

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]

DOCKET 02-04

ORDER

In accordance with the protocol established by Guam Public Utilities Commission [PUC] Order dated January 29, 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA], by Filing dated December 15, 2008, requested that the current LEAC factor [\$0.17105 per kWh] for its civilian customers be decreased to \$0.157309 per kWh for meters read on and after February 1, 2009 and continuing until July 31, 2009.¹ This change reflects a 5.8% decrease in the total bill, or \$13.74, for a residential customer utilizing an average of 1,000 kilowatt hours per month.

After conducting a review of GPA's Filing, PUC Regulatory Consultant Georgetown [GCG] initially recommended that GPA adopt a lower LEAC factor for meters read on or before February 1, 2009.² GPA and GCG met for a Regulatory Conference on January 14, 2009. At that time GPA presented evidence of its current difficult cash liquidity situation. GPA has been required to make weekly cash payments to cover margin calls on its fuel hedging contracts. In addition, GPA may be obligated to deposit increased amounts of capital into its Working Capital Fund. After discussions and negotiations between the parties, on January 21, 2009, GPA and GCG entered into a STIPULATION RE ADJUSTMENT OF LEAC FACTOR COMMENCING FEBRUARY 1, 2009, a true and correct copy of which is made *Attachment A* hereto.³

Based upon the volatility of fuel prices, the parties agree that a volatility factor of 7% should be added to the projected fuel prices in the determination of the new LEAC factor. Since an unforeseen precipitous drop in world oil prices would

¹ The basis for GPA's LEAC filing is that fuel costs have decreased substantially in the last several months, and GPA desires to pass on the benefit of reduced fuel costs to its customers.

² Letter dated January 10, 2009, from GCG to Chairman Jeffrey Johnson, re: GPA Request for Adjustment of LEAC Factor Effective February 1, 2009; GCG initially recommended that GPA's current LEAC factor be reduced to \$0.14603 per kWh effective on all meters read on or after February 1, 2009.

³ The parties recognize that during the term of this new LEAC factor (February 2, 2009 through July 2009) fuel prices are expected to remain very volatile. Such continuing volatility has had a significant negative impact on the cash requirements and liquidity of GPA. Such volatility makes accurate projections of fuel cost expenses difficult to make.

result in a significant decrease of the LEAC level, and given the concerns with GPA's liquidity, the parties have agreed that changes in the working capital related to the value of GPA's fuel inventory from the beginning of the LEAC period to the end of the 6 month projected period will be limited based upon an assumed oil inventory evaluation of \$64.46 per barrel. ⁴

In accordance with the STIPULATION, the parties jointly recommend that the PUC approve a decrease in the LEAC factor from the current \$0.17105 per kWh to \$0.15763 per kWh effective on all meters read on or after February 1, 2009.

After carefully reviewing the record in this proceeding and after discussion at a duly noticed public meeting held on January 26, 2009, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned commissioners, the Guam Public Utilities Commission hereby **ORDERS THAT:**

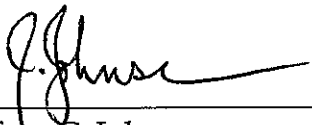
1. A LEAC factor of \$0.15763 per kWh shall be used by GPA for all civilian bills, for meters read on and after February 1, 2009 to recover its forecasted fuel and related expenses, in accordance with the Schedules appended to *Attachment A* hereto. This change reflects a 5.67% decrease in the total bill, or \$13.42, for a residential customer utilizing an average of 1,000 kilowatt hours per month.
2. Should GPA propose an alternate to the Morgan Stanley fuel price forecast for the calculation of the LEAC, it shall present any such different forecast methodology to GCG for the next LEAC filing in accordance with the timeframes and requirements set forth in the STIPULATION.
3. Any accepted changes in the calculation of the LEAC factor relative to valuation of GPA's fuel inventory and calculation of volatility factors will only be applicable for the upcoming LEAC period on a one time basis. Future liquidity issues will be addressed by GPA in the next base rate case, which is anticipated to be filed in mid 2009, and will not be considered as a factor in the determination of future LEACs.

⁴ This evaluation of GPA's fuel inventory is calculated on a one time basis; in all future LEAC proceedings all changes in working capital levels related to its fuel inventory will be passed through the LEAC in the manner previously approved by the PUC. Any and all future liquidity issues will be addressed by GPA in its next base rate case, anticipated to be filed in mid 2009, and will not be considered as a factor in the determination of future LEAC calculations.

4. In accordance with the STIPULATION of GPA and GCG, a 7% line loss factor is hereby adopted by the Commission as an "interim standard" until the GPA Transmission Study is completed. GPA shall file the Transmission Study no later than December 31, 2009. A new line loss standard shall be proposed by GPA for determination by the PUC no later than February 1, 2010, for implementation in the LEAC factor.

5. Pursuant to the STIPULATION of the parties, the PUC recommends that GPA continue its oil hedging program. GPA shall report to the PUC no later than May 1, 2009 on actions taken by it in response to the volatility of oil prices and the impact of the hedging program on the financial liquidity of GPA. GPA should continue to pursue a SBLC to cover possible margin calls from third parties when the cost of oil falls below the floors of GPA's hedge contracts. Additional costs incurred by GPA in establishing its SBLC will be allowed to pass through the LEAC, as such costs are fuel related.

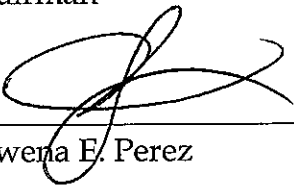
Dated this 26th day of January 2009.



