

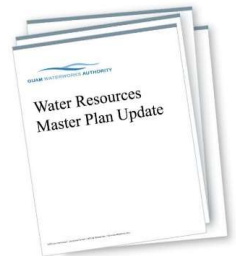


GUAM WATERWORKS AUTHORITY

GWA FY2025-FY2029 Financial Plan & Capital Improvement Program

What is GWA's 5-Year Financial Plan & CIP

- Builds from GWA's 2024 Interim Update to the 2018 20-Year Water Resources Master Plan
- Incorporates second 5-yrs of the 20-yr Capital Improvement Program (CIP) of the Master Plan document
- Adjusted to:
 - account for completed projects
 - include compliance requirements for 2024 Partial Consent Decree
 - include projects needed to meet new regulations for PFAS & dieldrin
 - account for current local construction costs and inflationary impacts
- Includes 5-yr budget projections for O&M expenses
- Presents rates and revenue requirements to fund continued Capital Improvements and sustain operations over the 5-yr period



GWA's Extensive Infrastructure

Water System

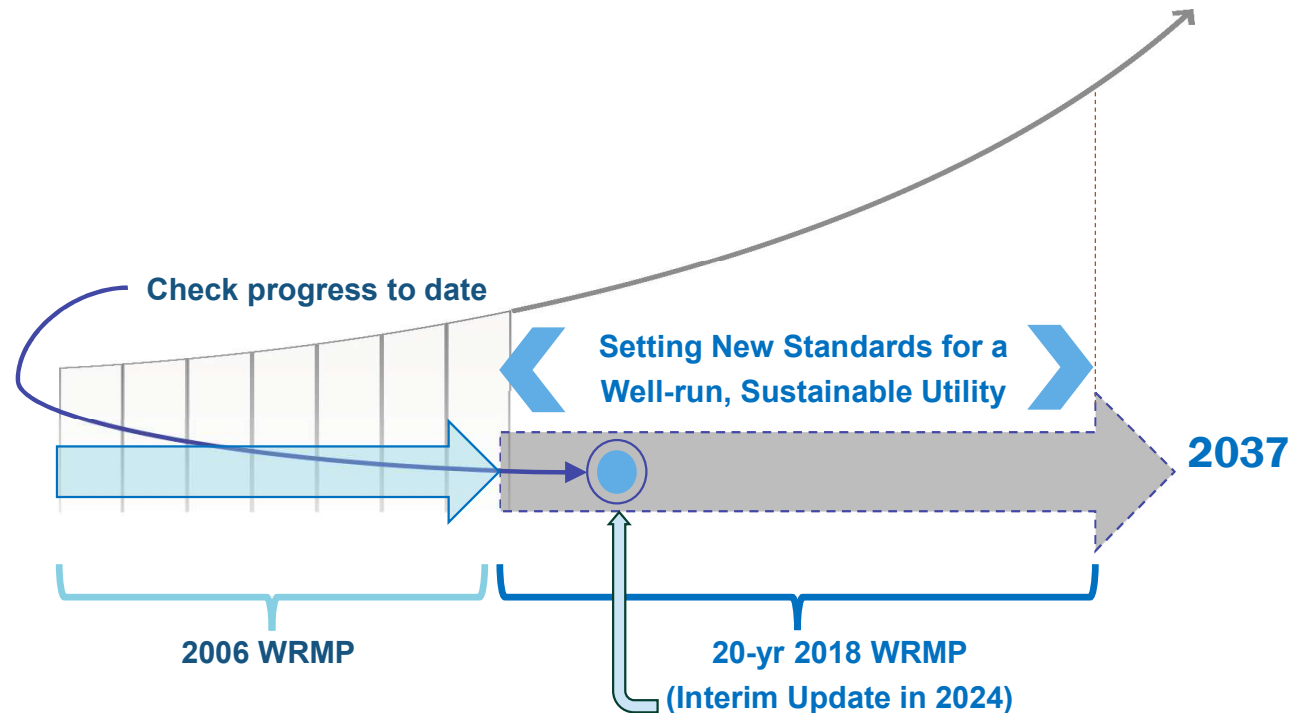
- ~43,667 customers (as of 6.30.2024)
- ~580+ miles of distribution piping
- 33 storage tanks (25 on-line; 8 under repair)
- 3 new storage tanks in construction
- 29 booster pump stations
- 120 water supply wells (~94 on-line)
- 1 surface water treatment plant
- Operation of Tumon 'Maui' Well

Wastewater System

- ~31,111 customers (as of 6.30.2024)
- ~300 miles of collection system piping
- 84 wastewater lift stations
- 6 wastewater treatment plants

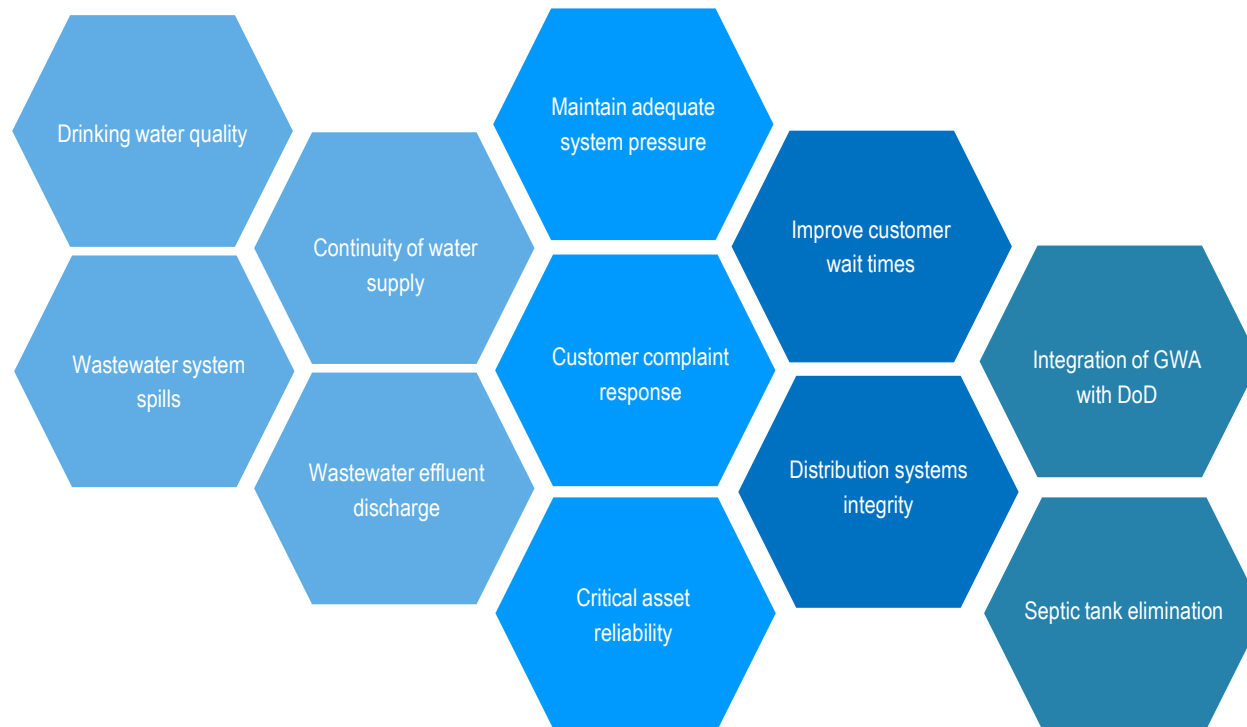
- First Water Resources Master Plan (WRMP) in 2006
- Major update to WRMP completed in 2018 (2018-2037)
- 5-yr Interim Update started in 2023 to be issued in 2024
- **Assess progress** since 2018 / update capital program
- Include capital projects for **new regulations** and **compliance requirements**
- **Update projected costs** based on changes in construction market
- **Update hydraulic models** based on improved system and data
- **Include new water loss control initiatives**

