



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

23 February 2021

Doc Type: 36GL-21-0234
OFFICE OF THE SPEAKER
THERESE M. TERLAJE

CFO 2021 076
Honorable Speaker Therese Terlaje
36th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910

-02-25 2021

Time: 1:04pm
Received: JA

SUBJECT: Guam Power Authority
Ref: January 2021 Monthly Financials

Dear Honorable Speaker Terlaje:

Enclosed is the Guam Power Authority's Financial Statements for the month of January 2021, submitted in accordance with Public Law 30-55 Chapter XIII §4.

Should you require further information, please feel free to contact me at 648-3120 or E-Mail jjkim@gpagwa.com.

Sincerely,


John J.E. Kim
Chief Financial Officer

cc: Mr. Benjamin J. Cruz, Public Auditor, OPA

COMMITTEE ON RULES
RECEIVED:
FEBRUARY 25, 2021 at 4:15 P.M.





GUAM POWER AUTHORITY

ATURIDAT ILEKTRESEDAT GUAHAN

P O BOX 2977, AGANA, GUAM 96932-2977

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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW

January 2021

Attached are the financial statements and supporting schedules for the month and fiscal year ended January 31, 2021.

Summary

The increase in net assets for the month ended was \$1.6 million as compared to the anticipated net decrease of \$0.3 million projected at the beginning of the year. The total kWh sales for the month were 9.22% more than projected and non-fuel revenues were \$538 thousand more than the estimated amounts. O & M expenses for the month were \$5.6 million which was \$0.2million over our projections for this year. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to \$3.1 million, which was \$0.1million less than the projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	3.40	3.19	2
Days in Receivables	47	50	52
Days in Payables	17	17	30
LEAC (Over)/Under Recovery Balance -YTD	\$10,796,841	\$13,230,995	\$16,961,888
T&D Losses	5.61%	5.44%	<7.00%
Debt Service Coverage	1.53	1.56	1.75
Long-term equity ratio	3.05%	3.37%	30 - 40%
Days in Cash	314	305	60

The Quick Ratio has been a challenge for GPA historically. However, the influx of cash from insurance proceeds continues to improve this ratio. GPA has current obligations of approximately \$57 million and approximately \$182 million in cash and current receivables. The LEAC under-recovery for the month was \$2.4 million. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statements
January 2021

Significant Assumptions

The significant assumptions in the financial statements are as follows:

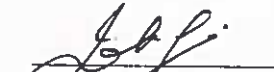
- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:




Lenora M. Sanz
Controller

Reviewed by:



John J.E. Kim
Chief Financial Officer

Approved by:



John M. Benavente, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
January 31, 2021 and September 30, 2020

	Unaudited January 2021	Unaudited September 2020	Change from Sept 30 2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	\$ 19,845,754	\$ 38,059,527	\$ (18,213,773)
Bond indenture funds	21,050,644	22,590,787	(1,540,143)
Held by Guam Power Authority:			
Bond indenture funds	140,607,141	175,309,549	(34,702,408)
Self insurance fund-restricted	19,470,961	19,469,799	1,162
Energy sense fund	829,981	261,171	568,810
Total cash and cash equivalents	<u>201,804,481</u>	<u>255,690,833</u>	<u>(53,886,352)</u>
Accounts receivable, net	<u>39,330,471</u>	<u>35,364,783</u>	<u>3,965,688</u>
Total current receivables	<u>39,330,471</u>	<u>35,364,783</u>	<u>3,965,688</u>
Materials and supplies inventory	14,064,656	14,501,590	(436,934)
Fuel inventory	35,994,476	32,346,582	3,647,894
Prepaid expenses	7,965,989	1,876,268	6,089,721
Total current assets	<u>299,160,073</u>	<u>339,780,056</u>	<u>(40,619,983)</u>
Utility plant, at cost:			
Electric plant in service	1,098,545,357	1,097,908,313	637,044
Construction work in progress	49,204,538	46,936,698	2,267,840
Total	<u>1,147,749,895</u>	<u>1,144,845,011</u>	<u>2,904,884</u>
Less: Accumulated depreciation	<u>(680,636,190)</u>	<u>(669,124,765)</u>	<u>(11,511,425)</u>
Total utility plant	<u>467,113,705</u>	<u>475,720,246</u>	<u>(8,606,541)</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,498,583	48,532,630	(34,047)
Unamortized debt issuance costs	1,863,368	1,952,816	(89,448)
Total other non-current assets	<u>50,361,951</u>	<u>50,485,446</u>	<u>(123,495)</u>
Total assets	<u>816,635,729</u>	<u>865,985,748</u>	<u>(49,350,019)</u>
Deferred outflow of resources:			
Deferred fuel revenue	13,230,995	5,137,018	8,093,977
Unamortized loss on debt refunding	21,692,624	22,452,744	(760,120)
Pension	12,264,214	12,264,214	0
Other post employment benefits	19,869,789	19,869,789	0
Unamortized forward delivery contract costs	106,158	159,278	(53,120)
Total deferred outflows of resources	<u>67,163,780</u>	<u>59,883,043</u>	<u>7,280,737</u>
	<u>\$883,799,509</u>	<u>\$925,868,791</u>	<u>\$ (42,069,282)</u>

