Future Electric Needs on Guam

October 18, 2007

GPA Integrated Resource Plan

Stakeholder Meeting

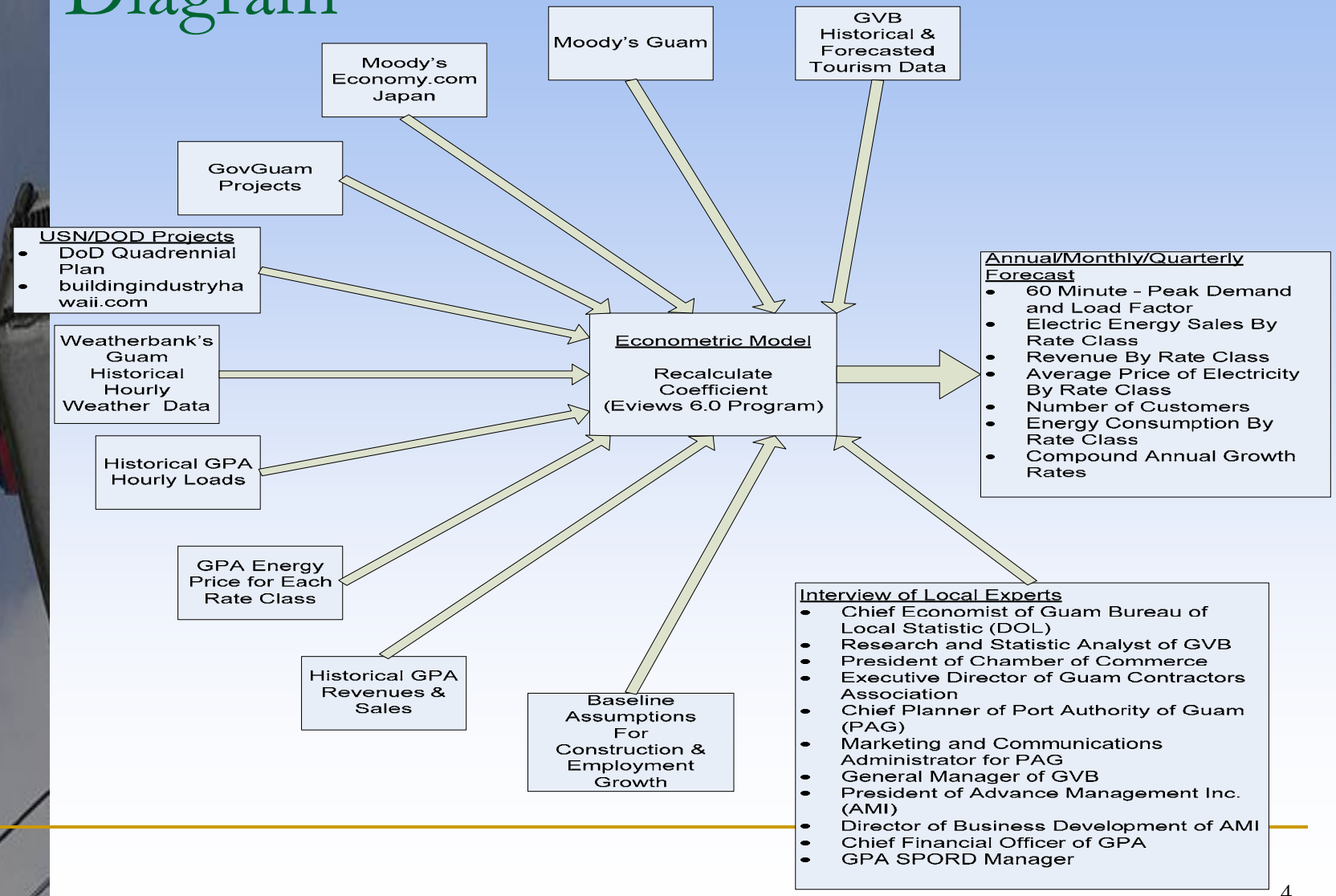
Topics

- GPA's obligation to provide power today and in the future
- Forecasting future electric needs on Guam
  - Key assumptions and economic drivers
  - Forecasts
  - Key Uncertainties

