



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket No. 26-07
)
The Petition of the Guam Power Authority))
for Reviewing and Approving the Fuel) **ALJ REPORT**
Bulk Storage Facility Performance))
Management Contract Two-One Year))
Extensions and Price Increases))
_____))

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (“PUC”) upon the Petition of the Guam Power Authority (“GPA”) for Review and Approval of Two-One Year Extensions of the Supreme Group Guam LLC Performance Management Contract and Price Increases.¹

BACKGROUND

In GPA Docket No. 22-02, the PUC approved GPA’s Request for Approval of the Procurement of a Performance Management Contract (“PMC”) for the GPA Fuel Bulk Storage Facility.² GPA issued a Multi-Step Invitation for Bid under IFB GPA-015-22 for the management, operation and maintenance of the Fuel Bulk Storage Facility; however, the IFB was cancelled in May 2022 due to non-compliance by all proponents with a requested affidavit submittal document.³ On June 2, 2022, GPA issued a Re-Bid for Multi-Step IFB GPA- 015-22.⁴ Following the Re-Bid procurement technical phase, GPA received price proposals from two bidders: IP&E Guam LLC and Supreme Group

¹ Petition of the Guam Power Authority to Approve Price Increase and 2-Year Extension of the Supreme Group Guam LLC Performance Management Contract, filed February 6, 2026.

² PUC Order, GPA Docket No. 22-02, dated December 2, 2021.

³ PUC Order, GPA Docket No. 23-14, dated April 27, 2023.

⁴ Due to the delay in the bid, the PUC approved a 1-year extension of the contract between GPA and IP&E Guam for the management, operation and maintenance of the GPA Fuel Bulk Storage Facility, from October 1, 2022 to September 30, 2023.

Guam LLC. Of the two bidders, Supreme Group Guam LLC ("Supreme") offered the lowest price and was the most responsive and responsible bidder.⁵ On April 3, 2023, the Guam Consolidated Commission on Utilities ("CCU") approved Resolution FY2023-14, which authorized GPA to petition the PUC for approval of a contract with Supreme for the management, operation and maintenance of GPA's Fuel Bulk Storage Facility.⁶ On April 27, 2023, the PUC approved GPA's contract with Supreme for the 3-year base period beginning October 1, 2023 and expiring on September 30, 2026, for a contract amount of \$2,728,321.00.⁷

GPA now comes before the PUC seeking review and approval of the two-one year option period extensions of the contract with Supreme; and for approval of the price increases to the contract pricing, due mainly to increased operations.⁸ GPA seeks PUC review and approval for \$3,017,206.00, for the two- one year extensions and overall price increases. Exhibit A to GPA Resolution No. FY2026-11, provided with the current GPA Petition, sets forth the amounts associated with the two-one year extensions and the increased costs associated with the increased operations.

ANALYSIS

A. Contract Review

PUC must review any GPA contract or obligation which exceeds \$1,500,000.00.⁹ For multi-year contracts, whether the contract exceeds the \$1,500,000.00 threshold for PUC review is determined by the total estimated cost for the entire term(s) of the contract.¹⁰ PUC has previously approved the three-year base term of the Supreme contract.¹¹ The

⁵ GPA Petition, Docket No. 23-14, Exhibit B, CCU Resolution No. FY2023-14.

⁶ Id.

⁷ PUC Order, GPA Docket No. 23-14, dated April 27, 2023.

⁸ GPA Petition, Docket No. 26-07 at pg. 2.

⁹ Contract Review Protocol for Guam Power Authority, Administrative Docket, §1.

¹⁰ Contract Review Protocol for Guam Power Authority, Administrative Docket, §§1.e and 4.b.

