

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In Re: Petition to Review IFB for GPA's)
Fuel Bulk Storage Facility) GPA Docket 10-08
_____)

ORDER

Background

This matter comes before the Guam Public Utilities Commission [PUC] upon Guam Power Authority's Petition to Review IFB for GPA's Fuel Bulk Storage Facility.¹ In its Petition, GPA requests that the PUC review and approve GPA's Procurement of a Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.² Petera Inc. has been the operator of GPA's Fuel Farm Bulk Storage Facility for many years. The present operations contract for the Fuel Farm will terminate on or before April 30, 2011.³

On July 27, 2009, the PUC issued an Order authorizing GPA to procure a PMC for its Fuel Bulk Storage Facility and Pipelines.⁴ GPA first released an Invitation for Bid for a Performance Management Contract for the Fuel Bulk Storage Facility and Pipelines (IFB GPA-048-09) in September 2009; however, that bid was cancelled due to insufficient funds, as the Price Proposal received was above the budget allotted for the contract.⁵

GPA now again seeks approval for the issuance of a procurement for a PMC for its Fuel Bulk Storage Facility. GPA contends that PUC should approve its request to proceed with the procurement of a PMC for the Fuel Farm, as such PMC "will contribute to the efficient operation of the Cabras Power Plants, and a PMC is reasonable, prudent and necessary."⁶

¹ GPA Petition to Review IFB for GPA's Fuel Bulk Storage Facility, GPA Docket 10-08, filed October 20, 2010.

² Id. at p. 1.

³ Consolidated Commission on Utilities Resolution No. 2010-42, adopted August 10, 2010.

⁴ PUC Order, Docket 94-04, issued July 27, 2009, at p. 3.

⁵ Id. at p. 1.

⁶ GPA Petition to Review IFB for GPA's Fuel Bulk Storage Facility, Id. at p. 2.

Determinations

The prior procurement placed responsibility for maintenance, operation and refurbishment of the Fuel Pipelines upon the PMC.⁷ In the present procurement, the Operations and Maintenance related expenditures for the Fuel Pipelines will be reimbursable as a payment item, as agreed to and scheduled between GPA and the Contractor.⁸ The PMC will be responsible for overall management, operation, and maintenance of the GPA Fuel Bulk Storage Facility including all facilities, equipment and appurtenances.⁹

Given the success that GPA has experienced with the Performance Management Contracts for the power plants, it is reasonable to believe that GPA may be able to successfully utilize the PMC model with regard to operation and maintenance of its Fuel Farm Bulk Storage Facility.¹⁰ It appears that the proposed new contract will improve upon the existing contract through the establishment of performance guarantees that seek to ensure uninterrupted fuel supply, fuel loss control and analysis, and maintenance and improvement of the facility. As with the prior procurement, GPA will be able to partner with the contractor for completion of capital improvement projects related to the fuel facility.¹¹

Since the cost of such a PMC is presently unknown, GPA is required to seek PUC prior approval of its final PMC Contract.

Upon consideration of the record herein, the Petition of GPA, the PUC Legal Counsel Report, and for good cause shown, upon motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. GPA is authorized to extend the existing contract for the management of the Fuel Farm Bulk Storage Facility, on a month to month basis, until on or before April 30, 2011.
2. Guam Power Authority has proposed this procurement for a PMC for its Fuel Farm Bulk Storage Facility in order to improve the operation of the facility and the operation, maintenance and repair of the fuel lines. Given the

⁷ Telephone conversation between GPA Counsel and PUC Counsel on or about November 15, 2010.

⁸ IFB Vol. 1, Commercial Terms and Conditions, p. 43.

⁹ IFB Vol. 1, Commercial Terms and Conditions, p. 13.

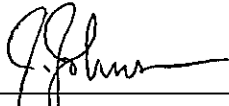
¹⁰ PUC Counsel Report, Docket 94-04, filed July 22, 2009.

¹¹ Memorandum from John J. Cruz to Jaime Pangelinan, Supply Administrator, dated August 6, 2010.

possibility that the establishment of a PMC will result in improved operations and enhanced ability to perform capital improvement projects for the facility the October 8, 2010 Petition of GPA to procure a performance management contract for its fuel bulk storage facility is hereby approved.

3. Since the cost of a PMC for the Fuel Farm Bulk Storage Facility will not be known until a bidder is selected and a contract executed, GPA is required to seek prior PUC approval of the final Performance Management Contract for the Fuel Farm Bulk Storage Facility.
4. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

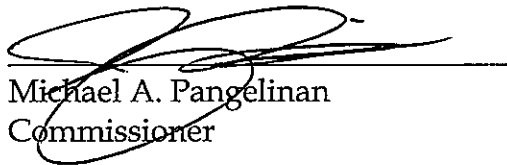
Dated this 29th day of November, 2010.



Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner

Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner