



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O. BOX 2977 • Agana, Guam 96932

CONSOLIDATED COMMISSION ON UTILITIES RESOLUTION NO. 2016-01

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO ENTER INTO AN AGREEMENT WITH TRISTAR TERMINALS GUAM, INC. TO PROCEED WITH TANK 1902 BOTTOM PRODUCT RECOVERY

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WHEREAS, GPA has an existing Storage Lease Agreement between GPA and Tristar Terminals Guam, Inc (TTGI) that commenced on September 01, 2013 and will expire on August 31, 2018; and

WHEREAS, the Agreement allows the lease of TTGI Tank 1902 for GPA's RFO fuel storage requirements; and

WHEREAS, GPA has been leasing Tank 1902 since 1998; and

WHEREAS, pursuant to Clause 26 of the Agreement, Tank 1902 needs to undergo the required API out-of-service tank integrity inspection and maintenance repairs.

WHEREAS, GPA stock from Tank 1902 was transferred into a substitute tank (Tank 1903). However, there is approximately 4,750 barrels (bbls) of RFO deadstock remaining in Tank 1902 which is the responsibility of GPA; and

WHEREAS, GPA requested and TTGI submitted a proposal with options for the removal of the Tank 1902 bottom products (Exhibit A); and

WHEREAS, GPA has determined that blending of the RFO deadstock with diesel cutter stock to lower the product viscosity under Option 3 of the TTGI proposal provides the best recovery yield and the lowest cost for the Authority; and

WHEREAS, the total cost of the Tristar proposal for Tank 1902 bottom product blending is \$440,883.31. Additional cost for the removal and disposal of the unrecovered product is estimated at \$513,912.00 for a total GPA expense of approximately \$955,000.00; and

WHEREAS, the cost for the removal of the GPA deadstock from 1902 was budgeted and approved under the FY-16 fuel handling O&M budget for the Storage Agreement (Exhibit B) and is included as a LEAC expense; and

WHEREAS, GPA is requesting the approval of the CCU to proceed with the agreement with TTGI for the recovery of Tank 1902 bottoms; and

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NOW THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities as follows:

1. The Consolidated Commission on Utilities finds the product recovery of the bottom stock from Tank 1902 to perform the needed integrity inspection and maintenance repair of Tank 1902 to be reasonable, prudent, and necessary.
2. The General Manager is authorized to enter into an agreement with TTGI for the removal of Tank 1902 bottom products in the amount not to exceed \$955,000.

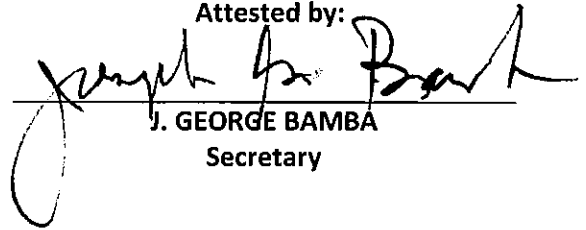
DULY and REGULARLY ADOPTED this 26th day of January 2016

Certified by:



JOSEPH T. DUENAS
Chairman

Attested by:



J. GEORGE BAMBA
Secretary

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SECRETARY'S CERTIFICATE

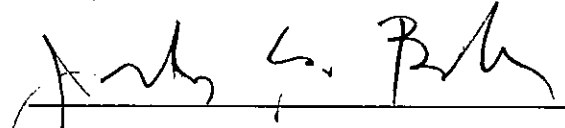
57 I, J. George Bamba, Secretary for the Consolidated Commission on Utilities do hereby certify
58 that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of
59 the members of Guam's Consolidated Commission on Utilities, duly and legally held at the meeting place
60 thereof on January 26, 2016, at which meeting of all said members had due notice and at which at least
61 a majority thereof were present, and

62 At said meeting said resolution was adopted by the following vote:

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64 Ayes: 3
65 Nays: 0
66 Absent: 1
67 Abstain: 1
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69 Said original resolution has not been amended, modified, or rescinded since the date of its
70 adoption, and the same is now in full force and effect.

71 **SO CERTIFIED** this 26th day of January 2016.

