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FOR IMMEDIATE RELEASE

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CCU to Consider LEAC Adjustment as Regional Fuel Costs Continue to Rise

Guam's rate would remain among lowest in region

(Fadian, Mangilao) - Guam Power Authority (GPA) presented its recommendation to adjust the Levelized Energy Adjustment Clause (LEAC), also known as the Fuel Recovery Charge, to the Consolidated Commission on Utilities (CCU) for its review and decision, as regional fuel costs continue to rise and place pressure on island utilities.

GPA's recommendation would adjust the LEAC from approximately 13.6 cents per kilowatt-hour to 19.4 cents per kilowatt-hour. For an average residential customer using 1,000 kilowatt-hours per month, the proposed adjustment would result in an estimated increase of approximately $58 per month.

Even with the proposed adjustment, GPA's combined base and fuel surcharge rates would be approximately 32 cents per kilowatt-hour for average residential customers and once effective, would be amongst the lowest rates in the region based on GPA's regional rate comparison chart. GPA noted that the regional comparison provides important context as island utilities continue to experience significant fuel-related cost pressure.

GPA recognizes that any increase to a customer's power bill is difficult, especially as families and businesses continue to manage higher costs. For that reason, GPA has worked to lessen the impact of global fuel volatility by holding the LEAC steady since March, managing fuel purchases carefully, evaluating alternative fuel supply options, applying available Ukudu liquidated damages to GPA's fuel under-recovery balance, relying on the Ukudu Power Plant's efficiency, and using available solar energy to reduce the amount of fuel needed to serve customers. These efforts have helped limit the proposed LEAC adjustment to an increase of approximately 5.8 cents per kilowatt-hour from the current 13.6 cents per kilowatt-hour.

GPA expects approximately $27 million in fuel under-recovery by June 30, 2026. Fuel under-recovery occurs when the LEAC collected from customers is not enough to cover the actual fuel costs incurred to generate electricity. GPA is not asking customers to absorb the full projected fuel under-recovery at once. The proposed adjustment is intended to keep the projected fuel under-recovery from growing while helping ensure GPA can continue purchasing the fuel needed to keep the lights on and serve its customers.

GPA General Manager John M. Benavente, P.E., said the recommendation reflects GPA's effort to balance rising fuel costs with the need to limit the impact on customers. "We understand that any increase to a power bill is difficult, especially for families and businesses already managing higher costs," Benavente said. "GPA has worked to hold the line since March while global fuel prices continued to rise. This recommendation is intended to bring fuel recovery closer to actual fuel costs, allowing GPA to continue purchasing fuel for Guam while helping avoid a larger impact for customers later."

Fuel shipment costs have increased sharply in recent months. 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, continuing pressure on fuel recovery and cash flow.

In recent weeks, customers have seen fuel volatility show up quickly in everyday costs, including gasoline prices at the pump, shipping, and groceries. GPA's LEAC works differently. It is not adjusted daily and is not based on daily market speculation. It is tied to the actual fuel costs incurred.

"The LEAC is not a profit charge, and it does not pay for payroll, debt service, capital projects, or general operations," Benavente said. "It is the mechanism used to recover the actual cost of fuel needed to generate electricity for our customers that GPA has already paid up front."

GPA also reminds customers that energy use often increases as temperatures rise. While the LEAC adjustment is tied to fuel costs, customers can still take steps to better manage their monthly bills by reducing consumption where possible. Simple measures such as installing a water heater timer, using ceiling fans to circulate air, setting air conditioners at a moderate temperature, and turning off unused lights and appliances can help lower overall energy use.

