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*Attorney for Guam Power Authority*

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF:**

**GPA DOCKET NO. 24-09**

**GUAM POWER AUTHORITY  
WATER SYSTEM DIESEL GENERATOR  
FUEL CONTRACT EXPENDITURE**

**PETITION OF THE GUAM POWER  
AUTHORITY TO APPROVE AN  
INCREASE IN CONTRACT  
EXPENDITURES FOR WATER SYSTEM  
DIESEL GENERATOR FUEL**

The Guam Power Authority (GPA) hereby files its petition for the Public Utilities Commission of Guam to review and approve GPA's request to increase its contract expenditures for the supply of Diesel Fuel Oil No. 2 to the GPA Water System Diesel (WSD) generators at the Guam Waterworks Authority (GWA) sites.

**I. Background.**

GPA entered into a fuel supply contract for the WSD generators with Morrico Equipment, LLC, which covered the three-year period from October 1, 2022, to September 30, 2025. The contract provides for two one-year extension options renewable annually by mutual agreement of both parties. The estimated value of the contract for each of the three base years was \$383,400 per year, for a total contract value of \$1,150,200 for the three-year base period (\$383,400x3=\$1,150,200). The CCU approved the contract in a resolution adopted on July 26, 2022. *See* Ex. A (GPA Resolution No. FY2022-25).



1 In the aftermath of Typhoon Mawar, fuel expenditures increased significantly due to  
2 forced outages involving GPA's baseload units. Around the same time, fuel prices rose sharply.  
3 As a result, expenditures for the first year of GPA's fuel contract with Morrico for the WSD  
4 generators amounted to \$982,359.  
5

6 GPA revised its projected expenditures for the two years remaining in the three-year base  
7 contract from \$383,400 per year to \$578,480 per year. This brings the total estimated contract  
8 value to \$2,139,319 over the three years ( $\$982,359 + \$578,480 + \$578,480 = \$2,139,319$ ). The same  
9 projected expenditure of \$578,480 was applied to each of the two optional extension years, for  
10 an estimated additional projected expenditure of \$1,156,960 ( $\$578,480 + \$578,480 = \$1,156,960$ ).  
11 This results in an estimated aggregate contract value of \$3,296,279  
12 ( $\$2,139,319 + \$1,156,960 = \$3,296,279$ ).  
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## 16 **II. Request for Approval**

17 PUC's contract review protocol requires PUC authorization for all contracts in excess of  
18 \$1.5 million. GPA seeks PUC's approval to increase its expenditures under the contract with  
19 Morrico to supply fuel to the WSD generators for the three-year base period and each of the two  
20 one-year extension options for a total contract term of five years at a total estimated cost of  
21 \$3,296,279. The total contract value requires PUC's review and approval.  
22  
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24 In support of this petition, the CCU, in GPA Resolution No. FY2024-05, approved  
25 GPA's request to increase these contract expenditures. See Ex. B (GPA Resolution  
26 No. FY2024-05). The CCU authorizes GPA to spend up to \$3,296,279 in the event that the price  
27 and volume of fuel continue to follow current GPA estimates.  
28  
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## 30 **II. Conclusion.**

31 Based on the foregoing, GPA requests that the PUC approve GPA's request to increase  
32 the contract expenditures to \$3,296,279 for the supply of Diesel Fuel Oil No. 2 to the GPA WSD



1 generators at GWA sites. The contract is reasonable, necessary, and prudent.

2 Respectfully submitted this 6th day of December 2023.

3 *Attorney for Guam Power Authority*

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6 By: /s/  
7 Marianne Woloschuk  
8 GPA Legal Counsel  
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## CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

### GPA RESOLUTION NO. FY2022-25

#### **AUTHORIZING MANAGEMENT TO AWARD THE CONTRACT FOR THE SUPPLY OF DIESEL FUEL OIL NO.2 TO THE GPA WATER SYSTEM DISTRIBUTION (WSD) AND THE GWA GENERATORS**

**WHEREAS**, GPA issued a Multi-Step IFB for the procurement of a new contract for the supply of Diesel Fuel Oil No.2 and delivery to the GPA Water Distribution (WSD) and the GWA Generator sites; and

