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10 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

11 **IN THE MATTER OF:**) **GPA DOCKET NO. 26-11**
12)
13 **EXTENSION OF TERM OF TRISTAR) ADDENDUM TO PETITION OF THE**
14 **LEASE AGREEMENT FOR ULSD) GUAM POWER AUTHORITY TO**
15 **STORAGE) EXTEND THE TERM OF ULSD**
16) **STORAGE LEASE AGREEMENT WITH**
17) **TRISTAR TERMINAL GUAM, INC.**
18)
19)
20)
21)

22 **I. Introduction**

23 The Guam Power Authority (GPA) hereby files this Addendum to its Petition for the
24 Public Utilities Commission of Guam (PUC) to review and approve GPA's request to extend
25 its ultra-low sulfur diesel (ULSD) storage lease agreement with Tristar Terminals Guam, Inc.
26 (TTGI) for five years. This project is funded through the Levelized Energy Adjustment Clause.

27 **II. Justification for Continued Lease of Tank 1907**

28 GPA provides the following information as justification for the continued lease of Tank
29 1907.

30 Although GPA's Tank 1934 is currently undergoing refurbishment and is anticipated to
31 return to service by early 2027, the completion and commissioning of Tank 1934 alone does
32 not eliminate the operational necessity of retaining Tank 1907 under lease.

1 Tank 1907 provides approximately 198,000 barrels of additional ULSD storage
2 capacity that remains critical to GPA's fuel supply reliability, operational flexibility,
3 infrastructure resiliency, and overall energy security posture, particularly under the present
4 geopolitical and fuel market uncertainties affecting global petroleum supply chains.
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6 At present, Guam's fuel supply environment remains highly vulnerable to external
7 disruptions, including but not limited to geopolitical tensions in the Middle East, volatility in
8 crude oil and refined product markets, regional refinery constraints in Asia, shipping delays,
9 weather-related disruptions, and tightening export controls imposed by fuel-producing nations.
10 GPA has recently experienced firsthand the impacts of these uncertainties through shipment
11 delays, refinery production limitations, constrained fuel availability in the regional market, and
12 logistical delays affecting fuel deliveries.
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16 While Tank 1934 will restore a portion of GPA's owned storage capacity upon
17 completion, GPA's operational requirement is not merely to replace lost storage, but to
18 maintain adequate strategic reserves, operational redundancy, and infrastructure diversification
19 necessary to ensure uninterrupted power generation for the island of Guam. The restoration of
20 Tank 1934 should therefore be viewed as strengthening GPA's overall fuel resiliency
21 framework rather than serving as a direct replacement for Tank 1907.
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24 Additionally, GPA's generation portfolio has evolved significantly since the original
25 storage assumptions were established. The Ukudu Power Plant and associated peaking
26 generation assets continue to require substantial ULSD inventory support to maintain system
27 reliability during periods of elevated demand, generation outages, emergency operations, or
28 supply disruptions.
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31 Furthermore, Tank 1907 possesses significant strategic and operational advantages due
32 to its geographic location. Unlike GPA-owned Tanks 1934 and 1935, which are both located in

1 the coastal Piti area, Tank 1907 is located in the Santa Rita area at a higher elevation inland
2 location. This geographic separation and elevated positioning provide GPA with an important
3 layer of infrastructure resiliency and risk diversification.
4

5 The concentration of GPA's primary ULSD storage assets solely within the coastal Piti
6 area would expose GPA to increased operational risks associated with typhoons, storm surge,
7 flooding, seismic activity, localized infrastructure failures, port disruptions, pipeline incidents,
8 fires, or other natural and man-made hazards that may impact coastal fuel facilities
9 simultaneously. Maintaining Tank 1907 in Santa Rita therefore provides GPA with critical
10 geographic redundancy and operational resiliency benefits that cannot be replicated solely by
11 the return of Tanks 1934 and 1935 to service.
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14 In summary, retaining Tank 1907 provides GPA with the following operational and
15 strategic benefits:
16

17 **1. Enhanced Energy Security**
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19 The additional 198 kbbl storage capacity increases GPA's ability to maintain extended
20 fuel reserves during supply interruptions, delayed cargo arrivals, typhoon events, or
21 geopolitical instability affecting fuel procurement and shipping logistics.
22

23 **2. Operational Redundancy**
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25 Maintaining Tank 1907 ensures operational flexibility should Tank 1934 experience
26 unforeseen commissioning delays, operational limitations, maintenance requirements, or future
27 repairs after being placed back into service.
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29 **3. Geographic Diversification of Critical Fuel Infrastructure**
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31 The inland and elevated location of Tank 1907 in Santa Rita diversifies GPA's fuel
32 storage assets away from a single coastal concentration point in Piti, thereby reducing the risk
of simultaneous disruption to all major ULSD storage facilities.

