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July 14, 2011

Jeff Johnson, Chairman
Guam Public Utilities Commission
Suite 207, GCIC Building
Hagatna, Guam 96932

Re: GPA Docket 11-06 - Request for a LEAC Factor Effective August 1, 2011

Dear Chairman Johnson:

This letter is in response to Guam Power Authority's ("GPA") request for an increase in its Levelized Energy Adjustment Clause ("LEAC") factor for the six-month period commencing August 1, 2011. In its June 15, 2011 petition GPA requested that the current factor of \$0.16153 per kWh be increased to \$0.19216 per kWh. This increase represents an increase of 13% on a typical residential bill (\$30.63 per month) or about 19% on the fuel portion of that bill. According to GPA, this increase is predominantly related to increases in the market price of fuel plus current under-recovery of fuel expense with an estimated under-recovery balance as of July 31, 2011 of about \$8 million.¹

Concurrently with the LEAC filing on or about June 15, 2011, GPA filed a second petition. This second filing was a request by GPA for the Commission to approve an amendment to the fuel purchase contract between GPA and Petrobras Singapore Pte Ltd. ("Petrobras"). Petrobras is the sole supplier of Number 6 (RSFO) oil to GPA. Georgetown Consulting Group ("GCG") was not requested to review this proposed amendment or to make any recommendations with respect to it. We only became aware of the proposed amendment shortly before we began preparing this report. This amendment to the Petrobras contract, if approved by the PUC, will have a direct impact on the LEAC rate since the rate should reflect the effects of the changes to the contract. PUC Legal Counsel Fred Horecky advised us, however, that it would not be necessary that we try to quantify the impact in connection with our report on the current LEAC petition. Rather, Counsel Horecky decided to defer the matter for consideration in connection with future LEAC proceedings.

¹ We point out that increases in fuel prices have an impact on the GPA investment in fuel inventory with any changes upwards or downwards being passed through the LEAC in the following six month LEAC period. As we will discuss later the upward impact of fuel prices on inventory is substantial in this filing period.

While we will have not been requested to make recommendations on the proposed amendment and have not done so, it is nonetheless important that we at least describe for the Commissioners some of the potentially predictable impacts of the proposed fuel oil contract amendment on the LEAC. There are at least two impacts on LEAC rates that will be passed on to consumers through the fuel expense.² The first relates to the proposed change to the price for deliveries of oil (from a pricing mechanism based on \$/Barrel to one based \$/Metric Ton) and the second relates to a line of credit being offered by Petrobras to replace the current letter of credit provided by ANZ Bank. In a top level conversation with GPA management, it was estimated that the change in the pricing mechanism for fuel deliveries under the Petrobras contract amendment will increase GPA fuel expenses by about \$3 million per annum (based on the fuel purchases for the past year), while there may be an off-setting interest savings that could approach \$1 million per year if Petrobras extends a line of credit of up to \$30 million. Since we have not been instructed to conduct any investigation, we have not tested the reasonableness or accuracy of these estimated calculations nor considered them in connection with our recommendations as to the GPA request for a new LEAC factor currently under consideration.

As the Commission well knows, most of the costs recovered through the LEAC rate relate to the cost of fuel. The projection of the fuel costs is based upon the Morgan Stanley Energy Noon Call (“MSENC”) projection of Singapore Prices for both Number 6 and Number 2 oil. In its June 15, 2011 filing, GPA used a projection dated June 6, 2011 or shortly prior to the required filing date. GCG has always expressed the opinion that the Commission should rely upon the most recent available information regarding fuel prices to determine the LEAC rate. We requested and received from GPA the MSENC dated July 7, 2011, which has a somewhat lower projection of fuel prices than was originally submitted by GPA but only slightly so. However, the June 2011 actual price of fuel oil charged to GPA was somewhat higher than projected by GPA in its June 15, 2011 filing, which had the effect of increasing the under-recovery expense from what was estimated in the June 15 petition. When these new prices, both actual and projected, are flowed through the LEAC calculation with the calculations of hedging credits, fuel inventory valuation and weighted inventory, the net result is a very slight increase above the new LEAC rate requested by GPA. We recommend, consistent with our prior recommendations, that the more recent data be used by the Commission to determine the new LEAC rate. We also recommend that GPA’s actual fuel expense for June be used to determine the under-recovery for the current LEAC period. Our below discussion of the fuel cost components and issues that have arisen will thus present calculations on an “as filed” and “updated” basis.

The following table summarizes the variables in GPA’s filing used to determine the factor that it requested be in place effective August 1, 2011 through January 31, 2012:

² There was a third potential contract impact mentioned by GPA management. This was associated with a change to the guaranteed minimum heating value of fuel purchased; however, the new minimum value is still significantly low and as demonstrated by actual Petrobras deliveries to date it is highly unlikely to have a cost impact.

Table 1
Summary of LEAC Calculations

	As Filed Six Months Ending 31-Jan-12	As Updated Six Months Ending 31-Jan-12
Cost of Number 6 Oil	\$ 145,118,887	\$ 144,938,137
Cost of Number 2 Oil	6,050,769	5,887,687
Total Oil Costs	\$ 151,169,656	\$ 150,825,824
Fuel Handling Costs	(1,462,312)	(1,401,097)
Total Fuel Costs	\$ 149,707,343	\$ 149,424,727
Civilian Allocation	78.14%	78.14%
Total LEAC Costs	\$ 116,980,685	\$ 116,759,850
Under/(Over) Recovery	8,181,863	8,440,126
Net LEAC Costs	125,162,548	125,199,976
Civilian Sales (mWh)	651,332	651,332
Proposed LEAC Factor (\$/kWh)	\$ 0.19216	\$ 0.19222
Current LEAC Factor	\$ 0.16153	\$ 0.16153
Increase (Decrease) in Factor	\$ 0.03063	\$ 0.03069
Average Use-Res (kWh)	1,000	1,000
Monthly Increase-Res.	\$ 30.63	\$ 30.69

While the focus of the LEAC rate filings is most often related to the fluctuating and sometimes volatile prices of oil, as we indicated in our January 2011 report there are other factors that have significant impacts on the cost of electricity for the consumers. Namely:

1. Improving power production efficiency by maintaining high availability rates, ensuring good unit commitment practices, real-time dispatching, and the implementation of new technologies to improve efficiency.
2. Improving the line losses over the system to the lowest level possible consistent with investment opportunities (see line loss).
3. Diversifying the sources of power generation, e.g. renewable energy, and fuel sources (see cost of Number 6 Oil).
4. Preventing large LEAC adjustments related to oil prices by hedging supply up to 100% with some hedging programs (see Handling Costs)

As GCG has often stated, we believe that given the significance of GPA's fuels costs and the impacts of those costs on GPA's ratepayers, GPA should provide the PUC with an assessment of its activities in each of these areas for review of its progress in each of these areas. Specifically, the Energy Policies Act of 2005 establishes specific standards that electric

utilities are to meet—most notably those standards added to Section 111(d) of PURPA dealing with “dependence on single fuel sources” and “fossil fuel generation efficiency” have the potential to significantly impact Guam consumers. We reiterate our previous recommendation that a review of these matters should be undertaken in these LEAC proceedings, since these areas represent opportunities for reduction of consumer bills and greater stabilization of fuel costs through reducing fuel oil price volatility.

Cost of Number 6 Oil

As can be seen in Table 1, the largest cost component used in the derivation of the LEAC factor is the cost of Number 6 oil. Consistent with recent history, GPA’s performance management contractors (PMCs) continue to provide high equivalent availability rates for GPA’s base load units enabling the optimal unit commitment and economic dispatch of the generation units available to GPA. In the projected six-month period ending January 31, 2012 GPA is forecasting that 98% of its power production will come from the more cost-effective steam turbine and slow-speed diesel generating units.

While the equivalent availability rates for GPA’s base load units are generally consistent with the performance standards previously approved by the Commission for equivalent availability, we would note for the Commission that the 3-year average equivalent availability rates of the Cabras 1 and 2 units have fallen below the target minimum benchmarks approved by the Commission. Specifically, Cabras Unit 2 is significantly underperforming. Although less critical, several of the diesel units are underperforming as well. As would be expected, neither Cabras Unit 1 nor Cabras Unit 2 is meeting the forced outage performance standards approved by the Commission when viewed on a 3-year average. More importantly, we would also note that during the LEAC period ending January 2011 GPA failed to meet the base load performance standard for fuel efficiency (average base load heat rate)³. Although the magnitude of the efficiency performance shortcoming was small, when it is combined with the equivalent availability underperformance of Cabras Units 1 and 2 and GPA’s peaking units the situation could be viewed as predictive of future efficiency issues that could lead to increased consumer costs if appropriate remedial action is not taken. This matter should warrant more cautious scrutiny by the Commission of what action is being taken by GPA.

As noted above, in determining the LEAC factor, GPA uses the MSEN⁴ to forecast of fuel prices for both Number 2 and Number 6 oil. This report is issued daily. Table 2 summarizes the projected prices of Number 6 oil (delivered) and compares the forecast as filed by GPA in June 2011 (using the June 6, 2011 MSEN) and the July 7, 2011 MSEN report. The table also updates the June and July 2011 prices to reflect the actual price for June and the more recent projected price for July.

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³ http://guampowerauthority.com/gpa_authority/operations/documents/GHR0810-0111.pdf

⁴ Morgan Stanley asserts that this report is proprietary and confidential information and cannot be distributed to the public.

