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ASPA
To the Future



THE LIGHT WORKS
LIGHTS, CAMERA, ACTION!

ASPA - At a Glance



12,000 customers (pop. 70,000)



Multi-function public utility

- » Power
- » Water
- » Wastewater
- » Solid Waste
- » Fuels Marketing



442 employees



semi- autonomous

By the numbers



\$100m in total assets



\$60m annual revenue

- » 33 percent – canneries
- » 12 percent – government



+\$3m government debt

- » Have not paid a bill since march
- » \$1.8m over 90 days

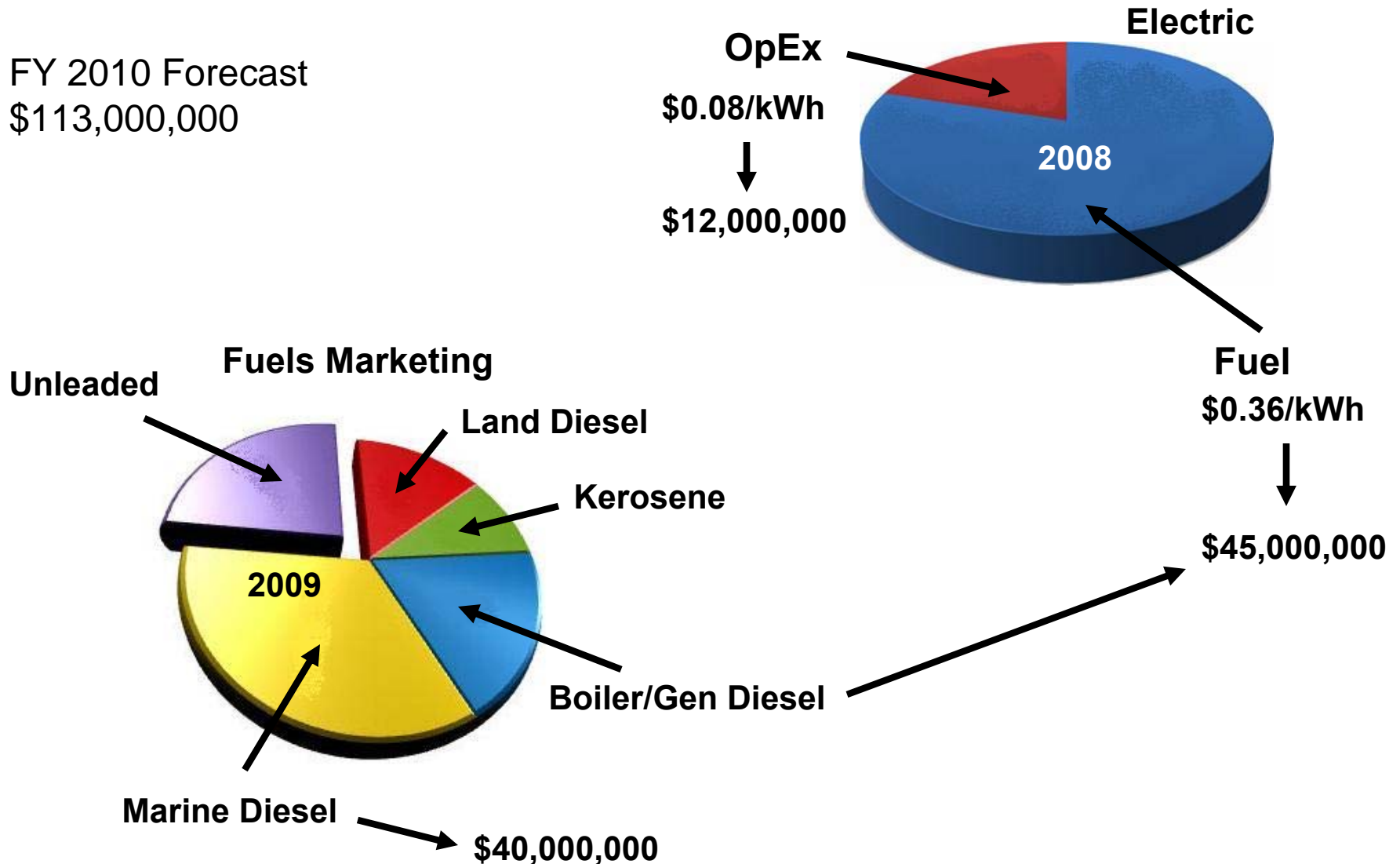


80 percent delinquency rate

- » issue 8,000 delinquency notices per month
- » over 1,000 disconnections per month

