

1 **D GRAHAM BOTHA, ESQ.**
2 **General Counsel**
3 **Guam Power Authority**
4 **688 Route 15, Suite 302**
5 **Maite, Guam 96913**
6 **Ph: (671) 648-3203/3002**
7 **Fax: (671) 648-3290**



8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**

GPA DOCKET NO. 21-16

10 The Application of the Guam Power Authority)
11 to Approve the Contract with Tristar)
12 Terminals Guam, Inc. for the Lease of an)
13 Additional Storage Tank for Diesel Fuel.)

PETITION FOR CONTRACT REVIEW

14 **COMES NOW**, the **GUAM POWER AUTHORITY (GPA)**, by and through its counsel
15 of record, **D. GRAHAM BOTHA, ESQ.**, and hereby files GPA's Petition for the Public Utilities
16 Commission of Guam to review and approve the Contract with Tristar Terminals Guam, Inc. for
17 the lease of an additional 196,000-barrel capacity Storage Tank for diesel fuel, as follows:

18 **BACKGROUND**

19 The Guam Power Authority has a contract with Tristar Terminals Inc. for the handling
20 and receiving of fuel oil import deliveries into GPA's storage facilities. Tristar is the current
21 manager of the Dock Facility, owned by the Port Authority of Guam. GPA intends to lease an
22 additional storage tank of 196,000-barrels capacity from Tristar. The CCU in Resolution 2021-
23 18 has approved the request to lease an additional 196,000-barrel capacity ULSD storage tank, at
24 an annual cost of approximately \$1,764,000 for the first year, and subsequent extension years.

25 **DISCUSSION**

26 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
27 Power Authority, approved by the PUC, to review and approve the Contract with Tristar
28 Terminals Guam, Inc. for the lease of an additional 196,000-barrel capacity Storage Tank for
diesel fuel. In support of this Petition, GPA hereby provides the PUC with Consolidated

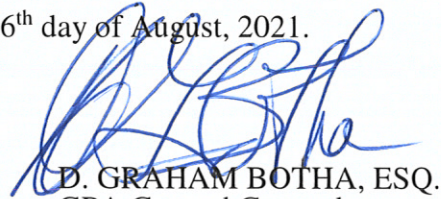
ORIGINAL

Commission on Utilities (CCU) Resolution No. 2021-18, which authorizes the General Manager to enter into a contract with Tristar Terminal Guam, Inc. for a three (3) year term from February 1, 2022 to January 31, 2023. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by reference herein as if fully set forth.

CONCLUSION

The PUC should approve GPA's request to proceed with the Contract with Tristar Terminals Guam, Inc. for the Dock Facility User Agreement, Pipeline Agreement, and Fuel Storage Agreement for a three (3) year term from February 1, 2022 to January 31, 2023. The contract extension with Tristar Terminal Guam, Inc. is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 6th day of August, 2021.



D. GRAHAM BOTHA, ESQ.
GPA General Counsel



RESOLUTION NO. 2021-18

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO LEASE AN ADDITIONAL STORAGE TANK FROM TRISTAR TERMINALS, GUAM, INC.

WHEREAS, GPA currently lease a ULSD storage tank from Tristar Terminals Guam, Inc (hereinafter referred to as "TTGI"); and

WHEREAS, for the purpose of ensuring adequate inventory of ULSD to meet the supply requirements of the Piti 8 & 9 and the Ukudu plants, GPA intends to lease an additional storage tank of 196,000-barrels capacity from TTGI; and

WHEREAS, TTGI would need at least six (6) months' notice to prepare the tank for ULSD storage; and

WHEREAS, GPA is seeking the approval of the CCU for the lease of the additional 196,000-barrel capacity storage tank, for an annual cost of approximately \$1,764,000 for the first year, and \$1,176,000 annually for the extension years, excluding handling and throughput fees.

