



GUAM POWER AUTHORITY

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CCU Approves GPA's Recommendation for Base Rate Adjustment as Part of its Effort to Reduce Power Bills

(Fadian, Mangilao) – During its regular meeting today, the Consolidated Commission on Utilities (CCU) approved Resolution No. FY2025-11 authorizing Guam Power Authority (GPA) to petition the Guam Public Utilities Commission (PUC) for a base rate adjustment. GPA also announced that it will seek approval from the CCU in May 2025 to petition the PUC for a reduction to the Fuel Recovery Charge, or Levelized Energy Adjustment Clause (LEAC).

These adjustments are designed to work together to lower power bills for all GPA customers. If approved by the PUC, the base rate adjustment would take effect on September 1, 2025, and GPA anticipates a LEAC reduction to be implemented at the same time, pending approval later this year.

Proposals include:

- Base Rate Increase: 3 cents per kWh for the average residential customer using 1,000 kWh per month.
- LEAC Reduction: 13-14 cents per kWh, reflecting reduced fuel consumption from the new Ukudu Power Plant and the retirement of Cabras 1 and 2 baseload generator units.

Together, these adjustments if approved would result in a **net reduction of approximately \$42 per month on the average residential customer's power bill**, in addition to the \$53 monthly reduction that took effect in February 2025. Combined, these reductions represent an **estimated total monthly savings of \$95** compared to power costs prior to recent adjustments.

The proposed base rate adjustment is needed to cover fixed costs and payments associated with the Ukudu Power Plant and other system investments, ensuring long-term reliability and grid stability. The proposed LEAC reduction is made possible by anticipated fuel savings from the Ukudu Power Plant, which is expected to reduce fuel consumption by over 900,000 barrels per year and allow for the retirement of older, less efficient generators.

With CCU approval, GPA will file its formal petition for the base rate adjustment to the PUC **in late May or early June 2025**. The PUC will review the filing, conduct hearings, and consider public input from the public and independent consultants before making a final determination on the proposed rate adjustment.

GPA will conduct outreach in the coming weeks to ensure customers are informed about the proposed rate adjustment and understand how the base rate increase and LEAC reduction will work together to lower power bills. Additionally, customers are encouraged to review their rights under the Ratepayers' Bill of Rights, codified in 12 GCA Chapter 12, which outlines protections and access to information throughout the rate-setting process.

GPA remains committed to Brighter Days for Guam, ensuring reliable, affordable energy on a sustained basis while providing transparency throughout this rate adjustment process.

For more information on the proposed rate adjustments, visit
<https://guampowerauthority.com/rateadjustment>.

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Attachment: Rate Adjustment FAQs

Håfa Adai to Brighter Days



General Questions

What is GPA requesting, and how does it affect my bill?

GPA has been working diligently to lower power bills for its customers. As part of this effort, GPA is petitioning the Guam Public Utilities Commission (PUC) for a slight base rate increase to cover the costs of the Ukudu Power Plant while simultaneously petitioning PUC during the next LEAC period to reduce the Fuel Recovery Charge (LEAC). The LEAC, if approved by the PUC would mean a reduction to approximately 13-14 cents per kilowatt-hour (kWh) resulting in a additional savings for residential customers using about 1000 kilowatt-hours of power.

The goal is to provide reliable and affordable power on a sustained basis, and this adjustment will bring much-needed relief to customers by reducing fuel costs and stabilizing long-term energy pricing.

How is the base rate different from the Fuel Recovery Charge (LEAC)?

The base rate funds GPA's fixed costs, including operations, maintenance, infrastructure improvements, and debt service (similar to a mortgage payment). As a result of this infrastructure investment, GPA would have to adjust the base rate portion of your power bill which is fixed to pay for the new Ukudu Power Plant and can only be changed by the PUC.

The Fuel Recovery Charge (LEAC) fluctuates based on global fuel prices and is reviewed every six months. With the transition to Ukudu and the closure of Cabras 1 & 2, GPA expects a significant reduction in fuel consumption, leading to lower LEAC costs. The Ukudu Power Plant is 37% more fuel efficient than Cabras 1 and 2 and will reduce fuel imports by over 900,000 barrels per year.

Why is GPA adjusting both the base rate and LEAC at the same time?

GPA has been committed to making electricity more efficient and affordable for its customers on a sustained basis. By implementing both changes simultaneously, GPA is reducing the overall cost of power for customers. While the base rate increase is necessary to cover the costs (similar to mortgage payments) of the Ukudu Power Plant, the reduction in the LEAC charge due to lower fuel consumption by the Ukudu Plant helps reduce the overall financial impact on customers.

By timing the rate adjustments to meet the first payment obligation (similar to a mortgage payment) for the Ukudu Plant, the lower fuel costs will immediately offset the base rate adjustment, resulting in lower monthly bills for customers effective September 1, 2025. At GPA, our goal is to reduce overall costs and lower power bills to our customers.

When will these changes take effect?

Pending PUC approval, the new rates would take effect on September 1, 2025. The proposed LEAC reduction is also being requested by GPA to be implemented at the same to ensure customers see immediate savings on their bills.

How does the Ukudu Power Plant contribute to reducing fuel costs?

