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PUC Approves Additional Fuel Financing to Help Maintain Steady Fuel Supply

(Fadian, Mangilao) - The Guam Public Utilities Commission (PUC) approved a $37.5 million revolving line of credit with Bank of Guam for the Guam Power Authority (GPA) on Thursday, following approval by the Consolidated Commission on Utilities (CCU) on Tuesday, October 27, 2026. The approval brings GPA's three fuel financing options to a combined $70 million to help manage the high upfront costs of fuel purchases. The three financial institutions were selected following a competitive solicitation conducted by the Guam Economic Development Authority (GEDA) on GPA's behalf.

Global fuel prices surged earlier this year following disruptions to oil supplies and shipping through the Strait of Hormuz amid the Iran conflict. GPA's average fuel cost rose from approximately $88 per barrel in January to more than $222 per barrel in April, substantially increasing the cost of fuel shipments. Prices remain elevated and continue to fluctuate.

GPA must pay for fuel shipments in full before those costs are fully recovered through the Fuel Recovery Charge (Levelized Energy Adjustment Clause or LEAC) on customers' monthly bills. The Bank of Guam line of credit would help bridge that gap, providing funds to meet fuel payments as they come due while GPA recovers those costs over time.

In its review, the PUC found the Bank of Guam line of credit both prudent and necessary, noting that access to financing can help GPA secure competitive fuel bids by assuring suppliers of payment, while reducing the strain that large upfront fuel purchases place on GPA's available cash.

"Our priority is maintaining a steady supply of fuel to keep power generation reliable for our customers," said GPA General Manager John M. Benavente, P.E. "The challenge is that we have to pay for fuel shipments long before we've collected the full cost through customer bills. These financing options give GPA the flexibility to meet those payments when they're due, while managing the financial impact of those upfront costs."

The Bank of Guam revolving line of credit has an initial term of three years, with up to two optional one-year extensions. The proposed terms limit the interest rate to no more than the applicable Prime Rate plus 2% and the commitment fee to no more than 1% of the committed amount. The agreement remains subject to final negotiation and completion of all required approvals.

The Bank of Guam approval follows the PUC's earlier approval of two other financing options: a $22.5 million floating-rate term loan from Bank of America and a $10 million revolving line of credit from Coast360 Federal Credit Union. This approval brings GPA’s total financing capacity to $70 million, not funds GPA has already borrowed. GPA would access the financing for fuel purchases only, subject to the final terms of each agreement and all required conditions.

The financing does not eliminate fuel costs, replace the Levelized Energy Adjustment Clause (LEAC), also known as the Fuel Recovery Charge, or change the current LEAC rate. Its purpose is to help GPA manage fuel payments while maintaining a reliable supply of fuel for power generation.

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