Table 2
GPA Price Projections for Number 6 oil
\$/Barrel

	6/1/2011	7/6/2011	
	MSENC	MSENC	
	<u>\$/Bbl</u>	<u>\$/Bbl</u>	
Apr-11	95.45	95.45	Actual
May-11	104.98	104.98	Actual
Jun-11	104.21	106.09	Actual
Jul-11	105.31	104.18	Forecast
Aug-11	104.78	104.18	Forecast
Sep-11	104.29	103.76	Forecast
Oct-11	103.43	103.46	Forecast
Nov-11	103.43	103.27	Forecast
Dec-11	103.43	103.27	Forecast
Jan-12	102.73	103.27	Forecast

Table 2 shows the “delivered price,” which includes the weighted average premiums for high and low sulfur (about \$5.20 per barrel).⁵ Table 2 shows that the prices for Number 6 oil in the more recent forecast are higher than GPA projected in its petition for establishing the LEAC for August 2011 through January 2012. In this regard, we would again remind the Commission that the price that GPA pays its supplier Petrobras is based upon the average for the spot market prices in Singapore for a period of ten days (five days before lading and five days after lading). Therefore the impact of increasing or decreasing prices is often lagged by one-month since the delivery may be the month subsequent to the price determination. The impact on the LEAC of increased or decreased spot prices is also “lagged” due to the “FIFO”⁶ method of inventory valuation used by GPA in the determination of fuel expenses for the LEAC. Therefore, increased or decreased oil prices, while directly linked to the prices ultimately paid by GPA do not immediately impact the ratepayer and GPA. It is important to note that if the PUC approves the proposed amendment to Petrobras, the prices shown above would be in \$/MT. It is not clear at this time what the conversion factor (currently 6.6 barrels per metric ton) would be in future projections. This will need to be resolved for the purpose of future LEAC rate filings should the PUC approve the requested amendment.

Cost of Number 2 Oil

As shown above in Table 1, GPA’s total cost of Number 2 oil (“diesel”) is very small compared to the cost of Number 6 oil. Although the price per barrel for Number 2 oil is

⁵ The premium represents the cost in addition to the base cost of oil in the contract that GPA pays. The premium for High Sulfur Oil is \$4.449 per barrel and for Low Sulfur Oil is \$6.501 per barrel.

⁶ First in First Out (“FIFO”) inventory uses the oldest price of supply in inventory before recognizing the more current price.

considerably higher than the price of Number 6, GPA projects that only 2% of the required generation will come from its diesel units. Table 3 below shows the price of diesel fuel that was originally forecasted in GPA's June 15, 2011 filing and the prices that were provided in the July 6, 2011 update:

Table 3
Price of Diesel Fuel- \$/Bbl

	6/1/2011	7/6/2011	
	MSENC	MSENC	
	\$/Bbl	\$/Bbl	
Apr-11	144.48	144.48	Actual
May-11	163.56	163.56	Actual
Jun-11	154.71	154.71	Forecast
Jul-11	156.78	156.78	Forecast
Aug-11	156.93	152.68	Forecast
Sep-11	157.08	152.83	Forecast
Oct-11	157.31	153.00	Forecast
Nov-11	157.31	153.17	Forecast
Dec-11	157.31	153.17	Forecast
Jan-12	157.44	153.17	Forecast

As in the case of Number 6 oil, the July 6, 2011 forecast shows diesel fuel priced lower per barrel than assumed by GPA in its June petition. We have assumed the GPA forecasts for June and July 2011 prices in our determination of the LEAC rate beginning August 1, 2011.

Fuel Handling Costs

The PUC has approved the inclusion of other fuel-related costs in the computation of the LEAC factor under the generic title of "fuel handling costs." The largest items within these costs are related to docking and storage ("Tristar"), fuel hedging and inventory valuation. The following table shows the components of GPA's fuel handling costs both as filed and as updated with the July 6, 2011 fuel forecast:

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Table 4
Fuel “Handling Costs”

	As filed	As Updated
Tristar	\$1,736,807	\$1,736,807
PEDCO Management Fee	547,645	547,645
Ship Demurrage Cost	87,000	87,000
Fuel Hedging loss/(gain)	(4,371,407)	(4,221,872)
Lube Oil	1,000,306	1,000,306
Subscription et al.	26,333	26,333
Sale of fuel to Matson	(435,448)	(435,005)
Inventory growth to be recovered	(824,597)	(912,652)
SGS Inspection	122,252	122,252
Labor charges	80,413	80,413
L/C Charges,Bank Charges	568,382	567,674
TOTAL	\$ (1,462,312)	\$ (1,401,097)

We have noted in prior LEAC reports that L/C bank charges are not typically an item included in the determination of a LEAC rate. Paragraph 5 of the January 31, 2011 PUC order required that GPA provide its position on the continued inclusion of these costs in the LEAC rather than in base rates on a going forward basis. GPA did not provide a response.

Given GPA’s chronic lack of liquidity in the past, the Commission previously approved recovery of these costs through the LEAC. With the additional liquidity provided by the recent bond issue and the implementation of the WCF surcharge, GCG again recommends that the appropriate treatment of this expense, i.e. whether it should continued to be recovered through the LEAC rate or in recognized in base rates, is a matter that should be revisited by the Commission as part of the next GPA base rate case. If the Commission approves the amendment to the Petrobras contract, this issue will most likely become moot, as long as a line of credit is made available.

We note that the Commission has approved the contract extension for Tristar and have accepted without investigation most of the smaller items projected by GPA. We also accept the forecast for lubricating oil. The differences between the amounts of some of these items in Table 4 relates to the differences in the estimated price of oil. If the price of oil increases, the cost for the particular items listed above also increases. Unlike lube oil, which it can be argued when burned releases chemical energy useful in the production of electricity, we would note that, like the L/C charges, fuel management and handling charges in general are not normally recognized by the regulatory community (FERC and states) as a variable cost eligible for reimbursement as part of a LEAC rate. Generally accepted regulatory principles would require that the cost of these expenses be recovered by a utility as part of its base rate.⁷ Some of these

⁷ See, e.g., 18 C.F.R. § 35.14 specifies the components of fuel cost that are allowed by FERC in fuel adjustment clauses. Allowable costs include the invoice price of fuel, excise taxes, purchasing agent commissions, insurance,

items have in the past been included in the LEAC because there was a connection to fuel (though not a direct fuel cost) and GPA was continually in a tight liquidity situation. As mentioned previously the liquidity situation has now significantly changed with the recent GPA issue of bonds. All of this should be reviewed in the upcoming base rate case. The Commission should clarify the approach that should be employed to resolve the issue of whether these expenses should be continued as an expense in the LEAC rate or be recovered through base rates.

Hedging Costs

Currently, GPA has two hedging contracts in place for the three months ending June 30, 2011 and two different contracts that will be in place as of July 1, 2011. The two contracts that are currently in place are contracts with “ANZ” and J Aron for approximately 50% of supply. Beginning July 1 2011, GPA will have two contracts that expire on September 30, 2011 covering about 50% of supply. Both of these contracts are with J Aron. After the expiration of those two contracts, GPA has another two contracts in place beginning October 1, 2011 (again for three months). These two new contracts are effective for the period October 1 2011 through December 2011 for about 25% of supply.

For its hedging program, GPA continues to employ the use of a “no cost collar” which establishes a floor and a ceiling price for fuel supply.⁸ GPA also had other contracts covering similar volumes prior to April 1, 2011. These expired contracts resulted in credits to fuel expense, since the market price was above the ceiling price in the contract. The following table shows a summary of the hedging contracts for calendar 2011.

Table 5 – Hedging Contracts

Contractor	Bbls	Contract Term	Ceiling \$/Bbl	Floor \$/Bbl
Morgan Stanley	65,795	01/01/11 - 03/31/11	78.18	64.28
ANZ	65,795	01/01/11 - 03/31/11	76.21	64.81
ANZ	65,795	04/01/11 - 06/30/11	78.33	65.49
J Aron	65,795	04/01/11 - 06/30/11	76.06	64.58
J Aron	65,795	07/01/11 - 09/30/11	82.27	70.45
J Aron	65,795	07/01/11 - 09/30/11	83.18	70.72
ANZ	33,000	10/01/11 - 12/31/11	103.64	85.53
ANZ	33,000	10/01/11 - 12/31/11	104.39	87.61

freight, switching, demurrage and other transportation charges. However, not allowed are any charges incurred by a utility for the management, unloading and handling from the shipping medium, and storage.

⁸ This is a spot price that does NOT include the premium paid under GPA’s contract with the Number 6 oil provided.

Many of these contracts had or have ceilings below the projected or actual market price per barrel. As a result, GPA has credited a significant amount to the fuel costs as a result of these contracts. For the six months ending July 31, 2011, GPA has credited fuel expenses nearly \$16 million. As shown in Table 4, another credit of over \$4 million is assumed by GPA in this filing for the six months ending January 2012.

As reported in the past, GPA has indicated to us in informal discussions that it is aware of the Chairman's interest in the potential of calls for some or all of its fuel supply.⁹ On October 2, 2010 GPA submitted a filing with other possible options for hedging its fuel supply, but this has not been pursued by GPA or acted on by the Commission. Management has indicated that it is considering hedging some or all of GPA's volumes by using a call (or calls) on the supply, much the same as an investor uses calls for stock investment. This would allow GPA the right to purchase fuel oil in the future at a fixed price for the payment of an up-front option. Oil prices and their volatility have risen due to political instability in oil producing regions of the world, increased demand from emerging economies such as China and the weakening of the US dollar. We believe GPA should provide a report to the Commission as to whether the strategy to use calls as a portion of the hedging program is something that GPA wants to or should pursue. As stated by us previously, GCG would be supportive of recovering the related hedging costs through the LEAC rate.

Inventory Valuation Costs

Another significant item of "fuel handling costs" is the inventory valuation costs. For the period ending January 31, 2012, GPA is crediting the cost of fuel in the upcoming LEAC factor by the anticipated decrease in the inventory valuation between July 31, 2011 and January 31, 2012, computed as follows

Table 5a
Inventory Adjustments
Six months ending January 2012 as Filed

<u>Description</u>	<u>Barrels</u>	<u>Unit cost</u>	<u>Amount</u>
Estimated ending inventory as of 01/31/12	489,199	103.078	\$ 50,425,893
Estimated ending inventory as of 07/31/11	489,199	104.764	\$ 51,250,490
Change in fuel inventory	-	(1.686)	\$ (824,597)
Amount recoverable for 6 months			\$ (824,597)

While this small credit to the LEAC factor in the upcoming LEAC, for the six-months ending July 31, 2011 decreases the costs to be recovery through the LEAC, GPA is also anticipating an increase in the valuation of the inventory (net of LEAC recovery) of \$10.5 million from February 1, 2011 through July 31, 2011, which is greater than the total under-recovery that will be recorded on GPA's books and be recovered through the LEAC over the next six months. This recovery of the volatility of GPA's investment in fuel inventory is a significant benefit to

⁹ Over the last 18 months the use of calls as suggested by the Chairman would have produced significant cost savings.