The Ukudu Power Plant is a highly efficient combined-cycle plant that significantly reduces the amount of fuel required to generate electricity. By replacing older, inefficient generators and transitioning to highly fuel-efficient units and cleaner energy, GPA will lower fuel imports per year, resulting in reduced LEAC charges. The Ukudu Power Plant is 37% more fuel efficient than Cabras 1 and 2 and 22% more efficient than Piti 8 and 9. This efficiency will help reduce fuel imports by over 900,000 barrels per annum or 39 million gallons. The fuel efficiency of the Ukudu Power Plant will more than offset the base rate adjustment and provide net savings to our customers.

The current Energy Conversion Agreement (ECA) with GPA's partner Guam Ukudu Power LLC, allows for the Ukudu Power Plant to be turned over to GPA in 25 years once the contract is completed.

Customer Impact

When will the new rates go into effect?

Pending PUC approval, the new rates would be expected to take effect September 1, 2025.

The proposed rates will be published in newspapers, mailed to individual ratepayers, and posted on GPA's webpage. The Ratepayer's Bill of Rights (12GCA Ch. 12 § 12102.1) requires GPA to publish in a newspaper of general circulation, notice of the proposed rates and justification at least three (3) months before petitioning the PUC. Every current ratepayer will be mailed a notice of the proposed rate changes one (1) month before petitioning the PUC. The new base rate will pay for the Ukudu Plant, similar to a mortgage payment. The new LEAC adjustment will account for the start of a total reduction in fuel imports by over 900,000 barrels per year according to GPA's most recent calculations. The fuel efficiency of the Ukudu Power Plant will more than offset the base rate adjustment and provide net savings to our customers.

What will my new monthly bill look like?

The actual impact on your bill depends on your energy consumption and rate class. In addition to the published notices in the newspapers, GPA will provide detailed billing illustrations for the different rate schedules on its website. A rate calculator will be provided on GPA's website to help customers understand how these changes affect them. While the base rate increases, the LEAC reduction is designed to reduce the overall cost for customers. These adjustments will reduce the overall power bills and provide net savings to our customers.

How will customers benefit from the LEAC reduction?

The current LEAC represents approximately 68% of customers' average power bills. The proposed reduction to 13-14 cents means customers will pay less on their overall energy costs.

Will all customers see the same changes in their bills?

The impact varies by customer class and consumption levels. Upon authorization by the CCU, all proposed rates will be published in the newspapers and will be available online as GPA will conduct outreach to its customers during the petition period.

Are there any programs available to help customers reduce power consumption and manage their bills?

Yes. Customers can explore tools such as MyEnergyGuam and MyEnergyXpert to monitor and optimize energy usage. GPA's Energy Sense Program provides cash rebates for its customers when they invest in energy-efficient appliances (air conditioners, washers and dryers) to help reduce demand and consumption. These platforms and programs provide insights into consumption patterns and offer recommendations for improving efficiency and reducing costs. Customers can visit www.guampowerauthority.com for more information.

Additionally, GPA collaborates with the Guam Energy Office on its Weatherization Assistance Program and the Low Income Home Energy Assistance Program (LIHEAP). These programs assist income-eligible applicants may be able to improve their home energy efficiency and receive payment assistance for power bills.

Reasons & Justification

How does GPA determine when a base rate adjustment is necessary?

GPA assesses financial obligations, power generation needs, and infrastructure investments. Over the years, GPA has implemented operational efficiencies, leveraging Smart Grid and AI technology to optimize grid operations and reduce unnecessary costs. These advancements have helped minimize expenses related to labor costs. By implementing cost-saving measures and efficiency improvements, GPA has worked to reduce the overall impact of the base rate adjustment for Ukudu. Additionally, the base rate has not increased since 2013, making this adjustment necessary to account for inflation, capital improvement, to cover the costs (similar to a mortgage payment) of the Ukudu Power Plant, and the transition to newer, more efficient energy infrastructure.

Why is a base rate increase needed now?

The Ukudu Power Plant's financial obligations (similar to mortgage payments) begin in September 2025, requiring GPA to ensure stable funding. Additionally, GPA must comply with bond covenants to maintain financial stability and sufficient revenue to meet debt obligations. Delaying or denying this adjustment could impact GPA's ability to provide reliable service. Without Ukudu, the savings on fuel could not be extended to customers. Without Ukudu, GPA will not be able to comply with USEPA/GPA consent decree potentially resulting in millions in penalties. Without Ukudu, Guam will continue to be susceptible to volatile oil prices.

What operational costs are covered by the base rate adjustment?

The proposed base rate adjustment is tied to the payments for the Ukudu Power Plant once it is commissioned and the necessary capital improvement projects to provide for continued operational efficiency and reliability while being financially stable to meet debt service coverage.

How does this adjustment support Guam's energy future?

The combination of the Ukudu Power Plant and increased renewable energy integration aligns with GPA's Clean Energy Master Plan. By reducing reliance on expensive fuel and modernizing infrastructure, GPA is ensuring more sustainable, affordable, and reliable power for Guam in the long term by reducing our dependency on imported fuel.

Transparency & Accountability

How can customers review and provide feedback on these changes?

Customers can review GPA's full petition and supporting documents on its website and through the Guam Public Utilities Commission. Public hearings will be held where customers can ask questions, voice concerns, and provide input. Customers may also submit feedback via email or GPA's website (www.guampowerauthority.com).

This FAQ is designed to help customers understand how GPA's base rate adjustment and LEAC reduction work together to minimize financial impact. For more details, visit www.guampowerauthority.com or contact GPA directly at 671 648-3225 or 671 648-3145.