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10 *Attorney for Guam Power Authority*

11 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

12 **IN THE MATTER OF:**

GPA DOCKET NO. 25-08

13 **GUAM POWER AUTHORITY'S UREA**
14 **SUPPLY CONTRACT**

PETITION OF THE GUAM POWER
FOR APPROVAL OF ADDITIONAL
PROJECTED COSTS OF UREA SUPPLY
CONTRACT

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19 The Guam Power Authority (GPA) hereby files its Petition for the Public Utilities
20 Commission of Guam (PUC) to review and approve GPA's request to increase the contract for
21 urea to up to \$4.8 million.

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23 **I. Background**

24 Urea is used for emission controls in diesel power plants. Such plants cannot operate in
25 compliance with their environmental permits without urea. The absence of urea will cause the
26 plants to be shut down.

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28 GPA entered into a contract with the sole bidder, Pacific Petroleum Trading Company
29 (PPTC), in April 2022 under IFB GPA-022-22 for the supply of urea to the Yigo Diesel units. The
30 contract has a base term of three years with two optional one-year extensions. The three-year base
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II. Request for Approval

The PUC contract review protocol requires PUC authorization for all contracts in excess of \$1.5 million. GPA's contract with PPTC for urea will imminently reach that threshold. In addition, funding for urea falls under the LEAC clause. Thus, the PUC's involvement is required.

The Consolidated Commission on Utilities recently increased the General Manager's obligating authority to \$1.5 million.² See Ex. B (CCU Resolution No. FY2025-07 (Jan. 28, 2025)). GPA's spending on urea will exceed that amount later this month, because projected spending on urea to the end of February 2025 is estimated to be \$1,514,752. By the end of FY2025, projected spending on urea is estimated to reach \$2,885,001. By the end of FY2026, projected spending on urea is estimated to reach \$4,842,501. Because the General Manager can spend only up to \$1.5 million without the PUC's approval, GPA requires the PUC to approve an additional \$3,342,501 in the cost of the contract (\$4,842,501 – \$1,500,000).

Attachment III to Exhibit A shows that GPA has negotiated a favorable price reduction for the urea; in return, GPA must exercise its options to extend the contract. To meet the needs of the diesel plants, GPA will need to extend the contract in any event. The price reduction in exchange for a needed extension shows that the contract is reasonable.

The Yigo diesels and the Aggreko units cannot operate in compliance with environmental law without urea. It is a necessary component of their operations, as well as a prudent means to ensure environmental compliance.

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² Even if the CCU had not increased the General Manager's obligating authority, the CCU in its resolution for the urea contract authorizes increasing the urea contract to a total of \$1.5 million. See Ex. A at 2, // 1-3.



GPA RESOLUTION NO. FY2025-10

**RESOLUTION RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY
TO INCREASE THE UREA SUPPLY CONTRACT**

WHEREAS, Guam Power Authority (GPA) issued Invitation for Bid No. GPA-022-22 on February 10, 2022 for Diesel Exhaust Fluid/UREA (“UREA”) supply contract for a base term of three years with two optional one-year extensions for Yigo Diesel Power Plant; and

WHEREAS, Pacific Petroleum Trading Corporation, the sole bidder, was awarded the contract in April 2022 and is currently in the third year of the base term which ends on May 1, 2025; and

WHEREAS, GPA contracted with Aggreko for installation and operation of 20MW of diesel unit capacity for a two-year term to support the GPA grid due to the deterioration of generation capacity, increased loads and the delay of the Ukudu Power Plant commissioning; and

WHEREAS, as part of the Aggreko contract GPA was to supply UREA required to support the emissions controls for these units which commenced in July 2024; and

WHEREAS, the Yigo Diesel and Aggreko units cannot operate without UREA to comply with their environmental permit; and

WHEREAS, UREA consumption has increased substantially due to increased operations of the Aggreko units beginning July 2024; and

WHEREAS, GPA intends to execute the two one-year extensions option for the UREA supply contract to support the Aggreko operations through July 2026, end of contract term; and

WHEREAS, the cost for additional supply to support the Aggreko through July 2026 will exceed the GM’s authority based on a 12-18 hour daily operation of these units; and

WHEREAS, funding for urea is provided under the Levelized Energy Adjustment Clause (LEAC); and

WHEREAS, GPA seeks approval to increase the contract above the General Manager’s authority to \$1.5M and to petition the Guam Public Utilities Commission to approve total projected costs of \$ 3,342,501 for a projected contract total of \$4,842,501 through the extension year ending May 1, 2027; and

NOW, THEREFORE BE IT RESOLVED, the following policy is adopted by the Consolidated Commission on Utilities;



CONSOLIDATED COMMISSION ON UTILITIES
 Guam Power Authority | Guam Waterworks Authority
 P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

