



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

RESOLUTION NO. 2017-27

**AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO PROCEED WITH THE
PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR DIESEL (ULSD) PRODUCT
TO BE SUPPLIED AND DELIVERED BY IP&E GUAM, INC. UP TO DECEMBER 31, 2017**

WHEREAS, the Guam Power Authority, through Resolution 2014-37 has awarded the supply of ULSD for Northern CT Plants, TEMES CT Plant, Cabras Plant, MDI Plant and Talofofo Plant to Mobil Oil Guam, Inc; and

WHEREAS, the contracted quantities of about 3.3M gallons for FY-2017 have been exceeded; and

WHEREAS, Mobil continue to supply ULSD to GPA, but with a limited allocation of about 42,000 bbl per month, or higher, if excess volume is available; and

WHEREAS, GPA is able to store approximately 100,000 bbls of ULSD at various leased tanks at the Tristar facility (leased by GPA and leased through IP&E) as contingency inventory in the event of sudden spikes in demand due to unforeseen forced outages; and

WHEREAS, via an Amendment to their Contract, through Resolution 2017-15, GPA has requested IP&E to purchase a total of 105,000 bbls of ULSD and deliver part of the inventory to certain GPA's plant at GPA's direction; and

WHEREAS, consumption in May through July has increased, and consumption is expected to continue at a higher level through mid-September due to the scheduled Major Overhaul of Cabras 1; and

WHEREAS, the current contingency inventory continues to be consumed and replenished as needed; and

WHEREAS, additional fuel shipments will need to be purchased through IP&E to ensure continuous replenishment of inventory and uninterrupted supply of ULSD; and

WHEREAS, to ensure adequate truck rolls to cover increased demand from the various power plants, GPA will need to direct IP&E to deliver to certain GPA plants, as needed; and

WHEREAS, GPA intends to purchase additional fuel shipments from IP&E up to December 31, 2017, for a total quantity not exceeding 300,000 bbls and to deliver to certain GPA plants under GPA's direction, as needed; and

33 **WHEREAS**, additional ULSD product is necessary to help ensure that GPA ULSD Fuel supply is
34 continuous and uninterrupted in the event of sudden spikes in demand due to baseload plants'
35 extended outage; and

36 **WHEREAS**, GPA is seeking the approval of the CCU to procure the additional ULSD product to be
37 supplied and delivered by IP&E Guam as needed, under the direction of GPA, for a total quantity not
38 exceeding 300,000 barrels, up to December 31, 2017; and

39 **WHEREAS**, the additional fuel shipments will cost \$76.30 per barrel, and the service fee offer
40 shall be \$0.17 per gallon, for an estimated cost of \$22,890,000 for supply, and \$2,142,000 for delivery,
41 or an overall additional cost of \$25,032,000.

42 **WHEREAS**, in view of the above GPA is also requesting to increase the Fuel Budget for FY 2017
43 from \$200,014,965 to \$225,000,000.00. The fuel cost is a pass through to our ratepayers through the
44 Levelized Energy Adjustment Clause and the LEAC rate had been increased twice this fiscal year to cover
45 these additional costs.

46

47 **NOW, THEREFORE, BE IT RESOLVED**, by the CONSOLIDATED COMMISSION ON UTILITIES subject
48 to the review and approval of the Public Utilities Commission as follows:

49

- 50 1. The General Manager is authorized to proceed with the procurement of additional ULSD
51 product to be supplied and delivered by IP&E Guam for a total quantity not exceeding
52 300,000 barrels, up to December 31, 2017.
- 53 2. The General Manager is authorized to spend up to \$25,032,000 for additional ULSD
54 shipments and delivery by IP&E to certain GPA plants, under GPA direction.
- 55 3. The Fuel Budget for fiscal year 2017 is increased to \$225,000,000.

56

57 **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the Commission
58 attests the adoption of this Resolution.

59

60

SECRETARY'S CERTIFICATE

61

62 **I, J. GEORGE BAMBA**, Secretary, Consolidated Commission on Utilities hereby certify as
63 follows:

64 The foregoing is a full, true and correct copy of a resolution duly adopted via POLL VOTE
65 of the members of Guam's Consolidated Commission on Utilities, initiated on July 20, 2017 for
66 which all members were attempted to be contacted.

67

68 Via said poll vote, said resolution was adopted by the following vote:

69 Ayes: 4

70 Nays: 0

71 Abstained: 1

72 No response: 0

73

74 Said original resolution has not been amended, modified, or rescinded since the date of
75 its adoption, and the same is now in full force and effect.

