BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	GPA DOCKET 12-09
THE APPLICATION OF THE GUAM)	ORDER
POWER AUTHORITY TO APPROVE)	
THE CONTRACT EXTENSION WITH)	
PETROBRAS FOR SUPPLY OF)	
RESIDUAL FUEL OIL NO. 6 TO GPA)	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] to Approve Contract Extension for Supply of Residual Fuel Oil No. 6 to GPA.¹

BACKGROUND

- 2. Previously, GPA had filed a Petition for Review and Approval of the Contract for Supply of Residual Fuel Oil No. 6 with Vitol Asia Pte., Ltd.²
- 3. However, at the PUC Regular Meeting conducted on January 29, 2013, GPA requested that the PUC not act on the approval of the Fuel Supply Contract with Vitol Asia Pte., Ltd. GPA indicated that said Contract could not presently be approved, as a bid protest had been filed regarding the award of the Contract to Vitol.
- 4. Since GPA may not enter into a fuel supply contract with Vitol until the bid protest is resolved, GPA has now requested that the PUC approve a six month contract extension with its present supplier of RFO No. 6, Petrobras Singapore Private Ltd.³
- 5. The Guam Consolidated Commission on Utilities has authorized GPA to proceed with the extension of the fuel supply contract for six months with Petrobras.⁴

¹ GPA Petition for Contract Review, GPA Docket 12-09, filed February 4, 2013.

² GPA Petition for Contract Review, GPA Docket 12-09, filed January11, 2013.

³ GPA Petition for Contract Review, GPA Docket 12-09, filed February 4, 2013, at p.1.

⁴ Guam Consolidated Commission on Utilities Resolution No. 2012-80, adopted December 12, 2012.

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DETERMINATIONS

- 6. At present it appears that GPA has no option other than to extend its existing fuel supply contract with Petrobras. Due to the filing of a protest concerning GPA's award of the Fuel Supply Contract to Vitol, GPA may not lawfully proceed further with the award of the contract prior to final resolution of such protest [unless certain further steps are taken, none of which have been taken in the instant case].⁵
- 7. However, under the proposed six month contract extension with Petrobras, the premiums charged for LSFO and HSFO are slightly less than under the proposed Contract with Vitol. Under the Contract Extension with Petrobras, the Premium Fee Cost per Metric ton will be \$117.800 for LSFO and \$92.550 for HSFO. Under the proposed contact with Vitol, the Premium Fee Cost per Metric ton will be \$118.050 for LSFO and \$93.050 for HSFO.6
- 8. GPA has been able to secure a slightly lower premium fee cost under the contract extension than the premium fee cost which will go into effect under the new Contract with Vitol [if approved].
- 9. While the six month contract extension contains certain revised provisions which work to the benefit of Petrobras, GPA may have been requested to make such concessions due to the need to expeditiously proceed with the finalization of the contract extension.
- 10. The proposed six month extension of the current Contract for Supply of Residual Fuel Oil No. 6 with Petrobras is reasonable, prudent and necessary. The continuous supply of fuel oil to GPA, for the benefit of ratepayers, must be maintained.

ORDERING PROVISIONS

After a review of the record herein, GPA's Petition for Approval of the Contract Extension for Supply of Residual Fuel Oil No. 6 with Petrobras Singapore Private Ltd., and the PUC Legal Counsel Report, for good cause shown, the Guam Public Utilities Commission, by and through its Chairman in accordance with 12 GCA§12004, HEREBY **ORDERS** that:

⁵ 5 GCA§5425.

⁶ Price Comparison attached as the last page to the Petition to the GPA Petition for Contract Review, GPA Docket 12-09, filed February 4, 2013.

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- 1. GPA's Petition for approval of the six month extension of the Fuel Supply Contract with Petrobras is granted.
- 2. The recommendations and reasoning contained in the Counsel Report are adopted.
- 3. GPA shall file an executed copy of the Contract Extension with the PUC.
- 4. GPA is ordered to pay Commission's regulatory fees and expenses of conducting the hearing proceedings. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12046(b), and Rule 40 of the Rules of Practice and Procedures before the Public Utilities Commission

Dated this 8th day of February, 2013
Jeffrey C. Johnson Chairman