GPA's cash flow and was previously approved by the Commission. With the adjustment to reflect updated price projects, the fuel inventory recovery in the upcoming six month LEAC period is also slightly modified in the update as shown below.

Table 5b
Inventory Adjustments
Six months ending January 2012 as Updated

<u>Description</u>	<u>Barrels</u>	<u>Unit cost</u>	<u>Amount</u>
Estimated ending inventory as of 01/31/12	489,199	103.268	\$ 50,518,545
Estimated ending inventory as of 07/31/11	489,199	105.133	\$ 51,431,196
Change in fuel inventory	-	(1.866)	\$ (912,652)
Amount recoverable for 6 months			\$ 912,652

Line Losses

To compute the LEAC factor for the period for the period August 1, 2011 through January 31, 2012, GPA uses a 7% loss assumption for civilians to determine the production required for the six-months ending January 31, 2012. This is consistent with the previous October 10, 2010 LEAC filing made by GPA regarding line loss benchmark as was required by the PUC in which GPA requested that the 7% interim benchmark remain in place until the Smart Grid is implemented. In its last Order on the LEAC (January 2011), GPA was required to provide information regarding line loss data accuracy and a proposed standard. See Appendix A for a more detailed discussion on this matter. Also in the Commission ordered referenced above, was a requirement for GPA to address the issue of separate LEAC factors for transmission level customers other than Navy. No information or position by GPA was filed. See Appendix B for a more detailed discussion of this issue.

Proposal for Mid-Period LEAC Adjustment

We have been asked not to comment on GPA's renewed request for approval of its December 2010 proposal for a new expedited process for a mid-period LEAC adjustment. We have not reviewed this portion of GPA's application in this proceeding.

RECOMMENDATIONS

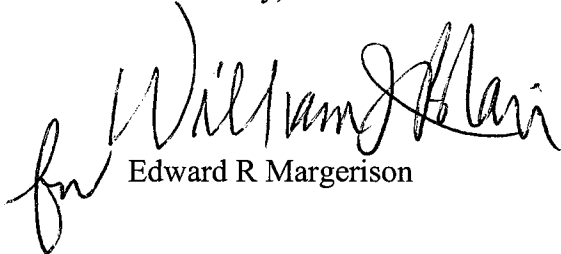
As a result of the review of the June 2011 request by GPA for a new LEAC factor, updates to the fuel price forecasts since that filing and as a result of informal discussion with GPA management, it is our recommendations that:

- A LEAC factor charge of \$0.19222 per kWh be ordered by the PUC effective on meters read on or after August, 1, 2011.

- A statement and position by GPA be provided to the PUC within the upcoming base rate proceeding of what items are to be included in base rates and what items are to be included in the LEAC rate.¹⁰
- GPA should file its request for a new LEAC factor on or before December 15, 2011 for implementation on February 1, 2010.
- GPA should be required to continue evaluating the potential benefits of using call strategies in its overall hedging program.
- Prior to initiating the implementation of smart-grid projects the PUC should require GPA to determine the proposed impacts on line losses performance levels, the value of the performance enhancements resulting from the deployment of smart-grid technologies, and new line loss performance standards and the time line for achievement.
- The PUC should require GPA to include in its upcoming Cost of Service Study and filing the development of loss factors which it would recommend for use in the development of primary, sub-transmission, and transmission level LEAC differentiated rates for consideration by the PUC during the upcoming base rate proceeding.

This concludes our report. If we can be of further assistance, please do not hesitate to contact Jim Madan, Larry Gawlik or myself.

Yours truly,



Edward R Margerison

cc: William J. Blair, Esq.
Graham Botha, Esq.
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¹⁰ The current filing date is anticipated to be September 26, 2011.

Appendix A

LEAC Unaccounted for Energy (Line Loss) Allowance

In the Commission LEAC Order in GPA Docket 10-11, dated January 31, 2011 the Commission ordered:

- 4. On or before June 15, 2011, GPA shall include with its LEAC adjustment filing a report to PUC on the status of its exiting initiatives, including timelines and reports, regarding Smart Grid initiatives, distribution system improvements, replacement of existing transformers, and meter taskforce ongoing activities. GPA shall therein indicate, in detail, the status and accuracy of its loss data, and its ability to propose a permanent loss standard.*

GPA has failed to meet the requirements of ordering paragraph 4 in that it has not confirmed the status and accuracy of its loss data, and its ability to propose a permanent loss standard. In fact, it has failed to address this requirement either in its LEAC petition, the accompanying report from GPA executive management, the attached resolution of the CCU or the various attachments to the LEAC filing. GPA fails to provide the Commission with any information concerning its ability to propose a permanent loss standard. Accordingly, GCG is not in a position to provide the Commission with a thorough review of the GPA submittal on a permanent loss standard or for that matter the protocol, assuming one exist, that GPA is using to develop a permanent loss standard. This remains an open matter and should be rescheduled by the Commission.

We acknowledge that GPA pursuant to a November 10, 2008 Commission Order is required to file its Line Loss Reports as part of the LEAC Report. GPA has filed with its LEAC petition GPA Appendix A, Progress Reporting for Dec 2010 - May 2011. GPA in its petition indicates that the report includes the Line Loss Report for December 2010 to May 2011 that consists of a Progress Report, Gross Generation/Sales/Line Losses, Monthly Progress Report on Distribution System Improvements, and Feeder Analysis Summary. While GPA Appendix A does include a progress report of the on-going management initiatives for unaccounted for energy and a summary of monthly gross generation, sales, and losses, contrary to the GPA petition there does not exist any information in the attachments concerning a monthly progress report on Distribution System Improvements or Feeder Analysis Summary which are critical to understanding line losses.

As the Commission is aware the seven (7) percent unaccounted for energy (line loss) level is the benchmark that defines the maximum allowable level for line losses that can be prudently included in the LEAC rate and passed onto consumers. GPA has informally and formally indicated that its line loss level is actually lower than the seven percent benchmark (see Appendix A-which indicates a loss level of 6.21 to 6.30 percent over a 12 or 24 month period, respectively). This would indicate that GPA has been and continues to be over-recovering

from consumers the difference between this actual line loss level and the seven percent benchmark on a projected basis until the LEAC reconciliation for each six month historical period is accomplished. In future LEACS a lower line loss ratio of approximately 6.25 percent could be used for the projected period.

The history of the seven percent line loss value dates back several years. In the January 2009, GPA requested and was granted a modification of the prior 6.7 percent line loss benchmark to an interim benchmark of seven percent, while GPA was in the process of completing the Transmission System Study and other activities necessary to define a permanent line loss performance benchmark. The PUC indicated that GPA should file this study no later than December 31, 2009 and include a proposal for a new line loss benchmark standard. The Transmission System Study has been filed with the PUC. At this time a specific docket for consideration of this critical study or consideration of LEAC line loss performance benchmarks for GPA has not been established nor has GPA proposed a new line loss benchmark.

Meanwhile as we noted in our prior report¹¹, GPA line losses will be subject to substantial change over the course of the next 12 to 30 months as it implements the Smart-Grid projects. As the Commission will recall a substantial benefit supporting the funding of the Smart-Grid projects was related to line losses—the economic benefits of the smart-grid projects were almost entirely justified by reductions in GPA delivery system line losses. From a consumer's perspective line losses are expected to be favorably impacted by approximately one-percent and would offset a portion of the costs of the Smart Grid project.

Lacking the line losses filings that the Commission has requested of GPA we are not in a position to provide any specific recommendations concerning the proper line loss performance benchmark. However, we believe that (i.) the information necessary to determine a prudent line loss performance benchmark is readily available, (ii.) that smart-grid benefits can only be credited to consumers with a thorough understanding of a proper line loss performance benchmark, and (iii.) that consumers are being adversely impacted by the current seven percent benchmark standard. We would recommend that prior to the next LEAC filing that GPA be required to comply with paragraph 4 of the Commission's January 31, 2011 order.

¹¹ In GCG's July 15, 2010 Report on GPA's Request for a LEAC Factor Effective August 1, 2010 we discuss substantial modifications to be undertaken to the operations of GPA's delivery system, the impact of these changes on performance, the importance of line losses and the consequences to consumers of higher than necessary line loss levels. We discuss that consumers could find themselves in a position of paying for costly technologies without any accountability for performance.

Appendix B

Differentiated Class of Service LEAC Rates

In the Commission LEAC Order in GPA Docket 10-11, dated January 31, 2011 the Commission ordered:

5. *In next LEAC filing, GPA should also include: (1) its position as to whether certain items, such as LC Charges and fuel management, handling and storage costs should continue to be recognized as a part of the LEAC factor; and (2) its position as to whether, as a result of its initiatives and distribution system improvements, GPA loss data has improved to an extent sufficient to enable it to develop loss factors for primary, sub-transmission, and transmission level LEAC differentiated rates, and if so, the timeframe for implementation of such differentiated LEAC rates.*

GPA has also failed to meet the requirements of ordering paragraph 5 in that it has not indicated to the Commission its position as to whether, as a result of its initiatives and distribution system improvements, its loss data has improved to an extent sufficient to enable it to develop loss factors for primary, sub-transmission, and transmission level LEAC differentiated rates, and if so, the timeframe for implementation of such differentiated LEAC rates. No information concerning this requirement is included in the GPA LEAC petition, the accompanying report from GPA executive management, the attached resolution of the CCU or the various attachments to the LEAC filing. This remains an open matter and should be rescheduled by the Commission.

