

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GPA DOCKET 19-08
)	
THE APPLICATION OF THE GUAM)	
POWER AUTHORITY TO EXERCISE)	PUC COUNSEL REPORT
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
2. The initial two (2) year term of GPA's PMC with IP&E expires on September 30, 2019, with three (3) options to extend for additional one (1) year terms.
3. GPA requests approval to exercise the PMC's first option extending the PMC for an additional one (1) year term from October 1, 2019 to September 30, 2020.²

BACKGROUND

4. 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.³
5. Under this contract, IP&E manages, operates, and maintains GPA's Fuel Bulk Storage Facility.⁴

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

² Id. at 1.

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

⁴ GPA Petition at page 1.

6. The initial two (2) year term of the PMC expires on September 30, 2019.⁵
7. The PUC authorized GPA to expend up to a total amount of \$1,644,300.00 for the PMC's two-year initial term.⁶
8. 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 \$859,320.⁷
9. On January 22, 2019, the Guam Consolidated Commission on Utilities ["CCU"] authorized GPA to exercise the first one-year contract extension of the PMC with IP&E.⁸ However, neither the CCU in its resolution making this authorization, nor GPA's Petition, specifies what funding source GPA intends on using to pay for the \$859,320 estimated cost of PMC's one-year extension.

ANALYSIS

10. 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.⁹
11. If the PUC does not approve the option to extend the PMC for one year, GPA will have six months to solicit for, procure, and obtain the PUC's approval for a new contract to manage GPA's Fuel Bulk Storage Facility.
12. 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.
13. GPA's request is reasonable, prudent and necessary.

⁵ PUC Order at 3.

⁶ GPA Petition at 1.

⁷ Id., at 1.

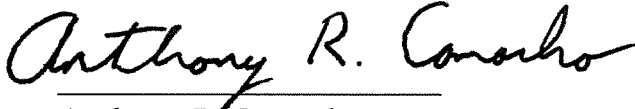
⁸CCU Resolution No. 2019-01 at 1.

⁹ PUC Order at 2.

RECOMMENDATION

14. Counsel recommends that PUC approve the first option for a one (1) year extension of the PMC with IP&E from October 1, 2019 and September 30, 2020.
15. GPA should be authorized to expend up to a total amount of \$859,320 for the one (1) year contract extension.
16. A proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 25th day of March, 2019.



Anthony R. Camacho, Esq.
PUC Legal Counsel