



**D GRAHAM BOTHA, ESQ.**  
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**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:

The Application of the Guam Power Authority  
to Exercise Extension Option under the Diesel  
Fuel Supply Contract with Mobil Oil Guam,  
Inc. and Isla Petroleum and Energy, LLC  
(IP&E Guam)

**GPA DOCKET NO. 21-09**

**PETITION FOR CONTRACT REVIEW**

**COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities Commission of Guam to review and approve GPA's request to exercise an extension option under the Diesel Fuel Supply Contract with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC (IP& E Guam) for the period January 1, 2022 to December 31, 2024, as follows:

**BACKGROUND**

The Guam Power Authority awarded a contract to Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC to supply diesel fuel for a three-year base period which expires December 31, 2021, with an option to extend for three (3) additional one (1) year terms. GPA requests approval to exercise the extension of the contract from January 1, 2022 to December 31, 2024. The projected contract cost for this extension for premium fees for Mobil and IP&E is \$8,047,400 for the first-year extension, \$8,192,600 for the second-year extension, and \$6,504,600 for the third-year extension with an aggregate cost of \$24,584,600 for the three-year extension period.



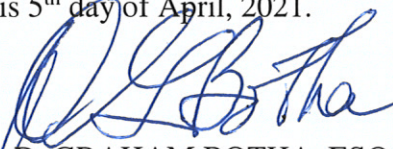
1 **DISCUSSION**

2 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam  
3 Power Authority to review and approve the extension of the Guam Power Authority's diesel fuel  
4 supply contract with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC (IP& E Guam)  
5 for the period January 1, 2022 to December 31, 2024. In support of this Petition, GPA hereby  
6 provides the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2021-04,  
7 which authorizes the General Manager to proceed with the extension of the diesel fuel supply  
8 contract. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by  
9 reference herein as if fully set forth.

10  
11 **CONCLUSION**

12 The PUC should approve GPA's request to exercise an extension option under the Diesel  
13 Fuel Supply Contract with Mobil Oil Guam, Inc. and Isla Petroleum and Energy, LLC (IP& E  
14 Guam) for the period January 1, 2022 to December 31, 2024, as it is reasonable, prudent, and  
15 necessary.

16 **RESPECTFULLY SUBMITTED** this 5<sup>th</sup> day of April, 2021.

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19 D. GRAHAM BOTHERA, ESQ.  
20 GPA General Counsel  
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**CONSOLIDATED COMMISSION ON UTILITIES**  
Guam Power Authority | Guam Waterworks Authority  
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

**RESOLUTION NO. 2021-04**

**AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE PUBLIC UTILITIES COMMISSION FOR THE EXTENSION OF THE DIESEL FUEL OIL NO. 2 SUPPLY CONTRACTS WITH MOBIL OIL GUAM, INC (MOGI) AND ISLA PETROLEUM AND ENERGY, LLC (IP&E)**

**WHEREAS**, Mobil Oil Guam, Inc. is the contractor for the supply of Diesel Fuel Oil No.2 to **Site Location 1 (Yigo CT and Aggreko), Site Location 3 (Piti 7), and Site Location 4 (Cabras 1&2, MEC 8&9, Manenggon Diesel Plant, and Talofofo Diesel Plant);** and

**WHEREAS**, Isla Petroleum Energy, LLC is the contractor for the supply of Diesel Fuel Oil No.2 to **Site Location 2 (Macheche CT and Dededo CT);** and

**WHEREAS**, the two (2) year base period contracts for the Diesel Fuel Oil No.2 Supply (GPA-008-18) between the Guam Power Authority (herein after referred to as "GPA") and Mobil Oil Guam, Inc. (herein after referred to as "Mobil"), and between GPA and Isla Petroleum Energy, LLC (herein after referred to as "IP&E"), will expire on December 31, 2021 with option to extend for up to three (3) years; and

**WHEREAS**, GPA anticipates that a new solicitation would yield an increased Fixed Service Fee due to the rising cost for the delivery of services with the implementation of the IMO regulation; and

**WHEREAS**, GPA negotiated with Mobil and IP&E for a contract extension of three (3) consecutive years without change to the contract extension Fixed Service Fee schedules; and