This matter was discussed in our July 15, 2010 Report on GPA's Request for a LEAC Factor Effective August 1, 2010. The purpose is to provide equity in LEAC rates in recognition of the need to impute different line loss levels for customers served at different voltage levels¹². While it probably wasn't in stated in our earlier report, not only do LEAC rates differentiated by voltage class ensure the delivery by regulators of "just and reasonable" rate, but such rates have zero revenue impact on GPA. These differentiated LEAC rates are "revenue neutral" to GPA as simply are a re-allocation amongst customer classes.

In the LEAC proceeding establishing the February 1, 2011 LEAC factor, we requested further information regarding customers other than Navy who currently take power at distribution or higher level. While we were provided information on those customers taking deliver at sub-transmission and transmission levels we have not yet obtained a complete listing of consumers taking delivery at distribution level. At the present time approximately two (2) percent of GPA's retail sales (exclusive of Navy) are to customers at sub-transmission and transmission

¹² These differentiated LEAC recovery rates are consistent with standard regulatory practices and are a standard operating practice in the electric utility industry. In fact, differentiated LEAC recovery rates exist within every regulatory jurisdiction in the U.S.

levels. The percent of retail sales to customers at distribution (primary) voltage level is unknown. We would expect that with the proper price signals that this percentage of customer load served at distribution voltage levels to grow.

We note that while GPA has not filed anything in this proceeding in response to ordering paragraph 5, GPA in the past filed a position on this matter on October 18, 2010. In the attached letter to this petition it stated that:

GPA believes conceptually, it would be appropriate to adopt additional fuel factors for customer groups that do not receive energy at customary levels. However, the primary reason GPA believes such factors should not be implemented at this time is that lack of adequate loss data for these customer classes in relation to loss data for the system as a whole.

GPA further states that:

GPA is planning to file a Cost of Service Study with the PUC in early 2011. This would provide an opportunity for the Commission to review the appropriateness of the discounts that are currently in use in GPA's tariffs.

Given that no additional analysis has been provided upon which to base any action on this matter, GCG is comfortable with the GPA representations that it the upcoming Cost of Service Study is a reasonable platform upon which GPA can develop and upon which the Commission could set differentiated LEAC rates. Accordingly, we recommend that the Commission require GPA in its upcoming Cost of Service Study and filing to include the development of loss factors which it would recommend for use in the development of primary distribution, sub-transmission, and transmission level LEAC differentiated rates.

Attachment A1
LEAC Projection August 2011 Through January 2012
GCG Update

GUAM POWER AUTHORITY

Fuel Clause Reconciliation

Schedule 1

	Total FY 11	Total FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	FY 12
1 Start Date								
2 Total Sales	1,641,373	1,666,305	1,286,094	1,300,292	Civilian	Civilian	Navy	Civilian
3 Daily Sales	4,484.63	4,552.75	3,513.92	3,552.71			355,279	366,013.00
4 Plant Use	6.18%	6.18%	217.29	219.69			970.71	1,000.04
5 Transmission Loss	3.40%	3.40%	119.55	120.87			60.03	61.84
6 Distribution Loss	4.14%	4.14%	145.59	147.19			33.02	34.02
7 Company Use	0.18%	0.18%	6.36	6.43			40.22	41.43
8 Total Daily Demand			4,002.71	4,046.90			1,76	1.81
							1,105.73	1,139.14
								% To
							TOTALS	Total

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	FY 11	FY 12
9 Month								
10 Days								
11 Required Generation-Civilian	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
12 Required Generation-Navy	124,084	120,081	125,454	121,407	125,454	125,454	741,934	78,140%
13 TOTAL REQUIRED GENERATION	34,278	33,172	35,313	34,174	35,313	35,313	207,564	21,860%
	158,362	153,253	160,767	155,581	160,767	160,767	949,496	

14 Number 6 (HSFO/LSFO)	\$ 23,783,507	\$ 23,394,429	\$ 24,676,212	\$ 23,867,756	\$ 24,632,137	\$ 24,584,096	\$ 144,938,137	Schedule 2
15 Number 2 (GPA)	1,599,826	1,380,831	639,862	554,735	710,112	1,002,320	5,887,687	Schedule 3
16 Number 2 (USN)	0	0	0	0	0	0	0	Schedule 4
17 TOTAL COST	\$ 25,383,333	\$ 24,775,260	\$ 25,316,074	\$ 24,422,491	\$ 25,342,250	\$ 25,586,416	\$ 150,825,824	Schedule 5
18 Handling Costs	(1,730,786)	(1,677,357)	502,634	499,472	502,561	502,379	(1,401,097)	
19 TOTAL EXPENSE	\$ 23,652,547	\$ 23,097,903	\$ 25,818,709	\$ 24,921,963	\$ 25,844,811	\$ 26,088,795	\$ 149,424,727	

Calculation of Civilian Factor

20 Sales-Civilian	108,931	105,418	110,134	106,581	110,134	110,134	651,332	
21 Fuel Cost Recovery	\$192,221	20,938,950	20,263,500	20,487,202	21,170,108	21,170,108	125,199,976	
22 Civilian Costs (Total Expense x %)	78.140%	18,482,000	18,048,604	19,473,916	20,195,026	20,385,674	116,759,850	
22a Deferred Fuel Amort.		0	(2,214,896)	(995,478)	(1,013,285)	(975,082)	0	
23 Under/(Over)		(2,456,950)				(784,434)	(8,440,126)	
24 Estimated Under/(Over)							8,440,126	
25 Net Recovery Under/(Over)							(0)	
26 Proposed Fuel Cost Recovery							\$192,221	Rate to fully recover in Six Months

Half of Navy Adjustment
Civilian Clause Reconciliation:

27 Opening Recovery Balance-July 31, 2011	8,440,126	5,983,176	3,768,280	2,772,802	1,759,517	784,434	784,434	
Under/(Over)	(2,456,950)	(2,214,896)	(995,478)	(1,013,285)	(975,082)	(784,434)	(784,434)	
29 Closing Recovery Balance	5,983,176	3,768,280	2,772,802	1,759,517	784,434	0	8,440,126.42	Decrease/(Increase) in Deferred F

Bills Computed at 1000 kWh/month	Current Rates	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge \$/month	\$ 6.01	\$ 6.01	\$ 6.01	\$ -
Non Fuel Energy Charges (\$/kwh)	0.03644	\$ 18.22	\$ 18.22	\$ -
Lifeline Usage (500 Kwh)	0.09168	\$ 45.84	\$ 45.84	\$ -
Non Lifeline Usage				
WaterWell Charge	0.00000	\$ -	\$ -	\$ -
Lifeline Usage (500 Kwh)	0.00279	\$ 1.40	\$ 1.40	\$ -
Non Lifeline Usage	0.0029	\$ 2.90	\$ 2.90	\$ -
Insurance Charge		\$ 161,531	\$ 192.22	\$ 30.69
Fuel Recovery Charge		\$ 235.90	\$ 266.59	\$ 30.69
TOTAL Bill		\$		
Increase (Decrease) From Current Bill				\$ 30.69
Percent Increase (Decrease)				13.01%
Increase (Decrease) From Current Leac Factor				\$ 30.69
Percent Increase (Decrease)				19.00%

Schedule 2

	Baseload Unit Forecast Cost of Number 6 Oil							
IWPS TOTAL GENERATION	158,362	153,253	160,767	155,581	160,767	160,767	949,498	
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Total</u>	
Cabras #1								
Generation (Mwh)	32,042	29,593	28,224	24,199	24,665	23,380	162,104	
Kwh/Barrel	625	625	625	625	625	625		
Barrels	51,267	47,349	45,159	38,718	39,464	37,408	259,366	
Mmbtu/Kwh (Heat Rate)	9,760	9,760	9,760	9,760	9,760	9,760		1,453
Cabras #2								
Generation (Mwh)	8,976	9,312	29,626	28,311	30,072	32,904	139,200	
Kwh/Barrel	615	615	615	615	615	615		
Barrels	14,595	15,141	48,172	46,033	48,897	53,503	226,342	
Mmbtu/Kwh (Heat Rate)	9,919	9,919	9,919	9,919	9,919	9,919		2,079
Cabras #3								
Generation (Mwh)	24,056	23,552	20,375	21,768	21,826	21,529	133,106	
Kwh/Barrel	736	736	736	736	736	736		
Barrels	32,685	32,000	27,683	29,576	29,655	29,252	180,851	
Mmbtu/Kwh (Heat Rate)	8,288	8,288	8,288	8,288	8,288	8,288		1,136
Cabras #4								
Generation (Mwh)	23,449	22,956	19,798	22,701	21,236	20,228	130,368	
Kwh/Barrel	730	730	730	730	730	730		
Barrels	32,122	31,447	27,121	31,097	29,090	27,710	178,586	
Mmbtu/Kwh (Heat Rate)	8,356	8,356	8,356	8,356	8,356	8,356		1,077
Tanguisson #1								
Generation (Mwh)	8,209	8,159	2,270	6,449	7,517	8,085	40,689	
Kwh/Barrel	485	485	485	485	485	485		
Barrels	16,926	16,824	4,680	13,296	15,499	16,670	83,894	
Mmbtu/Kwh (Heat Rate)	12,577	12,577	12,577	12,577	12,577	12,577		648
Tanguisson #2								
Generation (Mwh)	4,293	4,283	5,142	2,222	2,101	3,534	21,574	
Kwh/Barrel	471	471	471	471	471	471		
Barrels	9,114	9,093	10,916	4,718	4,462	7,503	45,805	
Mmbtu/Kwh (Heat Rate)	12,951	12,951	12,951	12,951	12,951	12,951		291
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)	25,242	24,643	27,275	24,356	25,328	23,220	150,065	
Kwh/Barrel	729	729	729	729	729	729		
Barrels	34,626	33,803	37,415	33,410	34,744	31,852	205,850	
Mmbtu/Kwh (Heat Rate)	8,368	8,368	8,368	8,368	8,368	8,368		1,238
Enron (IPP) Piti #9								
Generation (Mwh)	26,129	25,530	25,478	23,484	25,330	24,128	150,080	
Kwh/Barrel	728	728	728	728	728	728		
Barrels	35,892	35,069	34,997	32,259	34,794	33,142	206,153	
Mmbtu/Kwh (Heat Rate)	8,379	8,379	8,379	8,379	8,379	8,379		1,288
Total Generation (Mwh)	152,396	148,028	158,188	153,489	158,076	157,008	927,186	
Total Barrels	227,227	220,726	236,143	229,108	236,605	237,040	1,386,848	
Price/Barrel	\$104.67	\$105.99	\$104.50	\$104.18	\$104.11	\$103.71		
Total Cost (Sch. 6)	\$23,783,507	\$23,394,429	\$24,676,212	\$23,867,756	\$24,632,137	\$24,584,096	\$144,938,137	9209.331481
% to Total MWH Generation	96%	97%	98%	99%	98%	98%	98%	
% to Fuel Cost	94%	94%	97%	98%	97%	96%	96%	
							\$	104.51