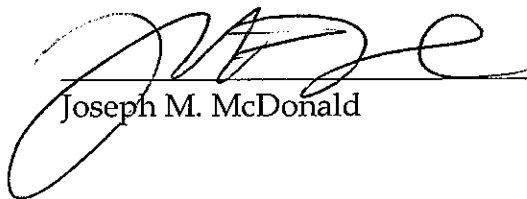
Jeffrey C. Johnson
Chairman



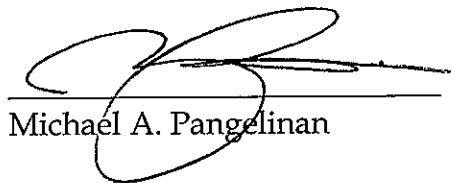
Filomena M. Cantoria



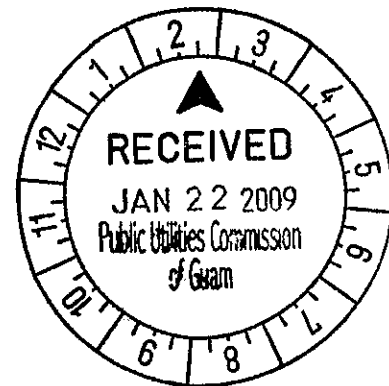
Rowena E. Perez



Joseph M. McDonald



Michael A. Pangelinan



**BEFORE THE
GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:)	DOCKET 02-04
)	
GUAM POWER AUTHORITY)	STIPULATION RE ADJUSTMENT OF
LEVELIZED ENERGY ADJUSTMENT)	LEAC FACTOR COMMENCING
CLAUSE (LEAC))	FEBRUARY 1, 2009
)	
)	

Georgetown Consulting Group, Inc. ("GCG") and the Guam Power Authority ("GPA") hereby stipulate to the following facts and make the following recommendations to the Guam Public Utilities Commission ("PUC"):

1. In the current environment and for the term of the next LEAC factor (February 2009 through July 2009), it is expected that fuel prices will remain very volatile, as they have been during the periods of recent prior LEAC factors. This continuing volatility has had a significant negative impact on the cash requirements and liquidity of GPA. The continuing volatility also has made accurate projections of fuel cost expenses difficult

2. In order to deal with the effects of this continuing volatility in determining the LEAC factor to be implemented on February 1, 2009, it is recommended that the following process should be incorporated into the determination of the new LEAC factor:
 - a. GPA's petition, which uses projected fuel prices that are determined from a fuel price forecast produced by Morgan Stanley, should be updated to use the most current fuel price forecast from Morgan Stanley available at the time of this Stipulation. The January 8, 2009 Morgan Stanley fuel forecast should be used.

 - b. A volatility factor of 7% should be added to the projected fuel prices in the determination of the new LEAC factor. The Morgan Stanley January 8, 2009 fuel forecast should be increased by 7%. Both GCG and GPA state that this is a one time adjustment only and should not be used in future determinations of LEAC factors unless it is shown there are extraordinary circumstances that warrant the continued use of a volatility factor.

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3. GPA has indicated that it desires to evaluate the use of an alternate to the Morgan Stanley fuel price forecast which GPA has used for the last several LEAC filings. In the event that GPA decides to propose the use of a different forecast methodology in the next LEAC filing, GPA agrees to file the proposed alternate forecast not less than 90 days prior to the effective date of the next LEAC factor and to provide justification for the requested change. The material to be filed by GPA should include a comparison of prior forecasts of the proposed forecast model and comparable Morgan Stanley prior forecasts as compared to the actual fuel prices for the periods under review.
4. Under the current LEAC process previously recommended by GPA and GCG and approved by the PUC, for each projected LEAC period the working capital change related to the changes in the value of GPA's fuel inventory from the beginning of the LEAC period to the end of the six month projected period is to be passed through to GPA's ratepayers in the LEAC. GPA and GCG recommend that this process should be amended for the upcoming LEAC period on a one time basis. In view of the fact that the unforeseen precipitous drop in world oil prices would result in a significant decrease in the LEAC level and given the significant concerns with GPA's liquidity levels, GPA has requested and GCG has agreed to recommend to the PUC that the change in working capital levels for the next LEAC period be limited based on an assumed oil inventory valuation of \$64.46 per barrel. GPA agrees that in all future LEAC proceedings all changes in working capital levels related to its fuel inventory will be passed through the LEAC in the manner previously approved by the PUC. Further, all liquidity issues will be addressed by GPA in its next base rate case which is anticipated to be filed in mid 2009 and will not be considered as a factor in the determination of future LEAC factors.
5. GPA and GCG agree that a 7% line loss factor should be adopted as an interim standard until the GPA Transmission Study is completed. GPA shall file the Transmission Study no later than December 31, 2009 and a new line loss standard shall be proposed for determination by the PUC for implementation in the LEAC factor no later than February 1, 2010. No adjustment for line loss should therefore be made in this proceeding.
6. GPA and GCG agree that GPA should continue its oil hedging program despite the significant losses projected to be incurred in the upcoming LEAC period. GPA agrees to report to the PUC no later than May 1, 2009 on actions taken by it in response to the volatility of oil prices and the impact of the hedging program on the financial liquidity of GPA. GPA and GCG continue to agree that it is prudent for GPA to pursue obtaining a standby letter of credit ("SBLC") to cover possible margin calls from third parties when the cost of oil falls below the floors of GPA's hedge contracts. If GPA is successful in obtaining a commitment for an SBLC on reasonable terms, the PUC should commit to allowing reasonable associated costs to pass through the LEAC as they are fuel related.

7. GPA and GCG recommend that the PUC approve a decrease in the LEAC factor from the current \$0.17105 per kWh to \$0.15763 per kWh effective on all meters read on or after February 1, 2009. Attached hereto as Attachment A are revised LEAC schedules reflecting this recommended factor.
8. GPA shall file its next LEAC request on or before June 15, 2009.

**GEORGETOWN CONSULTING
GROUP, INC.**

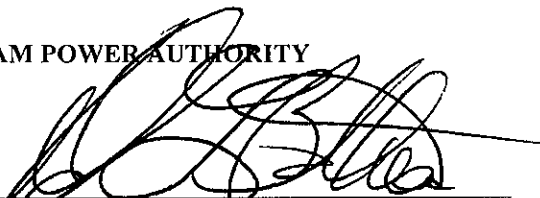
By: **BLAIR STERLING JOHNSON
MARTINEZ & LEON GUERRERO**
A PROFESSIONAL CORPORATION

DATED: JANUARY 21, 2009

By: 
WILLIAM J. BLAIR
Attorneys for Georgetown Consulting Group, Inc.