How do we Plan for the Future?



Continue to Pursue Service Level Improvement

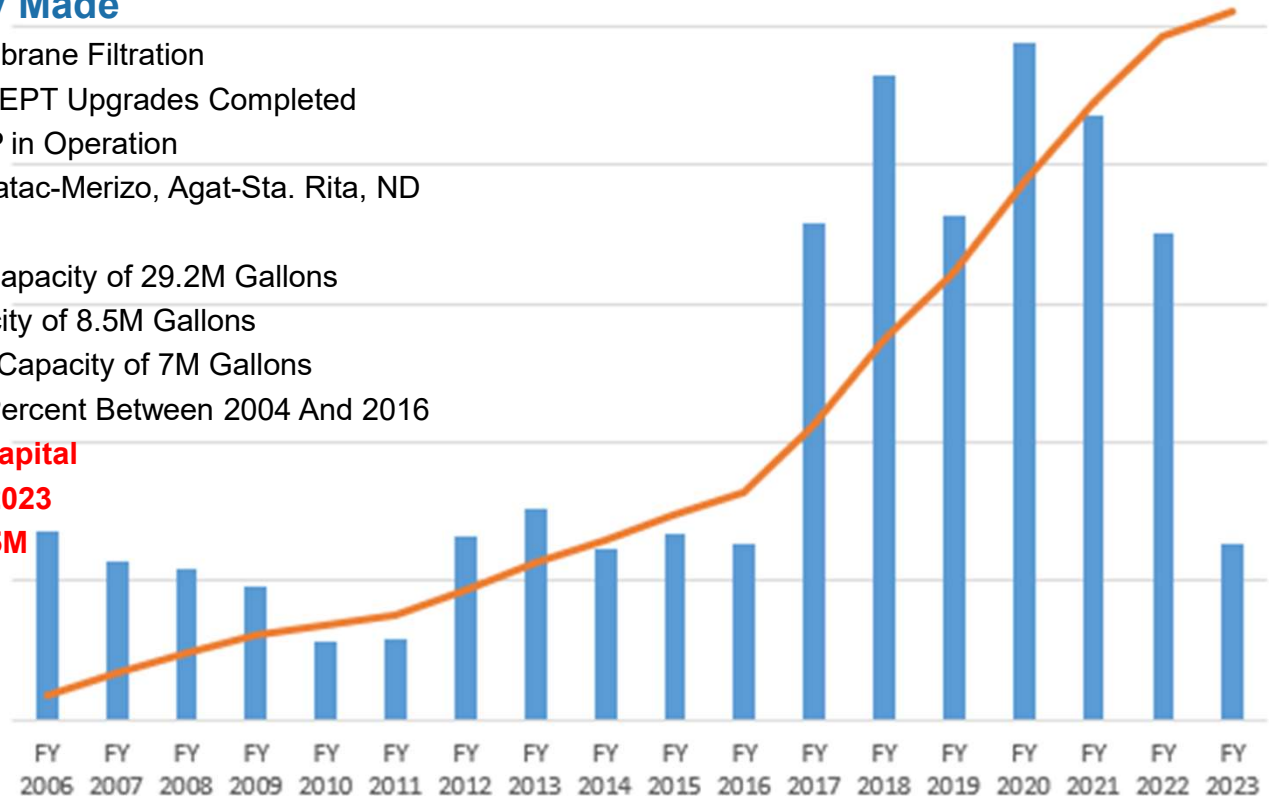
2018 WRMP Update - Increased to 11 Customer Service Level Goals