GPA's Obligation

- GPA has an obligation to serve all customers
- Default supplier

GPA Forecast – Model I/O Flow Diagram



Variables Use in Forecast

- 119 Variables
  - Weather Series Data
  - Consumer Price Index
  - Peak Demand, Energy Sales, Customer, Revenues
  - Population
  - Construction
  - Wages
  - Employment
  - Others

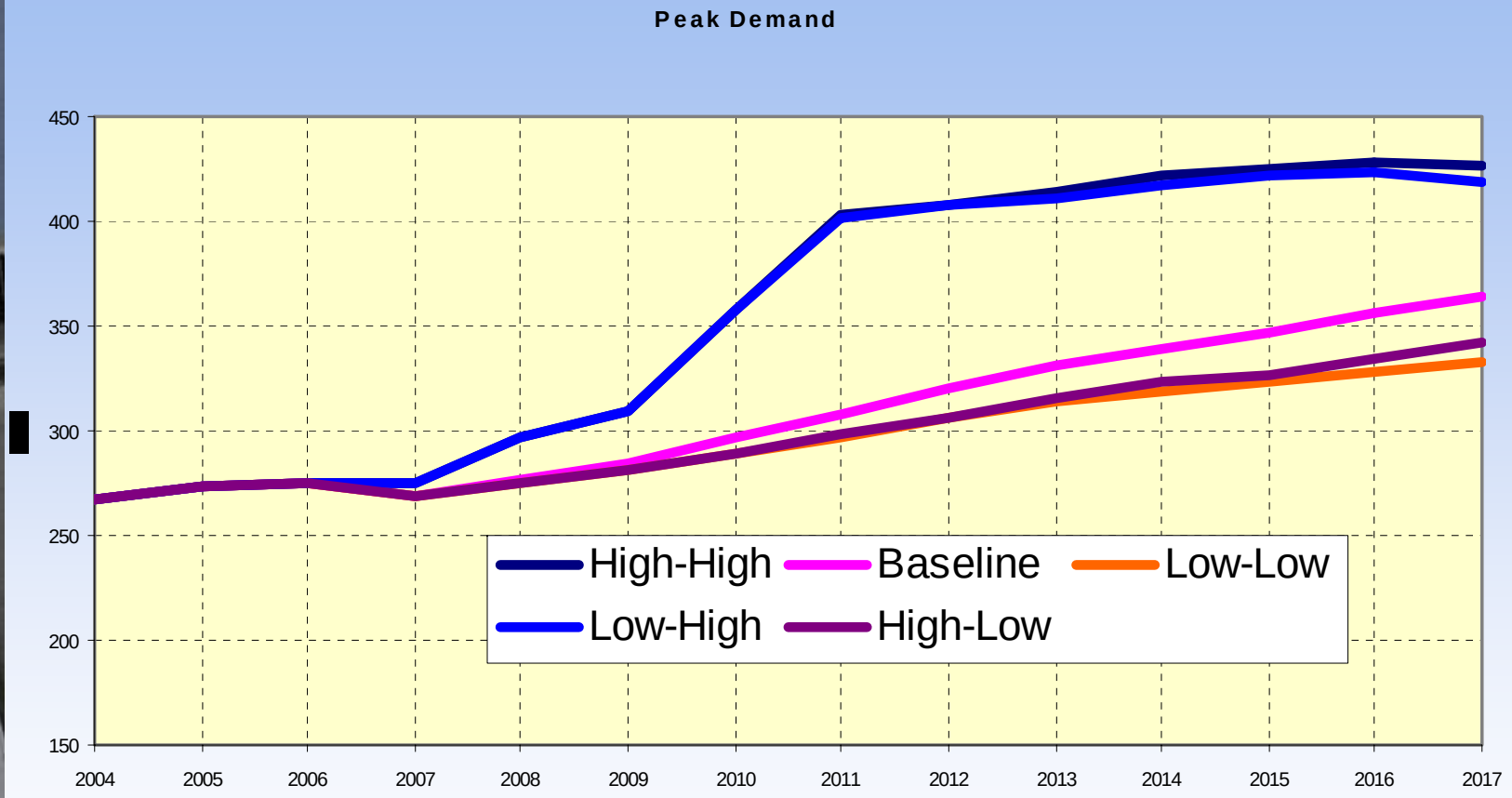
Assumptions

- Population
- Economic activity variables
- Construction employment effects are transitory.
  - Impact has a degree of uncertainty
    - One permanent operating or maintenance job is created for every $1 million (2005 $) in construction spending.
    - Guam Average Hourly Earnings In Construction ($2005): $11.50
    - Mainland Average Hourly Earnings In Construction ($2005): $37.00
    - Construction Expenditure per Construction Job: $189,150
    - Percentage of Materials & Supplies in Construction Expenditures: 67%
    - Percentage of Labor Costs in Construction Expenditures: 33%
    - Percentage of I-94 Labor: 50%
    - Percentage of Mainland Labor: 50%
    - I-94 Workers, % of wages spent locally: 30%
    - Mainland Workers, % of wages spent locally: 50%
    - Indirect Employment Multiplier: 0.60
      - 0.6 jobs are created indirectly for every new infrastructure job.

