

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 14-08
)
The Application of the Guam Power)
Authority for Approving the Procurement) ORDER
for Supply of Cylinder Lubricating Oil for)
GPA.)



INTRODUCTION

- 1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants.1

BACKGROUND

- 2. GPA's present contract to supply cylinder oil for the baseload units will expire on January 31, 2015.2
3. In Guam Consolidated Commission on Utilities Resolution No. 2014-13, the CCU authorized GPA to issue an invitation for bid for a new contract for the supply of Cylinder Lubricating Oil for the Slow-Speed Diesel Engines, subject to the approval of the PUC.3
4. The cumulative cost of the current cylinder lubricating oil supply contract from FY2010 to FY2013 was \$5,124,869.20; the next contract will exceed the \$1,500,000 PUC contract review threshold. GPA is required to seek authorization for this procurement from the PUC.4
5. The estimated total cylinder lubricating oil requirements are 240,000 gallons per year for Cabras Units 3&4, and 240,000 gallons per year for MEC 8&9.5
6. The proposed procurement will involve a two-step process; technical bids will be evaluated in Step 1, and the acceptability of price proposals will be determined in

1 GPA Petition for Contract Review, GPA Docket 14-08, filed April 25, 2014.
2 Id. at p. 1; see PUC Order, GPA Docket 12-04, issued July 30, 2012, authorizing GPA to extend Cylinder Lubrication Oil Contract with IP&E for the period of February 1, 2013 until January 31, 2015.
3 CCU Resolution No. 2014-13, Authorizing the Management of the Guam Power Authority to Proceed with the Solicitation for the Supply of Cylinder Lubricating Oil for the GPA Slow Speed Diesel Engine Baseload Plants, adopted on April 8, 2014.
4 Id. at p.1
5 Vol. 1 Commercial Terms and Conditions at p. 3.

Step 2.⁶ Proposed contractors are required to provide supporting information showing extensive and reliable experience in the supply and/or distribution of cylinder lubricating oil for the slow-speed diesel engines.⁷

DETERMINATIONS

7. The Diesel Engine Cylinder Lubrication Oil Contract for the slow speed diesel units is necessary in order to provide a stable and uninterrupted supply of electricity to meet the island-wide utility power demand.⁸
8. GPA's request to solicit competitive bids for a new cylinder lubricating oil supply contract through a Multi-Step Bid process is reasonable, prudent and beneficial to its customers.⁹
9. The proposed contract submitted by GPA for the Supply of Cylinder Lubricating Oil for Slow-Speed Diesel Engines follows the format that has previously been used by GPA. It appears to contain adequate provisions to protect the interests of GPA.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. GPA's Petition for Approval of GPA's request for the Procurement of the Supply of Cylinder Lubricating Oil for the slow-speed diesel baseload plants is hereby granted.
 2. GPA has demonstrated a clear need for Cylinder Lubricating Oil for the slow-speed diesel baseload plants, and such Oil is essential to the operation of the plants. It is reasonable, prudent, and necessary for GPA to proceed with the procurement for the supply of Cylinder Lubricating Oil.
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⁶ Id. at p. 4.


⁷ Id. at p. 8.

⁸ See Exhibit "A" to CCU Resolution No. 2012-22, adopted April 10, 2012, at p. 3 of 7.

⁹ CCU Resolution No. 2014-13 at p. 2.

3. Once a final contract for the Supply of Cylinder Lubricating 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.

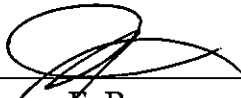
Dated this 29th day of May, 2014.



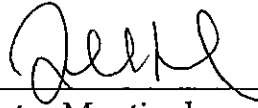
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Andrew L. Niven
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