

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA DOCKET 20-07
)
 THE APPLICATION OF THE GUAM)
 POWER AUTHORITY FOR) ORDER
 APPROVING THE PROCUREMENT)
 FOR SUPPLY OF DIESEL FUEL OIL TO)
 THE GUAM POWER AUTHORITY.)
 _____)

INTRODUCTION

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1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] For Approving the Procurement for Supply of Diesel Fuel Oil to GPA.¹
2. GPA requests approval of its solicitation for a contract for the supply of Diesel Fuel Oil No. 2 for GPA’s Tenjo Vista Power Plant.²

BACKGROUND

3. GPA operates the Tenjo Vista Diesel Power Plant which requires the use of Diesel Fuel Oil No. 2 to operate and the plant used 2,086,644 gallons of said fuel oil in FY2019.³
4. GPA has existing contracts that supply Diesel Fuel Oil to its baseload and peaking units and these contracts include the Tenjo Diesel Power Plant.⁴
5. GPA seeks to solicit for a separate contract to supply Diesel Fuel Oil No. 2 to the Tenjo Vista Diesel Power Plant only and it seeks a contract with an initial term of

¹ GPA Petition for Approving the Procurement of the Supply of Diesel Fuel Oil to GPA, GPA Docket 20-07, dated February 14, 2020.

² Id., at 1. NOTE: Page Numbers are the PDF page numbers and not the page numbers used in the actual Petition.

³ Id., at 1.

⁴ Id., at 2.

three years commencing June 1, 2020 and ending on May 1, 2023 with two additional one-year extension options.⁵

6. On January 28, 2020, the Guam Consolidated Commission on Utilities ["CCU"] issued Resolution No. 2020-20 authorizing GPA's management, subject to the PUC's approval, to solicit for a contractor to Supply Diesel Fuel Oil No. 2 to GPA's Tenjo Vista Power Plant.⁶
7. On February 23, 2020, PUC Legal Counsel submitted his report.

DETERMINATIONS

8. GPA's contract review protocol requires that any GPA contract that exceeds the amount of \$1,500,000 requires prior PUC approval and which shall be obtained before the procurement process is begun.⁷ Here, GPA must obtain the PUC's authorization to solicit for a contract to supply Diesel Fuel Oil No. 2 to its Tenjo Vista Power Plant because it is estimated that the contract will cost in excess of \$1.5 million review threshold.⁸
 9. GPA seeks to use the multi-step invitation for bids solicitation method to solicit for a contract to supply Diesel Fuel Oil No. 2 to its Tenjo Vista Power Plant.⁹ Said procurement method is authorized by 5 G.C.A. §5211(h) and 2 G.A.R., Div. 4, Chap. 3, §3109(a).
 10. GPA's draft contract for the supply of Diesel Fuel Oil No. 2 to GPA's Tenjo Vista Power Plant, which is part of the solicitation, contains all the standard contract clauses, including quantity and quality assurances, security of supply, permits and responsibilities, force majeure, disputes, default, and termination for convenience.¹⁰
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⁵ Id., at 3.

⁶ Id., at 3.

⁷ Contract Review Protocol for GPA, Order dated February 15, 2008, Administrative Docket at 1.

⁸ Id., at 3.

⁹ Id., at 5.

¹⁰ Id., at 6-7.

11. The solicitation and draft contract define the minimum quantity of fuel oil to be delivered to the plant annually as two million gallons and the maximum amount to be delivered as 3 million gallons. This is an acceptable range because, since FY2016, the lowest amount of fuel oil the plant used was 2,086,644 gallons of fuel oil in FY2019, and highest amount of fuel oil the plant used annually during this period was 3,474,324 in FY2016. Although the plant's FY2016 annual fuel consumption rate was higher than the three-million-gallon maximum amount, it is in line with the plant performance during the last two years in which it consumed less than that amount, specifically it consumed 2,990,526 gallons in FY2018 and 2,086,644 in FY2019.¹¹
12. GPA's request is reasonable, prudent and necessary. The PUC approves GPA's request for approval of its solicitation for a contract for the supply of Diesel Fuel Oil No. 2 for GPA's Tenjo Vista Power Plant.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approving the Procurement for Supply of Diesel Fuel Oil to GPA, the PUC Counsel Report, and 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 its solicitation for a contract for the supply of Diesel Fuel Oil No. 2 for GPA's Tenjo Vista Power Plant is hereby approved.
2. 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 the 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.

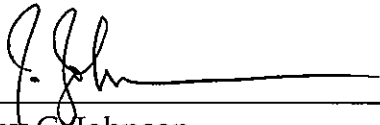
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¹¹ Id., at 47.

Order
The Application of GPA
for Approving the
Procurement for the Supply
Of Diesel Fuel Oil to GPA
GPA Docket 20-07
February 27, 2020

Dated this 27th day of February, 2020.

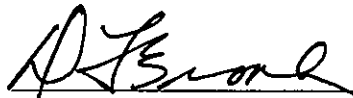


Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner



Rowena E. Perez Camacho
Commissioner

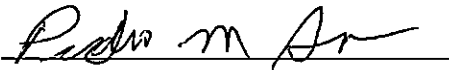


Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner



Pedro S.N. Guerrero
Commissioner