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

Schedule 3
Page 1 of 2

Remaining Demand	5,966	5,225	2,580	2,092	2,692	3,759	22,312
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Total</u>
Dededo CT #1							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	340	340	340	340	340	340	
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)	240	27	0	125	125	218	736
Kwh/Barrel	500	500	500	500	500	500	
Barrels	481	54	0	249	250	437	1,471
Mmbtu/Kwh (Heat Rate)	11,600	11,600	0	11,600	11,600	11,600	
Yigo CT							
Generation (Mwh)	1,310	1,016	0	344	423	665	3,758
Kwh/Barrel	460	460	460	460	460	460	
Barrels	2,847	2,208	0	748	920	1,445	8,169
Mmbtu/Kwh (Heat Rate)	12,609	12,609	0	12,609	12,609	12,609	
Tenjo Vista							
Generation (Mwh)	4,180	3,962	2,380	1,417	1,838	2,608	16,386
Kwh/Barrel	617	617	617	617	617	617	
Barrels	6,775	6,421	3,858	2,297	2,979	4,228	26,557
Mmbtu/Kwh (Heat Rate)	9,400	9,400	9,400	9,400	9,400	9,400	
TEMES							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	402	402	402	402	402	402	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	

	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Total</u>
Manengon (MDI)							
Generation (Mwh)	67	60	14	63	85	22	311
Kwh/Barrel	673	673	673	673	673	673	
Barrels	99	90	21	94	126	32	463
Mmbtu/Kwh (Heat Rate)	8,618	8,618	8,618	8,618	8,618	8,618	
Talofofo							
Generation (Mwh)	168	160	185	142	220	246	1,122
Kwh/Barrel	611	611	611	611	611	611	
Barrels	276	261	303	233	361	402	1,836
Mmbtu/Kwh (Heat Rate)	9,493	9,493	9,493	9,493	9,493	9,493	
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	381	381	381	381	381	381	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Total Generation (MWH) #2 Units	5,966	5,225	2,580	2,092	2,692	3,759	
Total Barrels	10,478	9,035	4,182	3,622	4,636	6,544	38,496
Price/Barrel-See Schedule 7	\$ 152.68	\$ 152.83	\$ 153.00	\$ 153.17	\$ 153.17	\$ 153.17	\$ 152.94
Total Cost	\$1,599,826	\$1,380,831	\$639,862	\$554,735	\$710,112	\$1,002,320	\$5,887,687
Total Gross Generation	158,362	153,253	160,767	155,581	160,767	160,767	
Total Barrels	237,705	229,761	240,325	232,729	241,241	243,583	
% to Total MWH Generation	4%	3%	2%	1%	2%	2%	
% to Fuel Cost	6%	6%	3%	2%	3%	4%	

GUAM POWER AUTHORITY
Navy Dispatch

Schedule 4

Remaining Demand	0	(0)	(0)	0	0	0	
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</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	\$ 152.68	\$ 152.83	\$ 153.00	\$ 153.17	\$ 153.17	\$ 153.17	
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

	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	Total
Total Number Six Consumption	227,227	220,726	236,143	229,108	236,605	237,040	1,386,848
Dock Usage Fee/Barrel	\$0.51	\$0.52	\$0.49	\$0.50	\$0.49	\$0.49	
Total Dock Fee-Tristar (FY11 & FY 12 Budget)	\$115,415	\$115,415	\$115,472	\$115,472	\$115,472	\$115,472	\$692,718
A) Excess Laytime/Overtime-Tristar	2,897	2,814	3,011	2,921	3,017	3,022	17,682
Storage Tank Rental-Tristar (FY11 & FY 12 Budget)	115,560	115,560	115,560	115,560	115,560	115,560	693,360
Pipeline Fee-Tristar (FY11 & FY 12 Budget)	<u>55,457</u>	<u>55,457</u>	<u>55,533</u>	<u>55,533</u>	<u>55,533</u>	<u>55,533</u>	<u>333,047</u>
TOTAL TRISTAR	\$289,329	\$289,246	\$289,576	\$289,486	\$289,582	\$289,587	\$1,736,807
PEDCO Management Fee (FY11 & FY 12 Budget)	54,356	54,356	109,733	109,733	109,733	109,733	547,645
Ship Demurrage Cost (FY 11 & FY 12 Budget)	14,500	14,500	14,500	14,500	14,500	14,500	87,000
D) Fuel Hedging loss/gain (estimated)	(2,138,351)	(2,083,521)	0	0	0	0	(4,221,872)
E) Lube Oil (FY11 & FY 12 Budget)	144,413	144,413	177,870	177,870	177,870	177,870	1,000,306
Subscription Delivery fee, Vacuum Rental, Hauling (FY11 Budget)	3,833	3,833	4,667	4,667	4,667	4,667	26,333
F) Sale of fuel to Matson	(72,820)	(72,613)	(72,463)	(72,370)	(72,370)	(72,370)	(435,005)
G) Inventory growth to be recovered this period 01/31/12 vs 07/31/11	(152,109)	(152,109)	(152,109)	(152,109)	(152,109)	(152,109)	(912,652)
SGS Inspection (FY 11 & FY 12 Budget)	20,409	20,409	20,358	20,358	20,358	20,358	122,252
C) Labor charges (FY 11 and FY 12 Budget)	12,500	12,500	13,853	13,853	13,853	13,853	80,413
B) L/C Charges,Bank Charges	93,152	91,628	96,648	93,482	96,476	96,288	567,674
TOTAL ADDITIONAL COST	<u>(1,730,786)</u>	<u>(\$1,677,357)</u>	<u>\$502,634</u>	<u>\$499,472</u>	<u>\$502,561</u>	<u>\$502,379</u>	<u>(\$1,401,097)</u>
							(1,401,097)

Notes:

(A) Total Excess Laytime & O/T Charges for
period 10/09 thru 09/10
Total barrels offloaded FY 2010
Rate per barrel

\$34,852
2,733,605
\$0.0127

(D) Fuel Hedging Gain/loss - Hedging Contract is in place thru 09.30.11

(E) Lube oil is based on FY 11 Budget of \$1,732,957.18 & FY 12 Budget of \$2,134,400

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

FY 11
2.35%
2

(F) Sale to Matson
Average No. of Barrels for FY 2010
Multiplied by \$1.69 for handling fee and \$4.20 for bunker fee plus 15% mark

(c) Fiscal Year 11 budget for Labo
Divided by 12 months
Estimated labor charges Fy11
Fiscal Year 12 budget for Labo
Divided by 12 months
Estimated labor charges Fy 12

\$ 150,000.00
12.00
\$ 12,500.00
\$ 166,240.38
12.00
\$ 13,853.37

G) Inventory Growth calculated as follows:
07/31/11 vs. 01/31/12

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 01/31/12	489,199	103.268	\$ 50,518,545
Estimated ending inventory as of 07/31/11	489,199	105.133	\$ 51,431,196
Change in fuel inventory	-	(1.866)	\$ (912,652)
Amount recoverable for 6 months			\$ (912,652)
Divided by 6 months-to recover every month			\$ (152,108.65)

GUAM POWER AUTHORITY
Inventory Effect of Number Six Costs

Schedule 6

		Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Ending
Layer 1	Inventory (bbbls)	7,485	-	-	-	-	-	-
	Price/Bbl	95.45	95.45	95.45	95.45	95.45	95.45	95.45
Layer 2	Inventory (bbbls)	240,000	20,238	-	-	0	0	0
	Price/Bbl	104.98	104.98	104.98	104.98	104.98	104.98	104.98
Layer 3	Inventory (bbbls)	240,000	240,000	39,512	-	-	-	-
	Price/Bbl	106.09	106.09	106.09	106.09	106.09	106.09	106.09
Layer 4	Inventory (bbbls)	240,000	240,000	240,000	43,369	-	-	0
	Price/Bbl	104.18	104.18	104.18	104.18	104.18	104.18	104.18
Layer 5	Inventory (bbbls)	240,000	240,000	240,000	240,000	196,631	-	0
	Price/Bbl	104.18	104.18	104.18	104.18	104.18	104.18	104.18
Layer 6	Inventory (bbbls)	240,000	240,000	240,000	240,000	240,000	200,026	0
	Price/Bbl	103.76	103.76	103.76	103.76	103.76	103.76	103.76
Layer 7	Inventory (bbbls)	240,000	240,000	240,000	240,000	240,000	240,000	202,986
	Price/Bbl	103.46	103.46	103.46	103.46	103.46	103.46	103.46
Total Consumption (bbbls)		227,227	220,726	236,143	229,108	236,605	237,040	1,386,847.99
Total Barrels								
Layer 1		7,485	0	0	0	0	0	
Layer 2		219,762	20,238	0	0	0	0	
Layer 3		0	200,488	39,512	0	0	0	
Layer 4		0	0	196,631	43,369	0	0	
Layer 5		0	0	0	185,738	196,631	0	
Layer 6		0	0	0	0	39,974	200,026	
Layer 7		0	0	0	0	0	37,014	
Total		227,227	220,726	236,143	229,108	236,605	237,040	
Cost								
Layer 1		\$712,490	\$0	\$0	\$0	\$0	\$0	
Layer 2		23,071,016	2,124,664	-	-	-	-	
Layer 3		-	21,269,766	4,191,834	-	-	-	
Layer 4		-	-	20,484,378	4,518,096	-	-	
Layer 5		-	-	-	19,349,660	20,484,378	-	
Layer 6		-	-	-	-	4,147,760	20,754,714	
Layer 7		-	-	-	-	-	3,829,382	
Total		\$23,783,507	\$23,394,429	\$24,676,212	\$23,867,756	\$24,632,137	\$24,584,096	\$144,938,137
Price Per Barrel		\$104.67	\$105.99	\$104.50	\$104.18	\$104.11	\$103.71	\$104.51