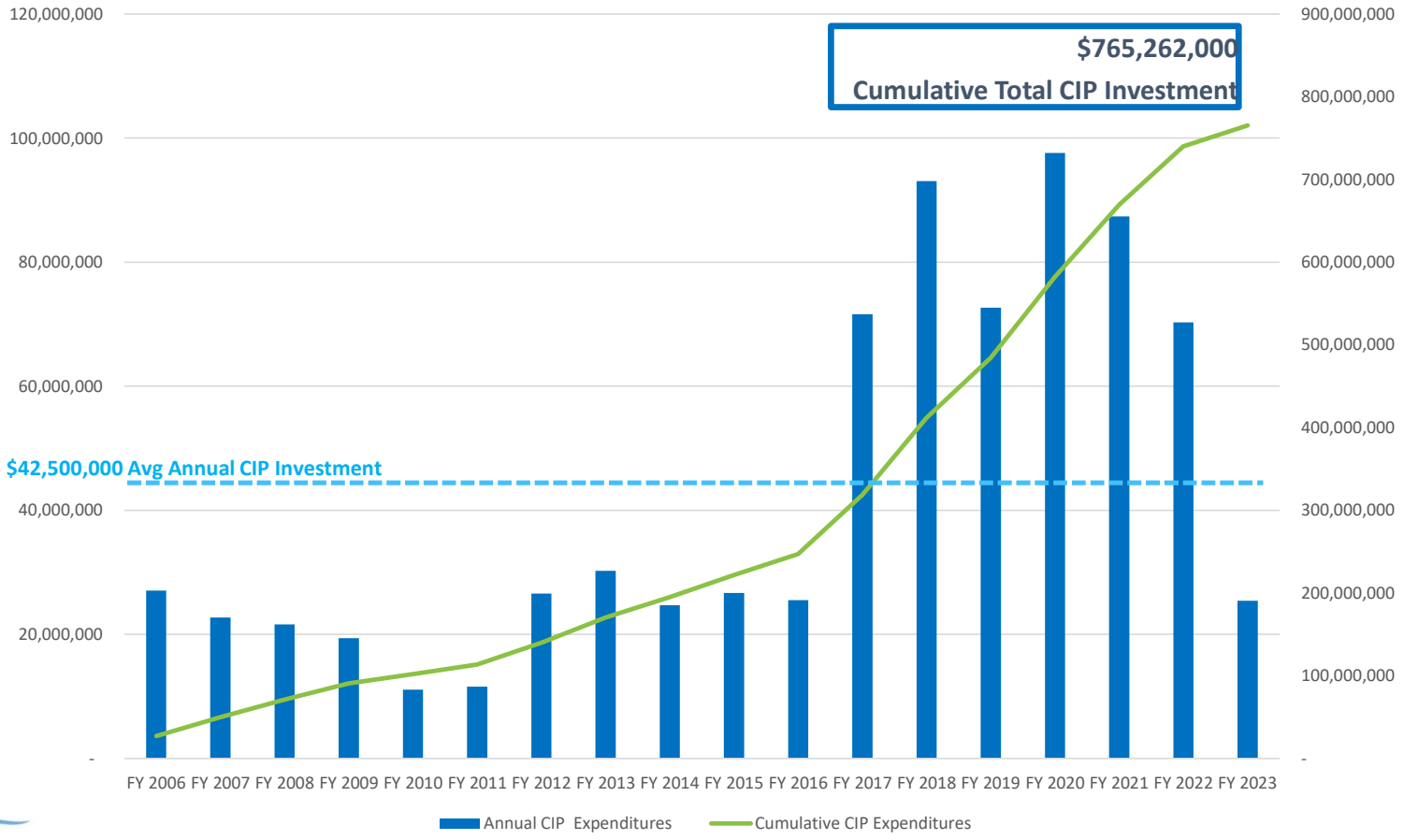
Progress: Three 5-Year Plans after 2006

Partial List of Progress Already Made

- Ugum Treatment Plant Upgrade to Membrane Filtration
- Hagåtña and Northern District WWTP CEPT Upgrades Completed
- New Agat-Santa Rita Secondary WWTP in Operation
- Secondary Upgrades Completed at Umatac-Merizo, Agat-Sta. Rita, ND WWTPs
- 25 New or Repaired Water Tanks with Capacity of 29.2M Gallons
- 8 Water Tanks Under Repair with Capacity of 8.5M Gallons
- 3 Water Tanks Under Construction with Capacity of 7M Gallons
- Navy Water Use Reduced By Over 50 Percent Between 2004 And 2016
- **~\$765 million spent on Master Plan Capital Improvement Program from 2006 to 2023**
- **Average Annual CIP Investment \$42.5M**

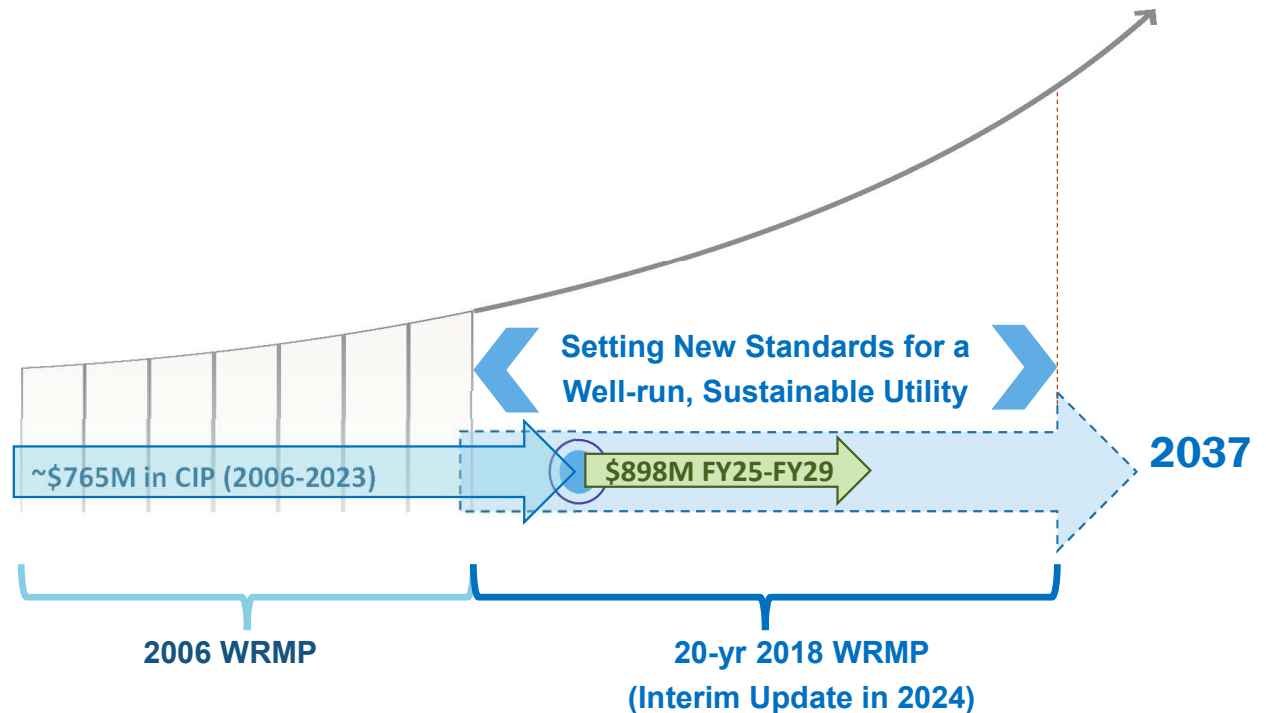


GWA Historical Annual and Cumulative CIP Expenditures
(FY2006 - FY2023*)

