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9 *Attorney for Guam Power Authority*

10 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

11 **IN THE MATTER OF:**

GPA DOCKET NO. 25-03

12 **GUAM POWER AUTHORITY**
13 **PROCUREMENT OF SUPPLY OF**
14 **ULTRA LOW SULFUR DIESEL (ULSD)**

PETITION OF THE GUAM POWER
AUTHORITY TO APPROVE AWARD OF
CONTRACTS TO SUPPLY ULTRA-LOW
SULFUR DIESEL (ULSD) TO VARIOUS
POWER GENERATING PLANT SITE
LOCATIONS

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18 The Guam Power Authority (GPA) hereby petitions the Public Utilities Commission of
19 Guam (PUC) to review and approve GPA's award of contracts for the supply of Ultra-Low Sulfur
20 Diesel Fuel Oil No. 2 for delivery to various GPA power plant site locations. The bulk fuel
21 supply contracts will provide an uninterrupted supply of fuel to the plants.
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23 **I. Background.**

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25 GPA's current contracts for the supply of Diesel Fuel Oil No.2 to the various GPA plant
26 site locations will expire on December 31, 2024. The contract services are divided among four
27 specified plant delivery site locations as follows:
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- (1) Site Location 1 (Yigo CT and Yigo Diesel);
 - (2) Site Location 2 (Macheche CT and Dededo CT);
 - (3) Site Location 3 (Cabras 1 & 2 and Piti 7); and
 - (4) Site Location 4 (Manenggon Diesel and Talofofa Diesel Plant).

1 Consolidated Commission on Utilities (CCU) Resolution No. FY2024-32 (Sept. 25,
2 2024), attached as Exhibit A, includes the bid price proposal analysis. Mobil Oil Guam, Inc.
3 (“MOGI”) was determined to be the lowest responsive and responsible bidder for Site Locations
4 1 and 4. The three-year contract base period with MOGI is estimated to have an aggregate
5 contract value of \$71,270,980.00, made up of \$63,235,080.00 for the direct fuel cost (subject to
6 change depending on prevailing market price for diesel) and \$8,035,900.00 for the Fixed Service
7 Fee cost.
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10 IP&E Holdings, LLC (“IP&E”) was determined to be the lowest responsive and
11 responsible bidder for Site Locations 2 and 3. The three-year contract base period with IP&E is
12 estimated to have an aggregate contract value of \$99,224,480.00, made up of \$88,674,480.00 for
13 the direct fuel cost (subject to change depending on prevailing market price for diesel) and
14 \$10,550,000.00 for the Fixed Service Fee cost.
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17 Together, the three-year contract base period for MOGI and IP&E for all the site
18 locations is estimated to have an aggregate contract value of \$170,495,460.00, made up of
19 \$151,909,560.00 for direct fuel costs (subject to change depending on prevailing market price
20 for diesel) and \$18,585,900.00 for the Fixed Service Fee costs.
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23 These cost figures are tabulated below:

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Vendor\Costs	Direct Fuel	Fixed Serv. Fee	Totals
MOGI	63,235,080.00	8,035,900.00	71,270,980.00
IP&E	88,674,480.00	10,550,000.00	99,224,480.00
Totals	151,909,560.00	18,585,900.00	170,495,460.00

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28 The LEAC-funded contracts will run for a three-year base period commencing on or
29 about January 1, 2025, and will each have two one-year extension options. The contracts will
30 ensure that GPA has an uninterrupted supply of ULSD fuel to furnish to its power plants for the
31 purpose of power generation.
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1 **II. Request for Approval**

2 The PUC's contract review protocol for GPA requires PUC authorization for all contracts
3 in excess of \$1.5 million. Based on the cost analysis, the estimated costs of each of the contracts
4 here will exceed \$1.5 million. The contracts therefore require the PUC's review and approval.
5 In support of this petition, GPA avers that the CCU has approved GPA's request to enter into a
6 three-year contract with MOGI for Site Locations 1 and 4, as well as a three-year contract with
7 IP&E for Site Locations 2 and 3. See Ex. A at 2-3. GPA will provide a draft contract, which is
8 subject to the approval of the PUC and the Attorney General, as soon as it becomes available.
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12 **III. Conclusion.**

13 Based on the foregoing, GPA requests that the PUC approve GPA's request to award
14 contracts for the supply of ULSD to MOGI and IP&E for delivery to four GPA power plant site
15 locations. The contract is reasonable, necessary, and prudent.
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17 Respectfully submitted this 3rd day of October, 2024.

18 *Attorney for Guam Power Authority*

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20 By: _____

21 Marianne Woloschuk
22 GPA Legal Counsel
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CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

GPA Resolution No. FY2024-32

Relative to Authorizing the Management of the Guam Power Authority to Petition the Public Utilities Commission to Award the Contract for the Supply of Diesel Fuel Oil No. 2 to the Various GPA Power Plant Site Locations.