Apr-11	95.45	Actual				4.499	6.501	5.200	1.00			5.20
May-11	104.98	Actual			636.37	4.499	6.501	5.200	1.00	636.37	96.42	101.62
Jun-11	106.09	Actual			653.50	4.499	6.501	5.200	1.00	653.50	99.02	104.21
Jul-11	104.18	Forecast	Note: Fuel forecast was based Morgan Stanley Energy Noon Call Asia on Sing HSFO 180CST dated 07/06/11		653.25	4.499	6.501	5.200	1.00	653.25	98.98	104.18
Aug-11	104.18	Forecast			653.25	4.499	6.501	5.200	1.00	653.25	98.98	104.18
Sep-11	103.76	Forecast			650.50	4.499	6.501	5.200	1.00	650.50	98.56	103.76
Oct-11	103.46	Forecast			648.50	4.499	6.501	5.200	1.00	648.50	98.26	103.46
Nov-11	103.27	Forecast			647.25	4.499	6.501	5.200	1.00	647.25	98.07	103.27
Dec-11	103.27	Forecast			647.25	4.499	6.501	5.200	1.00	647.25	98.07	103.27
Jan-12	103.27	Forecast			647.25	4.499	6.501	5.200	1.00	647.25	98.07	103.27
Feb-12	102.49	Forecast			642.13	4.499	6.501	5.200	1.00	642.13	97.29	102.49
Mar-12	102.49	Forecast			642.13	4.499	6.501	5.200	1.00	642.13	97.29	102.49

Balance as of 04.30.11	HSFO/LSFO	701,809.84	\$	95.45	\$	66,984,395.00
	May shipments	239,302.00	\$	104.98	\$	25,122,402.56

Workpaper for Number 2 oil pricing:

	May-11
Actual Invoice	Shell
Temes	0.0000
Diesel	0.0000
Tenjo	0.0000
Cabras 1&2/Tango	0.0000
Total	0.0000
Average	0.0000
Multiplied by 42	\$ -

Premium fee \$ 26.96 Effective March 2010

Note: Fuel forecast was based on Morgan Stanley
Gasoil swaps dated 06/01/11

			Forecast		
Aug-11	\$ 152.68	Forecast	125.72	1	125.72
Sep-11	\$ 152.83	Forecast	125.87	1	125.87
Oct-11	\$ 153.00	Forecast	126.04	1	126.04
Nov-11	\$ 153.17	Forecast	126.21	1	126.21
Dec-11	\$ 153.17	Forecast	126.21	1	126.21
Jan-12	\$ 153.17	Forecast	126.21	1	126.21

ASSUMPTIONS/ADD'L INFORMATION:

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

	<u>Mwh</u>	<u>Ratio to Sales</u>	<u>Ratio to Sendout</u>	
Total Mwh Sales -FY08	1,636,791			Ratio to net send out **
Plant Use - (FY 08)	101,216	6.18%		1,763,255
Transmission Losses	55,686	3.40%	3.16%	7.00%
Distribution losses	67,815	4.14%	3.85%	
Company use (FY08)	2,963	0.18%	0.17%	

**tie in to report GPA 318 as of 09.30.08

	<u>Mwh</u>	<u>Ratio</u>	<u>Allocated FY08 T&D Losses</u>
Note A:			
Total T&D losses FY08	<u>123,501</u>		<u>7.55%</u> (Ratio to sales)
Transmission losses-9/3	48,579	45.09%	55,686
Distribution losses- 9/30,	<u>59,160</u>	54.91%	<u>67,815</u>
	<u>107,739</u>		<u>123,501</u>

Net Plant Output	1,763,255
T&D Losses	123,501
Interim PUC adopted line loss standard	7.00%

Attachment A2
LEAC Projection February 2011 Through July 2011
GCG Update

GUAM POWER AUTHORITY
Fuel Clause Reconciliation

Schedule 1

	Total FY 11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	FY 11	% To
		28	31	30	31	30	31		Total
1 Start Date									
2 Total Sales	1,641,373	Actual	Actual	Actual	Forecast	Forecast	Forecast	Civilian	
3 Daily Sales	4,484.63	105,571	122,505	122,853	124,084	120,081	124,084	Nav	
4 Plant Use	6.18%	30,961	34,278	33,172	34,278	33,172	34,278	355,279	78.230%
5 Transmission Loss	3.40%	136,532	156,783	156,025	158,362	153,253	158,362	970.71	21.770%
6 Distribution Loss	4.14%							60.03	
7 Company Use	0.18%							33.02	
8 Total Daily Demand								40.22	
9 Month								1.76	
10 Days								1,105.73	
11 Required Generation-Civilian								TOTALS	
12 Required Generation-Nav									
13 TOTAL REQUIRED GENERATION									
14 Number 6 (HSFO/LFO)									
15 Number 2 (GPA)									
16 Number 2 (USN)									
17 TOTAL COST									
18 Handling Costs									
19 TOTAL EXPENSE									

Calculation of Civilian Factor

20 Sales-Civilian	92,631	104,036	107,013	108,931	105,418	108,931	626,960		
21 Fuel Cost Recovery									
22 Civilian Costs (Total Expense x %)	\$161,531	14,962,772	16,805,032	17,285,910	17,595,800	17,028,194	101,273,507		
22a Deferred Fuel Amort.	78.230%	13,097,723	16,368,024	17,181,288	17,368,184	16,595,562	98,789,152		
23 Under/(Over)		0	(437,008)	(104,621)	(227,616)	(432,632)	0		
24 Estimated Under/(Over)		(1,865,049)					(2,484,355)		
25 Net Recovery Under/(Over)							10,924,482		
26 Proposed Fuel Cost Recovery							8,440,126		
Half of Navy Adjustment									
Civilian Clause Reconciliation:									
27 Opening Recovery Balance-January 31, 2011									
Under/(Over)									
29 Closing Recovery Balance									
General Ledger Balance-Deferred Fuel Cost									

Rate to fully recover in Six Months

\$174,993

Decrease/(Increase) in Deferred F

2,484,355.28

8,440,126

Bills Computed at 1000 kWh/month	Current Rates	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge \$/month	\$ 6.01	\$ 6.01	\$ 6.01	\$ -
Non Fuel Energy Charges (\$/Kwh)	0.03644	\$ 18.22	\$ 18.22	\$ -
Lifeline Usage (500 Kwh)	0.09168	\$ 45.84	\$ 45.84	\$ -
Non Lifeline Usage				
WaterWell Charge	0.00000	\$ -	\$ -	\$ -
Lifeline Usage (500 Kwh)	0.00279	\$ 1.40	\$ 1.40	\$ -
Non Lifeline Usage	0.0029	\$ 2.90	\$ 2.90	\$ -
Insurance Charge		\$ 161.53	\$ 174.993	\$ 13.46
Fuel Recovery Charge		\$ 235.90	\$ 249.36	\$ 13.46
TOTAL Bill		\$		
Increase (Decrease) From Current Bill				\$ 13.46
Percent Increase (Decrease)				5.71%
Increase (Decrease) From Current Leac Factor				\$ 13.46
Percent Increase (Decrease)				8.33%

Schedule 2

	Baseload Unit Forecast Cost of Number 6 Oil						
IWPS TOTAL GENERATION	136,532	156,783	156,025	158,362	153,253	158,362	919,317
	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Total</u>
Cabras #1							
Generation (Mwh)	13,157	7,370	9,271	24,165	27,321	24,792	106,076
Kwh/Barrel	635	622	639	625	625	625	
Barrels	20,733	11,846	14,499	38,664	43,713	39,668	169,123
Mmbtu/Kwh (Heat Rate)	9,612	9,805	9,540	9,760	9,760	9,760	
Cabras #2							
Generation (Mwh)	22,513	34,917	29,867	26,710	26,993	31,694	172,694
Kwh/Barrel	608	613	605	615	615	615	
Barrels	37,007	56,928	49,368	43,431	43,890	51,535	282,159
Mmbtu/Kwh (Heat Rate)	10,027	9,945	10,083	9,919	9,919	9,919	
Cabras #3							
Generation (Mwh)	19,743	20,575	22,093	23,863	21,808	20,388	128,471
Kwh/Barrel	735	737	745	736	736	736	
Barrels	26,848	27,907	29,640	32,423	29,631	27,701	174,150
Mmbtu/Kwh (Heat Rate)	8,295	8,274	8,184	8,288	8,288	8,288	
Cabras #4							
Generation (Mwh)	19,386	20,087	21,744	23,077	19,490	19,843	123,626
Kwh/Barrel	728	730	739	730	730	730	
Barrels	26,614	27,517	29,413	31,612	26,698	27,182	169,036
Mmbtu/Kwh (Heat Rate)	8,374	8,356	8,251	8,356	8,356	8,356	
Tanguisson #1							
Generation (Mwh)	7,516	6,980	9,167	7,031	6,875	7,330	44,900
Kwh/Barrel	483	494	490	485	485	485	
Barrels	15,551	14,143	18,700	14,497	14,176	15,114	92,180
Mmbtu/Kwh (Heat Rate)	12,621	12,360	12,444	12,577	12,577	12,577	
Tanguisson #2							
Generation (Mwh)	5,346	7,427	8,919	896	1,181	3,570	27,339
Kwh/Barrel	472	491	475	471	471	471	
Barrels	11,318	15,113	18,791	1,902	2,508	7,579	57,212
Mmbtu/Kwh (Heat Rate)	12,914	12,412	12,852	12,951	12,951	12,951	
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)	24,857	27,060	25,718	24,844	24,291	25,513	152,282
Kwh/Barrel	728	736	729	729	729	729	
Barrels	34,167	36,773	35,300	34,079	33,321	34,997	208,637
Mmbtu/Kwh (Heat Rate)	8,385	8,290	8,373	8,368	8,368	8,368	
Enron (IPP) Piti #9							
Generation (Mwh)	21,440	24,985	25,932	26,612	24,287	21,917	145,173
Kwh/Barrel	721	735	729	728	728	728	
Barrels	29,716	34,010	35,567	36,555	33,361	30,106	199,315
Mmbtu/Kwh (Heat Rate)	8,455	8,303	8,366	8,379	8,379	8,379	
Total Generation (Mwh)	133,958	149,401	152,711	157,197	152,246	155,048	900,561
Total Barrels	201,953	224,236	231,278	233,163	227,299	233,883	1,351,812
Price/Barrel	\$80.12	\$83.19	\$90.29	\$95.45	\$95.45	\$95.45	
Total Cost (Sch. 6)	\$16,180,864	\$18,653,203	\$20,881,924	\$22,254,250	\$21,694,603	\$22,323,051	\$121,987,896
% to Total MWH Generation	98%	95%	98%	99%	99%	98%	98%
% to Fuel Cost	96%	91%	96%	98%	99%	96%	96%
						\$	90.24