GUAM POWER AUTHORITY

DATED: JANUARY 21, 2009

By: 
GRAHAM D. BOTHA
Staff Attorney

ATTACHMENT

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LEAC FACTOR COMMENCING FEB 1 09 RE DKT 02-04.DOC

Attachment

LEAC Projection October 2008 Through March 2009

Adjustments to Filed Workbook:

- 1. Remove 120% factor from No.6 and No.2 oil**
- 2. Estimate Fuel Inventory Value Decrease and Amortize**
- 3. Update Price Projection to Jan. 8 MSEC**

	AS FILED Six Months Ending July 31, 2009	ADJUSTED Six Months Ending July 31, 2009
Cost of Number 6 Oil	\$ 68,269,679	\$ 68,773,062
Cost of Number 2 Oil	4,334,956	3,931,187
Total Oil Costs	<u>\$ 72,604,635</u>	<u>\$ 72,704,249</u>
Fuel Handling Costs	50,558,491	50,672,577
Total Fuel Costs	<u>\$ 123,163,126</u>	<u>\$ 123,376,826</u>
Civilian Allocation	79.78%	79.78%
Total LEAC Costs	<u>\$ 98,255,994</u>	<u>\$ 98,426,477</u>
Under/(Over) Recovery	7,151,305	7,300,021
Net LEAC Costs	<u>\$ 105,407,299</u>	<u>\$ 105,726,498</u>
Civilian Sales (kWh)	670,734	670,734
LEAC Factor	0.15715	0.15763
Current LEAC Factor	0.17105	0.17105
Decrease in Factor	<u>\$ (0.013897)</u>	<u>\$ (0.013421)</u>
Average Use-Res (kWh)	1,000	1,000
Monthly Incr. (Decr.)-Res.	<u>\$ (13.90)</u>	<u>\$ (13.42)</u>
Average Res. Bill	<u>\$ 236.89</u>	<u>\$ 236.89</u>
% Change	-5.87%	-5.67%

Adjustments:

1. Remove 120% Price Factor
2. Update Prices for January 6, 2009 MS Energy Noon Call
3. Include Inventory Valuation Amortization without limit

Table for Report

	As Filed	w/o 120%	Updated
Jan-09	45.89	39.33	47.70
Feb-09	46.61	39.93	47.34
Mar-09	46.67	39.98	47.62
Apr-09	49.48	42.32	48.88
May-09	49.48	42.32	48.88
Jun-09	49.48	42.32	48.88
Jul-09	52.46	44.81	51.03

	Market	Floor 1	Floor 2	Weighted Price
% of Supply	50%	25%	25%	
Jan-09	\$ 45.89	\$ 110.08	\$ 101.49	\$ 75.84
Feb-09	46.61	110.08	101.49	76.20
Mar-09	46.67	110.08	101.49	76.23
Apr-09	49.48	96.21	93.45	72.15
May-09	49.48	96.21	93.45	72.15
Jun-09	49.48	96.21	93.45	72.15
Jul-09	52.46	93.94	<i>None</i>	62.83

Schedule 1

GUAM POWER AUTHORITY
Fuel Clause Reconciliation

	Total	Feb-09 28	Mar-09 31	Apr-09 30	May-09 31	Jun-09 30	Jul-09 31	TOTALS	% To Total
1 Start Date									
2 Total Sales	0								
3 Daily Sales	0.00								
4 Plant Use	6.18%								
5 Transmission Loss	3.26%								
6 Distribution Loss	3.97%								
7 Company Use	0.18%								
8 Total Daily Demand									
9 Month									
10 Days									
11 Required Generation-Civilian	117,868	Forecast	130,485	Forecast	130,485	Forecast	130,485	761,865	79.777%
12 Required Generation-Navy	29,876		33,077		33,077		33,077	193,127	20.223%
13 TOTAL REQUIRED GENERATION	147,733		163,562		163,562		163,562	954,991	
14 Number 6 (HSFO/LSFO)	\$ 11,483,470	\$ 11,134,852	\$ 10,984,776	\$ 11,550,322	\$ 11,612,972	\$ 12,006,672	\$ 12,006,672	\$ 68,773,062	Schedule 2
15 Number 2 (GPA)	1,210,924	1,117,261	807,630	0	632,458	68,990	93,924	3,931,187	Schedule 3
16 Number 2 (USN)	0	0	0	0	0	0	0	0	Schedule 4
17 TOTAL COST	\$ 12,694,394	\$ 12,252,113	\$ 11,792,405	\$ 11,792,405	\$ 12,182,780	\$ 11,681,962	\$ 12,100,595	\$ 72,704,249	
18 Handling Costs	10,189,721	10,151,099	8,543,551	8,479,473	8,479,473	8,479,473	4,829,008	50,672,577	Schedule 5
19 TOTAL EXPENSE	\$ 22,884,115	\$ 22,403,212	\$ 20,335,956	\$ 20,335,956	\$ 20,662,253	\$ 20,161,687	\$ 16,929,604	\$ 123,376,826	

Calculation of Civilian Factor

20 Sales-Civilian	103,760	114,877	111,171	114,877	114,877	111,171	114,877	670,734
21 Fuel Cost Recovery	16,355,480	18,107,853	17,523,729	18,107,853	17,523,729	18,107,853	18,107,853	105,726,498
22 Civilian Costs (Total Expense x %)	79.777%	17,872,637	16,223,440	16,483,750	16,084,413	13,505,950	98,426,477	
22a Deferred Fuel Amort.	0						0	
23 Under/(Over)	1,900,807	(235,216)	(1,300,289)	(1,624,103)	(1,439,316)	(4,601,903)	(7,300,021)	
24 Estimated Under/(Over)							7,300,021	
25 Net Recovery Under/(Over)							0	
26 Proposed Fuel Cost Recovery								\$157,62816 Rate to fully recover in Six Mon

Civilian Clause Reconciliation:

27 Opening Recovery Balance-January 31, 2009	7,300,021	9,200,828	8,965,611	7,665,322	6,041,219	4,601,903	4,601,903	
Under/(Over)	1,900,807	(235,216)	(1,300,289)	(1,624,103)	(1,439,316)	(4,601,903)	(4,601,903)	
29 Closing Recovery Balance	9,200,828	8,965,611	7,665,322	6,041,219	4,601,903	0	7,300,021	Decrease/(Increase) in Deferred F