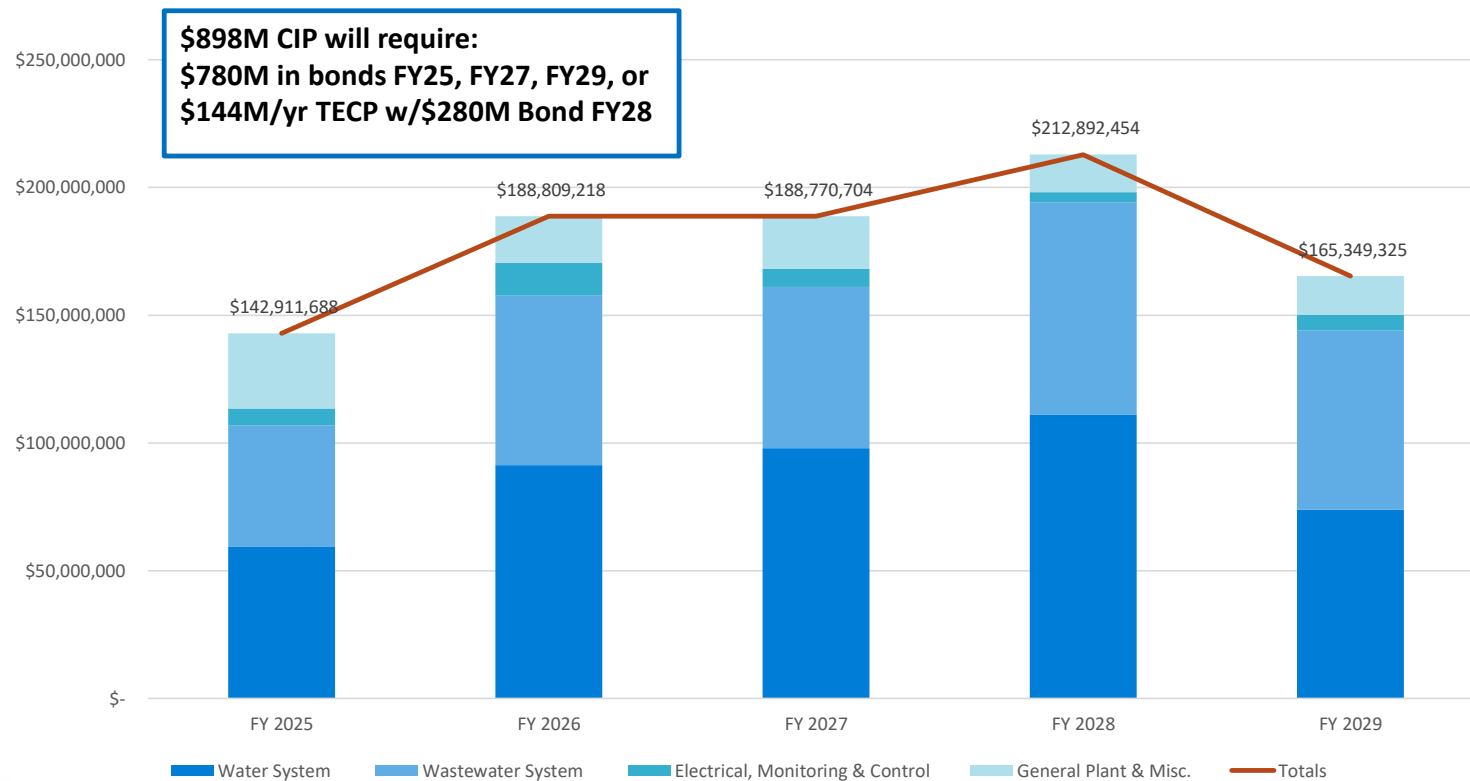


- GWA has achieved significant progress since 2006 plan
- ~\$765M of WRMP Capital Improvement Projects completed as FY23
- 98% of 2011 Court Order Projects have been completed
- 2024 WRMP Updates our 20-yr plan with revised CIP
- FY25-FY29 Financial Plan & CIP builds from 2024 WRMP Interim Update
- \$898M CIP will require \$780M in traditional 30-year bonds to address critical regulatory compliance and water loss reduction initiatives
- If TECP/Short-term financing options are available, bond issuance can be deferred and \$61M in financing costs can be saved

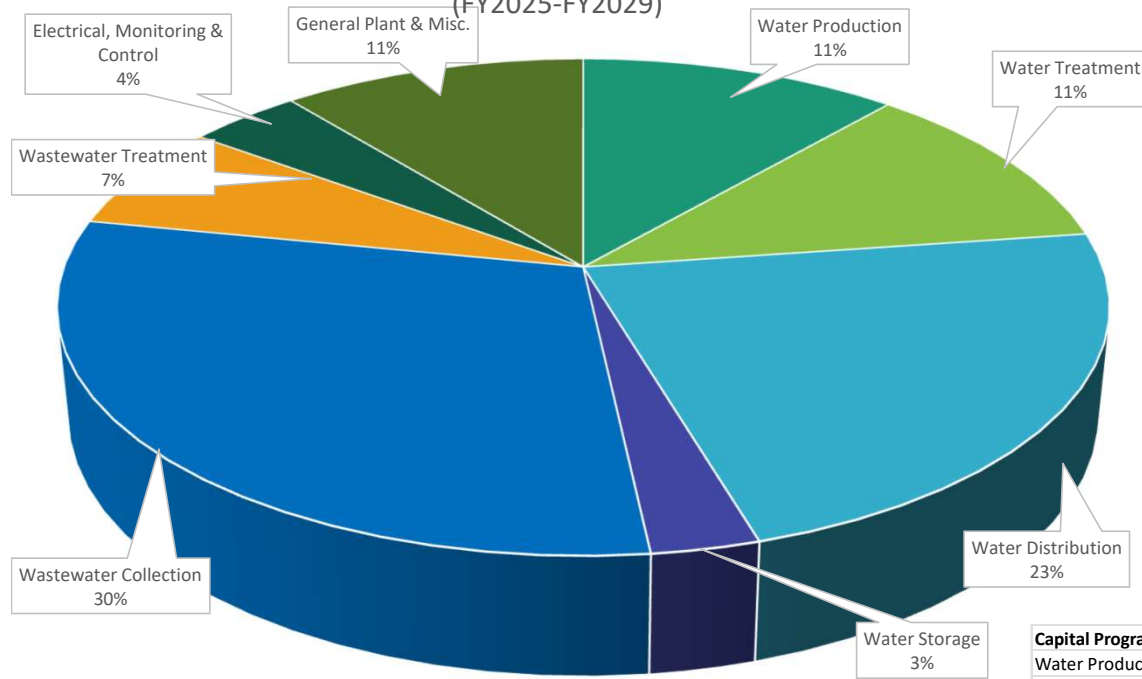
GWA's FY25-29 Financial Plan



Five-Year Capital Improvement Program Funding Requirement (FY2025 - FY2029)



Five-Year Capital Improvement Program Breakdown (FY2025-FY2029)



- Water Production
- Water Treatment
- Water Distribution
- Water Storage
- Wastewater Collection
- Wastewater Treatment
- Electrical, Monitoring & Control
- General Plant & Misc.

