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FOR IMMEDIATE RELEASE

September 15, 2026

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GPA Proposes to Defer Interim LEAC Adjustment

(Fadian, Mangilao) - Guam Power Authority (GPA) presented its current fuel-cost and cash-flow outlook to the Consolidated Commission on Utilities (CCU) Tuesday as the Public Utilities Commission (PUC) will consider an interim adjustment to the Levelized Energy Adjustment Clause (LEAC) under GPA Docket 26-13.

GPA recommended postponing action on an interim LEAC adjustment until its fuel-purchase line of credit is secured and additional fuel-market projections are available. After discussion concerning potential action on the LEAC, the CCU tabled the matter until 3:00 p.m., Friday, September 18, 2026. GPA is seeking additional time to determine whether fuel costs can be recovered over a longer period and reduce the immediate impact of a sharp increase on customers.

The Administrative Law Judge (ALJ) assigned to the PUC docket has recommended increasing the LEAC from 19.4150 cents per kilowatt-hour to 28.2708 cents per kilowatt-hour, an increase of approximately 8.9 cents per kilowatt-hour, effective October 1, 2026 through January 31, 2027. The recommendation would increase the average residential bill for customers using 1,000kWh by approximately $88.56 per month. Customers with higher electricity use, including businesses, could see a greater dollar impact. The recommended adjustment would still leave approximately $27 million in unrecovered fuel costs at the end of the period.

GPA acknowledges that the fuel under-recovery must be addressed. As of August 27, 2026, LEAC under-recovery was approximately $36 million. Under-recovery represents fuel costs GPA has already incurred but has not yet recovered through the LEAC. Because GPA must pay for fuel before those costs are fully recovered through customer bills, sustained high fuel prices have placed significant pressure on cash flow. GPA's September fuel shipment totaled approximately 250,000 barrels, with payment of $42M required by the end of September.

To preserve liquidity and meet these upfront fuel obligations, GPA has limited hiring, held salary increments and increases, streamlined expenditures and vendor payments, and used available cash reserves and operating funds. Those resources have also been affected by the financial impacts of Typhoons Sinlaku and Bavi, including lower revenues and additional storm-related expenses.

GPA is also working to secure a $70 million fuel-purchase line of credit, already approved by the CCU and PUC and currently in the procurement process. The line of credit does not eliminate fuel costs or replace the LEAC. It is a short-term financial tool intended to provide liquidity for fuel purchases while those costs are recovered through the LEAC over time.

Fuel-market conditions remain difficult to predict as seen in other industry sectors across the globe. GPA's average fuel cost was approximately $88 per barrel in January, rose to more than $222 per barrel in April, and is approximately $168 per barrel for the September cargo. The October cargo is currently estimated at more than $200 per barrel. The continuing Iran conflict has contributed to sustained volatility in global fuel markets and made fuel-cost forecasting increasingly difficult.

The extended outage of the Ukudu Power Plant steam turbine also increased fuel consumption earlier this summer. The outage lasted approximately nine weeks instead of the planned two weeks, resulting in the use of more than 180,000 additional barrels of fuel at an estimated cost of approximately $28 million. Since the steam turbine returned to service, combined-cycle operation has reduced daily fuel consumption by approximately 3,000 barrels.

"Electricity is a necessity for every home and business on Guam. An average increase of nearly $89 a month for average residential customers is significant, and ratepayers who use more electricity could see an even greater impact," said GPA General Manager John M. Benavente, P.E. "For families and businesses without additional income to absorb that cost, an increase of this size can mean difficult choices about what expenses get paid. We recognize that these fuel costs must ultimately be addressed, but GPA believes it is responsible to pursue every reasonable option to reduce how sharply that impact reaches our customers."

To help reduce impacts to customers, GPA has asked Senator Jesse Lujan, chairman of the legislative committee on utilities, to support Bill 356-38 (COR) which will extend the Prugråman Ayuda Para I Taotao-ta Energy Credit Program, to provide $100 monthly energy credits to eligible GPA customers for September, October and November 2026. Though GPA takes no position on the appropriate funding source or legislative mechanism, GPA supports the intent of providing direct assistance to ratepayers during a period of extraordinary fuel-cost pressure.

GPA also requested Gov. Lou Leon Guerrero and her Administration for help to identify federal or local funding, programs, grants or other resources that may assist in addressing the LEAC under-recovery or provide direct ratepayer relief. Additionally, GPA has asked Del. James Moylan to assist in identifying federal resources and helping advance outstanding Federal Emergency Management Agency reimbursements dating back to Typhoon Mawar.

The PUC is scheduled to consider GPA Docket 26-13 at its meeting on Thursday, September 17. The ALJ report is a recommendation for consideration by the Commission and is not a final PUC order. GPA will provide additional information to customers following the PUC's decision.

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