Bills Computed at 1000 kWh/month	Current Rates	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge \$/month	\$ 5.21	\$ 5.21	\$ 5.21	\$ -
Non Fuel Energy Charges (\$/kwh)	0.03354	16.77	16.77	\$ -
Lifeline Usage (500 Kwh)	0.07950	39.75	39.75	\$ -
Non Lifeline Usage				
WaterWell Charge	0.00000	0	0	\$ -
Lifeline Usage (500 Kwh)	0.00242	1.21	1.21	\$ -
Non Lifeline Usage	0.0029	2.9	2.9	\$ -
Insurance Charge				
Fuel Recovery Charge	\$ 157.62816	171.05	157.63	\$ (13.42)
TOTAL Bill		\$ 236.89	\$ 223.47	\$ (13.42)
Increase (Decrease) From Current Bill				\$ (13.42)
Percent Increase (Decrease)				-5.67%
Decrease From Current Leac Factor				(13.42)
Percent Increase (Decrease)				-7.85%

105,726,498
670,734
157,6281564

	Baseload Unit Forecast Cost of Number 6 Oil						
IWPS TOTAL GENERATION	147,733	163,562	158,286	163,562	158,286	163,562	954,991
	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Total</u>
Cabras #1							
Generation (Mwh)	8,022	16,837	32,469	35,426	29,744	30,397	152,895
Kwh/Barrel	602	602	602	602	602	602	
Barrels	13,326	27,969	53,935	58,847	49,409	50,493	253,979
Mmbtu/Kwh (Heat Rate)	10,133	10,133	10,133	10,133	10,133	10,133	
Cabras #2							
Generation (Mwh)	23,200	24,107	14,885	0	22,881	27,329	112,401
Kwh/Barrel	602	602	602	602	602	602	
Barrels	38,538	40,044	24,725	0	38,009	45,397	186,713
Mmbtu/Kwh (Heat Rate)	10,133	10,133	10,133	0	10,133	10,133	
Cabras #3							
Generation (Mwh)	18,777	25,058	19,596	25,643	24,288	19,980	133,342
Kwh/Barrel	765	765	765	765	765	765	
Barrels	24,545	32,755	25,615	33,521	31,749	26,117	174,303
Mmbtu/Kwh (Heat Rate)	7,974	7,974	7,974	7,974	7,974	7,974	
Cabras #4							
Generation (Mwh)	20,436	20,141	23,177	25,358	19,550	23,290	131,952
Kwh/Barrel	760	760	760	760	760	760	
Barrels	26,890	26,502	30,496	33,366	25,723	30,644	173,622
Mmbtu/Kwh (Heat Rate)	8,026	8,026	8,026	8,026	8,026	8,026	
Tanguisson #1							
Generation (Mwh)	8,563	7,761	8,324	9,066	3,784	2,860	40,358
Kwh/Barrel	491	491	491	491	491	491	
Barrels	17,439	15,807	16,953	18,464	7,707	5,825	82,195
Mmbtu/Kwh (Heat Rate)	12,424	12,424	12,424	12,424	12,424	12,424	
Tanguisson #2							
Generation (Mwh)	7,943	5,908	4,782	8,857	6,909	7,009	41,407
Kwh/Barrel	487	487	487	487	487	487	
Barrels	16,310	12,131	9,819	18,187	14,186	14,392	85,026
Mmbtu/Kwh (Heat Rate)	12,526	12,526	12,526	12,526	12,526	12,526	
Piti Power Plant 4 & 5							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	463	463	463	463	463	463	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Enron (IPP) Piti #8							
Generation (Mwh)	26,949	27,372	23,610	25,796	24,357	25,069	153,153
Kwh/Barrel	719	719	719	719	719	719	
Barrels	37,481	38,070	32,837	35,877	33,876	34,867	213,008
Mmbtu/Kwh (Heat Rate)	8,484	8,484	8,484	8,484	8,484	8,484	
Enron (IPP) Piti #9							
Generation (Mwh)	25,968	29,324	26,395	29,709	26,336	27,034	164,766
Kwh/Barrel	713	713	713	713	713	713	
Barrels	36,421	41,128	37,020	41,668	36,937	37,916	231,089
Mmbtu/Kwh (Heat Rate)	8,555	8,555	8,555	8,555	8,555	8,555	
Total Generation (Mwh)	139,859	156,509	153,237	159,855	157,849	162,967	930,276
Total Barrels	210,951	234,406	231,401	239,930	237,596	245,651	1,399,935
Price/Barrel	\$54.44	\$47.50	\$47.47	\$48.14	\$48.88	\$48.88	
Total Cost (Sch. 6)	\$11,483,470	\$11,134,852	\$10,984,776	\$11,550,322	\$11,612,972	\$12,008,672	\$68,773,062
% to Total MWH Generation	95%	96%	97%	98%	100%	100%	97%
% to Fuel Cost	90%	91%	93%	95%	99%	99%	95%

THE GUAM POWER AUTHORITY
GPA Diesel Unit Forecast
Cost of Number 2 Oil

Remaining Demand	7,875	7,053	5,049	3,707	437	595	24,716
	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Total</u>
Dededo CT #1							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	374	374	374	374	374	374	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Dededo CT #2							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	374	374	374	374	374	374	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Macheche CT							
Generation (Mwh)	87	212	82	116	0	0	498
Kwh/Barrel	472	472	472	472	472	472	
Barrels	185	449	175	246	0	0	1,054
Mmbtu/Kwh (Heat Rate)	12,288	12,288	12,288	0	0	0	
Yigo CT							
Generation (Mwh)	264	514	437	670	0	0	1,884
Kwh/Barrel	446	446	446	446	446	446	
Barrels	591	1,153	979	1,502	0	0	4,224
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Tenjo Vista							
Generation (Mwh)	6,680	5,253	4,044	2,504	429	552	19,462
Kwh/Barrel	622	622	622	622	622	622	
Barrels	10,739	8,445	6,502	4,025	690	887	31,289
Mmbtu/Kwh (Heat Rate)	9,325	9,325	9,325	9,325	9,325	9,325	
TEMES							
Generation (Mwh)	0	32	0	0	0	0	32
Kwh/Barrel	410	410	410	410	410	410	
Barrels	0	79	0	0	0	0	79
Mmbtu/Kwh (Heat Rate)	0	14,146	0	0	0	0	