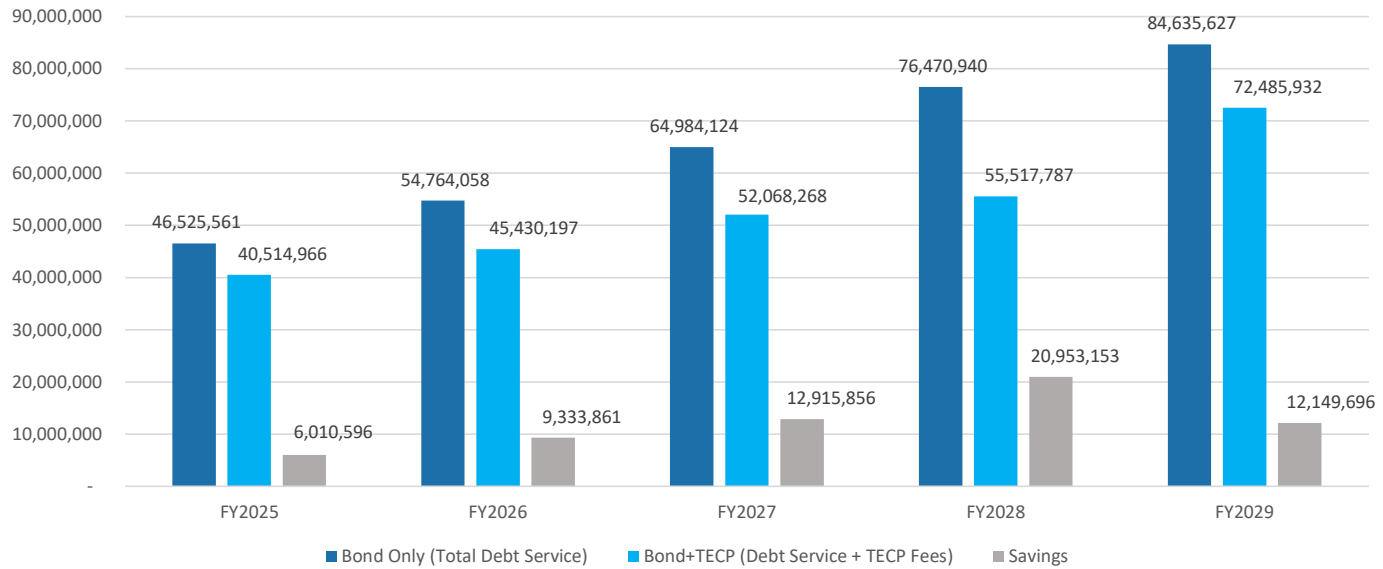
Capital Program Element	TOTAL	%
Water Production	\$ 102,754,617	11%
Water Treatment	\$ 101,884,505	11%
Water Distribution	\$ 203,109,517	23%
Water Storage	\$ 25,931,842	3%
Wastewater Collection	\$ 268,380,943	30%
Wastewater Treatment	\$ 62,080,740	7%
Electrical, Monitoring & Control	\$ 36,437,196	4%
General Plant & Misc.	\$ 98,154,030	11%
Total CIP	\$ 898,733,389	100%



FY2025–FY2029 Capital Improvement Program Costs by Project Categories

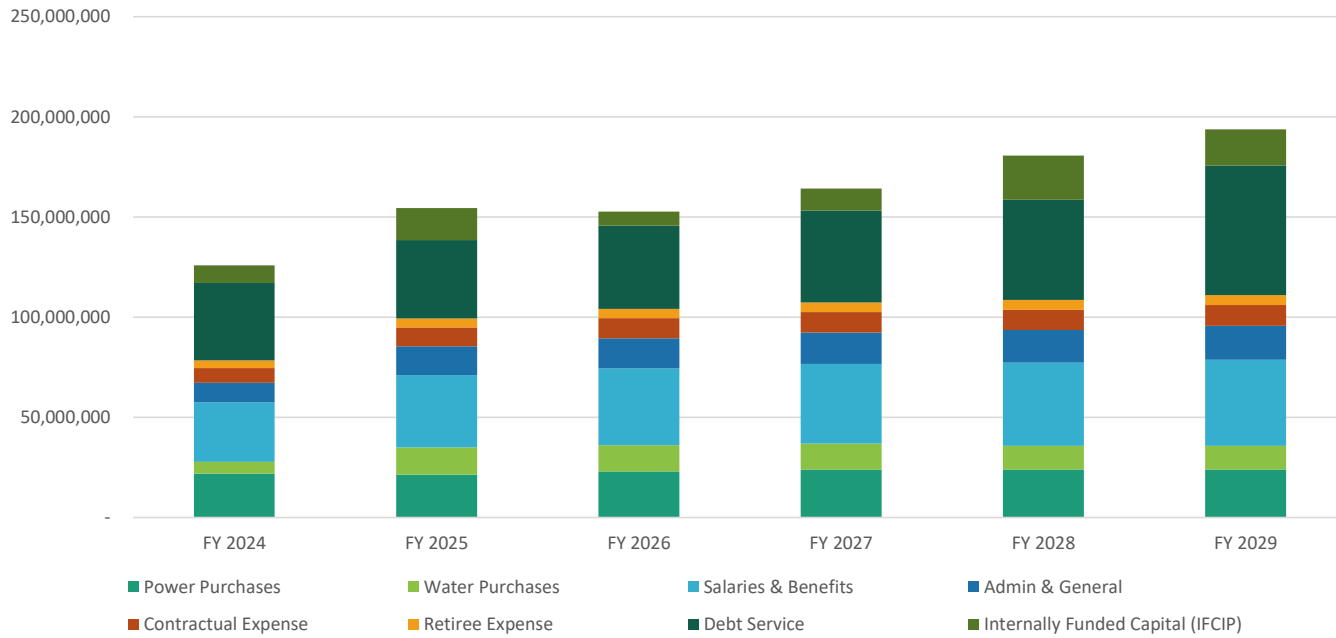
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL		Initiatives			
								Partial CD / CO	PFAS/ECs	Water Loss	SCAD/Misc
Water Production	\$ 29,597,345	\$ 19,143,743	\$ 20,113,701	\$ 24,275,381	\$ 9,624,448	\$ 102,754,618	11.4%	\$ 102,754,618	\$ 101,884,505	\$ 203,109,516	\$ 36,437,197
Water Treatment	\$ 8,797,915	\$ 18,711,176	\$ 21,799,340	\$ 22,671,313	\$ 29,904,761	\$ 101,884,505	11.3%				
Water Distribution	\$ 15,456,100	\$ 49,767,698	\$ 54,462,816	\$ 62,888,416	\$ 20,534,486	\$ 203,109,516	22.6%				
Water Storage	\$ 5,660,642	\$ 3,669,633	\$ 1,581,554	\$ 1,119,207	\$ 13,900,805	\$ 25,931,841	2.9%	\$ 25,931,841			
Wastewater Collection	\$ 45,055,515	\$ 63,165,723	\$ 56,863,283	\$ 57,148,000	\$ 46,148,421	\$ 268,380,942	29.9%	\$ 268,380,942			
Wastewater Treatment	\$ 2,334,478	\$ 3,374,591	\$ 6,326,499	\$ 26,095,770	\$ 23,949,402	\$ 62,080,740	6.9%	\$ 62,080,740			
Electrical, Monitoring & Control	\$ 6,617,663	\$ 12,706,711	\$ 7,011,836	\$ 3,948,423	\$ 6,152,564	\$ 36,437,197	4.1%				\$ 36,437,197
General Plant	\$ 29,392,031	\$ 18,269,942	\$ 20,611,675	\$ 14,745,943	\$ 15,134,438	\$ 98,154,029	10.9%				\$ 98,154,029
						\$ 898,733,388	100.0%	\$ 356,393,523	\$ 204,639,123	\$ 203,109,516	\$ 134,591,226
								39.7%	22.8%	22.6%	15.0%

