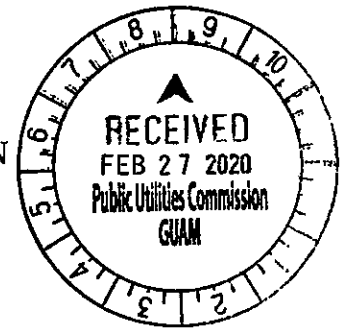


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
) GPA DOCKET 20-08
)
 THE APPLICATION OF THE GUAM)
 POWER AUTHORITY TO EXERCISE) ORDER
 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 Second 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 expired on September 30, 2019, with three (3) options to extend for additional one (1) year terms. The first optional extension period is set to expire on September 30, 2020.²
3. GPA requests approval to exercise the PMC's second and third options extending the PMC for an additional two (2) years from October 1, 2020 to September 30, 2022.³

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.⁴

¹ GPA Petition to Exercise Extension Option under the PMC with IP&E, GPA Docket 19-08, dated February 14, 2020 [Petition].

² Id., at 1. Note: Page numbers listed herein refer to the PDF pages and not the pages listed in the Petition.

³ Id. at 1.

⁴ PUC Order, GPA Docket 17-04, dated April 27, 2017, at 3 [PUC Order dated April 27, 2017].

5. Under this contract, IP&E manages, operates, and maintains GPA's Fuel Bulk Storage Facility.⁵
6. The initial two (2) year term of the PMC expired on September 30, 2019.⁶
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.⁷
8. On March 28, 2019, the PUC authorized GPA to exercise the first option to extend the PMC for a one (1) year period from October 1, 2019 to September 30, 2020 and to expend up to a total amount of \$859,320 for that extension.⁸
9. GPA estimates the cost of exercising the second option to extend the PMC for a one (1) period from October 1, 2020 to September 30, 2021 will be approximately \$885,108.88 and the cost of exercising the third and final option to extend the PMC for a one (1) year period from October 1, 2021 to September 30, 2022 will be approximately \$911,662.13 for a total amount of \$1,796,771.01.⁹
10. On January 28, 2020, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2020-03 authorizing GPA to exercise the second and third one-year contract extensions of the PMC with IP&E subject to the PUC's approval.¹⁰ 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 \$1,796,771.01 estimated cost of the PMC's second and third one-year extensions.
11. On February 23, 2020 PUC Legal Counsel issued his report.

⁵ Petition at 1.

⁶ PUC Order dated April 27, 2017 at 3.

⁷ Id.

⁸ Id., PUC Order dated March 28, 2019, GPA Docket No. 19-08 at 3 [PUC Order dated March 28, 2019].

⁹ Petition at 1.

¹⁰ Petition at 3.

DETERMINATIONS

12. 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.¹¹
13. If the PUC does not approve the options to extend the PMC, GPA will have seven months to solicit for, procure, and obtain the PUC's approval for a new contract to manage GPA's Fuel Bulk Storage Facility.
14. GPA's estimated \$885,108.88 cost for the second option to extend the PMC is \$25,788.88 more than the estimated \$859,320 cost of the first extension year, and GPA's estimated \$911,662.13 cost for the third option to extend the PMC is \$26,553.25 more than the second option to extend. These increases in cost do not appear to be excessive considering inflation and other rising cost factors such as the rise in minimum wage and gross receipts taxes on Guam.
15. GPA's request is reasonable, prudent and necessary.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA, the Contract for the management, operation, and maintenance of the GPA Fuel Farm Bulk Storage Facility, the Report of PUC Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's exercise of the second option to extend the Performance Management Contract to IP&E Guam LLC., for the management, operation and maintenance of the GPA Fuel Farm Bulk Storage Facility, from October 1, 2020 to September 30, 2021, and the third option to extend said contract from October 1, 2021 to September 30, 2022 are approved.

¹¹ PUC Order dated April 27, 2017 at 2.

2. GPA is authorized to expend up the amount of \$885,108.88 for the second option to extend the PMC and GPA is authorized to expend the amount of \$911,662.13 for the third option to extend the PMC.

3. 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.

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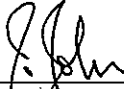
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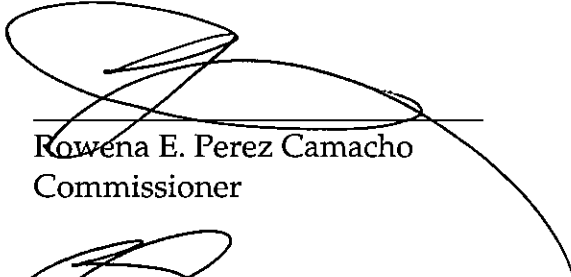
PUC Counsel Report
Third & Fourth Extension
Options for PMC for GPA's
Fuel Bulk Storage Facility
With IP&E
GPA Docket 20-08
February 23, 2020

Dated this 27th day of February, 2020.



Jeffrey C. Johnson
Chairman

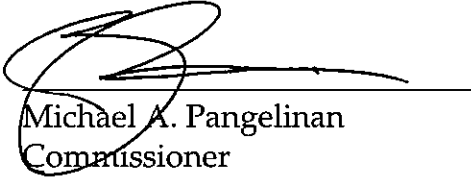
Joseph M. McDonald
Commissioner



Rowena E. Perez Camacho
Commissioner

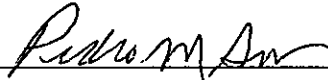


Doris Flores Brooks
Commissioner



Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner



Pedro S.N. Guerrero
Commissioner