	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Total</u>
Manengon (MDI)							
Generation (Mwh)	228	285	121	93	0	4	731
Kwh/Barrel	647	647	647	647	647	647	
Barrels	353	441	187	143	0	6	1,130
Mmbtu/Kwh (Heat Rate)	8,964	8,964	8,964	8,964	0	8,964	
Talofofa							
Generation (Mwh)	616	757	365	325	8	39	2,109
Kwh/Barrel	619	619	619	619	619	619	
Barrels	995	1,222	589	524	13	63	3,406
Mmbtu/Kwh (Heat Rate)	9,370	9,370	9,370	9,370	9,370	9,370	
Marbo CT							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	293	293	293	293	293	293	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Dededo Diesel							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	521	521	521	521	521	521	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Total Generation (MWH) #2 Units	7,875	7,053	5,049	3,707	437	595	
Total Barrels	12,863	11,790	8,432	6,440	703	956	41,183
Price/Barrel-See Schedule 7	\$ 94.14	\$ 94.77	\$ 95.78	\$ 98.21	\$ 98.21	\$ 98.21	\$ 95.46
Total Cost	\$1,210,924	\$1,117,261	\$807,630	\$632,458	\$68,990	\$93,924	\$3,931,187
Total Gross Generation	147,733	163,562	158,286	163,562	158,286	163,562	
Total Barrels	223,814	246,196	239,832	246,370	238,299	246,608	
% to Total MWH Generation	5%	4%	3%	2%	0%	0%	
% to Fuel Cost	10%	9%	7%	5%	1%	1%	

GUAM POWER AUTHORITY
Navy Dispatch

Schedule 4

Remaining Demand	(0)	0	(0)	(0)	0	0	
	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Total</u>
New Orote Plant							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	600	600	600	600	600	600	
Barrels	0	0	0	0	0	0	0
Radio Barrigada Muse							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	550	550	550	550	550	550	
Barrels	0	0	0	0	0	0	0
Naval Hospital Muse							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	550	550	550	550	550	550	
Barrels	0	0	0	0	0	0	0
Total Barrels	0	0	0	0	0	0	0
Price/Barrel	\$ 94.14	\$ 94.77	\$ 95.78	\$ 98.21	\$ 98.21	\$ 98.21	
Total Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Demand	(0)	0	(0)	(0)	0	0	0

GUAM POWER AUTHORITY
Fuel Handling and Other Costs

Schedule 5

	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Total
Total Number Six Consumption	210,951	234,406	231,401	239,930	237,596	245,651	1,399,935
Dock Usage Fee/Barrel	\$0.26	\$0.24	\$0.24	\$0.23	\$0.23	\$0.23	
Total Dock Fee-Shell (FY09 Budget)	\$55,472	\$55,472	\$55,472	\$55,472	\$55,472	\$55,472	\$332,832
A) Excess Laytime/Overtime-Shell	2,264	2,515	2,483	2,574	2,549	2,636	15,022
Storage Tank Rental-Shell (FY09 Budget)	115,560	115,560	115,560	115,560	115,560	115,560	693,360
Pipeline Fee-Shell (FY09 Budget)	<u>52,157</u>	<u>52,157</u>	<u>52,157</u>	<u>52,157</u>	<u>52,157</u>	<u>52,157</u>	<u>312,943</u>
TOTAL SHELL	\$225,453	\$225,704	\$225,672	\$225,764	\$225,739	\$225,825	\$1,354,157
PEDECO Management Fee (actual monthly invoice)	\$54,356	\$54,356	\$54,356	\$54,356	\$54,356	\$54,356	\$326,136
Ship Demurrage Cost (FY 09 Budget)	14,500	14,500	14,500	14,500	14,500	14,500	\$87,000
D) Fuel Hedging loss/gain (estimated)	8,549,464	8,512,130	6,905,277	6,905,277	6,905,277	3,252,735	41,030,161
E) Lube Oil (FY09 1.2M)	100,000	100,000	100,000	100,000	100,000	100,000	600,000
Subscription Delivery fee, Vacuum Rental, Hauling (FY09 Budget)	8,117	8,117	8,117	8,117	8,117	8,117	48,700
F) Sale of fuel to Matson	(64,981)	(64,981)	(64,981)	(64,981)	(64,981)	(64,981)	(389,884)
G) Wind Study approved by PUC	66,667	66,667	66,667	0	0	0	200,000
H) Inventory growth to be recovered this period -09/30/07 vs. 9/30/08	1,634,020	1,634,020	1,634,020	1,634,020	1,634,020	1,634,020	9,804,118
I) Inventory growth to be recovered this period -07/31/09 vs. 01/31/09	(478,187)	(478,187)	(478,187)	(478,187)	(478,187)	(478,187)	(2,869,123)
CCU Approved Offset of \$2.5 million	0	0	0	0	0	0	0
SGS Inspection (FY 09 Budget)	<u>19,177</u>	<u>19,177</u>	<u>19,177</u>	<u>19,177</u>	<u>19,177</u>	<u>19,177</u>	<u>115,065</u>
TOTAL	\$9,903,133	\$9,865,799	\$8,258,946	\$8,192,279	\$8,192,279	\$4,539,737	\$48,952,173
Property Insurance Assignable to fuel	0	0	0	0	0	0	\$0
Excess & Pollution Liability Ins.	0	0	0	0	0	0	0
	0	0	0	0	0	0	\$0
C) Labor charges	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$62,500
B) L/C Charges, Bank Charges	50,719	49,179	48,516	51,014	51,291	53,029	\$303,748
TOTAL ADDITIONAL COST	<u>\$10,189,721</u>	<u>\$10,151,099</u>	<u>\$8,543,551</u>	<u>\$8,479,473</u>	<u>\$8,479,725</u>	<u>\$4,829,008</u>	<u>\$50,672,577</u>
							50,672,577