Comparison of Total Cost of Financing (FY2025-FY2029) Bond Only v Bond + TECP



Comparison of Total Cost of Financing	FY2025	FY2026	FY2027	FY2028	FY2029	Totals
Bond Only (Total Debt Service)	46,525,561	54,764,058	64,984,124	76,470,940	84,635,627	327,380,312
Bond+TECP (Debt Service + TECP Fees)	40,514,966	45,430,197	52,068,268	55,517,787	72,485,932	266,017,150
Savings	6,010,596	9,333,861	12,915,856	20,953,153	12,149,696	61,363,161

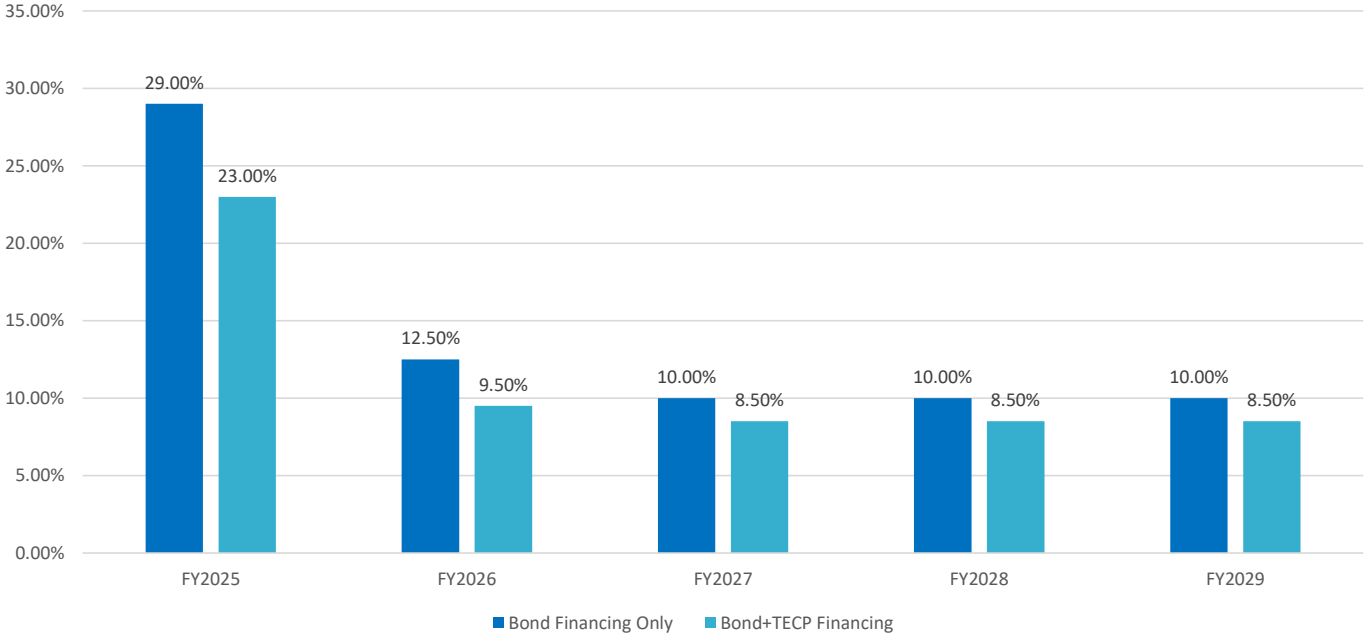
Projected Operating Costs, Debt Service and Revenue-CIP
for Five-Year Financial Plan



	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Non-Lifeline Rate Increase	16.7%	23.0%	9.5%	8.5%	8.5%	8.5%
Lifeline Rate Increase	16.7%	0.0%	9.5%	0.0%	0.0%	0.0%
TOTAL O&M Expenses	\$ 78,356,244	\$ 99,366,639	\$ 104,108,189	\$ 107,339,238	\$ 108,514,308	\$ 111,032,803
Debt Service	38,762,231	39,070,844	41,582,002	45,793,801	50,125,441	64,679,205
Internally Funded Capital (IFCIP)	8,784,879	16,000,000	7,000,000	11,000,000	22,000,000	18,000,000
TOTAL USES	\$ 125,903,354	\$ 154,437,483	\$ 152,690,191	\$ 164,133,040	\$ 180,639,749	\$ 193,712,008

How will these funding needs affect service rates?

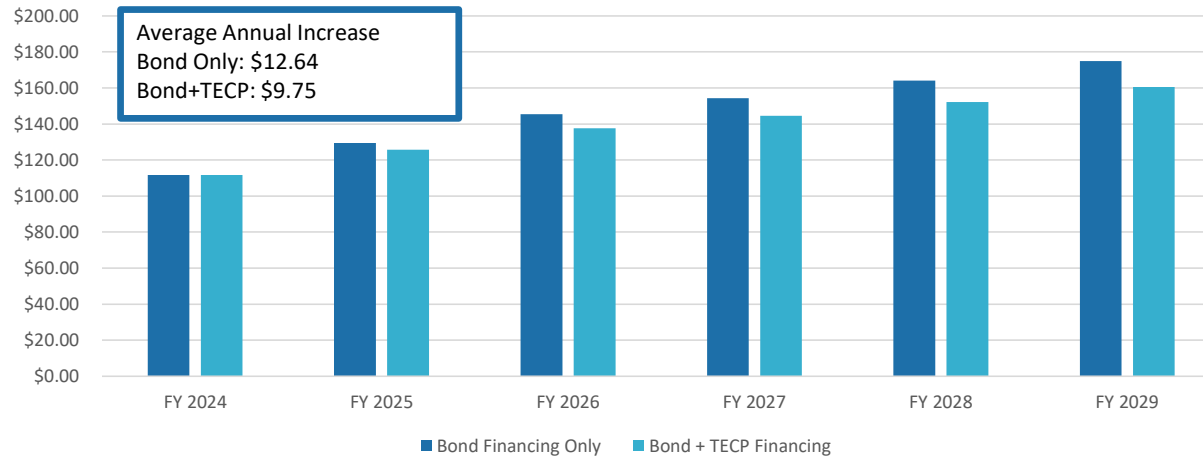
Comparison of Rate Relief Required (FY2025-FY2029)
Bond Only vs Bond + TECP



Comparison of Rate Increases (non-lifeline)	FY2025	FY2026	FY2027	FY2028	FY2029	Totals
Bond Financing Only	29.00%	12.50%	10.00%	10.00%	10.00%	71.50%
Bond+TECP Financing	23.00%	9.50%	8.50%	8.50%	8.50%	58.00%
Reduction	6.00%	3.00%	1.50%	1.50%	1.50%	13.50%

How will this affect Your Monthly Bill?