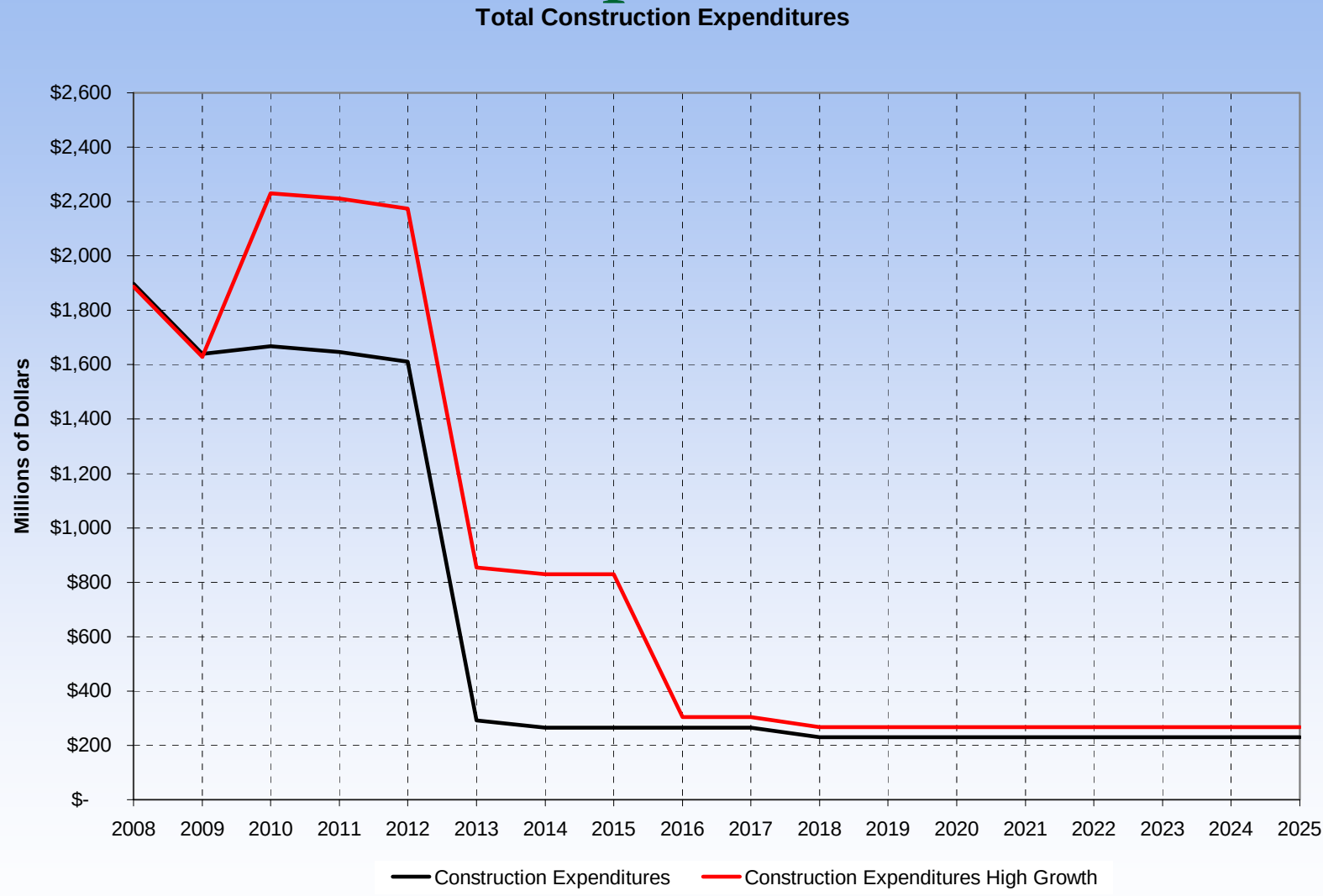
Scenarios

- Baseline forecast for Guam
- A Low Tourism-High Infrastructure Development
- A High Tourism-Low Infrastructure Development
- A High Tourism-High Infrastructure Development