Notes:

(A) Total Excess Laytime & O/T Charges for period 10/07 thru 9/08
 Total barrels offloaded FY 2008
 Rate per barrel

\$28,155
 2,623,897
\$0.0107

(B) Total Bank Charges (commission, issuance, LC fees)
 LC charges rate per annum
 # of months charged by ANZ Bank

FY 08
2.65%
 2

(c) Fiscal Year 09 budget for Labor
 Divided by 12 months
 Estimated labor charges fy09

\$ 125,000.00
12.00
\$ 10,416.67

(D) Fuel Hedging Gain/loss - Hedging Contract is in place from October 08 thru September 2009

(E) Lube oil is based on FY 09 Budget of (\$1,200,000)

(F) Sale to Matson
 Average No. of Barrels for FY 2008
 Multiplied by \$1.69 for handling fee and \$4.20 for bunker fee plus 15% markup

G) Wind study \$ 400,000
 6 Months amortization 6
 Monthly recovery \$ 66,667

H) Inventory Growth calculated as follows:

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 09/30/08	489,199	115.353	\$ 56,435,590.73
Actual ending inventory as of 09/30/07	489,199	64.455	\$ 31,531,354.20
Change in fuel inventory	-	50.908	\$ 24,904,236.53
Less: Amount collected from gov. guam			\$ 5,296,000.00
Amount recoverable for 12 months			\$ 19,608,236.53
Divided by 12 months-to recover every month			\$ 1,634,019.71

I) Inventory Growth calculated as follows:

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 07/31/09	489,199	64.455	\$ 31,531,354.20
Estimated ending inventory as of 01/31/09	489,199	81.146	\$ 39,696,477.49
Change in fuel inventory	489,199	(16.691)	\$ (8,165,123.29)
Add Amount collected from gov. guam			\$ 5,296,000.00
Amount recoverable for 6 months			\$ (2,869,123.29)
Divided by 6 months-to recover every month			\$ (478,187.22)

Note: 7/31/09 ending inventory unit cost is \$88.503 per barrel however GPA is using the unit cost of \$64.55 in order for GPA to maintain the same level of reimbursement for fuel inventory cost change. At the same time, we are adding back the \$5.3M adjustment as per reconciliation below:

FY 07 vs. FY 08 Inventory Change \$ 24,904,236.53
 Less: Amount collected from gov. gu \$ (5,296,000.00)
 Additional Fuel cost to ratepayers \$ 19,608,236.53

Oct. 2008 vs. January 09 Inventory Change \$ (18,737,890.45)
 Jan. 2009 vs. July 09 Inventory Change \$ (8,165,123.29)
 Total Inventory Change in FY 09 \$ (24,903,013.74)
 Add: Amount collected from gov. guam \$ 5,296,000.00
 Additional credit to ratepayers \$ (19,607,013.74)

GUAM POWER AUTHORITY
Inventory Effect of Number Six Costs

Schedule 6

	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Ending
Layer 1 Inventory (bbls)	77,413	-	-	-	-	-	-
Layer 1 Price/Bbl	66.06	66.06	66.06	66.06	66.06	66.06	66.06
Layer 2 Inventory (bbls)	240,000	106,462	-	-	0	0	0
Layer 2 Price/Bbl	47.70	47.70	47.70	47.70	47.70	47.70	47.70
Layer 3 Inventory (bbls)	240,000	250,000	122,056	-	-	-	-
Layer 3 Price/Bbl	47.34	47.34	47.34	47.34	47.34	47.34	47.34
Layer 4 Inventory (bbls)	240,000	250,000	250,000	140,655.29	-	-	0
Layer 4 Price/Bbl	47.62	47.62	47.62	47.62	47.62	47.62	47.62
Layer 5 Inventory (bbls)	240,000	250,000	250,000	250,000.00	109,344.71	-	0
Layer 5 Price/Bbl	48.88	48.88	48.88	48.88	48.88	48.88	48.88
Layer 6 Inventory (bbls)	240,000	250,000	250,000	250,000.00	250,000.00	121,748.47	0
Layer 6 Price/Bbl	48.88	48.88	48.88	48.88	48.88	48.88	48.88
Layer 7 Inventory (bbls)	240,000	250,000	250,000	250,000.00	250,000.00	250,000.00	126,097
Layer 7 Price/Bbl	48.88	48.88	48.88	48.88	48.88	48.88	48.88
Total Consumption (bbls)	210,951	234,406	231,401	239,930	237,596	245,651	
Total Barrels							
Layer 1	77,413	0	0	0	0	0	
Layer 2	133,538	106,462	0	0	0	0	
Layer 3	0	127,944	122,056	0	0	0	
Layer 4	0	0	109,345	140,655	0	0	
Layer 5	0	0	0	99,275	109,345	0	
Layer 6	0	0	0	0	128,252	121,748	
Layer 7	0	0	0	0	0	123,903	
Total	210,951	234,406	231,401	239,930	237,596	245,651	
Cost							
Layer 1	\$5,113,490	\$0	\$0	\$0	\$0	\$0	
Layer 2	6,369,980	5,078,389	-	-	-	-	
Layer 3	-	6,056,463	5,777,728	-	-	-	
Layer 4	-	-	5,207,047	6,698,072	-	-	
Layer 5	-	-	-	4,852,249	5,344,432	-	
Layer 6	-	-	-	-	6,268,540	5,950,690	
Layer 7	-	-	-	-	-	6,055,982	
Total	\$11,483,470	\$11,134,852	\$10,984,776	\$11,550,322	\$11,612,972	\$12,006,672	\$68,773,062
Price Per Barrel	\$54.44	\$47.50	\$47.47	\$48.14	\$48.88	\$48.88	