Comparison of Typical Residential (7Kgal) Monthly Water & Sewer Bill
Bond Financing Only vs Bond + TECP



Typical Household Monthly Bill for Water & Sewer			Current	Forecast Years					
Meter	Kgals		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Proposed Rates Increases (Bond Financing Only)				29.00%	12.50%	10.00%	10.00%	10.00%	
Residential	3/4 inch	7	\$111.74	\$129.51	\$145.47	\$154.24	\$164.08	\$174.92	
				<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>
				\$17.77	\$15.96	\$8.77	\$9.84	\$10.84	\$63.18
				<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>
				15.9%	12.3%	6.0%	6.4%	6.6%	56.5%
Proposed Rates Increases (Bond+TECP Financing)				23.00%	9.50%	8.50%	8.50%	8.50%	
Residential	3/4 inch	7	\$111.74	\$125.81	\$137.58	\$144.49	\$152.17	\$160.48	
				<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>	<i>Change</i>
				\$14.07	\$11.77	\$6.91	\$7.68	\$8.31	\$48.74
				<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>	<i>Percentage change</i>
				12.6%	9.4%	5.0%	5.3%	5.5%	43.6%

Schedule L (Bond Financing Only)

Monthly Bill Impacts by Customer Class

			Forecast Years							
	Meter	Kgals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total	
Customer Class										
Residential	3/4 inch	3	\$81.47	\$90.57	\$101.77	\$106.27	\$111.30	\$116.84		
				<i>Nominal change</i>	<i>\$9.10</i>	<i>\$11.20</i>	<i>\$4.50</i>	<i>\$5.03</i>	<i>\$5.54</i>	<i>\$35.37</i>
				<i>Percentage change</i>	<i>11.2%</i>	<i>12.4%</i>	<i>4.4%</i>	<i>4.7%</i>	<i>5.0%</i>	<i>43.4%</i>
Residential	3/4 inch	7	\$111.74	\$129.51	\$145.47	\$154.24	\$164.08	\$174.92		
				<i>Change</i>	<i>\$17.77</i>	<i>\$15.96</i>	<i>\$8.77</i>	<i>\$9.84</i>	<i>\$10.84</i>	<i>\$63.18</i>
				<i>Percentage change</i>	<i>15.9%</i>	<i>12.3%</i>	<i>6.0%</i>	<i>6.4%</i>	<i>6.6%</i>	<i>56.5%</i>
Residential	3/4 inch	12	\$187.41	\$226.85	\$254.70	\$274.19	\$296.02	\$320.09		
				<i>Change</i>	<i>\$39.44</i>	<i>\$27.85</i>	<i>\$19.49</i>	<i>\$21.83</i>	<i>\$24.07</i>	<i>\$132.68</i>
				<i>Percentage change</i>	<i>21.0%</i>	<i>12.3%</i>	<i>7.7%</i>	<i>8.0%</i>	<i>8.1%</i>	<i>70.8%</i>
Commercial-1	3/4 inch	30	\$844.91	\$1,087.02	\$1,219.80	\$1,339.69	\$1,473.89	\$1,621.51		
				<i>Change</i>	<i>\$242.11</i>	<i>\$132.78</i>	<i>\$119.89</i>	<i>\$134.20</i>	<i>\$147.62</i>	<i>\$776.60</i>
				<i>Percentage change</i>	<i>28.7%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>91.9%</i>
Commercial-2	2 inch	500	\$19,584.37	\$25,194.09	\$28,267.14	\$31,041.12	\$34,149.05	\$37,568.19		
				<i>Change</i>	<i>\$5,609.72</i>	<i>\$3,073.05</i>	<i>\$2,773.98</i>	<i>\$3,107.93</i>	<i>\$3,419.14</i>	<i>\$17,983.82</i>
				<i>Percentage change</i>	<i>28.6%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>91.8%</i>
Commercial-3	3/4 inch	50	\$2,373.51	\$3,053.35	\$3,425.77	\$3,761.55	\$4,138.00	\$4,552.15		
				<i>Change</i>	<i>\$679.84</i>	<i>\$372.42</i>	<i>\$335.78</i>	<i>\$376.45</i>	<i>\$414.15</i>	<i>\$2,178.64</i>
				<i>Percentage change</i>	<i>28.6%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>91.8%</i>
Hotel	4 inch	500	\$19,695.58	\$25,337.14	\$28,427.61	\$31,217.29	\$34,342.84	\$37,781.35		
				<i>Change</i>	<i>\$5,641.56</i>	<i>\$3,090.47</i>	<i>\$2,789.68</i>	<i>\$3,125.55</i>	<i>\$3,438.51</i>	<i>\$18,085.77</i>
				<i>Percentage change</i>	<i>28.6%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>91.8%</i>
Government	1.5 inch	200	\$6,191.52	\$7,966.52	\$8,938.94	\$9,816.62	\$10,800.63	\$11,883.21		
				<i>Change</i>	<i>\$1,775.00</i>	<i>\$972.42</i>	<i>\$877.68</i>	<i>\$984.01</i>	<i>\$1,082.58</i>	<i>\$5,691.69</i>
				<i>Percentage change</i>	<i>28.7%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>91.9%</i>
Agriculture	3/4 inch	20	\$151.53	\$194.95	\$218.71	\$240.23	\$264.26	\$290.83		
				<i>Change</i>	<i>\$43.42</i>	<i>\$23.76</i>	<i>\$21.52</i>	<i>\$24.03</i>	<i>\$26.57</i>	<i>\$139.30</i>
				<i>Percentage change</i>	<i>28.7%</i>	<i>12.2%</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.1%</i>	<i>91.9%</i>
Irrigation	3/4 inch	20	\$156.76	\$201.72	\$226.46	\$248.73	\$273.75	\$301.13		
				<i>Change</i>	<i>\$44.96</i>	<i>\$24.74</i>	<i>\$22.27</i>	<i>\$25.02</i>	<i>\$27.38</i>	<i>\$144.37</i>
				<i>Percentage change</i>	<i>28.7%</i>	<i>12.3%</i>	<i>9.8%</i>	<i>10.1%</i>	<i>10.0%</i>	<i>92.1%</i>