¹¹ PUC Order, GPA Docket No. 23-14, dated April 27, 2023.

total cost for the three-year base term of the Supreme contract, from October 1, 2023, through September 30, 2026 term, was originally \$2,728,321.00.¹²

1. The Two-One Year Extensions.

Under the original IFB GPA- 015-22, Supreme price submission was \$992,485.00 for option extension year 1 and \$1,015,944.00 for option extension year 2.¹³ The aggregate amount for the two-one-year extensions, under the price submission by Supreme in IFB GPA-015-22, is \$2,008,429.00. This contract amount alone requires PUC to review and approve the two-one year extensions of the Fuel Bulk Storage Facility Contract with Supreme.¹⁴

2. The Price Increases.

In the Petition, GPA submits that the price increases for contract base years 2 and 3 total \$338,807.00.¹⁵ For option extension year 1, the total price increase from the original price submission by Supreme, under IFB GPA-015-22, totals \$334,259.00.¹⁶ For option extension year 2, the total price increase from the original price submission by Supreme, under IFB GPA-015-22, totals \$335,711.00.¹⁷ Adding in the increase costs in base year 2, base year 3, option extension year 1 and option extension year 2--the total amount of increase costs from the initial submission by Supreme in IFB GPA-015-22 is \$1,008,777.00.

The combined costs for the two-one year extensions and the price increases totals \$3,017,206.00. PUC review and approval is required.

B. GPA's Retention of a PMC Contractor for the Fuel Bulk Storage Facility is essential to the continued functioning and operation of the Island Wide Power System.

¹² GPA Petition, Docket No. 23-14, Exhibit B-CCU Resolution No. FY2023-14.

¹³ GPA Petition, Docket No. 26-07, Exhibit A to GPA Resolution No. FY2026-11.

¹⁴ Contract Review Protocol for Guam Power Authority, Administrative Docket, §§1.e and 4.b.

¹⁵ GPA Petition, Docket No. 26-07 at pg. 2.

¹⁶ GPA Petition, Docket No. 26-07, Exhibit A to GPA Resolution No. FY2026-11.

¹⁷ GPA Petition, Docket No. 26-07, Exhibit A to GPA Resolution No. FY2026-11.

In the Petition, GPA asserts that without a PMC contractor at the Fuel Bulk Storage Facility, GPA will not be able to conduct refueling operations safely and efficiently.¹⁸ PUC has consistently recognized that the management, operation and maintenance services which the PMC contractor performs for GPA regarding the Fuel Bulk Storage Facility are essential to the functioning of the plants in the Island Wide Power System ("IWPS").¹⁹ The PMC contractor has full responsibility for the management and operation of the facility, the pipelines to and from the plants, and the Tristar tie-in. The PMC contractor is responsible for the fuel transfer to and from oil tankers/vessels, from the Facility to the various GPA Power Plants, and to and from off-site GPA-leased tanks.²⁰ The PMC contractor ensures that the products in GPA's tanks meet fuel specifications required by GPA. The PMC contractor has many other duties and functions, including maintenance and repair activities.²¹ If there were no PMC contractor to operate the facility, the IWPS could not function.

C. The 2- 1 Year Extension Costs and Price Increases are reasonable, prudent and necessary.

The PUC has consistently recognized that the management, operation and maintenance services which the PMC contractor performs for GPA regarding the Fuel Bulk Storage Facility are reasonable, prudent, and necessary.²²

1. The Two-One Year Extensions.

¹⁸ GPA Petition, Docket No. 26-07 at pg. 2.

¹⁹ PUC Order, GPA Docket No. 10-08, dated April 30, 2015, at p. 2 ["The Management, Operation, and Maintenance services which Vital Energy Inc. performs for GPA with regard to the Fuel Farm Bulk Storage Facility are essential to the efficient operation of the Cabras Power Plants."].

²⁰ ALJ Report, GPA Docket No. 22-02, dated December 2, 2021, at Exhibit 1.

²¹ Id.

²² PUC Order, GPA Docket No. 23-14, dated April 27, 2023; PUC Order, GPA Docket No. 22-02, dated December 2, 2021; PUC Order, GPA Docket No. 20-08, dated February 27, 2020.

Supreme was selected as the PMC for the GPA Fuel Bulk Storage Facility after a competitive bid in which Supreme offered the lowest price and was determined to be the most responsive and responsible bidder. Review of Exhibit A to the CCU Resolution No. FY2023-14, filed with the GPA Petition in Docket No. 23-14, indicates that Supremes bid was approximately \$1,720,679.00 less than the bid of IP&E LLC, for the three year base term.²³ Exhibit B, attached hereto, shows that for the two-one year extensions, Supremes bid is approximately \$1,196,071.00 less than the bid of IP&E LLC. The pricing for the two-one year extensions of the Supreme contract is reasonable, prudent and necessary.