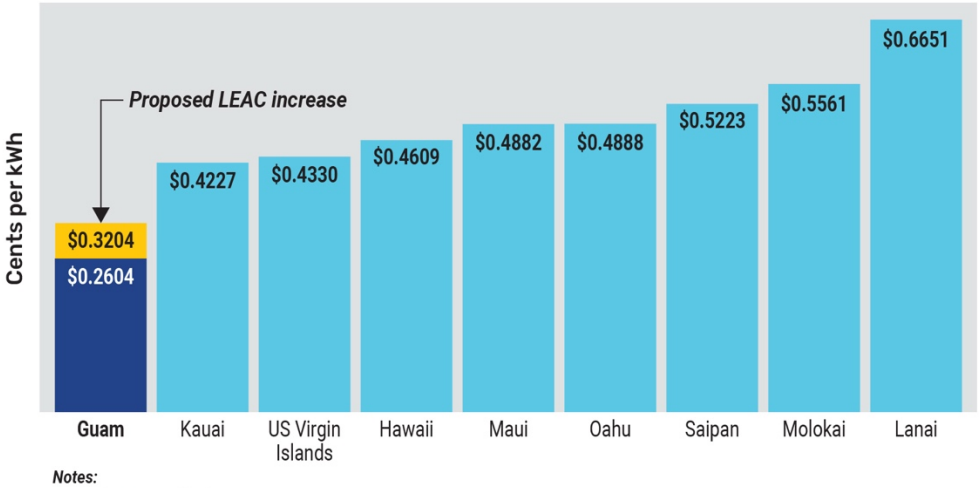
GPA encourages customers to continue monitoring their energy use and take advantage of available customer tools, including MyEnergyGuam.com, Energy Xpert, paperless billing, and online payment options.

The CCU reviewed GPA's recommendation during its May 21, 2026 work session and is expected to consider formal action at its May 26, 2026, meeting. If approved by the CCU, GPA would still require the approval of the Public Utilities Commission (PUC) on any LEAC rate adjustment. If approved by the PUC, the adjusted LEAC would take effect July 1, 2026.

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REGIONAL RATE CHART WITH PROPOSED LEAC INCREASE

As of May 15, 2026



Notes:

Rates for Guam effective January 1, 2026.
Rates for Saipan effective May 15, 2026.
Rates for Virgin Islands effective as of March 1, 2022 and remains unchanged.
Rates for Kauai, Oahu, Hawaii, Maui, Molokai, Lanai effective May 1, 2026. No changes or notices as of May 19, 2026 verification.
All rates were based on 1,000 kWh consumption.

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GPA Proposed LEAC Adjustment Effective July 1, 2026 FAQs

1. What is GPA recommending?

GPA is recommending an adjustment to the Levelized Energy Adjustment Clause, also known as the LEAC or Fuel Recovery Charge. The recommendation would adjust the LEAC from approximately 13.6 cents per kilowatt-hour to 19.4 cents per kilowatt-hour, an increase of approximately 5.8 cents.

The Consolidated Commission on Utilities reviewed GPA's recommendation during its May 21, 2026 work session and is expected to consider formal action at its May 26, 2026 meeting. If approved by the CCU, GPA will submit the recommendation to the Public Utilities Commission for review and approval. If approved by the PUC, the adjusted LEAC would take effect July 1, 2026.

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2. How much would this increase the average customer's bill?

For an average residential customer using 1,000 kilowatt-hours per month, the proposed adjustment would result in an estimated increase of approximately $58 per month.

Actual bill impacts will vary depending on how much energy each customer uses.

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3. Why is GPA recommending a LEAC adjustment?

GPA is recommending the adjustment because fuel costs have increased sharply, and the current LEAC is not collecting enough to cover the actual fuel costs incurred to generate electricity.

GPA expects approximately $27 million in fuel under-recovery by June 30, 2026. The proposed adjustment is not intended to recover the full projected fuel under-recovery at one time. It is intended to keep the projected fuel under-recovery from growing while helping ensure GPA can continue purchasing the fuel needed to keep the lights on and serve its customers.

This approach is meant to avoid placing the full impact on customers at one time and help reduce the risk of a larger increase later.

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4. What is fuel under-recovery?

Fuel under-recovery occurs when the LEAC collected from customers is not enough to cover the actual fuel costs incurred to generate electricity.

In simple terms, GPA is paying more for fuel than it is recovering through the current LEAC. If the fuel under-recovery continues to grow, it can create a larger financial impact that may have to be addressed later.

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5. Is GPA asking customers to pay the full $27 million fuel under-recovery all at once?

No. GPA is not asking customers to absorb the full projected fuel under-recovery at one time.

The recommendation is intended to keep the projected fuel under-recovery from growing while helping ensure GPA can continue purchasing the fuel needed to keep the lights on and serve its customers. This approach helps avoid a larger impact for customers later.

