

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GPA DOCKET 19-08
)	
THE APPLICATION OF THE GUAM)	
POWER AUTHORITY TO EXERCISE)	ORDER
EXTENSION OPTION UNDER THE)	
MANAGEMENT, OPERATION, AND)	
MAINTENANCE OF GPA'S FUEL)	
BULK STORAGE FACILITY)	
CONTRACT WITH ISLA PETROLEUM)	
AND ENERGY, LLC (IP&E GUAM))	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to Exercise the First Extension Option under the Management, Operation, and Maintenance of GPA's Fuel Bulk Storage Facility Contract ["PMC"] with IP&E.¹

BACKGROUND

2. On April 27, 2017, the PUC authorized GPA to enter into the PMC with IP&E for an initial two (2) year term and ordered GPA to seek approval for any extension of the PMC with the PUC.²
3. Under this contract, IP&E manages, operates, and maintains GPA's Fuel Bulk Storage Facility.³
4. The initial two (2) year term of the PMC expires on September 30, 2019.⁴
5. The PUC authorized GPA to expend up to a total amount of \$1,644,300.00 for the PMC's two-year initial term.⁵

¹ GPA Petition to Exercise Extension Option under the PMC with IP&E, GPA Docket 19-08, dated March 10, 2019.

² PUC Order, GPA Docket 17-04, dated April 27, 2017, at 3.

³ GPA Petition at page 1.

⁴ PUC Order at 3.

⁵ GPA Petition at 1.

6. GPA estimates the cost of exercising the first option to extend the PMC for a one (1) period from October 1, 2019 to September 30, 2020 will be approximately \$859,320.⁶
7. On January 22, 2019, the Guam Consolidated Commission on Utilities ["CCU"], subject to the PUC's approval, authorized GPA to exercise the first one-year contract extension of the PMC with IP&E.⁷

DETERMINATIONS

8. The PUC previously determined that the PMC for the Fuel Bulk Storage Facility should be adequate to require proper performance by the contractor, and that a PMC for that facility is responsible, prudent and necessary.⁸
9. GPA's estimated \$859,320 cost for the first option to extend the PMC is \$25,020 more than the estimated \$834,300 cost of the second year of the PMC's initial two-year term. This increase in cost does not appear to be excessive considering inflation and other rising cost factors.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA, the Contract for the management, operation, and maintenance of the GPA 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. GPA's exercise of the first option to extend the Performance Management Contract to IP&E Guam LLC., for the management, operation and maintenance of the GPA Fuel Farm Bulk Storage Facility, from October 1, 2019 to September 30, 2020 is approved.

⁶ Id., at 1.

⁷CCU Resolution No. 2019-01 at 1.

⁸ PUC Order at 2.

2. GPA is authorized to expend up the amount of \$859,320 for the first option to extend the PMC.
3. GPA shall seek approval for any other extensions of the PMC 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 Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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Order
Approval of First Extension
Option for PMC for GPA's
Fuel Bulk Storage Facility
with IP&E
GPA Docket 19-08
March 28, 2019

Dated this 28th day of March, 2019.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Mark G. Miller
Commissioner