By the numbers

FY 2010 Forecast
\$113,000,000



Forward thinking



Maximize synergies

- » Energy from waste
- » Hydro



Create efficiencies

- » Leed-certified headquarters



Think Globally

- » Interconnection of renewables
- » Cutting Petroleum costs

1. Energy_from_waste



Synergy between power gen and trash

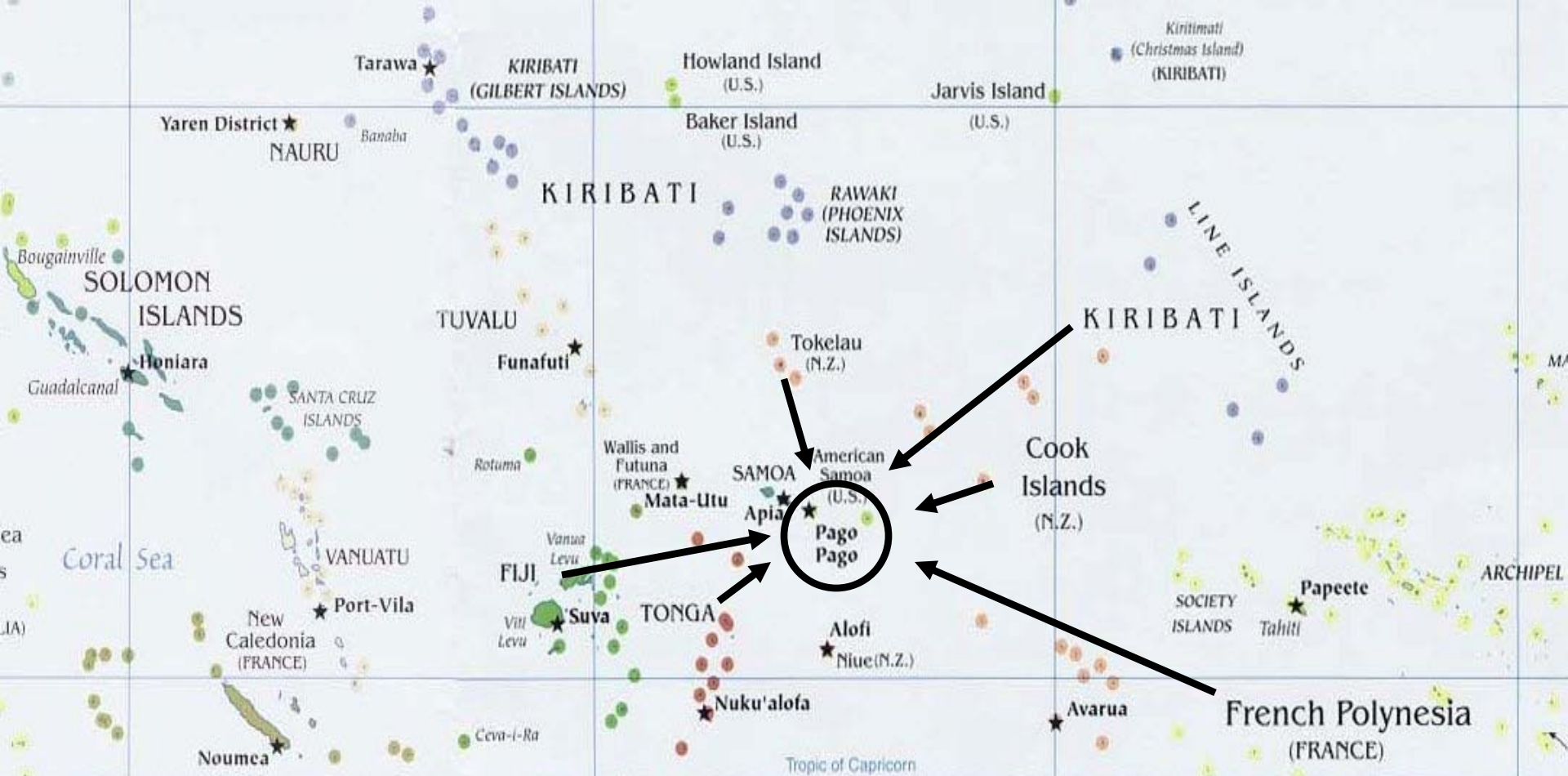


Solves many island problems

- » landfill life (7-10 years)
- » tires (12,000 and growing)
- » waste oil (120,000 gallons per YEAR)
- » plastics
- » petroleum consumption



$$\begin{aligned} 12 \text{ mg/yr} \times \$2.50/\text{g} &= \$30\text{m} / 26 \text{ MW} = \$1.15\text{m/MW/yr} \times 2 \text{ MW} = \$2.3\text{m saved per year} \\ 12 \text{ mg/yr} / 26 \text{ MW} &= 470,000\text{g/MW/yr} \times 2 \text{ MW} = 940,000 \text{ gallons saved per year} \end{aligned}$$



Regional planning & development

- Oversize the facility
- Free shipping!

15,000,000 kWhs/yr / 70,000 = 214 kWhs/yr/person

Samoa pop. 177,000 Tonga pop. 119,000 296,000 x 214 = 63m kWhs/yr = 7 MW potential

2. Hydro-Power

- Synergy between Power Gen & Water
- Two water microfiltration plants in bay area
 - Costly to operate and maintain
 - Water output is insignificant
- Cannery closure (COSI)
 - Excess water in central system (1,600 gpm)
- Modify microfiltration plants for hydro power

3. Administrative HQ

- \$5 million (debt service) budgeted
- LEED certification
- Model building for island development
 - Inputs (materials)
 - Design aspects
 - Tours
- Carbon neutrality
- Centralize operations



4. Interconnection Procedures

For Large IPPs

- Renewable energy power producers
- 100 kW systems and larger
- Sell power to ASPA at avoided cost
- Capped at IRR of 15%
- Final stages
 - Copies available



Tutuila Island

American Samoa

Upgrading the Electric Grid to Attract