NOW THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, subject to the review and approval of the Public Utilities Commission, as follows:

1. GPA's request to lease additional ULSD storage tank to ensure adequacy of supply to the power plants is reasonable and prudent.
2. GPA is authorized to enter into an agreement with Tristar Terminals Guam, Inc. for the lease of an additional 196,000-barrel capacity ULSD storage tank, at an annual cost of approximately \$1,764,000 for the first year, and \$1,176,000 annually for the extension years, excluding handling and throughput fees.
3. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating authority to the annual value of the contract and execute such agreements and documents necessary for a contract with **TRISTAR TERMINALS GUAM, INC.**

RESOLVED, that the Chairman of the Commission certifies and the Secretary of the Commission attests the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 27th DAY OF JULY 2021.

Certified by:



JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

Attested by:



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

Ayes: 3

Nays: 0

Absent: 2

Abstain: 0





GUAM POWER AUTHORITY
ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977, HÅGATÑA, GUAM 96932-2977

June 4, 2021

MR. KAZHAKUTTAM K. VIKRAMAN
General Manager
Tristar Terminals Guam, Inc.
P.O. Box 8210
Agat, Guam 96928
Tel. No. (671) 565-2300

**SUBJECT: Letter of Intent to Lease 196kb Capacity Tank 1907 for additional
ULSD Storage
Re: TTGI-SA-2018-01**

Dear Mr. Vikraman,

This is to formalize GPA's intent to lease Tank 1907 (approximate storage capacity of 196,000 barrels) in addition to the contracted ULSD storage tank under the subject Storage Agreement.

We also intend to extend the term of the subject Storage Agreement on a month-to-month basis beyond the December 31, 2022 expiry date.

Please provide a draft of the proposed amendment to the Storage Agreement. The Amendment to the Storage Agreement shall be subject to the approval of the Consolidated Commission on Utilities (CCU) and the Public Utilities Commission (PUC).

We hope that this satisfies your requirement for commitment to initiate the necessary refurbishment work in Tank 1907 to be available for GPA. Kindly update GPA on the scheduled availability of Tank 1907. The utilization of the tank is anticipated to be in February 2022. Any changes to the utilization date shall be advised accordingly.

Thank you and we look forward to your response.

Sincerely,


John M. Benavente, P.E.
General Manager

EXHIBIT B

AMENDMENT NO. 2 & ADDENDUM TO CONTRACT TTGI-SA-2018-01 STORAGE AGREEMENT

This addendum to the Storage Agreement is made by and between **TRISTAR TERMINALS GUAM, INC.**, a Guam corporation whose address is P.O. Box 8210, Agat, Guam 96918, and **GUAM POWER AUTHORITY**, a public corporation of Guam, whose address is P.O. Box 2977, Hagatna, Guam 96932.

WHEREAS, a Storage Agreement with the reference "TTGI-SA-2018-01" between the parties dated 1st January, 2018 and consequently amended in 2018, and the parties want to make the following addendums to the said Agreement applicable from 1st February, 2022 onwards.

NOW, THEREFORE, the parties agree:

C. FACILITIES SERVICES

C.1 Storage:

- b) Operator agrees to provide one (1) storage tank, Tank 1907, to Customer with a total nominal capacity of one hundred ninety six thousand (196,000) barrels for the storage of Diesel product. The tanks provided for Customer's product storage shall be maintained and operated in accordance with all applicable laws and regulations throughout the term of the Agreement at Operator's sole cost.

D. THROUGHPUT

D.1 Allowed Throughput, Initial Fill and Batch Size:

Customer shall be entitled to an annual product throughput of 196,000 barrels **per tank** or for a quantity equivalent to the total offer capacity defined in C.1. This product throughput is herein be referred to "Allowed Throughput"

Allowed Throughput will be calculated by adding the total number of barrels (at natural) received and shipped per contract year divided by 2.