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

Schedule 3
Page 1 of 2

Remaining Demand	2,574	7,382	3,314	1,164	1,007	3,314	18,755
	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Total</u>
Dededo CT #1							
Generation (Mwh)	0	0	0	0	0	0	0
Kwh/Barrel	340	340	340	340	340	340	
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)	43	310	119	116	0	215	803
Kwh/Barrel	457	515	509	500	500	500	
Barrels	94	602	234	231	0	430	1,591
Mmbtu/Kwh (Heat Rate)	12,679	11,259	11,405	11,600	0	11,600	
Yigo CT							
Generation (Mwh)	22	104	36	284	54	717	1,216
Kwh/Barrel	733	475	480	460	460	460	
Barrels	30	219	75	616	117	1,558	2,615
Mmbtu/Kwh (Heat Rate)	7,909	12,221	12,083	12,609	12,609	12,609	
Tenjo Vista							
Generation (Mwh)	378	2,917	845	737	801	2,167	7,845
Kwh/Barrel	618	612	628	617	617	617	
Barrels	612	4,766	1,346	1,195	1,298	3,513	12,729
Mmbtu/Kwh (Heat Rate)	9,390	9,476	9,239	9,400	9,400	9,400	
TEMES							
Generation (Mwh)	1,724	1,923	1,544	0	0	0	5,191
Kwh/Barrel	394	397	435	402	402	402	
Barrels	4,381	4,838	3,550	0	0	0	12,769
Mmbtu/Kwh (Heat Rate)	14,739	14,592	13,335	0	0	0	

	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Total</u>
Manengon (MDI)							
Generation (Mwh)	205	1,119	374	7	14	28	1,748
Kwh/Barrel	717	773	628	673	673	673	
Barrels	286	1,448	596	10	21	42	2,404
Mmbtu/Kwh (Heat Rate)	8,092	7,507	9,243	8,618	8,618	8,618	
Talofofo							
Generation (Mwh)	202	1,009	397	21	139	186	1,954
Kwh/Barrel	692	579	628	611	611	611	
Barrels	292	1,741	632	34	227	305	3,231
Mmbtu/Kwh (Heat Rate)	8,384	10,009	9,233	9,493	9,493	9,493	
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	381	381	381	381	381	381	
Barrels	0	0	0	0	0	0	0
Mmbtu/Kwh (Heat Rate)	0	0	0	0	0	0	
Total Generation (MWH) #2 Units	2,574	7,382	3,315	1,164	1,007	3,314	
Total Barrels	5,695	13,614	6,433	2,087	1,663	5,848	35,340
Price/Barrel-See Schedule 7	\$ 131.04	\$ 134.17	\$ 144.48	\$ 163.56	\$ 154.71	\$ 156.78	\$ 141.98
Total Cost	\$746,261	\$1,826,578	\$929,428	\$341,416	\$257,235	\$916,804	\$5,017,722
Total Gross Generation	136,532	156,783	156,026	158,362	153,253	158,362	
Total Barrels	207,648	237,850	237,711	235,250	228,962	239,731	
% to Total MWH Generation	2%	5%	2%	1%	1%	2%	
% to Fuel Cost	4%	9%	4%	2%	1%	4%	

GUAM POWER AUTHORITY
Navy Dispatch

Schedule 4

Remaining Demand	0	0	(1)	0	0	0	
	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</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	\$ 131.04	\$ 134.17	\$ 144.48	\$ 163.56	\$ 154.71	\$ 156.78	
Total Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Remaining Demand	0	0	(1)	0	0	0	0

GUAM POWER AUTHORITY
Fuel Handling and Other Costs

Schedule 5

	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	Total
Total Number Six Consumption	201,953	224,236	231,278	233,163	227,299	233,883	1,351,812
Dock Usage Fee/Barrel	\$0.48	\$0.45	\$0.41	\$0.49	\$0.51	\$0.49	
Total Dock Fee-Tristar (FY11 Budget)	\$95,990	\$100,690	\$95,402	\$115,415	\$115,415	\$115,415	\$638,328
A) Excess Laytime/Overtime-Tristar	1,824	4,332	3,124	2,973	2,898	2,982	18,132
Storage Tank Rental-Tristar (FY11 Budget)	87,825	87,826	87,826	115,560	115,560	115,560	610,156
Pipeline Fee-Tristar (FY11 Budget)	<u>47,620</u>	<u>53,363</u>	<u>58,747</u>	<u>56,805</u>	<u>56,805</u>	<u>56,805</u>	<u>330,145</u>
TOTAL TRISTAR	\$233,260	\$246,211	\$245,098	\$290,753	\$290,678	\$290,762	\$1,596,761
PEDCO Management Fee (FY11 Budget)	54,356	54,356	54,356	54,356	54,356	54,356	326,136
Wind study	43,348						43,348
Ship Demurrage Cost (FY 11 Budget)	-	-	2,833	14,500	14,500	14,500	46,333
D) Fuel Hedging loss/gain (estimated)	(2,007,956)	(3,049,188)	(3,479,580)	(2,529,534)	(2,871,072)	(2,138,351)	(16,075,680)
E) Lube Oil (FY11 1.7)	84,209	173,341	90,276	144,413	144,413	144,413	781,065
Subscription Delivery fee, Vacuum Rental, Hauling (FY11 Budget)	0	1,679	3,185	3,833	3,833	3,833	16,364
F) Sale of fuel to Matson	(70,122)	(95,798)	(123,086)	(72,370)	(72,370)	(72,370)	(506,115)
G) Inventory growth to be recovered this period 02/28/11 vs 07/31/11	1,245,165	2,461,800	2,185,669	1,579,830	1,579,830	1,579,830	10,632,124
SGS Inspection (FY 11 Budget)	1,999	11,899	2,184	20,409	20,409	20,409	77,308
C) Labor charges	6,037	7,525	7,681	12,500	12,500	12,500	58,743
B) L/C Charges,Bank Charges	83,208	97,917	84,600	87,162	84,971	87,432	525,290
TOTAL ADDITIONAL COST	<u>(326,496)</u>	<u>(\$90,259)</u>	<u>(\$926,784)</u>	<u>(\$394,147)</u>	<u>(\$737,951)</u>	<u>(\$2,685)</u>	<u>(\$2,478,322)</u>
	502,884	(3,820,835.68)	3,112,453				(2,478,322)

Notes:

(A) Total Excess Laytime & O/T Charges for
period 10/09 thru 09/10
Total barrels offloaded FY 2010
Rate per barrel

\$34,852
2,733,605
\$0.0127

(D) Fuel Hedging Gain/loss - Hedging Contract is in place thru 09.30.11

(E) Lube oil is based on FY 11 Budget of \$1,732,957.18

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

FY 11
2.35%
2

(F) Sale to Matson
Average No. of Barrels for FY 2010
Multiplied by \$1.69 for handling fee and \$4.20 for bunker fee plus 15% markup

3300

(c) Fiscal Year 11 budget for Labor
Divided by 12 months
Estimated labor charges Fy11

\$ 150,000.00
12.00
\$ 12,500.00

G) Inventory Growth calculated as follows:
07/31/11 vs. 01/31/11

Description	Barrels	Unit cost	Amount
Estimated ending inventory as of 07/31/11	489,199	105.133	\$ 51,431,196
Estimated ending inventory as of 04/30/11	489,199	95.445	\$ 46,691,706
Change in fuel inventory	-	9.688	\$ 4,739,490
Amount recoverable for 3 months			\$ 4,739,490
Divided by 3 months-to recover every month			\$ 1,579,829.97