**WHEREAS**, the estimated Fixed Service Fee and Contract costs are provided in **Exhibit A;** and

**WHEREAS**, the estimated annual Fixed Service Fee costs at the projected quantity for the Mobil contract is \$6,255,400 for the first-year extension, \$6,376,600 for the second-year extension, and \$6,504,600 for the third-year extension with an aggregate cost of \$19,136,600 for the three-year extension period; and

**WHEREAS**, the estimated annual Fixed Service Fee costs at the projected quantity for the IP&E contract is \$1,792,000 for the first-year extension, \$1,816,000 for the second-year extension, and \$1,840,000 for the third-year extension with an aggregate cost of \$5,488,000 for the three-year extension period; and

**WHEREAS**, the estimated combined annual Fixed Service Fee costs for Mobil and IP&E is \$8,047,400 for the first-year extension, \$8,192,600 for the second-year extension, and \$8,344,600 for the third-year extension with an aggregate cost of **\$24,584,600** for the three-year extension period; and



31       **WHEREAS**, the estimated annual Contract costs at the projected ULSD commodity price and annual  
32       quantity for the Mobil contract is \$56,820,200 for the first-year extension, \$56,941,400 for the second-  
33       year extension, and \$57,069,400 for the third-year extension with an aggregate cost of \$170,831,000 for  
34       the three-year extension period; and

35       **WHEREAS**, the estimated annual Contract costs at the projected ULSD commodity price and annual  
36       quantity for the IP&E contract is \$16,664,000 for the first-year extension, \$16,688,000 for the second-year  
37       extension, and \$16,712,000 for the third-year extension with an aggregate cost of \$50,064,000 for the  
38       three-year extension period; and

39       **WHEREAS**, the estimated combined annual Contract costs for Mobil and IP&E is \$73,484,200 for the  
40       first-year extension, \$73,629,400 for the second-year extension, and \$73,781,400 for the third-year  
41       extension with an aggregate cost of **\$220,895,000** for the three-year extension period; and

42       **WHEREAS**, the estimated total savings on the Fixed Service Fee for the three-year contract extension  
43       as compared to the previous contract is approximately **\$1,450,600**; and

44       **WHEREAS**, GPA is requesting the approval of contract extensions with Mobil and IP&E for three  
45       consecutive years to commence on January 01,2022 and to expire on December 31, 2024.

46       **NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES**  
47       **(CCU), subject to the review and approval of the PUBLIC UTILITIES COMMISSION (PUC), as follows:**

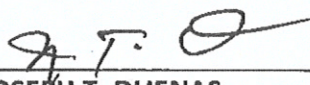
- 48  
49       1. The Guam Power Authority is hereby authorized to enter into a 3-year contract extension with **Mobil**  
50       for the supply and delivery of Diesel Fuel Oil No.2 to commence on January 01, 2022 and to expire  
51       on December 31, 2024.
- 52  
53       2. The Guam Power Authority is hereby authorized to enter into a 3-year contract extension with **IP&E**  
54       for the supply and delivery of Diesel Fuel Oil No. 2 to commence on January 01,2022 and to expire  
55       on December 31, 2024.
- 56  
57       3. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating  
58       authority for a three-year extension of the Diesel Fuel Oil No. 2 supply contracts over \$750,000 and  
59       to execute such agreements and documents necessary with **Mobil and IP&E**.



DULY and REGULARY ADOPTED AND APPROVED THIS 23<sup>rd</sup> DAY of MARCH 2021

Certified by:

Attested by:

  
JOSEPH T. DUENAS

Chairperson  
Consolidated Commission on Utilities

  
MICHAEL T. LIMTIACO

Secretary  
Consolidated Commission on  
Utilities

### SECRETARY'S CERTIFICATE

I, **Michael T. Limtiaco**, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at the meeting place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 5