**WHEREAS**, the Procurement Officer has provided adequate public announcement for the need for such fuel supply services through Invitation for Multi-Step Re-Bid No. GPA-012-22 describing the type of services required and specifying the type of information and data required of each offeror; and

**WHEREAS**, Morrico Equipment, LLC was the sole bidder for GPA consideration; and

**WHEREAS**, the results and evaluation of the bids are provided in **Exhibit A**; and

**WHEREAS**, Morrico Equipment, LLC was determined to be the responsive and responsible bidder meeting the requirements of the bid solicitation; and

**WHEREAS**, the estimated Fixed Premium Fee cost based on the estimated supply quantities has a value of approximately \$154,900 per year for a total of **\$464,700** for the three-year contract base period as shown in **Exhibit A**.

**WHEREAS**, the Diesel Fuel Oil No.2 Supply Contract with **Morrico Equipment, LLC** shall be for an initial period of three (3) years and is anticipated to commence in October 01, 2022 and to expire in September 30, 2025 with two one-year extension options renewable annually upon mutual agreement of both parties; and



29           **WHEREAS**, the award of the contract to **Morrigo Equipment, LLC** based on estimated supply  
30 quantities has an estimated contract value of approximately \$383,400 per year, for a total of **\$1,150,200** for  
31 the three-year contract base period.

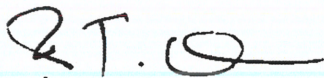
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33           **NOW THEREFORE, BE IT RESOLVED**, by the CONSOLIDATED COMMISSION ON UTILITIES as the  
34 governing body of GPA as follows:

- 35  
36           1. The General Manager of the Guam Power Authority is hereby authorized to enter into a three (3)  
37 year contract commencing October 01, 2022 and expiring September 30, 2025 for an estimated total  
38 contract cost of **\$1,150,200** with **Morrigo Equipment** for the Supply of Diesel Fuel Oil No.2 to the GPA  
39 WSD and GWWA generator sites.  
40  
41           2. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating  
42 authority to the annual value of the contract and execute such agreements and documents necessary  
43 for a contract with **Morrigo Equipment, LLC**.

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45           **RESOLVED**, that the Chairman of the Commission certifies and the Board Secretary attests the  
46 adoption of this Resolution.

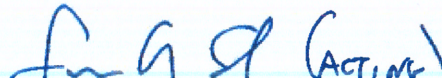
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48           **DULY and REGULARY ADOPTED AND APPROVED THIS 26<sup>th</sup> DAY of July, 2022**  
49

Certified by:



**JOSEPH T. DUENAS**  
Chairperson  
Consolidated Commission on Utilities

Attested by:



**MICHAEL LIMTIACO**  
Secretary  
Consolidated Commission on Utilities



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

64  
65 The foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of  
66 the members of Guam Consolidated Commission on Utilities, duly and legally held at the meeting place  
67 properly noticed and advertised at which meeting a quorum was present and the members who were  
68 present voted as follows:

69  
70 Ayes: 3  
71  
72 Nays: 0  
73  
74 Absent: 1  
75  
76 Abstain: 0  
77





**Exhibit A:**

MS Re-Bid GPA-012-22: Diesel Supply to GPA WSD and GWWA Generators

Bid Price Proposal:

BIDDER: Morrico Equipment LLC	3-Year Base Period			
	1st Year Base	2nd Year Base	3rd Year Base	3-Yr Summary
A. Bid Reference Price (\$/gal)	\$2.285	\$2.285	\$2.285	\$2.285
B. Fixed Premium Fee Cost (\$/gal)	\$1.549	\$1.549	\$1.549	\$1.549
C. Bid Price (A+B), \$/gal	\$3.834	\$3.834	\$3.834	\$3.834
D. Estimated Quantity (gals)	100,000	100,000	100,000	300,000
E. ESTIMATED PREMIUM FEE COST (B x D), \$	\$154,900.00	\$154,900.00	\$154,900.00	\$464,700.00
F. ESTIMATED CONTRACT COST (C x D), \$	\$383,400.00	\$383,400.00	\$383,400.00	\$1,150,200.00