The initial fill quantity of 196,000 barrels per tank or equivalent to the awarded capacity shall be excluded from the allowed throughput calculation

E. CONSIDERATION

E.1 Fee:

- e) Storage Rate for Tank 1907 shall be as follows

Tank Estimated Shell Capacity in Barrels	200,000		
Tank Estimated Safe Capacity in Barrels	196,000		
Contract Term in Years	1	2	3
Proposed Storage Rate Per Barrel	\$9.00	\$7.50	\$6.00
Estimated Annual Contract Value	\$1,764,000	\$1,470,000	\$1,176,000
Proposed Storage Rate Per Barrel During Extended Years	\$6.00	\$6.00	\$6.00
Estimated Annual Contract Value - Extended Years	\$1,176,000	\$1,176,000	\$1,176,000

H. TERM OF THE AGREEMENT

H.1 Term:

The Agreement exclusive for Tank 1907 will be in effect for a period beginning with an initial term from the Effective Date February 1st, 2022 and ending on January 31st, 2023 ("Initial Term").

The Customer shall be given the option to extend the term on a month-to-month basis for up to two (2) years ("Extended Term") upon expiration of the Initial Term. The Terms and Conditions of the Extended Term shall be the same as the Initial Term. The Agreement shall be terminated prior to the expiration of the Initial Term by either party under the conditions set forth in clause H.2 of the Agreement.

Except as stated herein all other terms and condition of the Storage Agreement and Amendments thereto shall remain in effect.

TRISTAR TERMINALS GUAM, INC.

GUAM POWER AUTHORITY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

From: [KK Vikraman](#)
To: [Albert N. Florencio](#); [Vivek Kumar Kannan](#); [John Afleje](#)
Cc: [Jennifer G Sablan](#); [John J Cruz, Jr.](#); [Graham Botha](#)
Subject: RE: ULSD Storage-Tk1907 (LOI)
Date: Tuesday, July 13, 2021 2:21:02 PM
Attachments: [image001.png](#)
[TTGI-SA-2018-01_AMD NO. 2_V1 rev3.docx](#)

Albert

Our management has agreed to reduce the first year rate proposed by GPA.

Tank Estimated Shell Capacity in Barrels				200,000
Tank Estimated Safe Capacity in Barrels				196,000
Contract Term in Years	1	2	3	
Proposed Storage Rate Per Barrel	\$9.00	\$7.50	\$6.00	
Estimated Annual Contract Value	\$1,764,000	\$1,470,000	\$1,176,000	
Proposed Storage Rate Per Barrel During Extended Years	\$6.00	\$6.00	\$6.00	
Estimated Annual Contract Value - Extended Years	\$1,176,000	\$1,176,000	\$1,176,000	

Regards

K K Vikraman

From: KK Vikraman

Sent: Tuesday, July 13, 2021 12:01 PM

To: Albert N. Florencio <aflorencio@gpagwa.com>; Vivek Kumar Kannan <vivek@tristar-guam.com>; John Afleje <jafleje@tristar-guam.com>

Cc: Jennifer G Sablan <jsablan@gpagwa.com>; John J Cruz, Jr. <jcruz@gpagwa.com>; Graham Botha <gbotha@gpagwa.com>

Subject: RE: ULSD Storage-Tk1907 (LOI)

Albert

Thanks for the mail. I will get back to you soon. I need to get the feedback / approval from our corporate office.

Regards

K K Vikraman

From: Albert N. Florencio <aflorencio@gpagwa.com>

Sent: Tuesday, July 13, 2021 11:56 AM

To: KK Vikraman <vikraman@tristar-guam.com>; Vivek Kumar Kannan <vivek@tristar-guam.com>; John Afleje <jafleje@tristar-guam.com>

Cc: Jennifer G Sablan <jsablan@gpagwa.com>; John J Cruz, Jr. <jcruz@gpagwa.com>; Graham Botha <gbotha@gpagwa.com>

Subject: ULSD Storage-Tk1907 (LOI)

Hi KK,

Please see attached draft Amendment No.2 w/ GPA's comments.