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
January 31, 2021 and September 30, 2020

	Unaudited January 2021	Unaudited September 2020	Change from Sept 30 2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	\$ 21,540,000	\$ 20,515,000	\$ 1,025,000
Current obligations under capital leases	6,166	2,226,222	(2,220,056)
Accounts payable			
Operations	10,084,711	28,907,900	(18,823,189)
Others	1,949,116	830,203	1,118,913
Accrued payroll and employees' benefits	1,609,737	2,464,369	(854,632)
Current portion of employees' annual leave	3,269,385	2,828,972	440,413
Interest payable	9,569,143	14,417,948	(4,848,805)
Customer deposits	8,870,820	8,729,186	141,634
	<u>56,899,078</u>	<u>80,919,800</u>	<u>(24,020,722)</u>
Regulatory liabilities:			
Provision for self insurance	19,345,291	19,345,291	0
	<u>19,345,291</u>	<u>19,345,291</u>	<u>0</u>
Long term debt, net of current maturities			
Obligations under capital leases, net of current portion	537,799,590	560,599,190	(22,799,600)
Net Pension liability	0	0	0
Other post employment benefits liability	77,062,186	78,277,138	(1,214,952)
DCRS sick leave liability	120,278,682	120,278,682	0
Employees' annual leave net of current portion	1,331,151	1,331,151	0
Customer advances for construction	1,204,085	1,204,085	0
	428,111	425,814	2,297
	<u>814,348,174</u>	<u>862,381,151</u>	<u>(48,032,977)</u>
Deferred inflows of resources:			
Unearned forward delivery contract revenue	389,346	584,018	(194,672)
Pension	2,371,109	2,371,109	0
Other post employment benefits	49,240,169	49,240,169	0
	<u>52,000,624</u>	<u>52,195,296</u>	<u>(194,672)</u>
Commitments and contingencies			
Net Position:			
Net investment in capital assets	(17,173,102)	(36,922,563)	19,749,462
Restricted	40,462,963	57,080,028	(16,617,065)
Unrestricted	(5,839,151)	(8,865,122)	3,025,971
	<u>17,450,710</u>	<u>11,292,344</u>	<u>6,158,368</u>
	<u>\$883,799,509</u>	<u>\$925,868,791</u>	<u>\$ (42,069,282)</u>

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Revenues, Expenses and Changes in Net Assets

	January 31		% of change Inc (dec)	Four Months Ended January 31		% of change Inc (dec)
	Unaudited 2021	Unaudited 2020		Unaudited 2021	Unaudited 2020	
Revenues						
Sales of electricity	\$ 24,047,000	\$ 31,707,692	(24)	\$ 96,552,313	\$ 130,671,688	(26)
DSM-Rebates	309,038	-	0	1,245,748	-	0
Miscellaneous	43,207	529,316	(92)	524,215	753,035	(30)
Total	<u>24,399,245</u>	<u>32,237,008</u>	(24)	<u>98,322,276</u>	<u>131,424,723</u>	(25)
Bad debt expense	<u>(87,083)</u>	<u>(90,917)</u>	(4)	<u>(348,332)</u>	<u>(363,668)</u>	(4)
Total revenues	<u>24,312,162</u>	<u>32,146,091</u>	(24)	<u>97,973,944</u>	<u>131,061,055</u>	(25)
Operating and maintenance expenses						
Production fuel	11,334,906	18,820,283	(40)	44,664,116	77,770,775	(43)
Other production	1,398,710	1,408,294	(1)	4,859,667	5,299,194	(8)
	<u>12,733,616</u>	<u>20,228,577</u>	(37)	<u>49,523,783</u>	<u>83,069,969</u>	(40)
Depreciation	3,180,424	3,321,952	(4)	12,907,652	12,438,436	4
Energy conversion cost	829,441	1,243,219	(33)	4,071,335	4,274,132	(5)
Transmission & distribution	1,155,235	1,196,538	(3)	4,735,839	4,350,368	9
Customer accounting	541,906	423,436	28	1,730,701	1,748,819	(1)
Administrative & general	<u>2,523,992</u>	<u>2,404,575</u>	5	<u>10,842,599</u>	<u>10,208,817</u>	6
Total operating and maintenance expenses	<u>20,964,614</u>	<u>28,818,297</u>	(27)	<u>83,811,909</u>	<u>116,090,541</u>	(28)
Operating income	<u>3,347,548</u>	<u>3,327,794</u>	1	<u>14,162,035</u>	<u>14,970,514</u>	(5)
Other income (expenses)						
Interest income	56,228	269,202	(79)	202,849	1,145,184	(82)
Interest expense and amortization	(2,182,980)	(2,326,215)	(6)	(8,783,666)	(9,285,110)	(5)
Bond issuance costs	89,228	89,228	0	356,912	356,912	0
Allowance for funds used during constructic	359,201	-	0	359,201	-	0
Pandemic-COVID19	(16,575)	-	0	(112,351)	-	0
Losses due to typhoon	(9,443)	(92,167)	0	(9,443)	(164,813)	0
Bid bond forfeiture	-	-	0	-	-	0
Other expense	<u>(4,290)</u>	<u>(4,291)</u>	(0)	<u>(17,171)</u>	<u>(17,164)</u>	0
Total other income (expenses)	<u>(1,708,631)</u>	<u>(2,064,243)</u>	(17)	<u>(8,003,669)</u>	<u>(7,964,991)</u>	0
Income (loss) before capital contributions	1,638,917	1,263,551	30	6,158,366	7,005,523	(12)
Capital contributions	-	-	0	-	-	0
Increase (decrease) in net assets	1,638,917	1,263,551	30	6,158,366	7,005,523	(12)
Total net assets at beginning of period	<u>15,811,793</u>	<u>8,883,567</u>	78	<u>11,292,345</u>	<u>3,141,595</u>	259
Total net assets at end of period	<u>\$ 17,450,710</u>	<u>\$ 10,147,118</u>	72	<u>\$ 17,450,710</u>	<u>\$ 10,147,118</u>	72