2. The Price Increases.

In August of 2025, GPA engaged Supreme to increase fuel pipeline operations on a 24-hour, 7 days per week basis, as a result of Ukudu Power Plant operations.²⁴ Prior to this time, fuel transfers were focused on Cabras Units 1 & 2 and MEC Units 8 & 9.²⁵ The increase in pipeline operations has resulted in an increase in pricing for contract base year 2, contract base year 3, option extension year 1 and option extension year 2.

In GPA's Petition, the price increases are lumped together for base year 2 and base year 3 for a total of \$338,807.00. The breakdown of this amount is \$15,000.00 in base year 2 for increase manpower to support the 24/7 operations. In base year 3, the breakdown is \$180,000.00 for manpower, \$52,888.00 for utilities and \$90,919.00 for O&M adjustment.

The O&M adjustment is due to the additional equipment that was installed for the Ukudu pump station which included but is not limited to; new pumps, motors, pressure sensor switches, valves, and a new 21 km pipeline from the GPA tank farm to the Ukudu Power Plant. All of these assets now fall under the maintenance and

²³ GPA Petition, Docket No. 23-14, Exhibit A to CCU Resolution No. FY2023-14.

²⁴ GPA Petition, Docket No. 26-07 at pg. 2.

²⁵ Section 9.2 of IFB GPA-015-22, limited fuel transfers to the hours of 0600 to 1800 daily. Any fuel transfers outside of these hours had to be approved by the Generation Manager.

responsibility of Supreme, per the original IFB. All of these new assets are critical mechanical and electrical components that require routine preventive maintenance, spare parts allocation, and operation support, which results in an increase in the O&M amounts, the manpower amounts and the increase in utilities each year. These are not just routine additions of equipment. The Ukudu Power Plant pump stations and pipeline are critical infrastructure- essentially the lifeline of GPA's daily fuel transfer operations from GPA Fuel Bulk Storage Facility to the Ukudu Power Plant.

The total amount of price increase for option extension year 1 is \$334,259.00.²⁶ For option extension year 1 the price increases are for manpower (180,000.00), utilities (\$52,888.00) and O&M adjustment (\$101,371.00). The total amount of price increase for option extension year 2 is \$335,711.00.²⁷ For option extension year 2 the price increases are for manpower (180,000.00), utilities (\$52,888.00) and O&M adjustment (\$102,823.00). These price increases from the original IFB, are triggered mainly by the increase in the 24/7 operations associated with the Ukudu Power Plant. The price increases for option extension year 1 and option extension year 2- for manpower, utilities and adequate O&M - is necessary to maintain reliability, prevent unplanned downtime, and protect the integrity of the IWPS.

Even with the price increases, Supremes overall value for the entire contract amounts to \$5,745,525.00.²⁸ As set forth in Exhibit B, attached hereto, Supremes overall total contract value, even with the price increases, is still approximately \$1,907,975.00 less than IP&E LLC overall bid price submission in IFB GPA-015-22. The price increases are reasonable, necessary and prudent.

RECOMMENDATION

²⁶ GPA Petition, Docket No. 26-07, Exhibit A to GPA Resolution No. FY2026-11.

²⁷ Id.

²⁸ Id.

Based on the record before the Commission, this Administrative Law Judge (the "ALJ") recommends that the PUC authorize GPA to exercise the two-one year extensions of the contract between GPA and Supreme for the management, operation and maintenance of GPA's Fuel Bulk Storage Facility and approve the price increases for the second and third base year, and the two-one year extensions. GPA should be authorized to expend up to the amount of \$3,017,206.00 for the two-one year extensions and the price increases relative to the contract with Supreme Group Guam LLC. Based upon the two- one year extensions, the current contract with Supreme Group Guam LLC will now expire on September 30, 2028.