Would appreciate receiving a favorable response on or before Thursday.

We intend to include it in the CCU meeting next week.

Thanks & Best Regards,

Albert N. Florencio
Environmental Engineer III
Guam Power Authority
Office Tel: (671) 300-8340
Mobile: (671) 747-8717

From: KK Vikraman [<mailto:vikraman@tristar-guam.com>]

Sent: Tuesday, June 15, 2021 11:38 AM

To: Albert N. Florencio <aflorencio@gpagwa.com>; Vivek Kumar Kannan <vivek@tristar-guam.com>

Cc: John Afilleje <jafilleje@tristar-guam.com>; Jennifer G Sablan <jsablan@gpagwa.com>; John J Cruz, Jr. <jcruz@gpagwa.com>; Graham Botha <gbotha@gpagwa.com>

Subject: RE: ULSD Storage-Tk1907 (LOI)

Albert

Thanks, yes this will be amendment no 2. Hope we can get to agreement as soon as possible. Our management approval to award the refurbishment of the tank project is subjected to securing this contract. We are securing bids for the same from contractors and it may take min 3 weeks. If we can get a decision within a months' time, we should be able to award on time and avoid further delay in getting the tanks ready before Feb 2022.

Regards

K K Vikraman

From: Albert N. Florencio <aflorencio@gpagwa.com>

Sent: Tuesday, June 15, 2021 11:30 AM

To: Vivek Kumar Kannan <vivek@tristar-guam.com>

Cc: KK Vikraman <vikraman@tristar-guam.com>; John Afilleje <jafilleje@tristar-guam.com>; Jennifer G Sablan <jsablan@gpagwa.com>; John J Cruz, Jr. <jcruz@gpagwa.com>; Graham Botha <gbotha@gpagwa.com>

Subject: ULSD Storage-Tk1907 (LOI)

Hi Vivek.

Thanks. This is supposed to be Amendment No.2. See attached which pertains to the 4-year Extension.

Will forward to the GPA Team for review and revert.

Regards,
Albert

From: Vivek Kumar Kannan <vivek@tristar-guam.com>

Sent: Tuesday, June 15, 2021 9:00 AM

Attachment D:**ULSD Storage Capacity Requirement**

A. ULSD Consumption (bbls)	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Piti 8	298,760	436,690	127,537	62,703	64,581
Piti 9	301,979	428,524	33,484	4,823	5,543
Tenjo	131,996	203,714	0	0	0
Ukudu	0	288,305	1,691,965	1,546,236	1,549,552
Annual Consumption (bbl/yr)	732,735	1,357,233	1,852,986	1,613,762	1,619,676
Monthly Avg consumption	61,061	113,103	154,416	134,480	134,973
Daily Avg Consumption	2,035	3,770	5,147	4,483	4,499

B. Required Storage Capacity	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Basis: Shipment turn-around (days)	35	35	35	35	35
	<u>bbls</u>	<u>bbls</u>	<u>bbls</u>	<u>bbls</u>	<u>bbls</u>
Consumption	71,238	131,953	180,151	156,894	157,469
Minimum Inventory	71,238	131,953	180,151	156,894	157,469
Tank Deadstock	10,000	10,000	10,000	10,000	10,000
Required Storage Capacity	152,476	273,906	370,303	323,787	324,937
Current Tank Capacity (Tk1906)	190,000	190,000	190,000	190,000	190,000
Capacity Excess/(Shortage)	37,524	(83,906)	(180,303)	(133,787)	(134,937)
Additional Tank Capacity (Tk1907)	190,000	190,000	190,000	190,000	190,000
Capacity Excess/(Shortage)	227,524	106,094	9,697	56,213	55,063
Required Tank Capacity (Tk1906 + Tk1907)	380,000	380,000	380,000	380,000	380,000