## **CONSOLIDATED COMMISSION ON UTILITIES**

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

### **RESOLUTION NO. FY2024-05**

#### **AUTHORIZING MANAGEMENT TO PETITION THE PUBLIC UTILITIES COMMISSION FOR APPROVAL TO INCREASE THE CONTRACT EXPENDITURES FOR THE SUPPLY OF DIESEL FUEL OIL NO.2 TO THE GPA WATER SYSTEM DIESEL (WSD) GENERATORS**

**WHEREAS**, the contract for the supply and delivery of Diesel Fuel Oil No.2 to the GPA Water System Diesel (WSD) Generators at the Guam Waterworks Authority (GWA) sites under the Multi-Step Re-Bid No. GPA-012-22 was awarded to **Morrico Equipment, LLC**; and

**WHEREAS**, the Diesel Fuel Oil No.2 Supply Contract shall be for an initial period of three (3) years and commenced on October 01, 2022 and shall expire in September 30, 2025 with two one-year extension options renewable annually upon mutual agreement of both parties; and

**WHEREAS**, the contract with **Morrico Equipment, LLC** based an estimated contract value of approximately \$383,400 per year, or an estimated total of **\$1,150,200** for the three-year contract base period has been approved under Resolution 2022-25; and

**WHEREAS**, Post-Super Typhoon Mawar restoration efforts from May to July 2023 and a series of forced outages to the baseload units along with the rising fuel commodity prices significantly increased the fuel expenditures for the first year contract to \$982,359. For comparison, typical fuel expenditure is tabulated in Exhibit A; and

**WHEREAS**, the revised projection for the 3-year contract yielded an estimated cost of \$2,139,318 and the projected cost for the 2-year extension option is estimated at \$1,156,959 for an aggregate total of **\$3,296,277** for the 5-year contract period (Exhibit B); and

**WHEREAS**, the increase in the estimated total contract cost will require the PUC approval; and

## **EXHIBIT B**



1  
2       **WHEREAS**, GPA is seeking the approval of the CCU to petition the PUC for the  
3 increase in the contract value to **\$3,296,277** for the 5-year contract period.  
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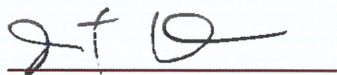
5       **NOW THEREFORE, BE IT RESOLVED**, by the CONSOLIDATED COMMISSION  
6 ON UTILITIES as the governing body of GPA, and subject to the review and approval of the  
7 Public Utilities Commission as follows:  
8

- 9       1. The approved fuel expenditures shall be increased to a total of **\$3,296,277** for the 5-year  
10 contract period.  
11  
12       2. The General Manager of the Guam Power Authority is hereby authorized an increase in  
13 obligating authority to the annual value of the contract with **Morrico Equipment, LLC**  
14 for the Supply of Diesel Fuel Oil No.2 to the GPA WSD generators at GWA sites.  
15  
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17       **RESOLVED**, that the Chairman certified and the Board Secretary attests to the adoption  
18 of this Resolution.  
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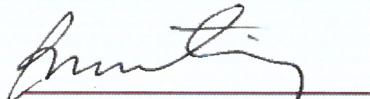
20       **DULY AND REGULARLY ADOPTED**, this 28<sup>th</sup> day of November 2023.  
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22       Certified by:

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25       **JOSEPH T. DUENAS**  
26       Chairperson  
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28       Attested by:

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31       **PEDRO ROY MARTINEZ**  
32       Secretary  
33  
34  
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1 I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on Utilities as  
2 evidenced by my signature above do hereby certify as follows:

3  
4 The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular  
5 meeting by the members of the Guam Consolidated Commission on Utilities, duly and  
6 legally held at a place properly noticed and advertised at which meeting a quorum was  
7 present and the members who were present voted as follows:

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10 AYES:

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12 NAYS:

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14 ABSTENTIONS:

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16 ABSENT:

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Exhibit A: Historical Expenses