Sep-08	115.36	Actual												
Oct-08	109.46	Actual												
Nov-08	96.24	Actual												
Dec-08	66.06	Actual												
Jan-09	47.70	Forecast	Note: Fuel forecast was based Morgan Stanley Energy Noon Call Asia on Sing HSFO 180CST dated 1/09/09		213.75	5.303	8.788	6.523	1.07	228.71	34.65	41.18		
Feb-09	47.34	Forecast			254.00	5.303	8.788	6.523	1.07	271.78	41.18	47.70		
Mar-09	47.62	Forecast			251.75	5.303	8.788	6.523	1.07	269.37	40.81	47.34		
Apr-09	48.88	Forecast			253.50	5.303	8.788	6.523	1.07	271.25	41.10	47.62		
May-09	48.88	Forecast			261.25	5.303	8.788	6.523	1.07	279.54	42.35	48.88		
Jun-09	48.88	Forecast			261.25	5.303	8.788	6.523	1.07	279.54	42.35	48.88		
Jul-09	51.03	Forecast			274.50	5.303	8.788	6.523	1.07	293.72	44.50	51.03		

Balance as of 09.30.08	LSFO	142,773	118.10	16,861,821.73
	HSFO	163,579	112.97	18,479,951.34
	Total Endind as 09.30.08	306,352	115.36	35,341,773

Shipment for the month of October 2008				
	LSFO	140,715	110.91	15,607,122.80
	HSFO	100,825	107.43	10,831,428.10
	Total	241,540	109.46	26,438,551

Shipment for the month of November 2008				
	LSFO	100,718	98.26	9,896,953.55
	HSFO	140,088	94.78	13,275,504.97
	Total	240,806	96.24	23,172,458.52

Shipment for the month of December 2008				
	LSFO	-	-	-
	HSFO	237,263	66.06	15,672,407.67
	Total	237,263	66.06	15,672,407.67

Workpaper for Number 2 oil pricing:

	May-08
Actual Invoice	Shell
Temes	0.0000
Diesel	0.0000
Tenjo	4.4930
Cabras 1&2/Tango	2.9440
Total	7.4370
Average	3.7185
Multiplied by 42	\$ 156.177

Premium fee \$ 14.20 Effective June 1, 2007

Forecast
Price dated 1/08/09

Oct-08	\$ -		Note: Fuel forecast was based on Morgan Stanley	-	0	-
Nov-08	\$ 156.177	Actual	Gasoil swaps dated 1/08/09	-	0	-
Dec-08	\$ 90.15	Forecast		468.50	1.07	501.30
Jan-09	\$ 91.69	Forecast		478.00	1.07	511.46
Feb-09	\$ 94.14	Forecast		493.09	1.07	527.61
Mar-09	\$ 94.77	Forecast		496.95	1.07	531.74
Apr-09	\$ 95.78	Forecast		503.23	1.07	538.46
May-09	\$ 98.21	Forecast		518.17	1.07	554.44
Jun-09	\$ 98.21	Forecast		518.17	1.07	554.44
Jul-09	\$ 98.21	Forecast		518.17	1.07	554.44
Aug-09	\$ 102.49	Forecast		544.57	1.07	582.69
Sep-09	\$ 103.44	Forecast		550.48	1.07	589.01

**FUEL HEDGING PROGRAM
GAIN/(LOSS)**

GPA HEDGING CALCULATION

FY 2009	Trade Date	Month	Cap. Price	Floor Price	Platt's Posted Price	Diff. between	Contract	GPA
					HSFO 180 cst	Platts Price vs.	Quantity	GAIN / (LOSS)
					\$/MT	\$	MT	(\$)
BP Morgan	6/2/2008	October	\$691.00	\$584.10	400.961	(\$183.139)	9,969	\$ (1,825,712.69)
	6/20/2008	October	\$733.00	\$633.50	400.961	(\$232.539)	9,969	\$ (2,318,181.29)
	PROJECTED NET GPA GAIN/(LOSS)							
BP Morgan	6/2/2008	November	\$691.00	\$584.10	243.570	(\$340.530)	9,969	\$ (3,394,743.57)
	6/20/2008	November	\$733.00	\$633.50	243.570	(\$389.930)	9,969	\$ (3,887,212.17)
	PROJECTED NET GPA GAIN/(LOSS)							
BP Morgan	6/2/2008	December	\$691.00	\$584.10	228.713	(\$355.388)	9,969	\$ (3,542,857.99)
	6/20/2008	December	\$733.00	\$633.50	228.713	(\$404.788)	9,969	\$ (4,035,326.59)
	PROJECTED NET GPA GAIN/(LOSS)							
Goldman BP	7/3/2008	January	\$827.00	\$726.50	271.780	(\$454.720)	9,969	\$ (4,533,103.68)
	7/25/2008	January	\$772.00	\$669.85	271.780	(\$398.070)	9,969	\$ (3,968,359.83)
	PROJECTED NET GPA GAIN/(LOSS)							
Goldman BP	7/3/2008	February	\$827.00	\$726.50	269.373	(\$457.128)	9,969	\$ (4,557,104.05)
	7/25/2008	February	\$772.00	\$669.85	269.373	(\$400.478)	9,969	\$ (3,992,360.20)
	PROJECTED NET GPA GAIN/(LOSS)							
Goldman BP	7/3/2008	March	\$827.00	\$726.50	271.245	(\$455.255)	9,969	\$ (4,538,437.10)
	7/25/2008	March	\$772.00	\$669.85	271.245	(\$398.605)	9,969	\$ (3,973,693.25)
	PROJECTED NET GPA GAIN/(LOSS)							
BP Morgan	8/8/2008	April	\$746.00	\$635.00	279.538	(\$355.463)	9,969	\$ (3,543,605.66)
	8/13/2008	April	\$693.00	\$616.75	279.538	(\$337.213)	9,969	\$ (3,361,671.41)
	PROJECTED NET GPA GAIN/(LOSS)							
BP Morgan	8/8/2008	May	\$746.00	\$635.00	279.538	(\$355.463)	9,969	\$ (3,543,605.66)
	8/13/2008	May	\$693.00	\$616.75	279.538	(\$337.213)	9,969	\$ (3,361,671.41)
	PROJECTED NET GPA GAIN/(LOSS)							
BP Morgan	8/8/2008	June	\$746.00	\$635.00	279.538	(\$355.463)	9,969	\$ (3,543,605.66)
	8/13/2008	June	\$693.00	\$616.75	279.538	(\$337.213)	9,969	\$ (3,361,671.41)
	PROJECTED NET GPA GAIN/(LOSS)							
BP	9/5/2008	July	\$662.00	\$620.00	293.715	(\$326.285)	9,969	\$ (3,252,735.17)
						\$0.000	0	\$ -
	PROJECTED NET GPA GAIN/(LOSS)							
Total for FY 2009								\$ (68,535,658.78)