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6. Why is the proposed increase approximately 5.8 cents?

The proposed adjustment would increase the LEAC from approximately 13.6 cents per kilowatt-hour to 19.4 cents per kilowatt-hour, or about 5.8 cents per kilowatt-hour.

GPA has worked to lessen the impact of global fuel volatility by holding the LEAC steady since March, managing fuel purchases carefully, evaluating alternative fuel supply options, applying available Ukudu liquidated damages to GPA's fuel under-recovery balance, relying on the Ukudu Power Plant's efficiency, and using available solar energy to reduce the amount of fuel needed to serve customers.

These efforts have helped limit the proposed LEAC adjustment to an increase of approximately 5.8 cents per kilowatt-hour from the current 13.6 cents per kilowatt-hour.

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7. Why are fuel costs increasing?

Fuel costs are being affected by global fuel market volatility. This is not unique to Guam. Island utilities across the region are also experiencing significant fuel-related cost pressure.

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, continuing pressure on fuel recovery and cash flow.

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8. How is GPA's LEAC different from gas prices at the pump?

In recent weeks, customers have seen fuel volatility show up quickly in everyday costs, including gasoline prices at the pump, shipping, and groceries.

GPA's LEAC works differently. It is not adjusted daily and is not based on daily market speculation. It is tied to the actual fuel costs incurred to generate electricity for Guam.

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9. What does the LEAC cover?

The Levelized Energy Adjustment Clause, or LEAC, is also known as the Fuel Recovery Charge. It is the mechanism used to recover the actual cost of fuel needed to generate electricity for customers.

The LEAC is not a profit charge, and it does not pay for payroll, debt service, capital projects, or general operations. It is tied to the actual fuel costs incurred to generate electricity for Guam.

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10. Is this related to GPA's base rate?

No. The LEAC is separate from the base rate.

The base rate supports the long-term cost of operating and maintaining the power system, including operations, maintenance, infrastructure, and debt service. The LEAC is different. It is tied to the cost of fuel needed to generate electricity.

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11. If fuel costs are rising, why does GPA say Guam's rate remains among the lowest in the region?

Even with the proposed adjustment, GPA's combined base and fuel surcharge rate would be approximately 32 cents per kilowatt-hour for average residential customers and once effective would remain among the lowest in the region based on GPA's regional rate comparison chart.

This does not mean customers are not feeling the impact. Guam is facing the same fuel pressures affecting island utilities across the region. However, GPA's fuel management, holding the LEAC steady since March, Ukudu's efficiency, available solar energy, and application of available Ukudu liquidated damages have helped lessen the increase customers would otherwise face.

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12. How does Ukudu help?

The 198-megawatt Ukudu Power Plant helps reduce the amount of fuel GPA must purchase to serve customers.

As a modern combined-cycle facility, Ukudu uses significantly less fuel than older generating units. This helps lessen the impact of global fuel price volatility. Ukudu does not eliminate the effect of rising fuel prices, but it substantially reduces the increase customers would otherwise face.

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13. Why can't GPA simply keep the LEAC where it is?

GPA has worked to hold the LEAC steady since March while global fuel prices continued to rise. However, the current LEAC is no longer enough to bring fuel recovery closer to actual fuel costs.

If the LEAC remains unchanged, the projected fuel under-recovery could continue to grow, which may create a larger impact for customers later.

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14. What can customers do to manage their monthly bills?

While the proposed LEAC adjustment is tied to fuel costs, customers can still take steps to reduce energy use and better manage their bills.

As temperatures rise, energy use often increases, especially from air conditioning. Simple steps can help, including:

- Installing a water heater timer
- Using ceiling fans to circulate air
- Setting air conditioners at a moderate temperature between 75°F to 77°F.
- Turning off unused lights and appliances
- Monitoring energy use through MyEnergyGuam.com and Energy Xpert

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15. What happens next?

The CCU reviewed GPA's recommendation during its May 21, 2026 work session and is expected to consider formal action at its May 26, 2026 meeting.

If approved by the CCU, GPA would still require the approval of the Public Utilities Commission (PUC) on any LEAC rate adjustment. If approved by the PUC, the adjusted LEAC would take effect July 1, 2026.