

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 14-05
)
THE APPLICATION OF THE GUAM)
POWER AUTHORITY FOR APPROVING) ORDER
THE PROCUREMENT FOR SUPPLY OF)
DIESEL FUEL OIL TO GPA)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for PUC review and approval of GPA's Procurement for Supply of Diesel Fuel Oil.¹

BACKGROUND

2. GPA's present contract with IP&E Guam to supply diesel fuel oil No. 2 for its base load and peaking units was originally approved by the PUC in GPA Docket 94-04 on July 27, 2009.²
3. The present contract was for a three year base period and two one year extension options. Said contract expires on November 30, 2014.³
4. The Guam Consolidated Commission on Utilities ["CCU"] authorized GPA to petition PUC for approval to issue bids to procure a contractor for the supply of Diesel Fuel Oil No. 2 for the Baseload Plants, Fast Track Diesel Plants, and Combustion Turbine Plants.⁴
5. GPA proposes that the solicitation of competitive bids for a new diesel fuel supply contract be through a Multi-Step Bid Process.⁵ GPA submits that diesel fuel oil is essential to the operation of the diesel power plants, and that a contract for such supply is reasonable, prudent, and necessary.⁶

¹ GPA Petition for Contract Review, GPA Docket 14-05, filed February 3, 2014.

² PUC Order, GPA Docket 94-04, dated July 27, 2009.

³ GPA Petition for Contract Review, GPA Docket 14-05, filed February 3, 2014, at p. 1.

⁴ CCU Resolution No. 2014-05, adopted January 14, 2014, at p. 2.

⁵ Id. at p. 2.

⁶ GPA Petition for Contract Review, GPA Docket 14-05, filed February 3, 2014, at p. 2.

DETERMINATIONS

6. Diesel fuel oil is utilized at various GPA Baseload, Diesel Fast Track and Combustion Turbine Plants. See Schedule A attached hereto.⁷ Diesel fuel assists GPA in providing a stable and uninterrupted supply of electricity to meet the island wide utility power demand.⁸
7. GPA needs to issue an IFB for diesel fuel so that it can secure a new contract which will provide GPA with a continuous supply of fuel necessary to maintain the Authority's electric power generation capacity.
8. The bid that GPA proposes also includes an option for the supply of renewable fuel, such as a diesel fuel blend with DME or biodiesel, consistent with the recommendations of the 2012 Integrated Resource Plan which was approved by the CCU and the PUC.⁹
9. GPA's Petition includes a Draft Bid Package for the Multi-Step Bid for the supply of Diesel Fuel Oil No. 2.¹⁰ In accordance with the draft bid, GPA will seek to procure approximately 5,300,000 gallons of diesel fuel oil per year.¹¹ GPA will first determine which bidders are qualified under the technical bid, and then will select the bidder whose proposal yields the lowest overall Contract Price for the contract base year period.¹²
10. GPA has also proposed a draft contract for the selected bidder.¹³ The contract term will be for a term of three years, to commence on December 1, 2014 and continue until midnight of November 30, 2017. GPA will have an option to extend the contract for two (2) additional one (1) year terms, renewable annually, with the mutual agreement of both parties.¹⁴ The Contract has various provisions designed to protect GPA and its ratepayers, including warranty and quality assurance

⁷ GPA Petition for Contract Review, GPA Docket 14-05, filed February 3, 2014, Schedule A.

⁸ CCU Resolution No. 2012-10, Schedule 1, at p. 4 of 8.

⁹ CCU Resolution No. 2014-05, adopted January 14, 2014, at p. 1.

¹⁰ GPA Petition for Contract Review, Exhibit A, DRAFT BID PACKAGE.

¹¹ Id. at §1.2.

¹² Id. at §4.3.

¹³ GPA Petition for Contract Review, IFB, Volume II CONTRACT.

¹⁴ Id, Volume II CONTRACT, at p. 9 of 36.

provisions, indemnity and insurance requirements, and provisions for termination for the convenience of GPA.¹⁵

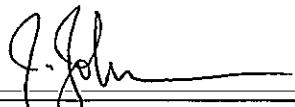
11. The proposed Contract appears to adequately protect the interests of GPA and its ratepayers.

ORDERING PROVISIONS

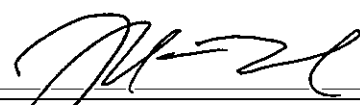
Upon consideration of the record herein, the Petition of GPA, the PUC Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. GPA's request to proceed with the procurement for supply of Diesel Fuel to GPA for the Baseload plants, Fast-Track Diesel Plants, and Combustion Turbine Plants is hereby approved.
2. GPA has demonstrated a clear need for Diesel Fuel Oil No. 2 for its plants, and such fuel is essential to the operation of the plants. It is reasonable, prudent, and necessary for GPA to proceed with procurement for the supply of diesel fuel oil.
3. Once a final contract for supply of diesel fuel oil has been negotiated, GPA should submit such contract to the PUC for final review and approval.
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 25th day of February, 2014.



Jeffrey C. Johnson
Chairman

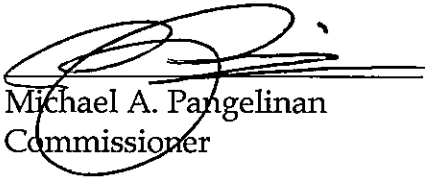


Joseph M. McDonald
Commissioner


¹⁵ Id. at pgs. 4 of 36 through 32 of 36.

Order
Contract Review of
Diesel Fuel Oil Procurement
GPA Docket 14-05
February 25, 2014

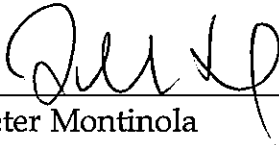
Rowena E. Perez
Commissioner



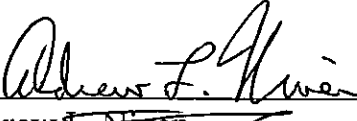
Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner



Peter Montinola
Commissioner



Andrew E. Niven
Commissioner

SCHEDULE A

ESTIMATED ANNUAL DIESEL REQUIREMENTS

Plant Locations	Estimated Annual Requirements
1. Baseload Plants (Cabras 1&2, MEC 8&9, Tanguisson 1&2)	200,000 (gallons per year)
2. Dededo Diesel & CT Plants (Dededo CT, Macheche CT, Marbo CT, Yigo CT)	1,500,000 (gallons per year)
3. Fast Track Plants (Manengon & Talofofo)	1,000,000 (gallons per year)
4. TEMES CT	600,000 (gallons per year)
5. Tenjo Vista Plant	2,000,000 (gallons per year)

The estimated fuel oil requirement provided herein is subject to change. GPA shall reasonably notify the Contractor for any changes in the fuel oil requirements.