GUAM POWER AUTHORITY
Inventory Effect of Number Six Costs

Schedule 6

		Forecast May-11	Forecast Jun-11	Forecast Jul-11	Ending
Layer 1	Inventory (bbbls)	701,810	488,847	241,348	7,465
	Price/Bbl	95.45	95.45	95.45	95.45
Layer 2	Inventory (bbbls)	239,302	239,302	239,302	239,302
	Price/Bbl	104.98	104.98	104.98	104.98
Layer 3	Inventory (bbbls)	240,000	240,000.00	240,000.00	240,000.00
	Price/Bbl	106.09	106.09	106.09	106.09
Layer 4	Inventory (bbbls)	240,000	240,000.00	240,000.00	240,000
	Price/Bbl	104.18	104.18	104.18	104.18
Layer 5	Inventory (bbbls)	240,000	240,000	240,000.00	240,000
	Price/Bbl	104.18	104.18	104.18	104.18
Layer 6	Inventory (bbbls)	240,000	240,000	240,000	240,000
	Price/Bbl	103.76	103.76	103.76	103.76
Layer 7	Inventory (bbbls)	240,000	240,000	240,000	240,000
	Price/Bbl	103.46	103.46	103.46	103.46
Total Consumption (bbbls)		233,163	227,299	233,883	
Total Barrels		233,163	227,299	233,883	
	Layer 1	0	0	0	
	Layer 2	0	0	0	
	Layer 3	0	0	0	
	Layer 4	0	0	0	
	Layer 5	0	0	0	
	Layer 6	0	0	0	
	Layer 7	0	0	0	
Total		233,163	227,299	233,883	
Cost					
	Layer 1	\$22,254,250	\$21,694,603	\$22,323,051	
	Layer 2	-	-	-	
	Layer 3	-	-	-	
	Layer 4	-	-	-	
	Layer 5	-	-	-	
	Layer 6	-	-	-	
	Layer 7	-	-	-	
Total		\$22,254,250	\$21,694,603	\$22,323,051	\$66,271,905
Price Per Barrel		\$95.45	\$95.45	\$95.45	

Apr-11	95.45	Actual		4,499	6,501	5,200	1.00	-	-	5.20
May-11	104.98	Actual		4,499	6,501	5,200	1.00	636.37	96.42	101.62
Jun-11	106.09	Actual		4,499	6,501	5,200	1.00	653.50	99.02	104.21
Jul-11	104.18	Forecast	Note: Fuel forecast was based Morgan Stanley Energy Noon Call Asia on Sing HSFO 180CST dated 07/06/11	4,499	6,501	5,200	1.00	653.25	98.98	104.18
Aug-11	104.18	Forecast		4,499	6,501	5,200	1.00	653.25	98.98	104.18
Sep-11	103.76	Forecast		4,499	6,501	5,200	1.00	650.50	98.56	103.76
Oct-11	103.46	Forecast		4,499	6,501	5,200	1.00	648.50	98.26	103.46
Nov-11	103.27	Forecast		4,499	6,501	5,200	1.00	647.25	98.07	103.27
Dec-11	103.27	Forecast		4,499	6,501	5,200	1.00	647.25	98.07	103.27
Jan-12	103.27	Forecast		4,499	6,501	5,200	1.00	647.25	98.07	103.27
Feb-12	102.49	Forecast		4,499	6,501	5,200	1.00	642.13	97.29	102.49
Mar-12	102.49	Forecast		4,499	6,501	5,200	1.00	642.13	97.29	102.49

Balance as of 04.30.11	HSFO/LSFO	701,809.84	\$	95.45	\$	66,984,395.00
	May shipments	239,302.00	\$	104.98	\$	25,122,402.56

Workpaper for Number 2 oil pricing:

	May-11
Actual Invoice	Shell
Temes	3.9600
CT	3.6370
Tenjo	3.9600
Cabras 1&2/Tango	4.0200
Total	15.5770
Average	3.8943
Multiplied by 42	\$ 163.559

Premium fee \$ 26.96 Effective March 2010

Forecast

Note: Fuel forecast was based on Morgan Stanley
Sing Gasoil swaps .5% dated 06/01/11

Feb-11	\$ - Actual	-	1	-
Mar-11	\$ - Actual	-	1	-
Apr-11	\$ - Actual	-	1	-
May-11	\$ 163.56 Actual	-	1	-
Jun-11	\$ 154.71 Forecast	127.75	1	127.75
Jul-11	\$ 156.78 Forecast	129.82	1	129.82

FUEL HEDGING PROGRAM GAIN/(LOSS)

GPA HEDGING CALCULATION

FY 2011	Trade Date	Month	Cap. Price	Floor Price		Platt's Posted Price	Diff. between	Contract	GPA
						HSFO 180 cst	Platts Price vs. Cap/Floor	Quantity	GAIN / (LOSS)
						\$/MT	\$	MT	(\$)
Morgan Stanley	6/24/2010	February	516.00	424.25		610.210	\$94.210	9,969	\$ 939,179.49
ANZ	6/30/2010	February	503.00	427.75		610.210	\$107.210	9,969	\$ 1,068,776.49
	ACTUAL NET GPA GAIN/(LOSS)								\$ 2,007,955.98
Morgan Stanley	6/24/2010	March	516.00	424.25		645.790	\$129.790	9,969	\$ 1,293,876.51
ANZ	6/30/2010	March	503.00	427.75		645.790	\$142.790	9,969	\$ 1,423,473.51
	ACTUAL NET GPA GAIN/(LOSS)								\$ 2,717,350.02
ANZ	8/20/2010	April	517.00	432.25		684.020	\$167.020	9,969	\$ 1,665,022.38
J Aron	8/25/2010	April	502.00	426.25		684.020	\$182.020	9,969	\$ 1,814,557.38
	ACTUAL NET GPA GAIN/(LOSS)								\$ 3,479,579.76
ANZ	8/20/2010	May	517.00	432.25		636.370	\$119.370	9,969	\$ 1,189,999.53
J Aron	8/25/2010	May	502.00	426.25		636.370	\$134.370	9,969	\$ 1,339,534.53
	ACTUAL NET GPA GAIN/(LOSS)								\$ 2,529,534.06
ANZ	8/20/2010	June	517.00	432.25		653.500	\$136.500	9,969	\$ 1,360,768.50
J Aron	8/25/2010	June	502.00	426.25		653.500	\$151.500	9,969	\$ 1,510,303.50
	ACTUAL NET GPA GAIN/(LOSS)								\$ 2,871,072.00
J Aron	11/18/2010	July	543.00	465.00		653.250	\$110.250	9,969	\$ 1,099,082.25
J Aron	11/19/2010	July	549.00	466.75		653.250	\$104.250	9,969	\$ 1,039,268.25
	ACTUAL NET GPA GAIN/(LOSS)								\$ 2,138,350.50
	Grand Total								\$ 15,743,842.32

GPA HEDGE CONTRACTS							
	Trade	Quantity	Period	Ceiling		Floor	
Morgan Stanley	6/24/2010	9969	01/01/11 - 03/31/11	516.00	78.18	424.25	64.28
ANZ	6/30/2010	9969	01/01/11 - 03/31/11	503.00	76.21	427.75	64.81
ANZ	8/20/2010	9969	04/01/11 - 06/30/11	517.00	78.33	432.25	65.49
J Aron	8/25/2010	9969	04/01/11 - 06/30/11	502.00	76.06	426.25	64.58
J Aron	11/18/2010	9969	07/01/11 - 09/30/11	543.00	82.27	465.00	70.45
J Aron	11/19/2010	9969	07/01/11 - 09/30/11	549.00	83.18	466.75	70.72

Schedule 9

782,785

IWPS TOTAL GENE		Forecast by Generation		Forecast by Generation		Forecast by Generation	
		May-11	Jun-11	Jul-11	Jul-11	Jun-11	Jul-11
		158,362	153,253	158,362	158,362	153,253	158,362
Cabras 1		27,540	24,165	30,709	27,867	27,321	24,792
Cabras 2		30,441	26,710	30,340	35,625	26,993	31,694
Cabras 3		27,197	23,863	24,513	22,917	21,808	20,388
Cabras 4		26,300	23,077	21,907	22,304	19,490	19,843
ENRON 1		28,314	24,844	27,303	28,677	24,291	25,513
ENRON 2		30,329	26,612	27,299	24,636	24,287	21,917
HEI 1		8,013	7,031	7,728	8,240	6,875	7,330
HEI 2		1,021	896	1,328	4,013	1,181	3,570
Dededo CT 1		-	-	-	0	-	-
Dededo CT 2		-	-	-	0	-	-
Macheche CT		132	116	-	242	-	215
Marbo CT		-	-	-	0	-	-
Yigo CT		323	284	60	806	54	717
TEMES CT		-	-	-	0	-	-
Dededo Diesel 1		-	-	-	0	-	-
Dededo Diesel 2		-	-	-	0	-	-
Dededo Diesel 3		-	-	-	0	-	-
Dededo Diesel 4		-	-	-	0	-	-
Pulantat Diesel 1		8	7	-	0	-	-
Pulantat Diesel 2		-	-	8	28	7	25
Talofo Diesel 1		12	11	8	4	7	4
Talofo Diesel 2		12	11	92	125	82	111
Tenjo Diesel 1		164	144	64	85	57	75
Tenjo Diesel 2		164	144	192	488	171	434
Tenjo Diesel 3		152	133	168	476	149	423
Tenjo Diesel 4		144	126	156	432	139	384
Tenjo Diesel 5		120	105	152	368	135	327
Tenjo Diesel 6		96	84	132	364	117	324
		-	-	100	308	89	274
		180,482	158,362	-	-	-	-
				172,260	178,002	153,253	158,362

ASSUMPTIONS/ADD'L INFORMATION:

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

	<u>Mwh</u>	<u>Ratio to Sales</u>	<u>Ratio to Sendout</u>	
Total Mwh Sales -FY08	1,636,791			Ratio to net send out **
Plant Use - (FY 08)	101,216	6.18%		1,763,255
Transmission Losses	55,686	3.40%	3.16%	7.00%
Distribution losses	67,815	4.14%	3.85%	
Company use (FY08)	2,963	0.18%	0.17%	

**tie in to report GPA 318 as of 09.30.08

	<u>Mwh</u>	<u>Ratio</u>	<u>Allocated FY08 T&D Losses</u>
Note A: Total T&D losses FY08	<u>123,501</u>		<u>7.55%</u> (Ratio to sales)
Transmission losses-9/3	48,579	45.09%	55,686
Distribution losses- 9/30/	<u>59,160</u>	54.91%	<u>67,815</u>
	<u>107,739</u>		<u>123,501</u>

Net Plant Output	1,763,255
T&D Losses	123,501
Interim PUC adopted line loss standard	7.00%