Schedule L (Bond + TECP Financing)

Monthly Bill Impacts by Customer Class

			Forecast Years						
	Meter	Kgals	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Customer Class									
Residential	3/4 inch	5	\$81.47	\$88.68	\$97.02	\$100.55	\$104.48	\$108.73	
				\$7.21	\$8.34	\$3.53	\$3.93	\$4.25	\$27.26
				8.8%	9.4%	3.6%	3.9%	4.1%	33.5%
Residential	3/4 inch	7	\$111.74	\$125.81	\$137.58	\$144.49	\$152.17	\$160.48	
				\$14.07	\$11.77	\$6.91	\$7.68	\$8.31	\$48.74
				12.6%	9.4%	5.0%	5.3%	5.5%	43.6%
Residential	3/4 inch	12	\$187.41	\$218.65	\$238.97	\$254.34	\$271.39	\$289.85	
				\$31.24	\$20.32	\$15.37	\$17.05	\$18.46	\$102.44
				16.7%	9.3%	6.4%	6.7%	6.8%	54.7%
Commercial-1	3/4 inch	30	\$844.91	\$1,036.38	\$1,131.68	\$1,225.80	\$1,330.46	\$1,443.79	
				\$191.47	\$95.30	\$94.12	\$104.66	\$113.33	\$598.88
				22.7%	9.2%	8.3%	8.5%	8.5%	70.9%
Commercial-2	2 inch	500	\$19,584.37	\$24,021.15	\$26,230.54	\$28,408.81	\$30,830.22	\$33,457.37	
				\$4,436.78	\$2,209.39	\$2,178.27	\$2,421.41	\$2,627.15	\$13,873.00
				22.7%	9.2%	8.3%	8.5%	8.5%	70.8%
Commercial-3	3/4 inch	50	\$2,373.51	\$2,911.42	\$3,179.13	\$3,443.15	\$3,736.50	\$4,054.80	
				\$537.91	\$267.71	\$264.02	\$293.35	\$318.30	\$1,681.29
				22.7%	9.2%	8.3%	8.5%	8.5%	70.8%
Hotel	4 inch	500	\$19,695.58	\$24,157.54	\$26,379.46	\$28,570.08	\$31,005.18	\$33,647.21	
				\$4,461.96	\$2,221.92	\$2,190.62	\$2,435.10	\$2,642.03	\$13,951.63
				22.7%	9.2%	8.3%	8.5%	8.5%	70.8%
Government	1.5 inch	200	\$6,191.52	\$7,595.00	\$8,293.07	\$8,982.36	\$9,748.45	\$10,579.00	
				\$1,403.48	\$698.07	\$689.29	\$766.09	\$830.55	\$4,387.48
				22.7%	9.2%	8.3%	8.5%	8.5%	70.9%
Agriculture	3/4 inch	20	\$151.53	\$185.88	\$203.15	\$220.05	\$238.88	\$259.26	
				\$34.35	\$17.27	\$16.90	\$18.83	\$20.38	\$107.73
				22.7%	9.3%	8.3%	8.6%	8.5%	71.1%
Irrigation	3/4 inch	20	\$156.76	\$192.38	\$210.17	\$227.79	\$247.17	\$268.32	
				\$35.62	\$17.79	\$17.62	\$19.38	\$21.15	\$111.56
				22.7%	9.2%	8.4%	8.5%	8.6%	71.2%

The Risk to Rates Posed by Coretech's Claim of Ownership of GWA's ND WWTP

- Coretech's claim of ownership in publicly owned property amounts to:
 - \$200M++ for "past rents and damages"
 - Coretech also wants millions for "rents" moving forward
- If GWA had to pay out this claim in a single year, it **would have to more than DOUBLE** its revenues
- The potential loss of the NDWWTP would also affect:
 - **Bond indenture** requirements
 - GWA's credit rating and **increase the cost of financing**
 - GWA's **regulatory compliance** and negotiated Partial Consent Decree
 - **Federal lien interests** for millions in grant funds provided
- All of these factors **can affect GWA's rates for water and WW services**
- The uncertainty created by the private claim on this public asset **disrupts** GWA's ability to plan improvements and the **PUC rate-making process**



Summary

- The 5-Yr Financial Plan and CIP:
 - Builds from 2024 Interim Update of GWA's 20-year WRMP
 - **Incorporates** new projects for **PFAS/Dieldrin**, **Partial Consent Decree** and **Water Loss Control Program initiatives**
 - Adjusts to address local construction cost increases and inflation
 - Proposes **\$898 million Capital Improvement Program FY25-FY29 with \$780M in Bond Financing required**
 - Proposes annual rate increases of 10% to 29% under currently used Bond financing structure only
- **With TECP now authorized, annual rate increases can be reduced to 8.5% to 23%**
- The 5-Yr Financial Plan will increase the monthly residential (7kgal) water / sewer bill from
 - **\$111.74 (FY24) to \$174.92 (FY29) with Bond Financing only**
 - **\$111.74 (FY24) to \$160.48 (FY29) with TECP financing**
- TECP implementation could **save \$61M** in financing costs over 5-yr period

Summary

- GWA & the PUC are evaluating **additional adjustments** which **could further reduce rates**
- With regard to Coretech lawsuit and claims of Publicly owned facility:
 - All GWA customer rates and charges for water and wastewater services must have the prior approval of the PUC 12 G.C.A. §14104(d)
 - The only likely source for payment by GWA of damages or compensation to Coretech would be rate revenues obtained from ratepayers.
 - PUC has stated publicly and in court filings that it cannot effectively regulate unless and until the Supreme Court resolves the uncertainty underlying the ownership of the NDWWTP.
- Uncertainty with Coretech lawsuit remains; **potential claims and rate impacts from Coretech lawsuit are not included in this rate plan.**
- Any new information in the lawsuit, not now considered, will be a “tremendous upset” of GWA’s proposed plan and these rates

Bond Rating Snapshot

- GWA currently enjoys investment grade credit, strong financial management, prudent and proactive leadership, and improved regulatory relations
- Recent Negative Outlook issued by S&P because of narrow debt-service coverage in recent years, use and depletion of reserves (PUC Rate Orders cited)
- If TECP is authorized, positive PUC action on GWA's 5-Year Rate Plan should return GWA to stable outlook

Rating Agency:	Standard & Poor's	Moody's	Fitch
GWA Rating:	A-	Baa2	BBB
Description:	Upper Medium Grade; Strong	Medium Grade; Adequate	Medium Grade; Adequate