WHEREAS, the Guam Power Authority (GPA) was authorized by the CCU under GPA Resolution No. FY2024-14 and approved by the PUC under Docket 24-14 to issue bids for the procurement of a new Diesel Fuel Oil No.2 Supply Contract for delivery to various GPA power plant site locations as follows: **Site Location 1 (Yigo CT and Yigo Diesel)**, **Site Location 2 (Dededo CT and Macheche CT)**, **Site Location 3 (Cabras 1&2 and Piti 7)**, and **Site Location 4 (Manenggon Diesel and Talofafo Diesel)**;

WHEREAS, the Procurement Officer has provided adequate public announcement for the need for such fuel supply services through Invitation for Multi-Step Bid No. **GPA-050-24** describing the type of services required and specifying the type of information and data required of each offeror;

WHEREAS, IP&E Holding LLC ("IP&E"), and Mobil Oil Guam, Inc. ("MOGI") submitted bids for GPA consideration;

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

WHEREAS, MOGI was determined to be the lowest, most responsive bidder meeting the requirements of the bid solicitation to provide diesel fuel oil for **Site Location 1 (Yigo CT and Yigo Diesel)**. The Fixed Service Fee for the three-year base period are as follows: \$0.2800/gallon for the first year, \$0.2900/gallon for the second year, and \$0.3000/gallon for the third year, respectively. The estimated Fixed Service Fee Cost based on the estimated supply quantities are valued at approximately \$4,760,000.00 for the first year, \$870,000.00 for the second year, and \$900,000.00 for the third year, respectively, for a total of \$6,530,000.00 for the three-year contract base period. The estimated Contract values are as follows: \$45,947,600.00 for the first year, \$8,138,400.00 for the second year, and \$8,168,400.00 for the third year, respectively, for a total contract value of \$62,254,400.00 for the three-year contract base period;

WHEREAS, IP&E was determined to be the lowest, most responsive bidder meeting the requirements of the bid solicitation to provide diesel fuel oil for **Site Location 2 (Dededo CT and Macheche CT)**. The Fixed Service Fee for the three-year base period are as follows: \$0.3000/gallon for the first year, \$0.3000/gallon for the second year, and \$0.3000/gallon for the third year, respectively. The estimated Fixed Service Fee Cost based on the estimated supply quantities are valued at approximately \$5,700,000.00 for the first year, \$1,350,000.00 for the second year, and \$1,350,000.00 for the third year, respectively, for a total of \$8,400,000.00 for the three-year contract base period. The estimated Contract

values are as follows: \$51,733,200.00 for the first year, \$12,252,600.00 for the second year, and \$12,252,600.00 for the third year, respectively, for a total contract value of \$76,238,400.00 for the three-year contract base period;

WHEREAS, IP&E was determined to be the lowest, most responsive bidder meeting the requirements of the bid solicitation to provide diesel fuel oil for **Site Location 3** (Cabras 1&2 and Piti 7). The Fixed Service Fee for the three-year base period are as follows: \$0.2500/gallon for the first year, \$0.2500/gallon for the second year, and \$0.2500/gallon for the third year, respectively. The estimated Fixed Service Fee Cost based on the estimated supply quantities are valued at approximately \$1,050,000.00 for the first year, \$550,000.00 for the second year, and \$550,000.00 for the third year, respectively, for a total of \$2,150,000.00 for the three-year contract base period. The estimated Contract values are as follows: \$11,225,760.00 for the first year, \$5,880,160.00 for the second year, and \$5,880,160 for the third year, respectively, for a total contract value of \$22,986,080.00 for the three-year contract base period;

WHEREAS, MOGI was determined to be the lowest, most responsive bidder meeting the requirements of the bid solicitation to provide diesel fuel oil for **Site Location 4** (Manenggon and Talofoto Diesel). The Fixed Service Fee for the three-year contract base period are as follows: \$0.4770/gallon for the first year, \$0.4880/gallon for the second year, and \$0.5000/gallon for the third year, respectively. The estimated Fixed Service Fee Cost based on the estimated supply quantities are valued at approximately \$715,500.00 for the first year, \$390,400.00 for the second year, and \$400,000.00 for the third year, respectively, for a total of \$1,505,900.00 for the three-year contract base period. The estimated Contract values are as follows: \$4,349,700.00 for the first year, \$2,328,640.00 for the second year, and \$2,338,240.00 for the third year, respectively, for a total contract value of \$9,016,580.00 for the three-year contract base period;

WHEREAS, the combined Contract value with MOGI and IP&E for all the site locations for the three-year contract base period is estimated at **\$170,495,460.00** of which \$151,909,560.00 is for the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$18,585,900.00 for the Fixed Service fee cost; and