Nays: 0

Absent: 0

Abstain: 0





## EXHIBIT A

### 1. Mobil Contract

SITE LOCATION 1

YIGO & AGGREKO	2-YEAR CONTRACT BASE PERIOD		3-YEAR CONTRACT EXTENSION PERIOD		
	1st Year	2nd Year	1st Year Extn	2nd Year Extn	3rd Year Extn
Estimated Quantity (gal/yr) <sup>1</sup>	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Projected Commodity Price (ULSD)	\$1,859	\$1,859	\$1,859	\$1,859	\$1,859
Fixed Service Fee Cost (\$/gal)	\$0.242	\$0.226	\$0.231	\$0.235	\$0.235
Estimated Contract Price (\$/gal)	\$2,101	\$2,085	\$2,090	\$2,094	\$2,094
Estimated Contract Cost (\$/yr)	\$ 35,717,000.00	\$ 35,445,000.00	\$ 35,530,000.00	\$ 35,598,000.00	\$ 35,683,000.00
Fixed Service Fee Cost (\$/yr)	\$ 4,114,000.00	\$ 3,842,000.00	\$ 3,927,000.00	\$ 3,995,000.00	\$ 4,080,000.00
Variance w/ Previous Contract		<b>(\$272,000.00)</b>	<b>(\$187,000.00)</b>	<b>(\$119,000.00)</b>	<b>(\$34,000.00)</b>
		-7%	-5%	-3%	-1%
		(Savings)			(Savings)
					\$ 106,811,000.00
					\$ 12,002,000.00
					<b>(\$340,000.00)</b>

SITE LOCATION 3

PITI 7	2-YEAR CONTRACT BASE PERIOD		3-YEAR CONTRACT EXTENSION PERIOD		
	1st Year	2nd Year	1st Year Extn	2nd Year Extn	3rd Year Extn
Estimated Quantity (gal/yr) <sup>1</sup>	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Projected Commodity Price (ULSD)	\$1,859	\$1,859	\$1,859	\$1,859	\$1,859
Fixed Service Fee Cost (\$/gal)	\$0.262	\$0.215	\$0.219	\$0.224	\$0.224
Estimated Contract Price (\$/gal)	\$2,121	\$2,074	\$2,078	\$2,083	\$2,083
Estimated Contract Cost (\$/yr)	\$ 16,968,000.00	\$ 16,592,000.00	\$ 16,624,000.00	\$ 16,664,000.00	\$ 16,696,000.00
Fixed Service Fee Cost (\$/yr)	\$ 2,096,000.00	\$ 1,720,000.00	\$ 1,752,000.00	\$ 1,792,000.00	\$ 1,824,000.00
Variance w/ Previous Contract		<b>(\$376,000.00)</b>	<b>(\$344,000.00)</b>	<b>(\$304,000.00)</b>	<b>(\$272,000.00)</b>
		-18%	-16%	-15%	-13%
		(Savings)			(Savings)
					\$ 49,984,000.00
					\$ 5,368,000.00
					<b>(\$920,000.00)</b>

SITE LOCATION 4

CABRAS 1&2, MEC 8&9, MANENGGON, TALOFOFO	2-YEAR CONTRACT BASE PERIOD		3-YEAR CONTRACT EXTENSION PERIOD		
	1st Year	2nd Year	1st Year Extn	2nd Year Extn	3rd Year Extn
Estimated Quantity (gal/yr) <sup>1</sup>	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Projected Commodity Price (ULSD)	\$1,859	\$1,859	\$1,859	\$1,859	\$1,859
Fixed Service Fee Cost (\$/gal)	\$0.242	\$0.257	\$0.262	\$0.268	\$0.268
Estimated Contract Price (\$/gal)	\$2,101	\$2,116	\$2,121	\$2,127	\$2,132
Estimated Contract Cost (\$/yr)	\$ 4,622,200.00	\$ 4,655,200.00	\$ 4,666,200.00	\$ 4,679,400.00	\$ 4,690,400.00
Fixed Service Fee Cost (\$/yr)	\$ 532,400.00	\$ 565,400.00	\$ 576,400.00	\$ 589,600.00	\$ 600,600.00
Variance w/ Previous Contract		<b>(\$33,000.00)</b>	<b>(\$44,000.00)</b>	<b>(\$57,200.00)</b>	<b>(\$68,200.00)</b>
		6%	8%	11%	13%
		(Additional Expense)			(Additional Expense)
					\$ 17,666,000.00
					\$ 1,766,000.00
					<b>(\$169,400.00)</b>
					<b>(\$237,800.00)</b>
					<b>(\$1,090,600.00)</b>
					(Savings)
					\$ 170,831,000.00
					\$ 19,136,600.00
					<b>(\$1,090,600.00)</b>

