

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GWA Docket 22-07
)
THE PETITION OF THE GUAM)
WATERWORKS AUTHORITY TO) **ALJ REPORT**
APPROVE THE AWARD FOR THE)
MULTI-YEAR PROCUREMENT OF)
AUTOMOTIVE GASOLINE, REGULAR)
UNLEADED, AND DIESEL FUEL OIL)
NO. 2 FOR GWA TRANSPORTATION)
FLEET)



INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Waterworks Authority ["GWA"] for Approval of the Award for the Multi-Year Procurement of Automotive Gasoline, Regular Unleaded, and Diesel Fuel Oil No. 2 for the GWA Transportation Fleet.¹
2. GWA's objective is to supply GWA Diesel Fuel Oil No. 2 and Regular Unleaded Automotive Gasoline for GWA's Transportation Fleet and Heavy Equipment; fuel is needed Agency-Wide for all GWA's vehicle and equipment fuel.²
3. Due to the need to provide fuel for GWA's daily operational needs and activities, GWA filed its Petition and requested a hearing for this month's PUC Meeting.
4. The Guam Consolidated Commission on Utilities has not yet approved the proposed contract with IP&E Holdings, LLC; however, GWA anticipates that the

¹ GWA Petition for Approval of the Award for the Multi-Year Procurement of Automotive Gasoline, Regular Unleaded, and Diesel Fuel Oil No. 2 for GWA Transportation Fleet, GWA Docket 22-07, filed April 13, 2022.

² Issues for Decision, CCU Board Packet for April 26, 2022, Board Meeting, GWA Petition at Exhibit A-06.

Guam Consolidated Commission on Utilities [“CCU”] will approve the project on its April 26, 2022 meeting; GWA states that the CCU resolution supporting the contract award will be provided to PUC prior to its April 28, 2022 meeting.³

5. If the PUC receives the CCU resolution prior to its April meeting, the Commission may address this matter at its meeting on April 28, 2022.

BACKGROUND

6. On November 24, 2021, GWA advertised Invitation for Bid (IFB) GWA IFB-2022-01, for Regular Unleaded, Automotive Gasoline and Diesel Fuel Oil No. 2 to supply GWA’s transportation and heavy equipment fleet.⁴
7. Five interested bidders picked up bid packets, but only two (2) bidders responded by submitting cost bids. IP&E Holdings, LLC [“IP&E”] offered the lowest cost bid with the following prices per gallon:
 - (a) Diesel Fuel Oil No. 2: \$2.802 per gallon
 - (b) Automotive Gasoline, Regular Unleaded \$2.925 per gallon.⁵
8. The Evaluation Committee reviewed and evaluated the bid submittals. It determined that IP&E submitted a responsive bid and complied with all terms and conditions and requirements set forth in the IFB. The Committee recommended to the GWA General Manager that IP&E, as the lowest responsive and responsible

³ GWA Petition at p. 3.

⁴ GWA Petition at p. 1.

⁵ GWA Petition at p. 2.

offeror, be awarded the contract of supply for the Diesel Fuel Oil No. 2 and Regular Unleaded line items.⁶

ANALYSIS

9. GWA seeks to award a three (3) year contract, with an option to extend for two (2) additional one (1) year terms, to IP&E for Regular Unleaded Automotive Gasoline and Diesel Fuel Oil No. 2.⁷
10. Based upon GWA's estimate for the 3-year contract, GWA will use 32,000 gallons per year of diesel fuel at \$2.802 per gallon, for a total 3-year cost of \$268,992.00.⁸
11. GWA estimates that it will use 85,000 gallons per year of Automotive Gasoline, Regular Unleaded, at \$2.925 per gallon, for a total 3-year cost of \$745,875.00. The total 3-year cost for Diesel Fuel and Gasoline Regular Unleaded is \$1,014,867.00.⁹
12. For the two-year option period, the total estimated cost for Diesel Fuel and Regular Unleaded will be \$676,578.00.¹⁰

⁶ Memorandum from Evaluation Committee Members to GWA General Manager, Subject: Invitation to Bid No. GWA 2022-01, Recommendation of Award, Dated February 8, 2022, GWA Petition at Exhibit A-73.

⁷ GWA Petition at p. 1.

⁸ GWA draft Resolution No. 15-FY2022, Relative to Approving the Award for the Multi-Year Procurement of Automotive Gasoline, Regular Unleaded and Diesel Fuel Oil No. 2 for GWA Transportation Fleet, GWA IFB. No. 2022-01, GWA Petition at Exhibit A-01 through A-05.

⁹ GWA Petition at Exhibit A-02.

¹⁰Id.

