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GPA Continues Efforts to Minimize Impact from Increased Fuel Oil as PUC Reviews LEAC

(Fadian, Mangilao) - Guam Power Authority (GPA) is aware that the Public Utilities Commission (PUC) has opened a proceeding to review the current Levelized Energy Adjustment Clause, or LEAC. This review differs from the normal LEAC process in that GPA did not initiate or recommend the adjustment now under consideration. GPA will review the PUC's recommendation once received and will continue to advocate for an approach that protects customers from sharp increases while recognizing the actual cost of fuel required to serve the island.

For months, GPA has been working to limit the impact of rising fuel costs on customers. The LEAC is designed to recover the cost of fuel used to generate electricity, but because the charge is levelized over time, changes in fuel costs are not immediately passed through to customers. This has helped cushion customers from the kind of sudden price changes motorists may see at the gas pump when global fuel prices rise.

GPA has also taken steps internally to help manage those costs. These measures include limiting hiring, holding salary increments and increases, streamlining expenditures and vendor payments, and using available financial reserves. GPA has also used available Self-Insurance Fund resources to help offset fuel costs and lessen the immediate impact on ratepayers.

Additionally, GPA is in the process of securing a line of credit by the end of September to help manage extraordinary fuel costs and maintain sufficient cash flow for fuel purchases. The line of credit would be used only as needed for fuel procurement while those costs are recovered through the LEAC, helping GPA manage the timing gap and reduce the risk of sharper immediate impacts to customers. Funds from the line of credit may only be used for fuel purchases and may not be used for payroll, capital projects, debt service or general operations.

While these measures have helped reduce the immediate impact on customers, they cannot fully offset the sustained increase in fuel costs. Information provided to the PUC state, LEAC under-recovery was approximately $36 million as of August 27, 2026. GPA is currently collecting less through the LEAC than it is paying for fuel, while the cost of fuel has remained substantially higher than anticipated.

The Ukudu Power Plant is doing what it was designed to do – use less fuel to produce electricity. GPA's internal analysis shows that the system is more efficient with Ukudu operating in combined cycle (utilizing the steam turbine unit), than without it. Those efficiency gains are helping reduce fuel consumption, but they cannot fully offset the extraordinary increase in the price of fuel itself. GPA will continue pursuing every reasonable measure available to reduce costs, improve efficiency and limit the impact of soaring fuel costs on customers. GPA will provide additional information as it becomes available.

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