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74 J. George Bamba
75 Secretary
76 Consolidated Commission on Utilities
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Exhibit A

Tristar proposal for Tank 1902 Bottom Stock Disposal / Recovery

	Option 1	Option 2	Option 3
	Disposal by outside Agency	Blending in 1902	Blending in 1928
a. Estimated Bottom Stock bbls as of Dec 31, 2015	4750	4750	4750
b. Estimated Cutter Stock (diesel) , bbls		1900	1900
c. Estimated qty. of recoverable Product ,bbls	0	5320	5320
d. Estimated qty. of unrecoverable Product , bbls	4750	1330	1330
Cost (External Agency/TTGI)		\$ (382,000.00)	\$ (440,883.31)
Time in Months	2	6	2
Rent for the Tank 1902 (\$122,462.03/month)	\$ (244,924.06)	\$ (734,772.18)	Waived
Total Blending Cost		\$(1,116,772.18)	\$ (440,883.31)
Disposal Cost of unrecovered Product (\$9.20/gal~ \$386.40/bbl)	\$1,835,400.00	\$ (513,912.00)	\$ (513,912.00)
Total Expense for GPA	\$(2,080,324.06)	\$(1,630,684.18)	\$(954,795.31)

GUAM POWER AUTHORITY FUEL SUPPLY MANAGEMENT FY16 APPROVED FUEL BUDGET						FY 2016 Budget Approved 8-25-15
(A) RESIDUAL FUEL OIL # 6 (RFO) / (Acct # 1000.151000.10)						
1. RFO Supply (Imports)	<u>Quantity (bbls)</u>		<u>MOPS (\$/bbl)</u>	<u>Premium (\$/bbl)</u>	<u>Landed Cost (\$/bbl)</u>	<u>\$</u>
Low Sulfur Fuel Oil (LSFO) ~	708,976 30%		\$73.626	\$12.484	\$86.110	\$61,050,198.97
High Sulfur Fuel Oil (HSFO) ~	1,654,278 70%		\$73.626	\$6.509	\$80.136	<u>\$132,566,413.75</u>
RFO Supply Imports ~	2,363,254			Levelized Import Cost =	\$81.928	\$193,616,612.72
2. RFO Supply (Local)	21,600			(5% MOPS discount)	\$69.901	\$1,509,871.52
TOTAL RFO REQUIREMENT ~	2,384,854				\$81.819	\$195,126,484.25
(B) DIESEL FUEL OIL NO.2 (DFO) / (Acct # 1000.151000.20)						
	<u>Quantity (bbls)</u>		<u>MOPS (\$/bbl)</u>	<u>Premium (\$/bbl)</u>	<u>Landed Cost (\$/bbl)</u>	<u>\$</u>
	155,350		\$99.841	\$10.738	\$110.578	\$17,178,285.30
(C) RENEWABLES / (Acct # 306000.555004.431)						<u>\$</u>
a. O&M fees					\$10,366,152.000	\$10,366,152.000
b. CIP's					\$0.000	
(D) ENGINE CYLINDER OIL (CAB 3 & 4) / (Acct # 57700.501000.83)						
	<u>Quantity (gals)</u>		<u>ICIS (\$/gal)</u>	<u>Premium (\$/gal)</u>	<u>Landed Cost (\$/gal)</u>	<u>\$</u>
	273,750		\$4.813	\$3.405	\$8.217	\$2,249,476.13
(E) FUEL HANDLING SERVICES / (Acct # 54900.501000.83)						
1 Ship Demurrage Cost						\$142,779.94
2 Fuel Farm Management, Operations & Maintenance						\$677,202.44
a. Fixed Management Fees				\$677,202.44		
b. O&M over \$5k				\$0.00		
c. CIPs				\$0.00		
3 Petroleum Inspection, Testing & Facility Calibration						\$196,391.20
4 Dock Usage fee (Dock Use Agreement)						\$1,440,578.57
5 Pipeline Agreement						\$451,257.80
a. Pipeline Lease Fixed Fees				\$ 451,257.80		
b. B-Line Integrity Testing (pigging)				\$ -		
6 Storage Agreement						\$2,835,820.66
a. Tank Lease Fixed Fee				\$ 1,533,420.66		
b. Bunkering Fee				\$ 302,400.00		
c. O&M (Tk 1902 bottom product recovery & disposal)				\$ 1,000,000.00		
7 Vacuum Truck Rental						\$0.00
8 Bank Charges for RFO L/C Processing Fee						\$955,306.75
9 Petro-Tanker Hauling Services						\$0.00
10 Labor and Others						\$255,769.23
a. Labor				\$ 185,769.23		
2 FTE's, 0.25 FTE for SPORD Support, 10% Overtime Charges						
note: Labor charges are under Acct. No. 30600.501000.01						
b. Other Fuel-related Expenses						
Contract Management Consultant Support				\$ -		
Subscriptions and Technical Books				\$ 40,000.00		
Trainings & Seminars				\$ 30,000.00		
11 Miscellaneous						\$0.00
Official Vehicle				\$ -		
Office Equipment				\$ -		
12 MEC LSFO Storage Tank Cleaning						<u>\$250,000.00</u>
Handling Services						\$7,205,106.58
OVER-ALL FUEL BUDGET =						\$232,125,504.26