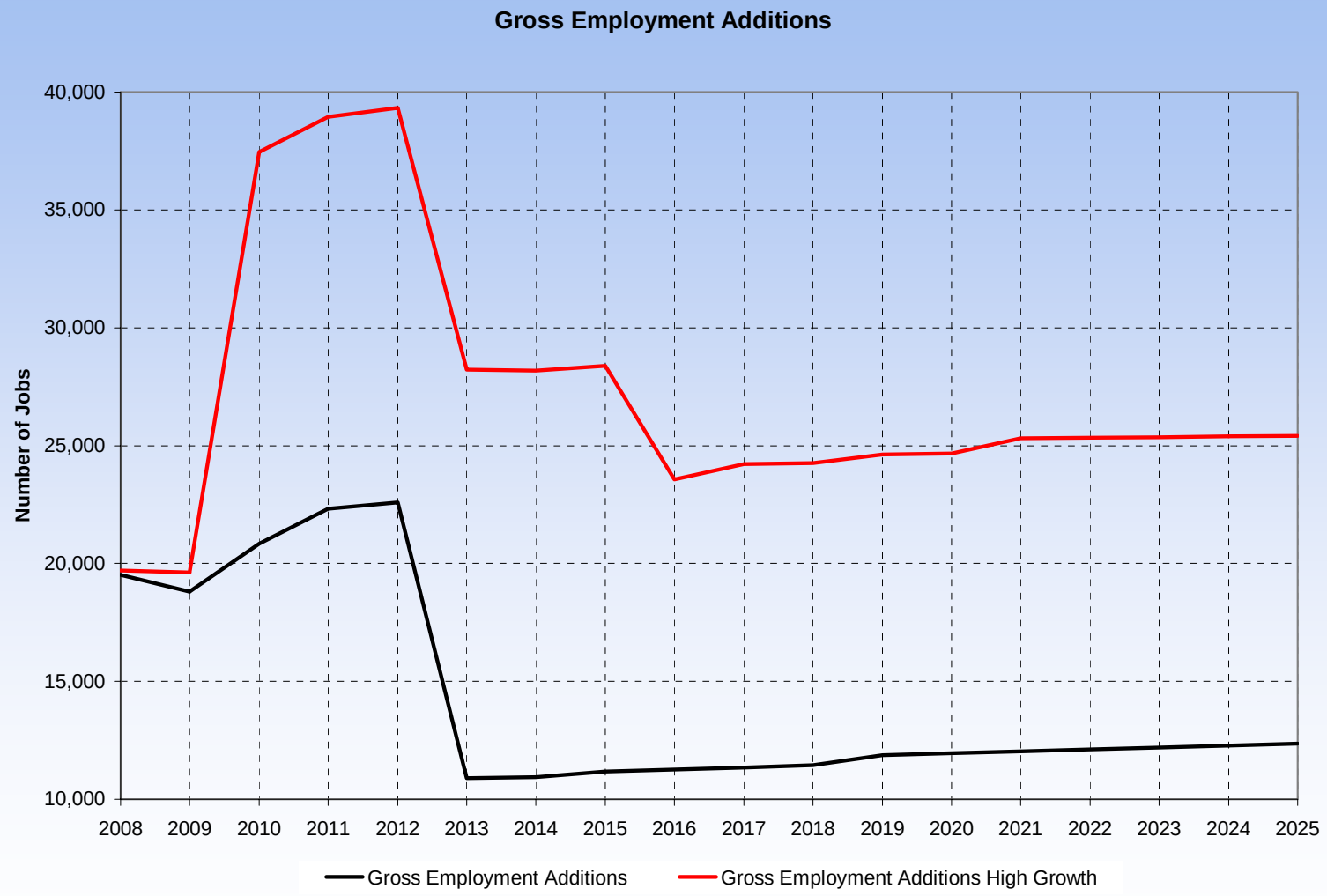
Latest Forecast Update



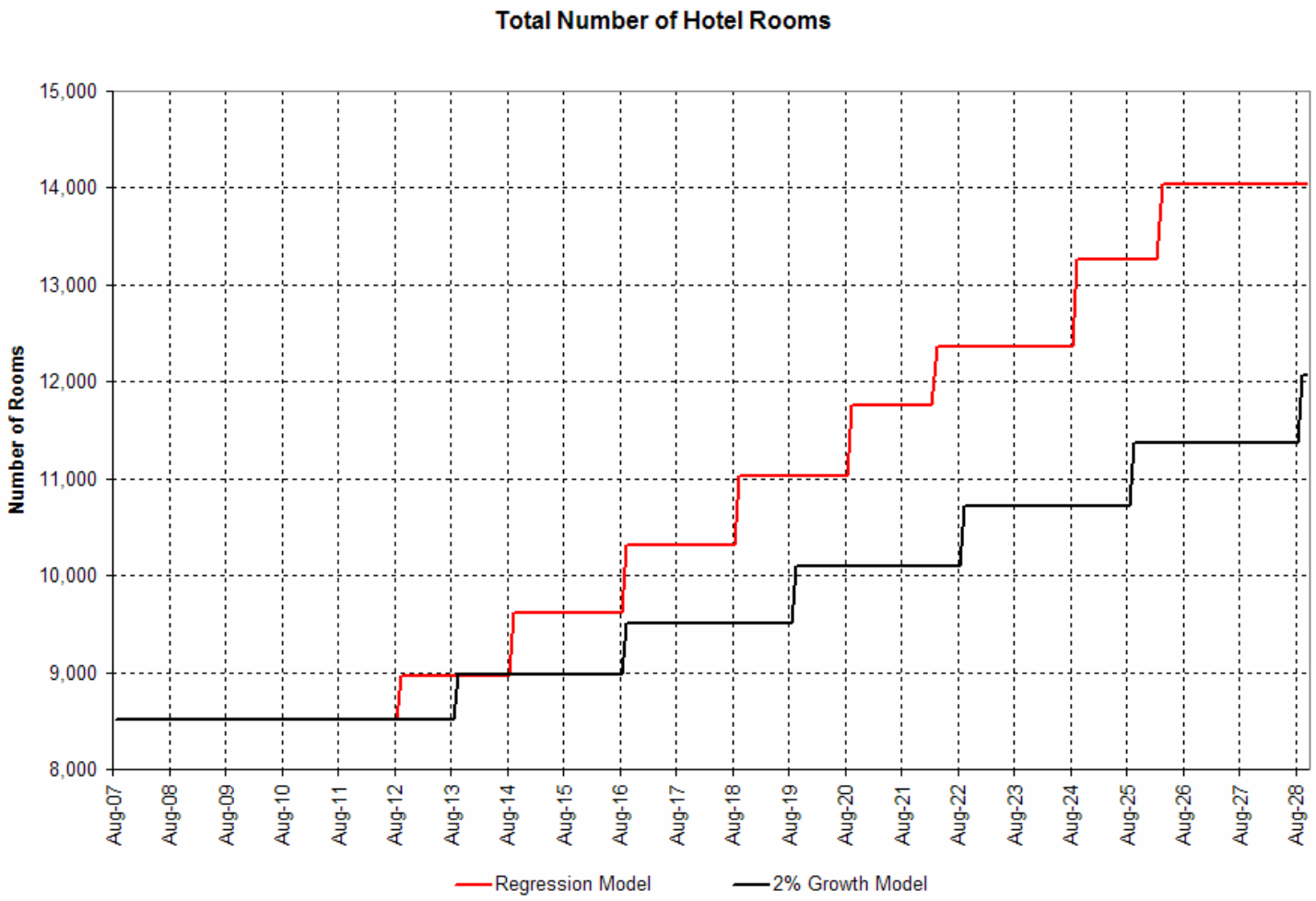
Construction Expenditures



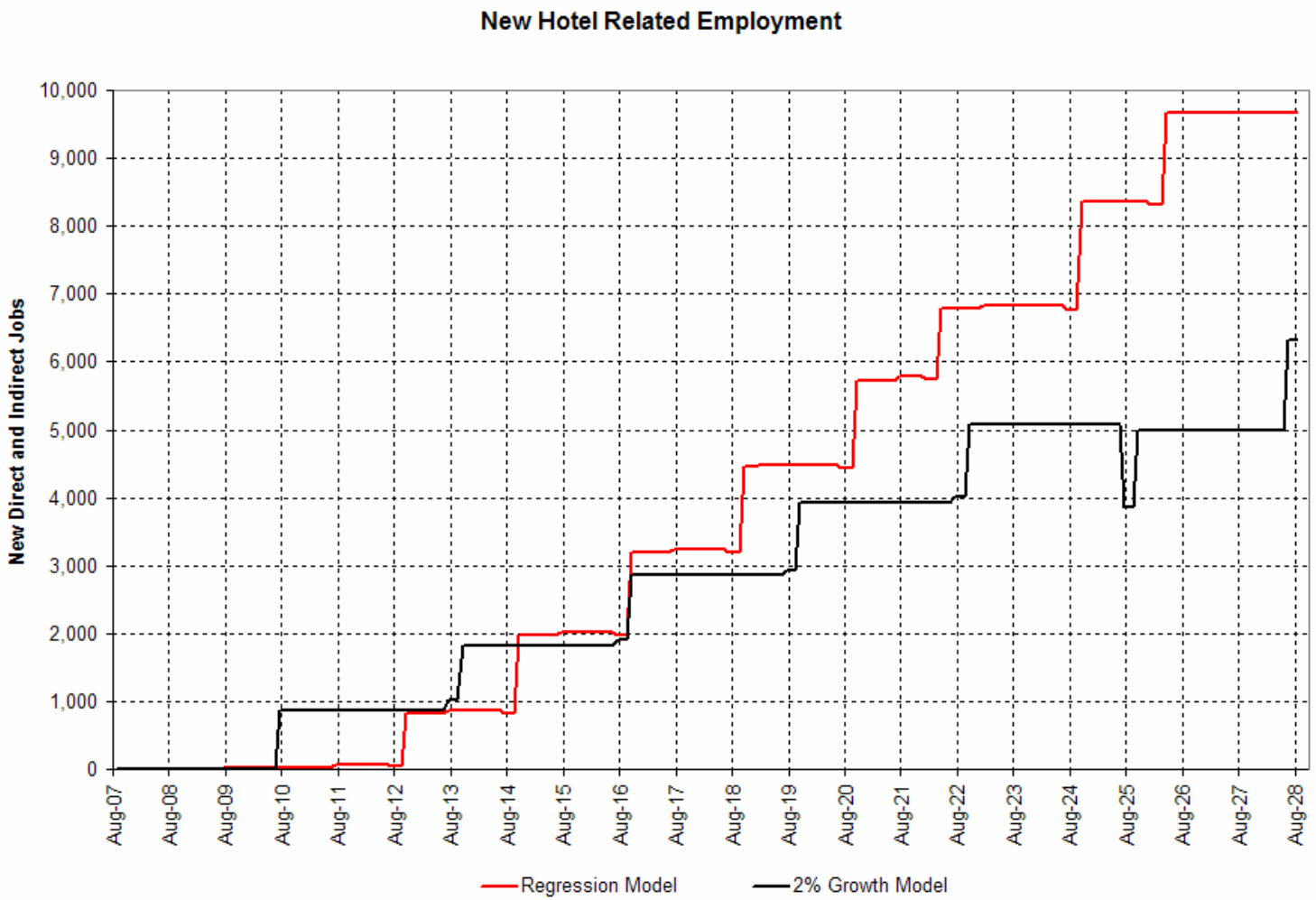
Employment Additions



Hotel Room Forecast



New Hotel Related Employment



Key Uncertainties

- Timing and Cost Magnitude of DOD Buildup projects
- Inherent uncertainties in the general assumptions
- Quality of Guam economic data series
- Rising Fuel Prices
  - Elasticities
  - Demand Destruction

Questions