WHEREAS, the Diesel Fuel Oil No.2 Supply Contract for the various GPA Plant Site Locations shall be for an initial period of three (3) years and is anticipated to commence in **January 01, 2025** and to expire in **December 31, 2027** with two one-year extension options renewable annually upon mutual agreement of both parties; now, therefore be it

RESOLVED, by the Consolidated Commission on Utilities, the governing body of the Guam Power Authority and subject to the review and approval of the Public Utilities Commission;

RESOLVED, that the General Manager of the Guam Power Authority is hereby authorized to enter into a three (3) year contract with **Mobil Oil Guam, Inc.** for the Supply of Diesel Fuel Oil No.2 to **Site Location 1** (Yigo CT and Yigo Diesel), and **Site Location 4** (Manenggon and Talofoto Diesel). The combined contract value for the three-year contract base period with Mobil Oil Guam, Inc. is estimated at **\$71,270,980.00** of which \$63,235,080.00 is for

the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$8,035,900.00 is for the Fixed Service Fee cost;

RESOLVED, that the General Manager of the Guam Power Authority is hereby authorized to enter into a three (3) year contract with **IP&E Holdings, LLC** for the Supply of Diesel Fuel Oil No.2 to **Site Location 2** (Dededo CT and Macheche CT), and **Site Location 3** (Cabras 1&2 and Piti 7). The combined contract value for the three-year contract base period with IP&E Holdings, LLC is estimated at **\$99,224,480.00** of which \$88,674,480.00 is for the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$10,550,000.00 is for the Fixed Service Fee cost;

RESOLVED, that 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 **Mobil Oil Guam, Inc. ("MOGI")**, and **IP&E Holdings, LLC ("IP&E")**. The over-all contract value for the three-year contract base period with **MOGI** and **IP&E** is estimated at **\$170,495,460.00** of which \$151,909,560.00 is for the direct fuel cost (subject to change depending on prevailing market price for diesel) and \$18,585,900.00 is for the Fixed Service Fee cost; and

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

DULY AND REGULARLY ADOPTED at Mangilao, Guam, this 25th day of September 2024.

Certified by:

Attested by:



Joseph T. Duenas
CHAIRPERSON



Pedro Roy Martinez
SECRETARY

SECRETARY'S CERTIFICATE

I, **Pedro Roy Martinez**, Secretary for the Consolidated Commission on Utilities as evidenced by my signature above, do hereby certify:

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

 5 AYES
 0 NAYS
 6 ABSTENTIONS
 0 ABSENT



EXHIBIT A: MS IFB GPA-050-24 PRICE PROPOSAL ANALYSIS

SITE LOCATION 1

YIGO CT AND YIGO DIESEL

3 year Base Contract	1st CONTRACT YEAR		2nd CONTRACT YEAR		3rd CONTRACT YEAR		3-YEAR CONTRACT BASE PERIOD	
	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2
	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc
Estimated Quantity (gal/yr) ¹	17,000,000	17,000,000	3,000,000	3,000,000	3,000,000	3,000,000	23,000,000	23,000,000
Sample Reference Price (\$/gal) ²	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228
Bid Fixed Service Fee Cost (\$/gal)	\$0.6000	\$0.2900	\$0.6000	\$0.2900	\$0.6000	\$0.3000	\$0.6000	\$0.2884
Estimated Contract Price (\$/gal)	\$3.0228	\$2.7028	\$3.0228	\$2.7128	\$3.0228	\$2.7228	\$3.0228	\$2.7067
Fixed Service Fee Cost (\$/yr)	\$ 10,200,000.00	\$ 4,760,000.00	\$ 1,800,000.00	\$ 870,000.00	\$ 1,800,000.00	\$ 900,000.00	\$ 13,800,000.00	\$ 6,530,000.00
Estimated Contract Cost (\$/yr)	\$ 51,387,600.00	\$ 45,947,600.00	\$ 9,068,400.00	\$ 8,138,400.00	\$ 9,068,400.00	\$ 8,168,400.00	\$ 69,524,400.00	\$ 62,254,400.00
Ranking (1 as the Lowest Bidder)							2	1