CCU Resolution No. FY 2025-10
ATTACHMENT 1

Diesel Exhaust Fluid/UREA Contract Summary & Projections

Actual & Projected Costs

Month	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Oct		\$ 15,877	\$ -	\$ 194,576	\$ 195,750	\$ -	\$ 406,202
Nov		\$ -	\$ -	\$ 193,813	\$ 195,750	\$ -	\$ 389,563
Dec		\$ 16,020	\$ -	\$ 194,886	\$ 195,750	\$ -	\$ 406,656
Jan		\$ -	\$ 23,348	\$ 195,750	\$ 195,750	\$ -	\$ 414,848
Feb		\$ 16,345	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 407,845
Mar		\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Apr		\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
May	\$ -	\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Jun	\$ -	\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Jul	\$ -	\$ -	\$ 69,831	\$ 195,750	\$ 195,750	\$ -	\$ 461,331
Aug	\$ -	\$ -	\$ 146,058	\$ 195,750	\$ -	\$ -	\$ 341,808
Sep	\$ 131,909	\$ -	\$ 120,589	\$ 195,750	\$ -	\$ -	\$ 448,248
Total	\$ 131,909	\$ 48,242	\$ 359,826	\$ 2,345,024	\$ 1,957,500	\$ -	\$ 4,842,501
Running Total	\$ 131,909	\$ 180,151	\$ 539,977	\$ 2,885,001	\$ 4,842,501	\$ 4,842,501	

Actual & Projected Quantities (Liters)

Month	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Oct		17,839	-	144,130	145,000	-	306,969
Nov		-	-	143,565	145,000	-	288,565
Dec		18,000	-	144,360	145,000	-	307,360
Jan		-	17,295	145,000	145,000	-	307,295
Feb		18,365	-	145,000	145,000	-	308,365
Mar		-	-	145,000	145,000	-	290,000
Apr		-	-	145,000	145,000	-	290,000
May	-	-	-	145,000	145,000	-	290,000
Jun	-	-	-	145,000	145,000	-	290,000
Jul	-	-	51,727	145,000	145,000	-	341,727
Aug	-	-	108,191	145,000	-	-	253,191
Sep	148,212	-	89,325	145,000	-	-	382,537
Total	148,212	54,204	266,538	1,737,055	1,450,000	-	3,656,009

CCU Resolution No. FY2025-10 Relative to Authorizing Guam Power Authority to Increase Urea Supply Contract


ATTACHMENT II

In view of the attached analysis and approval from the Evaluation Committee, I recommend that Pacific Petroleum Trading Corporation be awarded in the total amount of \$192,907.50 as being a responsive, and responsible bidder.

Should you have any questions, I can be reached at Ext. 3050.


Josephina T. Naputi

CONCURRED BY


for JAMIE LYNN C. PANGELINAN Date 04/12/2022
Supply Management Administrator

APPROVED BY


for JOHN M. BENAVENTE, P.E. Date 4/13/2022
General Manager

ATTACHMENT III CCU Resolution No. FY2025-10

PACIFIC PETROLEUM TRADING CORP.
#220 Harmon Industrial Park Road
Harmon, Guam 96913
Tel: (671) 646-5248 Fax (671) 646-4388



Thank you for your understanding and cooperation.

Prepared by:

Andrew Park

Pacific Petroleum Trading Corp.



CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagåtña, Guam 96932 | (671) 648-3002 | guamccu.org

1 **WHEREAS**, the \$1,500,000.00 threshold will not alter or diminish the current statutory
2 requirements of any applicable notification to the Guam Attorney General’s Office and/or
3 PUC approval; *now, therefore, be it*

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5 **RESOLVED**, by the Consolidated Commission on Utilities, the governing body of the Guam Power
6 Authority;

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8 **RESOLVED**, the recitals set forth above hereby constitute the findings of the CCU;

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10 **RESOLVED**, after careful consideration of existing policies and best practices, the Consolidated
11 Commission on Utilities finds that authorizing the General Manager of the Guam Power
12 Authority to obligate the Authority up to and including the amount of \$1,500,000.00 is
13 reasonable and prudent;

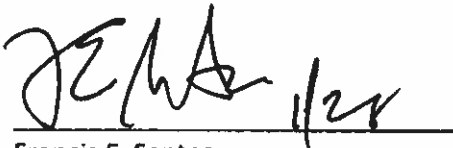
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15 **RESOLVED**, the General Manager of GPA is hereby authorized an increase in obligating authority
16 up to and including \$1,500,000.00 without further CCU approval; and

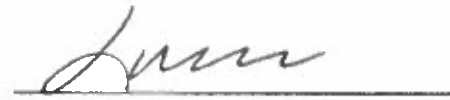
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18 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the Commission
19 attests to the adoption of this resolution.

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21 **DULY AND REGULARLY ADOPTED** at Mangilao, Guam, this 28th day of January 2025.

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23 Certified by:

Attested by:

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28 Francis E. Santos
29 CHAIRPERSON

30 Melvin F. Duenas
31 SECRETARY