



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 14-05
)
THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO APPROVE) **ORDER**
THE CONTRACT 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 to Approve the Contract for Supply of Diesel Fuel Oil to GPA.¹
2. The current GPA Diesel Fuel Oil contract with IP&E Guam expires on November 30, 2014. GPA seeks PUC approval for a new contract for the Supply of Diesel Fuel Oil for the Baseload Plants, Fast-track Diesel Plants and Combustion Turbine Plants.

BACKGROUND

3. On February 25, 2014, the PUC issued an Order approving GPA's request to proceed with the procurement for supply of Diesel Fuel to GPA for the Baseload Plants, Fast-track Diesel Plants, and the Combustion Turbine Plants.²
4. The PUC determined that "Diesel fuel assists GPA in providing a stable and uninterrupted supply of electricity to meet the island-wide utility power demand."³
5. PUC further determined that GPA was required to issue an Invitation for Bids for Diesel Fuel Oil so that it could secure a new contract which would provide GPA with a continuous supply of fuel necessary to maintain the Authority's electric power generation capacity.⁴
6. After the PUC approved GPA's request to procure a new fuel oil contract, the GPA Procurement Office issued a public bid for the provision of diesel fuel oil, Bid No.

¹ GPA Petition to Approve the Contract for Supply of Diesel Fuel Oil to GPA, GPA Docket 14-05, filed November 7, 2014.

² PUC Order, GPA Docket 14-05, dated February 25, 2014, at p. 3.

³ Id. at p. 2.

⁴ Id.

GPA-029-14, describing the type of services required and specifying the type of information and data required of each offeror.⁵

7. IP&E and Mobil Oil Guam both submitted bids for GPA's consideration; Mobil Oil Guam was determined to be the lowest, most responsive bidder to provide diesel fuel oil to the Baseload Plants, Combustion Turbine Plants, Manenggon Diesel Plant, and Talofofo Diesel Plant.⁶
8. IP&E Guam was determined to be the lowest, most responsive bidder to provide diesel fuel oil to the Tenjo Diesel Plant.⁷
9. The CCU authorized the General Manager of GPA to enter into a three year contract with Mobil Oil Guam for the supply of diesel fuel Oil No. 2 to the Baseload Plants (Cabras 1&2, MEC 8&9, and Tanguissan 1&2), Combustion Turbine Plants (TEMES CT, Dededo CT, Macheche CT, and Yigo CT), and Medium Speed Diesel Plants (Manenggon and Talofofo).⁸
10. The General Manager of GPA was further authorized to enter into a three-year contract with IP&E Guam for supply of diesel fuel oil to the Tenjo Diesel Plant.⁹ Both contracts were subject to PUC approval.
11. PUC Counsel submitted his Report herein on November 15, 2014.¹⁰

DETERMINATIONS

12. The PUC already previously determined that a continuous supply of diesel fuel oil is necessary for GPA to maintain its electric power generation capacity. If the PUC did not approve the current request, GPA would be left without a diesel fuel oil supply after November 30, 2014.
13. GPA procures approximately 5,300,000 gallons of diesel fuel oil per year.¹¹ The proposed contracts with IP&E Guam and Mobil Oil Guam should enable GPA to meet its diesel fuel oil requirements.

⁵ Guam Consolidated Commission on Utilities Resolution No. 2014-37, issued August 12, 2014, at p. 1.

⁶ Id.

⁷ Id. at p. 2.

⁸ Id. at p. 3.

⁹ Id.

¹⁰ PUC Counsel Report, GPA Docket 14-05, dated November 15, 2014.

14. The draft contract forms which will be used with the selected bidders, IP&E and Mobil Oil Guam, appear to adequately protect the interests of GPA and the ratepayers of Guam.¹²
15. It appears that the new diesel fuel oil supply contracts will derive savings for the ratepayers over the prices in the prior contract. The IP&E Contract will bring estimated total Premium Fee savings of approximately \$880,000.00 per year or a total of \$2,640,000.00 for the three-year contract period.¹³
16. The Mobil Oil Guam Contract will bring estimated total Premium Fee savings of approximately \$755,200.00 per year or a total of \$2,265,600.00 for the three-year contract period.¹⁴

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 awards of the Diesel Fuel Oil Contracts to IP&E Guam and Mobil Oil Guam are hereby approved.
2. GPA should be authorized to expend amounts for the Fuel Oil Supply Contracts with IP&E Guam and Mobil Oil Guam in accordance with the bid awards and the terms, conditions, and prices set forth in Exhibit A to the Petition.
3. GPA shall file copies of the final Diesel Fuel Oil Contracts with the PUC.
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

¹¹ GPA Petition to Approve the Contract for Supply of Diesel Fuel Oil to GPA, GPA Docket 14-05, Exhibit A.

¹² PUC Order, GPA Docket 14-05, dated February 25, 2014, at pgs. 2-3.

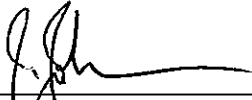
¹³ Id.

¹⁴ Id.

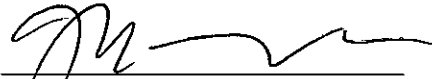
Order
GPA Application to Approve
Contract for Supply of Diesel Fuel Oil
GPA Docket 14-05
December 1, 2014

Rule 40 of the Rules of Practice and Procedure before the Public Utilities
Commission.

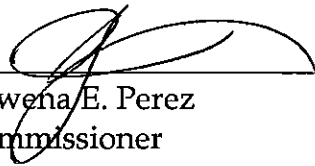
Dated this 1st day of December, 2014.



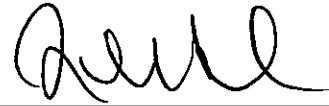
Jeffrey C. Johnson
Chairman



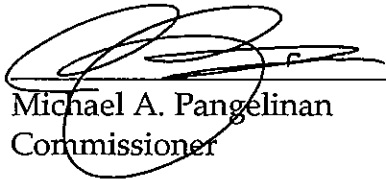
Joseph M. McDonald
Commissioner



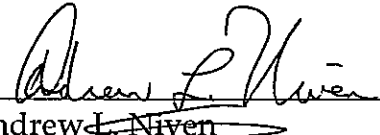
Rowena E. Perez
Commissioner



Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner



Filomena M. Cantoria
Commissioner