Over-all Contract Cost:  
Over-all Fixed Service Fee Cost:  
Variance w/ Current Contract

\$ 57,307,200.00  
\$6,742,400.00  
**(\$615,000.00)**

\$ 56,692,200.00  
\$6,127,400.00  
**(\$615,000.00)**

\$ 56,820,200.00  
\$6,255,400.00  
**(\$487,000.00)**

\$ 56,941,400.00  
\$6,376,600.00  
**(\$365,800.00)**

\$ 57,069,400.00  
\$6,504,600.00  
**(\$237,800.00)**

\$ 170,831,000.00  
\$19,136,600.00  
**(\$1,090,600.00)**

(Savings)



## 2. IP&E Contract

### SITE LOCATION 2:

DEDEDO & MACHECHE CT		Previous Contract	2-YEAR CONTRACT BASE PERIOD			3-YEAR CONTRACT EXTENSION PERIOD			
			1st Year	2nd Year	Total	1st Year Extn	2nd Year Extn	3rd Year Extn	Total
Estimated Quantity (gal/yr) <sup>1</sup>		8,000,000	8,000,000	8,000,000	16,000,000	8,000,000	8,000,000	8,000,000	24,000,000
Sample Reference Price (\$/gal) <sup>2</sup>		\$1.859	\$1.859	\$1.859	\$1.859	\$1.859	\$1.859	\$1.859	\$1.859
Fixed Service Fee Cost (\$/gal)		\$0.242	\$0.221	\$0.221	\$0.221	\$0.224	\$0.227	\$0.230	\$0.227
Estimated Contract Price (\$/gal)		\$2.101	\$2.080	\$2.080	\$2.080	\$2.083	\$2.086	\$2.089	\$2.086
Estimated Contract Cost (\$/yr)		\$ 16,808,000.00	\$ 16,640,000.00	\$ 16,640,000.00	\$ 33,280,000.00	\$ 16,664,000.00	\$ 16,688,000.00	\$ 16,712,000.00	\$ 50,064,000.00
Fixed Service Fee Cost (\$/yr)		\$1,936,000.000	\$1,768,000.000	\$1,768,000.000	\$3,536,000.000	\$1,792,000.000	\$1,816,000.000	\$1,840,000.000	\$5,448,000.000
Variance w/ Previous Contract			-9%	-9%	(Savings)	-7%	-6%	-5%	(Savings)
			(\$168,000.00)	(\$168,000.00)	(\$336,000.00)	(\$144,000.00)	(\$120,000.00)	(\$96,000.00)	(\$360,000.00)

## 3. Summary (Mobil and IP&E Contract)

SUMMARY (Site Locations 1 thru 4)	Previous Contract	2-YEAR CONTRACT BASE PERIOD			3-YEAR CONTRACT EXTENSION PERIOD			
		1st Year	2nd Year	Total	1st Year Extn	2nd Year Extn	3rd Year Extn	Total
Over-all Estimated Cost:								
Contract Cost	\$ 74,115,200.00	\$ 73,332,200.00	\$ 73,332,200.00	\$ 146,664,400.00	\$ 73,484,200.00	\$ 73,629,400.00	\$ 73,781,400.00	\$ 220,895,000.00
Fixed Service Fee Cost	\$ 8,678,400.00	\$ 7,895,400.00	\$ 7,895,400.00	\$ 15,790,800.00	\$ 8,047,400.00	\$ 8,192,600.00	\$ 8,344,600.00	\$ 24,584,600.00
Variance w/ Previous Contract		(\$783,000.00)	(\$783,000.00)	(\$1,566,000.00)	(\$631,000.00)	(\$485,800.00)	(\$333,800.00)	(\$1,450,600.00)
				(Savings)				(Savings)