

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 10-08
)
 The Application of the Guam Power Authority Requesting Approval of the Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.) **ORDER**

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for contract review and approval of the two year contract extension of the Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility.¹
2. Herein GPA requests that the Performance Management Contract with Vital Energy INC., which expires on May 31, 2015, be extended for the period from June 1, 2015 to May 31, 2017.²

BACKGROUND

3. On June 11, 2012, the PUC approved the Fuel Farm PMC Contract between GPA and Vital Energy Inc. for a base period of three years (June 1, 2012 – May 31, 2015).³
4. Since the PMC is now expiring on May 31, 2015, GPA wishes to extend the Contract for a new two year period.⁴ The Contract provides for a two year extension.
5. On March 24, 2015, the Guam Consolidated Commission on Utilities approved GPA's request to enter into a two year contract extension with Vital Energy Inc. for

¹ GPA Petition Requesting Approval of the Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility, GPA Docket 10-08, filed April 3, 2015.
² Id at p.1.
³ PUC Order, GPA Docket 10-08, dated June 11, 2012.
⁴ GPA Petition Requesting Approval of the Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility, GPA Docket 10-08, filed April 3, 2015, at p.1.

the Management, Operation, and Maintenance of the GPA Fuel Bulk Storage Facility.⁵

6. GPA submits that extension of the Contract for the two option years allows the uninterrupted operation of the facility, while providing GPA time to prepare for operational changes or capital investments at the facility related to the resource implementation plan.⁶
7. GPA further submits that the Fuel Farm PMC will contribute to the efficient operation of the Cabras Power Plants; the PMC is “reasonable, prudent, and necessary”.⁷

DETERMINATIONS

8. GPA has demonstrated that, by entering into the two year contract extension for the Fuel Farm PMC, it will save \$23,254.12.⁸
9. In the original three year base period for this Performance Management Contract, GPA and Vital Energy had also negotiated the cost of two one year extensions. The negotiated extension was \$685,402.48 for the first year, and \$695,683.53 for the second year.
10. However, the parties have now agreed to reduce the proposed fees for the two annual extensions in the amount of \$673,775.42 and \$684,056.47 respectively.⁹
11. The savings are a positive factor for GPA’s financial condition.
12. The Management, Operation, and Maintenance services which Vital Energy Inc. performs for GPA with regard to the Fuel Farm Bulk Storage Facility are essential to the efficient operation of the Cabras Power Plants.

⁵ Guam Consolidated Commission on Utilities Resolution No.2015-16, Authorizing Management of the Guam Power Authority to Extend GPA-030-12 for the Management, Operation and Maintenance of the Guam Power Authority’s Fuel Bulk Storage Facility, approved March 24, 2014.

⁶ Id. at p.1.

⁷ GPA Petition Requesting Approval of the Performance Management Contract (PMC) for the Management, Operation and Maintenance of the GPA Fuel Farm Bulk Storage Facility, GPA Docket 10-08, filed April 3, 2015, at p.2.

⁸ See Exhibit “B” to CCU Resolution No.2015-16.

⁹ Id.

ORDERING PROVISIONS

After careful review and consideration of the above Determinations, the Petition of GPA requesting a two year extension of the Contract for the management, operation, and maintenance of the Fuel Farm Bulk Storage Facility, the Report of PUC Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:


1. The PUC hereby grants GPA's Petition for the approval of the extension of the Performance Management Contract with Vital Energy, Inc., for the management, operation and maintenance of the GPA Fuel Farm Bulk Storage Facility.
2. Said Contract may be extended for a two year period from June 1, 2015, to May 31, 2017, in accordance with the terms and conditions set for in Exhibits A and B to Guam Consolidated Commission on Utilities Resolution 2015-16.
3. GPA is authorized to expend up to the amount of \$1,357,831.89 for the two year extension.
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 30th day of April, 2015.

Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner



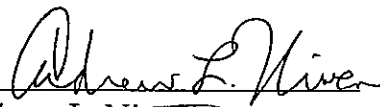
Peter Montinola
Commissioner

Order
Extension of PMC for
Fuel Farm Facility
GPA Docket 10-08
April 30, 2015

Michael A. Pangelinan
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner