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**FOR IMMEDIATE RELEASE**

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## PUC Approves GPA Request to Establish Line of Credit for Fuel Purchases

(Fadian, Mangilao) - The Public Utilities Commission (PUC) approved Guam Power Authority's (GPA) request to secure and establish a line of credit of up to $70 million to help manage extraordinary fuel cost increases tied to global fuel market volatility following the Iran conflict and related impacts to fuel supply.

The line of credit is a short-term financial tool that would be used only as needed to help GPA continue purchasing fuel for power generation while fuel costs are recovered through the established Levelized Energy Adjustment Clause (LEAC), also known as the Fuel Recovery Charge. The actual amount available would depend on what financial institutions are willing to lend, and approval does not mean GPA will immediately draw the full amount. 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.

"Fuel shipments must be paid for before costs are fully recovered through customer bills," said John Kim, GPA Chief Financial Officer. "The line of credit provides short-term liquidity to manage that timing gap. It does not replace the LEAC or eliminate fuel costs. It is a financial tool to support fuel purchases as needed, not a long-term borrowing program."

The request comes as global fuel price volatility continues to place pressure on island utilities and GPA's fuel purchases. GPA's March fuel shipment was approximately $26 million, while the April shipment increased to approximately $54 million. GPA is also anticipating elevated pricing for its next fuel shipment at approximately $168 per barrel, or about $44 million for a 250,000-barrel shipment, continuing pressure on fuel recovery and cash flow. Proceeds from the line of credit may be used only for fuel procurement tied to extraordinary global price volatility.

GPA General Manager John M. Benavente, P.E., said the line of credit is one of several initiatives GPA is using to manage the impact of rising fuel costs and avoid placing the full impact on customers at once. "This approval gives GPA another tool to manage extraordinary fuel cost pressure while continuing to serve customers," Benavente said. "Our goal is to maintain fuel supply, manage cash flow responsibly, and reduce the risk of sharper immediate impacts to customers."

This effort is part of a broader strategy to lessen the impact of global fuel volatility. GPA has also worked to hold the LEAC steady since March, manage fuel purchases carefully, evaluate alternative fuel supply options, apply available Ukudu liquidated damages, rely on the Ukudu Power Plant's efficiency, and use available solar energy to reduce the amount of fuel needed to keep the lights on and serve its customers. GPA has recently contracted over 210-megawatt (MW) of solar photovoltaics (PV) with batteries to be commissioned before or by 2029. These contracts will also alleviate negative impacts from fuel oil prices on ratepayers.

The line of credit remains subject to established oversight, including CCU authorization, PUC approval, and review and approval by Governor Lou Leon Guerrero prior to implementation.

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