but not due to excess or physical deterioration. This means that an item of stock (component) is no longer capable to be used; due to upgrades of a major equipment: such as the Cabras Power Plant Upgrades.

**2.0 PURPOSE:**

The purpose of this policy is to provide written guidelines in the identification and disposition of obsolete stocks.

**3.0 SCOPE:**

This policy applies to all Divisions, Sections, and entities that needs continuous inventory to meet operational requirements and relies on those stocks to be available immediately and short delivery time is of the essence.

**4.0 RESPONSIBILITY OF THE DIVISION, SECTION:**

- 4.1 It is the responsibility of each Division and/or Section having inventory stored at the Dededo Supply Warehouse and/or Cabras Supply Warehouse to assess annually stock items no longer usable for their operations.

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- 4.2 If the obsolete item is determined to be a GPA Engineering Specification, then the Standardization Committee is made to convene to evaluate and determine the disposition of the obsolete item. (Reference AP-025)

**5.0 RESPONSIBILITY OF THE STANDARDIZATION (STANDARDS) COMMITTEE:**  
(Reference AP-025)

- 5.1 To evaluate the items identified as obsolete by the using division and determine if it can be utilized by another division or application.
- 5.2 To determine final disposition of the obsolete item and to update any Engineering Specifications or Standards as affected by the change.

**6.0 RESPONSIBILITY OF THE PROCUREMENT/MATERIAL MANAGEMENT DIVISION:**  
(Reference SOP-153)

- 6.1 Upon notification that items are determined to be obsolete, they will immediately tag and remove those items identified as obsolete from the shelves.
- 6.2 The obsolete items will be packaged and staged for disposal as recommended by the Standardization Committee.
- \*6.3 Inventory Records will be updated to reflect the disposal action.

**Distribution: A, B, C & D**

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