GUAM POWER AUTHORITY
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Statements of Cash Flows
Period Ended January 31, 2021

	Month Ended 1/31/2021	YTD Ended 1/31/2021
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$ 22,687,116	\$ 94,042,167
Cash payments to suppliers and employees for goods and services	<u>23,073,511</u>	<u>106,805,988</u>
Net cash provided by operating activities	\$ (386,395)	\$ (12,763,821)
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	<u>56,228</u>	<u>202,849</u>
Net cash provided by investing activities	56,228	202,849
Cash flows from non-capital financing activities		
Interest paid on short term debt	(222,637)	(329,176)
Provision for self insurance funds	<u>1,953</u>	<u>(1,162)</u>
Net cash provided by noncapital financing activities	(220,684)	(330,338)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,890,550)	(4,301,111)
Principal paid on bonds and other long-term debt	-	(20,515,000)
Interest paid on bonds(net of capitalized interest)	454,977	(13,251,549)
Interest paid on capital lease obligations	-	(51,745)
Interest & principal funds held by trustee	(3,977,992)	18,213,773
Reserve funds held by trustee	(2,347)	34,047
Bond funds held by trustee	320,236	1,540,143
Principal payment on capital lease obligations	-	(2,220,056)
Debt issuance costs/loss on defeasance	(314,900)	(1,259,600)
Net cash provided by (used in) capital and related financing activities	<u>(5,410,576)</u>	<u>(21,811,098)</u>
Net (decrease) increase in cash and cash equivalents	(5,961,427)	(34,702,408)
Cash and cash equivalents, beginning	<u>146,568,567</u>	<u>175,309,549</u>
Cash and cash equivalents-Funds held by GPA, January 31, 2021	\$ 140,607,141	\$ 140,607,141

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended January 31, 2021

	Month Ended 1/31/2021	YTD Ended 1/31/2021
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$ 3,347,315	\$ 14,162,035
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,180,424	12,907,652
Other expense	322,345	577,148
(Increase) decrease in assets:		
Accounts receivable	(1,644,861)	(3,965,688)
Materials and inventory	202,791	436,934
Fuel inventory	(3,728,463)	(3,647,894)
Prepaid expenses	582,538	(6,089,721)
Unamortized debt issuance cost	22,362	89,448
Deferred fuel revenue	(2,434,154)	(8,093,977)
Unamortized loss on debt refunding	190,030	760,120
Unamortized forward delivery contract costs	13,280	53,120
Increase (decrease) in liabilities:		
Accounts payable-operations	(626,461)	(18,823,189)
Accounts payable-others	410,321	550,103
Accrued payroll and employees' benefits	227,169	(854,632)
Net pension liability	(403,573)	(1,214,952)
Employees' annual leave	96,778	440,413
Customers deposits	(95,568)	141,634
Customer advances for construction	-	2,297
Unearned forward delivery contract revenue	(48,668)	(194,672)
Net cash provided by operating activities	\$ (386,395)	\$ (12,763,821)



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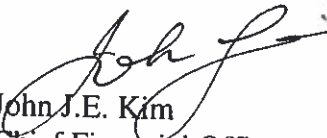
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John J.E. Kim
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