GPA-012-22: Diesel Supply to WSD & GWA Generator Sites

Historical Expenses	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Oct	\$0	\$2,875	\$0	\$8,940	\$15,348	\$27,840
Nov	\$12,804	\$0	\$4,319	\$0	\$33,835	\$0
Dec	\$0	\$0	\$4,047	\$0	\$0	\$0
Jan	\$4,061	\$567	\$0	\$14,266	\$1,405	\$6,135
Feb	\$52,902	\$1,063	\$0	\$0	\$33,002	\$10,829
Mar	\$9,154	\$9,132	\$12,020	\$223	\$52,830	\$16,884
Apr	\$0	\$0	\$415	\$0	\$5,482	\$0
May	\$137,839	\$11,310	\$446	\$0	\$14,127	\$6,778
Jun	\$518,052	\$32,275	\$2,145	\$0	\$0	\$0
Jul	\$39,809	\$6,008	\$0	\$0	\$7,650	\$48,651
Aug	\$90,506	\$112,829	\$7,531	\$8,195	\$0	\$76,172
Sep	\$117,232	\$3,754	\$7,143	\$0	\$3,960	\$135,148
Summary	\$982,359	\$179,813	\$38,066	\$31,624	\$167,639	\$328,437
Total Gals	254,894	39,463	14,055	11,290	54,700	119,237
\$/gal	\$3.854	\$4.556	\$2.708	\$2.801	\$3.065	\$2.754
Remarks	Temporary off-grid operation Super Typhoon Mawar	Typical Expenditure Typhoon Tokage	Typical Expenditure	Typical Expenditure	Typical Expenditure Typhoon Wutip	(Actual) Typhoon Mangkhut
Estimated Typhoon Costs:	\$655,891	\$112,829			\$52,830	\$135,148
Estimated Typhoon Gallons:	176,434	24,528			17,505	57,049



Exhibit B: Contract Expenditure - Revised Projection

GPA-012-22: Diesel Supply to WSD & GWA Generator Sites

Contract Expenses	3-Year Base Period			2-Year Extension Option		SUMMARY (5-Years)
	1 <sup>st</sup> year FY 2023	2 <sup>nd</sup> year FY 2024	3 <sup>rd</sup> year FY 2025	1 <sup>st</sup> year FY 2026	2 <sup>nd</sup> year FY 2027	
MOPS (Avg), \$/gal	\$2,305	\$2,986	\$2,986	\$2,986	\$2,986	\$2,759
Fixed Premium, \$/gal	\$1,549	\$1,549	\$1,549	\$1,549	\$1,549	\$1,549
Unit Cost (Avg), \$/gal	\$3,854	\$4,535	\$4,535	\$4,535	\$4,535	\$4,308
Quantity (gal)	254,894	127,559	127,559	127,559	127,559	765,130
Annual Cost (\$)	\$982,359	\$578,480	\$578,480	\$578,480	\$578,480	\$3,296,277
Cumulative Cost (\$)	\$982,359	\$1,560,839	\$2,139,318	\$2,717,798	\$3,296,277	
Remarks	(Actual) Temporary off-grid operation Typhoon Mawar	(Projected) Temporary off-grid operation	(Projected) Temporary off-grid operation	(Projected) Temporary off-grid operation	(Projected) Temporary off-grid operation	(Projected)

Gallons	3-Year Base Period			2-Year Extension Option		SUMMARY (5-Years)
	1 <sup>st</sup> year FY 2023	2 <sup>nd</sup> year FY 2024*	3 <sup>rd</sup> year FY 2025*	1 <sup>st</sup> year FY 2026*	2 <sup>nd</sup> year FY 2027*	
Oct	0	10,630	10,630	10,630	10,630	42,520
Nov	2,905	10,630	10,630	10,630	10,630	45,424
Dec	0	10,630	10,630	10,630	10,630	42,520
Jan	953	10,630	10,630	10,630	10,630	43,472
Feb	12,263	10,630	10,630	10,630	10,630	54,782
Mar	2,226	10,630	10,630	10,630	10,630	44,745
Apr	0	10,630	10,630	10,630	10,630	42,520
May	35,352	10,630	10,630	10,630	10,630	77,872
Jun	141,082	10,630	10,630	10,630	10,630	183,601
Jul	10,630	10,630	10,630	10,630	10,630	53,150
Aug	22,786	10,630	10,630	10,630	10,630	65,306
Sep	26,698	10,630	10,630	10,630	10,630	69,218
Total (gals)	254,894	127,559	127,559	127,559	127,559	765,130
Remarks	(Actual)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)

\* Assumed avg monthly consumption at the Jul 2023 values for off-grid operation