SITE LOCATION 2

DEDEDO CT AND MACHECHE CT

2 year Base Contract	1st CONTRACT YEAR		2nd CONTRACT YEAR		3rd CONTRACT YEAR		3-YEAR CONTRACT BASE PERIOD	
	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2
	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc
Estimated Quantity (gal/yr) ¹	19,000,000	19,000,000	4,500,000	4,500,000	4,500,000	4,500,000	28,000,000	28,000,000
Sample Reference Price (\$/gal) ²	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228
Bid Fixed Service Fee Cost (\$/gal)	\$0.3000	\$0.3320	\$0.3000	\$0.3410	\$0.3000	\$0.3510	\$0.3000	\$0.3365
Estimated Contract Price (\$/gal)	\$2.7228	\$2.7548	\$2.7228	\$2.7638	\$2.7228	\$2.7738	\$2.7228	\$2.7593
Fixed Service Fee Cost (\$/yr)	\$ 5,700,000.00	\$ 6,308,000.00	\$ 1,350,000.00	\$ 1,534,500.00	\$ 1,350,000.00	\$ 1,579,500.00	\$ 8,400,000.00	\$ 9,422,000.00
Estimated Contract Cost (\$/yr)	\$ 51,733,200.00	\$ 52,341,200.00	\$ 12,252,600.00	\$ 12,437,100.00	\$ 12,252,600.00	\$ 12,482,100.00	\$ 76,238,400.00	\$ 77,260,400.00
Ranking (1 as the Lowest Bidder)							1	2

SITE LOCATION 3

CARRAS 18.2 and PHT 7

2 year Base Contract	1st CONTRACT YEAR		2nd CONTRACT YEAR		3rd CONTRACT YEAR		3-YEAR CONTRACT BASE PERIOD	
	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2
	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc
Estimated Quantity (gal/yr) ¹	4,200,000	4,200,000	2,200,000	2,200,000	2,200,000	2,200,000	8,600,000	8,600,000
Sample Reference Price (\$/gal) ²	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228
Bid Fixed Service Fee Cost (\$/gal)	\$0.2500	\$0.4550	\$0.2500	\$0.4680	\$0.2500	\$0.4770	\$0.2500	\$0.4634
Estimated Contract Price (\$/gal)	\$2.6728	\$2.8778	\$2.6728	\$2.8888	\$2.6728	\$2.8998	\$2.6728	\$2.8862
Fixed Service Fee Cost (\$/yr)	\$ 1,050,000.00	\$ 1,911,000.00	\$ 550,000.00	\$ 1,025,200.00	\$ 550,000.00	\$ 1,049,400.00	\$ 2,150,000.00	\$ 3,985,600.00
Estimated Contract Cost (\$/yr)	\$ 11,225,760.00	\$ 12,086,760.00	\$ 5,880,160.00	\$ 6,355,360.00	\$ 5,880,160.00	\$ 6,379,560.00	\$ 22,986,080.00	\$ 24,821,680.00
Ranking (1 as the Lowest Bidder)							1	2

SITE LOCATION 4

MANENONG AND TALOFOFO

2 year Base Contract	1st CONTRACT YEAR		2nd CONTRACT YEAR		3rd CONTRACT YEAR		3-YEAR CONTRACT BASE PERIOD	
	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2	Bidder #1	Bidder #2
	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc	IP&E Holdings, LLC	Mobil Oil Guam, Inc
Estimated Quantity (gal/yr) ¹	1,500,000	1,500,000	800,000	800,000	800,000	800,000	3,100,000	3,100,000
Sample Reference Price (\$/gal) ²	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228	\$2.4228
Bid Fixed Service Fee Cost (\$/gal)	\$0.6000	\$0.4770	\$0.6000	\$0.4880	\$0.6000	\$0.5000	\$0.6000	\$0.486
Estimated Contract Price (\$/gal)	\$3.0228	\$2.8998	\$3.0228	\$2.9108	\$3.0228	\$2.9228	\$3.0228	\$2.9086
Fixed Service Fee Cost (\$/yr)	\$ 900,000.00	\$ 715,500.00	\$ 480,000.00	\$ 390,400.00	\$ 480,000.00	\$ 400,000.00	\$ 1,860,000.00	\$ 1,505,900.00
Estimated Contract Cost (\$/yr)	\$ 4,534,200.00	\$ 4,349,700.00	\$ 2,418,240.00	\$ 2,328,640.00	\$ 2,418,240.00	\$ 2,338,240.00	\$ 9,370,680.00	\$ 9,016,580.00
Ranking (1 as the Lowest Bidder)							2	1

Notes:

¹ See Bid Package: Volume II- Schedule B for Estimated Quantities

² See Bid Package: Volume II- Section 5 for Sample Reference Price

SUMMARY:	BIDDER #1	BIDDER #2	TOTAL	
LOWEST BID	IP&E	MOGI		
SITE LOCATION	2&3	1&4	All Sites	
ESTIMATED DIRECT FUEL COST*	\$ 88,674,480.00	\$ 63,235,080.00	\$ 151,909,560.00	* Subject to change depending on quantity and prevailing market price for diesel
FIXED SERVICE FEE COST	\$ 10,550,000.00	\$ 8,035,900.00	\$ 18,585,900.00	
ESTIMATED CONTRACT COST	\$ 99,224,480.00	\$ 71,270,980.00	\$ 170,495,460.00	