



1 **D GRAHAM BOTHA, ESQ.**  
2 **General Counsel**  
3 **Guam Power Authority**  
4 **688 Route 15, Suite 302**  
5 **Mangilao, Guam 96913**  
6 **Ph: (671) 648-3203/3002**  
7 **Fax: (671) 648-3290**

8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF: )  
10 The Application of the Guam Power Authority ) **GPA DOCKET NO. 20-18**  
11 to Approve a One-Month Extension to the ) **PETITION FOR CONTRACT REVIEW**  
12 Contract for Residual Fuel Oil No. 6 for the )  
13 Baseload Power Generating Plants. )

14 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel  
15 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities  
16 Commission of Guam to review and approve GPA's request for approval of a one-month  
17 extension to the Contract for Residual Fuel Oil No. 6 for the Baseload Power Generating Plants,  
18 as follows:

19 **BACKGROUND**

20 The Guam Power Authority awarded a contract for Residual Fuel Oil (RFO) to Mobil Oil  
21 Guam, Inc. for a two (2) year period which will expire on August 31, 2020. The CCU in  
22 Resolution 2020-16 has approved GPA's request for approval of the Residual Fuel Oil contract  
23 with Hyundai Corporation beginning October 1, 2020. The CCU in Resolution 2020-17 has  
24 approved a one-month extension to the existing contract with Mobil Oil Guam, Inc. to allow for  
25 adequate transition to the new fuel supplier from September 1, 2020 to September 30, 2020, with  
26 an increase in the premium but otherwise the same terms and conditions.

27 **DISCUSSION**

28 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam  
Power Authority, approved by the PUC, to review and approve a one-month extension to the

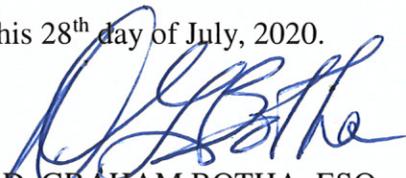
**ORIGINAL**

1 Contract for Residual Fuel Oil No. 6 for the Baseload Power Generating Plants with Hyundai  
2 Corporation. In support of this Petition, GPA hereby provides the PUC with Consolidated  
3 Commission on Utilities (CCU) Resolution No. 2020-17, which authorizes the General Manager  
4 to proceed with a one-month contract extension with Mobil Oil Guam, Inc. for Residual Fuel Oil  
5 No. 6 for the Baseload Power Plants. Said resolution and its exhibits are attached herein as  
6 Exhibit A, and incorporated by reference herein as if fully set forth.

7 **CONCLUSION**

8 The PUC should approve GPA's request to proceed with the one-month contract  
9 extension with Mobil Oil Guam, Inc. for Residual Fuel Oil No. 6 for the Baseload Power Plants.  
10 Residual Fuel Oil is essential to the operation of the Cabras power plants, and a contract is  
11 reasonable, prudent, and necessary.

12 **RESPECTFULLY SUBMITTED** this 28<sup>th</sup> day of July, 2020.

13   
14  
15 D. GRAHAM BOTHA, ESQ.  
16 GPA General Counsel  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41

**RESOLUTION NO. 2020-17**

**AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY (GPA) TO PROCEED WITH A ONE (1) MONTH EXTENSION OF THE EXISTING CONTRACT FOR THE SUPPLY OF RESIDUAL FUEL OIL NO. 6**

**WHEREAS**, the two-year (2-year) Contract Base Period with Mobil Oil Guam, Inc. (MOGI) under GPA-009-18 is expiring on August 31, 2020; and

**WHEREAS**, the Authority released an Invitation for Bid for the Supply of Residual Fuel Oil No. 6 under MS IFB GPA-050-20 as approved by the Consolidated Commission on Utilities on February 21, 2020 through adoption of GPA Resolution No. 2020-06; and

**WHEREAS**, GPA Resolution No. 2020-16 was approved on July 23, 2020 awarding the new Residual Fuel Oil No. 6 contract for three (3) years to Hyundai Corporation; and

**WHEREAS**, the Authority would need to provide adequate mobilization period for the new supplier and anticipates awarding the new contract to commence on October 1, 2020; and

**WHEREAS**, GPA and MOGI have negotiated and agreed to a one (1) extension of the existing contract up to September 30, 2020, at a fixed premium fee of \$66.500/MT for HSFO and \$108.500/MT for LSFO; and

**WHEREAS**, the one (1) month contract extension with MOGI has an estimated value of approximately \$12M; and

**WHEREAS**, the one (1) month contract extension with MOGI has an estimated savings of about \$317,355 in premium fees compared to the new Hyundai Corporation contract as shown in **Attachment A**; and

**WHEREAS**, GPA management considers the price to be reasonable and in the best interests of GPA and its customers; and

**WHEREAS**, GPA requests the Consolidated Commission on Utilities to allow a one (1) month extension of the current contract.

**NOW THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on Utilities, subject to the review and approval of the Guam Public Utilities Commission, as follows:

1. The Consolidated Commission on Utilities finds the negotiated contract price for the one (1) month extension to be reasonable, prudent and beneficial to GPA and its customers.

42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69

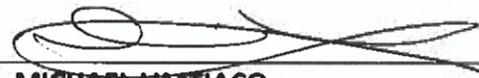
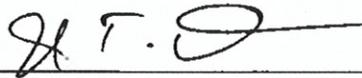
2. GPA is hereby authorized to proceed with the extension of contract under GPA-009-18 for the Supply of Residual Fuel Oil No. 6 with Mobil Oil Guam, Inc., for a period of one (1) month, from September 1, 2020 to September 30, 2020, at a fixed premium fee of \$66.500/MT for HSFO and \$108.500/MT for LSFO with an estimated value of approximately \$12M, respectively.

**RESOLVED**, that the Chairman of the Commission certifies and the Board Secretary attests the adoption of this Resolution.

**DULY and REGULARY ADOPTED AND APPROVED THIS 28<sup>th</sup> DAY of JULY, 2020**

**Certified by:**

**Attested by:**



**JOSEPH T. DUENAS**  
Chairperson  
Consolidated Commission on Utilities

**MICHAEL LIMTIACO**  
Secretary  
Consolidated Commission on Utilities

**I, Michael Limtiaco, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:**

The foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at the meeting place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 5  
Nays: 0  
Absent: 0  
Abstain: 0



**"Attachment A"**

**Cost Savings for Extension of Mobil Contract for One Month in Order to receive a shipment in September:**

	Mobil Oil Current	Mobil Oil Amendment One-Month	New Contract Award 3-years Hyundai Corp	Variance	Estimated BBLS Sept Order	Savings:
<b>HSRFO</b>						
Mobil Price:	\$7.31	\$7.31	11.272			
Add \$20/MT @6.5 BBL/MT		\$3.15				
<b>Total:</b>		\$10.46	11.272	-\$0.82	155,000	<b>-\$126,480.00</b>

	Mobil Oil Current	Mobil Oil Amendment One-Month	New Contract Award 3-years Hyundai Corp	Variance	Estimated BBLS Sept Order	Savings:
<b>LSRFO</b>						
Mobil Price:	\$13.92	\$13.92	19.605			
Add \$20/MT @6.5 BBL/MT		\$3.15				
<b>Total:</b>		\$17.06	19.605	-\$2.55	75,000	<b>-\$190,875.00</b>

<b>Total Savings of One Month Extension of Mobil Contract:</b>						<b>-\$317,355</b>
--	--	--	--	--	--	-------------------