Renewable Energy Producers



5. Petroleum Market



- **May 2008**
 - Mobil divesting in 13 Pacific markets
 - BP sold to Fiji Holdings/Hindustan Petroleum
- **Facing a single supplier – loss of control for ASPA**
 - Loss of market competition
 - Loss of wholesale price discount
 - Potential increases in overall fuel costs
 - Seize control of our own destiny!
- **ASPA positioned to capitalize**
 - Biggest single player in the market (12.5 million gallons = 26% market)
 - Well capitalized, good cash flow, creditworthy
 - Little additional effort (inventory management)
 - Opportunity to generate revenue for customer discounts or capital improvements

Capitalizing on Petroleum



- September 2008: Drafted business plan for a merger/acquisition
 - Market overview (players, market shares, volumes)
 - Regulatory framework (Terminal operations, MAP template)
 - Inventory management, cash flow management, supply chain process
 - Pricing and costs – Pro forma income statement
 - Risks and risk management
- October 2008: Restructured Mobil contract
 - Fuel sold ex Singapore refinery (DES Pago)
 - Better pricing terms
- November 2008: Petroleum sales agreements with distributor
 - Mitigate credit & collection risk
 - Value from pre-existing relationships (marine and land)
 - Ensure positive cash flow



Capitalizing on Petroleum

- December 15, 2008: ASPA Fuels Marketing went live
 - Acquisition of all Mobil assets (except marine refueling hoses)
 - Product stored in terminal transferred to ASPA
 - ASPA started selling product
- What we have learned:
 - There is opportunity in regional divestments
 - Results in huge benefits to the Territory (\$2.7m/yr)
 - Faced incredible resistance to change
 - Requires hard working, intelligent, detail-oriented staff

**Thank you
very much**