GPA HEDGE CONTRACTS					
	Trade Date	Quantity	Period	Call Strike \$	Put Strike \$
J Aron	12/5/2007	9969	01/02/2008 - 03/31/2008	520.00	440.00
Morgan Stanley	1/14/2008	9969	01/14-31/2008	519.00	457.00
Morgan Stanley	1/14/2008	9969	02/01-29/2008	519.00	450.75
Morgan Stanley	1/14/2008	9969	03/01-31/2008	519.00	454.50
J Aron	12/5/2007	9969	01/02/2008-03/31/2008	520.00	440.00
J Aron	1/17/2008	9969	04/01/2008 - 06/30/2008	522.00	438.75
Goldman	3/24/2008	9969	07/01/2008 - 09/30/2008	520.00	486.50
Morgan Stanley	5/23/2008	9969	07/01/2008 - 09/30/2008	710.00	618.25
BP Singapore	6/2/2008	9969	10/01/2008 - 12/31/2008	\$691.00	\$584.10
Morgan Stanley	6/20/2008	9969	10/01/2008 - 12/31/2008	733.00	633.50
Goldman	7/3/2008	9969	1/1/09-3/31/09	827.00	\$726.50
BP	7/25/2008	9969	1/1/09-3/31/09	772.00	\$669.85
BP Singapore	8/8/2008	9969	4/1/09-6/30/09	746.00	\$635.00
Morgan	8/13/2008	9969	4/1/09-6/30/09	693.00	\$616.75
BP Singapore	9/5/2008	9969	7/1/09-9/30/09	662.00	\$620.00

IWPS TOTAL GENERATION (MW)	Forecast by Generation					
	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
	147,733	163,562	158,286	163,562	158,286	163,562
Cabras 1	8,287	17,475	35,422	36,675	30,498	31,295
Cabras 2	23,964	25,020	16,238	-	23,462	28,136
Cabras 3	19,396	18,777	21,378	26,547	24,904	20,570
Cabras 4	21,110	20,904	25,285	26,252	20,046	23,978
ENRON 1	27,837	28,409	25,757	26,705	24,974	25,809
ENRON 2	26,824	30,435	28,795	30,756	27,004	27,832
HEI 1	8,845	8,055	9,081	9,386	3,880	2,945
HEI 2	8,205	6,131	5,217	9,169	7,084	7,216
Dededo CT 1	-	0	-	-	-	-
Dededo CT 2	-	0	-	-	-	-
Macheche CT	-	220	90	120	-	-
Marbo CT	-	0	-	-	-	-
Yigo CT	272	534	476	693	-	-
TEMES CT	-	34	-	-	-	-
Dededo Diesel 1	-	0	-	-	-	-
Dededo Diesel 2	-	0	-	-	-	-
Dededo Diesel 3	-	0	-	-	-	-
Dededo Diesel 4	-	0	-	-	-	-
Pulantat Diesel 1	24	88	36	96	-	4
Pulantat Diesel 2	212	208	96	-	-	-
Talofoto Diesel 1	308	282	120	208	8	24
Talofoto Diesel 2	328	503	278	128	-	16
Tenjo Diesel 1	848	700	348	676	148	136
Tenjo Diesel 2	1,012	820	400	644	124	128
Tenjo Diesel 3	1,112	888	656	504	96	108
Tenjo Diesel 4	1,240	964	884	288	44	84
Tenjo Diesel 5	1,340	1,036	1,016	256	16	62
Tenjo Diesel 6	1,348	1,044	1,108	224	12	47
	152,600	169,756	172,680	169,328	162,300	168,392
	147,733	163,562	158,286	163,562	158,286	163,562

ASSUMPTIONS/ADD'L INFORMATION:

- Total sales (Civilian & Navy) same as used in the Docket 98-002.
- Plant use, losses and company use as a ratio to sales are calculated as follows.

	<u>Mwh</u>	<u>Ratio</u> <u>to Sales</u>	
Total Mwh Sales -FY08	1,636,791		Ratio to net send out **
Plant Use - (FY 08)	101,216	6.18%	1,757,962
Transmission Losses (Note A)	53,299	3.26%	6.72%
Distribution losses (Note A)	64,909	3.97%	
Company use (FY08)	2,963	0.18%	
			**tie in to report GPA 318 as of 09.30.08
			Allocated FY05
Note A:	<u>Mwh</u>	<u>Ratio</u>	<u>T&D Losses</u>
Total T&D losses FY07	<u>118,208</u>		<u>7.22%</u> (Ratio to sales)
Transmission losses-9/30/91	48,579	45.09%	53,299
Distribution losses- 9/30/91	<u>59,160</u>	54.91%	<u>64,909</u>
	<u>107,739</u>		<u>118,208</u>
Net Plant Output	1,757,962		
T&D Losses	118,208		
Interim PUC adopted line loss standard		6.7%	

	<u>Delivered Price</u>	<u>Inventory Price</u>
May-08	86.19	
June-08	109.46	
July-08	96.24	86.19
August-08	66.06	98.63
September-08	47.70	104.46
October-08	47.34	54.44
November-08	47.62	47.50
December-08	48.88	47.47
January-09	48.88	48.14
February-09	48.88	48.88
March-09	51.03	48.88

	<u>Delivered Price</u>	
May-08		
June-08		
July-08	190.63	Actual
August-08	94.14	Forecast
September-08	94.77	Forecast
October-08	95.78	Forecast
November-08	98.21	Forecast
December-08	98.21	Forecast
January-09	98.21	Forecast
February-09	102.49	Forecast
March-09	103.44	Forecast