1 **4. Improved Disaster Resiliency**

2 Due to its inland and elevated location, Tank 1907 provides additional protection
3 against coastal flooding, storm surge, and extreme weather events which Guam remains highly
4 susceptible to during typhoon season.
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6 **5. Fuel Supply Stability**

7 Additional storage capacity allows GPA to better manage shipment scheduling, cargo
8 spacing, and inventory balancing while minimizing exposure to short-term market disruptions
9 and logistical constraints.
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12 **6. System Reliability**

13 GPA's obligation to provide uninterrupted electrical service to Guam requires
14 maintaining sufficient reserve fuel inventory beyond minimum operating levels, especially
15 considering Guam's isolated island grid with no external interconnected power support.
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18 **7. Strategic Risk Mitigation**

19 Given the continuing instability in international fuel markets and shipping lanes,
20 reliance solely on Tanks 1934 and 1935 may expose GPA to unnecessary operational and
21 supply risks. Tank 1907 serves as an important contingency and resiliency asset during this
22 period of uncertainty.
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24 Accordingly, GPA respectfully maintains that continuation of the Tank 1907 lease is
25 reasonable, prudent, and necessary in order to safeguard Guam's power generation fuel
26 security, infrastructure resiliency, and reliable electric service to the island.
27

28 Furthermore, GPA emphasizes that fuel security planning must account not only for
29 present operational conditions, but also for future uncertainties and contingencies that may
30 impact Guam's ability to procure, receive, and distribute fuel in a timely manner.
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For these reasons, GPA respectfully requests reconsideration and approval of the

1 continued lease extension for Tank 1907.

2 **III. Justification for Lease Rate Increase**

3 GPA provides the following information as justification for the increased lease rate for
4 Tank 1907.

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6 Although the proposed lease rate reflects an increase above the current U.S. inflation
7 rate, GPA respectfully submits that general inflation indices do not accurately reflect the
8 realities of Guam's limited bulk fuel storage market and the operational value of Tank 1907.

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10 Tank 1907 is one of the few operational ULSD-capable bulk storage tanks available on
11 Guam and is strategically located in Santa Rita at an inland and elevated location separate from
12 GPA's coastal storage assets in Piti. The facility provides critical fuel reserve capacity,
13 infrastructure redundancy, and operational resiliency necessary to support Guam's isolated
14 island power system.

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16 Additionally, the proposed lease increase must be viewed in the context of increased
17 costs associated with terminal operations, maintenance, insurance, environmental compliance,
18 and regional fuel infrastructure support services, all of which have experienced significant
19 escalation in recent years beyond general consumer inflation rates.

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21 Further, GPA's continued access to Tank 1907 avoids the substantially higher capital
22 costs, permitting requirements, and construction timelines that would otherwise be necessary to
23 immediately develop equivalent replacement storage infrastructure.

24
25 Accordingly, GPA maintains that the proposed lease rate is reasonable and justified
26 considering the strategic importance of Tank 1907, Guam's limited storage alternatives, and
27 the current geopolitical and fuel supply uncertainties affecting global petroleum markets.

28 **IV. Project Milestones Justifying Six Additional Months of Work on Tank 1934**

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30 As discussed with GPA's contractor TTGI during the most recent coordination

1 meeting, the following completion dates are anticipated to justify six additional months of
2 work on Tank 1934 beyond August 2026:

- 3 • Lead Abatement Completion – mid June 2026 (on track)
- 4 • Interior Refurbishment Completion – mid December 2026 (on track)
- 5 • Tank 1934 Refurbishment Completion – January 29, 2027 (on track).

6 Associated with the above timeline are the following technical constraints:

- 7 • Certified Industrial Hygienist (CIH) air monitoring evaluation and confirmation by
- 8 April 24, 2026, for concurrent activity mobilization (done)
- 9 • Monitoring and evaluation will be performed during the first 3 days of the Lead
- 10 Abatement – starting April 8, 2026 (begun)
- 11 • Laboratory validation gate – April 9-24, 2026 (14 days lead time) (done but result
- 12 delayed one week)
- 13 • Tank Interior Refurbishment Works - Initiating by April 27th, 2026 (begun two weeks
- 14 later due to delay in above item).

15 Given these facts, refurbishment began this week, and completion is anticipated early
16 next year.

17 V. Conclusion

18 Based on its petition and the foregoing addendum to the petition, GPA requests that the
19 PUC approve GPA's request to enter into an amended lease agreement with TTGI to extend
20 the lease for Tank No. 1907 for five years, beginning July 1, 2026, and ending June 30, 2031,
21 at a total cost of \$7,575,277.80. The lease extension is reasonable, necessary, and prudent.
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24 Respectfully submitted this 18th day of May, 2026.

25 *Attorney for Guam Power Authority*

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27 By: _____
28 MARIANNE WOŁOSCHUK
29 GPA Legal Counsel
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