A Proposed Order is submitted herewith for the Commissioners' consideration.

Respectfully submitted this 20th day of February 2026.



Kristina L. Baird
Administrative Law Judge

EXHIBIT B- PRICE PROPOSAL COMPARISON (SUPREME vs IP&E)

CONTRACT ITEMS (BREAKDOWN)			SUPREME PROPOSED PRICE ADJUSTMENT					IP&E BID PRICE PROPOSAL					
			Contract Year		Contract Year	OPTIONAL Contract Extn Years		Contract Year		Contract Year	OPTIONAL Contract Extn Years		
			1	2	3	1	2	1	2	3	1	2	
			10/01/23-09/30/24	10/01/24-09/30/25	10/01/25-09/30/26	10/01/26-09/30/27	10/01/27-09/30/28	10/01/23-09/30/24	10/01/24-09/30/25	10/01/25-09/30/26	10/01/26-09/30/27	10/01/27-09/30/28	
MANDATORY	1	Management and Administration Fees (Include all expenses for: staffing; office maintenance; utilities; transportation; communications; management fees and administration fees)	\$ 510,943	\$ 514,340	\$ 566,733	\$ 586,882	\$ 597,282						
		<i>Amendment 1 (monthly fee commenced effective September 1, 2025): Additional manpower for 24 hours, 7 days a week Operations (for the remainder of the 3-year base period)</i>	\$ -	\$ 15,000	\$ 180,000								
		<i>Amendment 2 (monthly fee to commence effective October 1, 2026): Additional manpower for 24 hours, 7 days a week Operations (for the extension years)</i>				\$ 180,000	\$ 180,000						
		<i>Amendment 2 (Monthly fee to commence 1month after the PUC Approval): Additional Utilities Cost</i>	\$ -	\$ -	\$ 52,888	\$ 52,888	\$ 52,888						
		Sub-total	\$ 510,943	\$ 529,340	\$ 799,621	\$ 819,770	\$ 830,170	\$ 900,000	\$ 925,000	\$ 950,000	\$ 975,000	\$ 1,000,000	
	2	Security Contractor	\$ 185,000	\$ 194,250	\$ 200,078	\$ 206,080	\$ 212,262	\$ 240,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	
	3	Spill Response Company Membership Fees	\$ 38,500	\$ 40,425	\$ 42,446	\$ 44,569	\$ 46,797	\$ 39,000	\$ 39,000	\$ 39,000	\$ 42,000	\$ 42,000	
	4	Insurance Fees (Volume I - 5.41)	\$ 23,858	\$ 25,050	\$ 25,802	\$ 26,576	\$ 27,373	\$ 40,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	
	5	Inventory - Environmental / Oil Spill Equipment	\$ 2,004	\$ 2,105	\$ 2,168	\$ 2,233	\$ 2,300	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,500	\$ 6,500	
	6	Operation and Maintenance Budget (REQUIRED) <i>*PLEASE EXPAND AND PROVIDE INFORMATION IN "O&M Budget (Required)" tab/worksheet.</i> <i>Amendment 2 (Effective October 1, 2026):</i>	\$ 113,242	\$ 118,904	\$ 213,390	\$ 126,145	\$ 129,930						
		\$ -	\$ -	\$ -	\$ 101,371	\$ 102,823							
		\$ 113,242	\$ 118,904	\$ 213,390	\$ 227,516	\$ 232,753	\$ 233,000	\$ 233,000	\$ 236,000	\$ 271,000	\$ 271,500		
	TOTAL ANNUAL CONTRACT PRICE (Contract Items 1 thru 6)	\$ 873,547	\$ 910,074	\$ 1,283,505	\$ 1,326,744	\$ 1,351,655	\$ 1,457,000	\$ 1,482,000	\$ 1,510,000	\$ 1,589,500	\$ 1,615,000		
	Total commulative from year 1 to year 5	\$ 873,547	\$ 1,783,621	\$ 3,067,126	\$ 4,393,870	\$ 5,745,525	\$ 1,457,000	\$ 2,939,000	\$ 4,449,000	\$ 6,038,500	\$ 7,653,500		