BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA DOCKET 12-04
THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO EXERCISE	ORDER
EXTENSION OPTION UNDER THE)
DIESEL ENGINE CYLINDER)
LUBRICATION OIL CONTRACT)
WITH ISLA PETROLEUM AND)
ENERGY, LLC (IP&E GUAM))
,)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition to approve Exercise of Extension Option under the Diesel Engine Cylinder Lubrication Oil Contract with Isla Petroleum and Energy, LLC (IP&E Guam).¹

BACKGROUND

- 2. Under IFB GPA-019-09, GPA awarded a three-year contract for the supply of Diesel Engine Cylinder Lubricating Oil to IP&E Guam. The contract commenced on February 1, 2010, and will expire on January 31, 2013.²
- 3. Under the contract, GPA has the option to extend the contact with IP&E for two years, renewable annually. IP&E desires to extend the contract for two years, without any changes to the contract provisions.³
- 4. The estimated cost of the contract extension, for the supply of Diesel Engine Cylinder Lubricating Oil,is approximately \$2M per year.⁴
- 5. The proposed contract extension would extend the current contract with IP&E from February 1, 2013 to January 31, 2015.⁵

¹ GPA Petition for Contract Review, GPA Docket 12-04, filed June 29, 2012.

² Guam Consolidated Commission on Utilities, Resolution No. 2012-22, adopted April 10, 2012, at p. 1 of 7.

³ Id.

⁴ Id.

⁵ GPA Petition for Contract Review, GPA Docket 12-04, filed June 29, 2012.

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DETERMINATIONS

- 6. The Contract supplies the required Diesel Engine Cylinder Lubrication Oil for GPA Generation Plants (Cabras Unit Nos. 3 & 4) in order to provide stable and uninterrupted supply of electricity to meet the island wide utility power demand.⁶
- 7. GPA has considered the alternative of soliciting new bids for this contract; however, soliciting new bids would likely yield increased premium fees due to rising cost in the delivery of the services and resulting in increased bid offers and contract cost.⁷
- 8. Additionally, IP&E has apparently satisfactorily complied with its contractual obligations over the three (3) year base period of the contract.⁸

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval to Exercise Extension Option under the Diesel Engine Cylinder Lubrication Oil Contract with IP&E Guam, 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 to exercise Extension Option under the Diesel Engine Cylinder Lubrication Oil Contract with Isla Petroleum and Energy LLC (IP&E Guam) is hereby approved.
- 2. GPA is authorized to enter into an extension of said contract for the period of February 1, 2013 until January 31, 2015.
- 3. The recommendations and reasoning contained in the Counsel Report are adopted.
- 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.

 $^{^6\}mathrm{Exhibit}$ "A" to CCU Resolution No. 2012-22, adopted April 10, 2012, at p. 3 of 7.

⁷ Id.

⁸ Id.

Contract Extension of Diesel Engine Cylinder LubricationOil Contract with IP&E Guam GPA Docket 12-04 July 30, 2012 Dated this 30th day of July, 2012. Jeffrey C. Johnson Rowena E. Perez Chairman Commissioner Joseph M. McDonald Michael A. Pangelinan Commissioner Commissioner Filomena M. Cantoria Commissioner

Order