13. The three-year estimated cost, plus the sum of two additional 1-year option renewal periods at \$676,578.00, totals \$1,691,445.00 for IP&E's multi-year contract term.¹¹
14. Section 1(e) of the Contract Review Protocol for Guam Waterworks Authority requires that contracts which exceed \$1,000,000 must be reviewed by the PUC.¹²
15. Price determinations for each shipment of fuel shall be determined by fuel price, which is the average of the effective prices reported for gas oil 10ppm (Diesel Fuel Oil No. 2) and Gasoline 89 unleaded (Automotive Gasoline, Regular Unleaded), for all the daily postings of the previous month in the Plat's Asia Pacific Market Scan, for Singapore cargos, plus the premium service fee as calculated. The premium fee is \$0.200 per gallon of both Diesel Fuel Oil No. 2 and Automotive Gasoline, Regular Unleaded.¹³
16. Thus, the monthly price for fuel deliveries under the Contract may vary depending on the market fuel prices.
17. The contract proposed by GWA, upon which the award will be made, appears to adequately protect the interest of GWA and the ratepayers.

¹¹ GWA Petition at p. 3.

¹² Contract Review Protocol for Guam Waterworks Authority, Administrative Docket 00-04, dated October 27, 2005, at Section 1 (e), p. 1.

¹³ Proposed GWA Fleet Fuels Supply Contract (Diesel Fuel Oil No. 2 and Automotive Gasoline, Regular Unleaded), GWA Petition at Exhibit A-20 through A-42.

18. The contractor is required to supply all the Fleet Fuels (Diesel and Unleaded Gasoline) reasonably required by GWA, even if such quantities exceed the estimates provided.¹⁴

19. The contractor will provide gas station fleet cards at no cost to GWA. Only employees carrying valid fleet cards will be allowed to refuel at gas stations. There are various point of sale controls to ensure that only authorized persons may receive gas.¹⁵

20. All invoices submitted by the contractor must be accompanied by product delivery receipts signed by the duly authorized personnel and the service station representative.¹⁶ All Fleet fuel purchases shall be at any of Contractor's Service Stations unless otherwise agreed to by GWA. Invoices for Fleet Fuels as to quantity and quality will be submitted by contractor on a monthly basis, based on the number of gallons of fuels purchased by GWA. The payment term is 30 days (net).¹⁷

21. The contractor provides both express and implied warranties of merchantability and warrants that the Fleet Fuels shall meet the specifications as to "Product and Quality" provided in the contract.¹⁸

22. In the event Contractor is unable to fulfill its obligations under the Contract because of any negligence on the part of Contractor or failure to meet GWA's requirements,

¹⁴ Id., at Exhibit A-22.

¹⁵ Id.

¹⁶ Id., at Exhibit A-24.

¹⁷ Id., at Exhibit A-25.

¹⁸ Id.

GWA may at its sole discretion seek an alternative source for the fleet's fuels from other petroleum suppliers.¹⁹

23. Contractor holds the Consolidated Commission on Utilities, its employees, GWA, and GWA's employees harmless from all damages to persons or property or to receiving facilities and delivery facilities; contractor and subcontractors are also required to provide various types of insurance, including Workmen's Compensation, Public Liability Insurance, and Automobile Liability Insurance.²⁰ The contractor is also responsible for all oil spills caused by or as a result of performance of fuel deliveries.²¹

24. GWA may terminate the contract for default by contractor or for GWA's convenience.²²

25. GWA is also protected by Bid and Performance Bonds for Goods and Services.²³

26. Funding for the procured services will come from GWA's operating revenues, and fuel is required for GWA's vehicle and equipment fleet.²⁴

¹⁹ Id. at Exhibit A-30.

²⁰ Id. at Exhibit A-31 through A-33.

²¹ Id. at Exhibit A-34.

²² Id. at Exhibit A-35-36.

²³ Id. at Exhibit A-43.

²⁴ GWA Petition at p. 3.

RECOMMENDATION

27. The Administrative Law Judge recommends that PUC approve the contract award of its fuel supply contract, GWA IFB-2022-0, for Regular Unleaded, Automotive Gasoline, and Diesel Fuel Oil No. 2, to IP&E Holdings LLC.

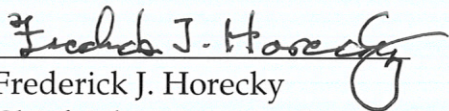
28. For this contract award, GWA should be authorized to expend up to the amount \$1,691,445.00 for Regular Unleaded Automobile Gasoline and Diesel Fuel Oil No. 2 for the GWA transportation fleet.

29. Under the GWA Contract Review Protocol, GWA may also incur expenses for this contract award not to exceed 20% over the amount authorized by the Commission.²⁵

30. The ALJ finds that this contract award is reasonable, prudent, and necessary.

31. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 22nd day of April 2022.


Frederick J. Horecky
Chief Administrative Law Judge

²⁵ Contract Review Protocol for Guam Waterworks Authority, Administrative Docket 00-04, dated October 27, 2005, at Section 9, p. 4.