76

77 SO CERTIFIED this 25TH day of JULY, 2017.

78

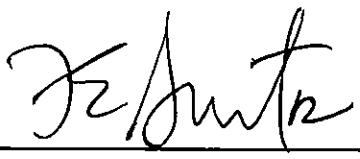
79

80 

81 JOSEPH T. DUENAS

82 Chairperson

83 Consolidated Commission on Utilities

84 

85 ~~J. GEORGE BAMBA~~ FRANCIS SANTOS

86 ~~Secretary~~ VICE PRESIDENT

Consolidated Commission on Utilities

**AMENDMENT II TO THE FUEL OIL SUPPLY CONTRACT
BETWEEN
THE GUAM POWER AUTHORITY
AND
IP&E HOLDINGS, LLC**

This AMENDMENT II TO THE FUEL OIL SUPPLY CONTRACT (the "AMENDMENT II"), references IFB GPA-029-14 and the Amendment to IFB GPA-029-14 hereinafter referred to, as amended, as the "CONTRACT" and "AMENDMENT I" between the Guam Power Authority, hereinafter referred to as "GPA" and IP&E Holdings, LLC, hereinafter referred to as "CONTRACTOR", shall become effective as of the date last signed by the GPA General Manager.

RECITALS

WHEREAS, the parties entered into the CONTRACT effective January 1, 2015; and

WHEREAS, pursuant to the CONTRACT, the CONTRACTOR is to deliver certain volumes of Fuel Oil to GPA's Tenjo Plant; and

WHEREAS, due to various planned and emergency outages as well as certain baseload generators being taken offline, GPA has been utilizing the ULSD-fired smaller generating units which consume far greater quantities of Fuel Oil than were foreseen at the time the CONTRACT was entered into; and

WHEREAS, Amendment I to the CONTRACT has allowed GPA to purchase an additional 100,000 bbls of Ultra-Low Sulfur Diesel From IP&E, as well as the lease of Tank 1909 from Tristar Terminals Guam for the storage of these additional quantities; and

WHEREAS, Amendment I to the CONTRACT has allowed GPA to direct IP&E to deliver to certain other power plants, as directed by GPA, when needed; and

WHEREAS Section 38 (Amendment and Waiver) of the CONTRACT Authorizes amendments to the CONTRACT by an instrument in writing being signed by the parties against whom enforcement of the change, waiver, alteration, amendment, discharge, or termination is sought.

NOW, THEREFORE, and in consideration of the mutual covenants contained in the CONTRACT and herein, the parties hereto do hereby agree as follows:

1. CONTRACTOR agrees to purchase various quantities of ULSD for GPA, in excess of the original 100,000 bbls purchased via Amendment I, between June 1, 2017 through December 31, 2017, up to a total quantity of 300,000 bbls to be requested as needed, through December 31, 2017. The quantity for each shipment will vary, depending on GPA's Fuel Oil requirements, but the total quantity for all shipments between June 1, 2017 through December 31, 2017 shall not exceed 300,000 barrels. The Fuel Oil will be off-loaded at F1 Dock, Apra Harbor and placed in either Tank 1909, Tank 1924, or Tank 1913, depending on the tanks' ullage and the total shipment quantity ordered. Upon completion of delivery and confirmation of volumes, CONTRACTOR will provide and invoice for the entire shipment. The invoice price will be \$76.30 per barrel. However, should IP&E be notified more than thirty (30) days in advance of expected shipment arrival on Guam, and should the shipment be included in IP&E's regular supply cycle, the invoice price may decrease.

2. CONTRACTOR will use its best efforts to deliver to various locations at GPA's direction, the FUEL OIL purchased pursuant to this amendment. The maximum delivery charge allowed under this AMENDMENT II will be \$0.17 per gallon.
3. Except as hereby amendmended, the CONTRACT shall remain in full force and effect and the provisions thereof shall apply to the transactions set forth in this AMENDMENT II, except to the extent it would be manifestly unreasonable to do so. All other terms and conditions of the CONTRACT shall remain unchanged.

So AGREED this _____ day of July, 2017 by:

For the Guam Power Authority:

For IP&E Holdings, LLC:

JOHN M. BENAVENTE, P.E.
GENERAL MANAGER

BRIAN BAMBA
MANAGING DIRECTOR

APPROVED AS TO LEGAL FORM AND SUFFICIENCY:

D. GRAHAM BOTHA
GPA LEGAL COUNSEL



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

July 25, 2017

MEMORANDUM

TO: Members, Consolidated Commission on Utilities

FROM: Board Secretary

SUBJECT: REPORT OF POLL VOTE ON RESOLUTION 2017-27 AUTHORIZING MANAGEMENT TO PROCEED WITH PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR DIESEL PRODUCT BY AND THROUGH IP&E GUAM INC. THROUGH DECEMBER 31, 2017.

This is to certify that a POLL VOTE was conducted via email on July 20, 2017 relative to above subject matter. I attest that the vote below is true and correct and submit the related support documents.

COMMISSIONER	Y/N	INITIALS	TIME / DATE	VOTED BY
Joseph T. Duenas	Yes		4:57 p.m. / 20 July	Email
Francis E. Santos	Yes		9:59 a.m. / 21 July	Email
J. George Bamba	Abstained		4:05 p.m. / 24 July	Email
Judith P. Guthertz	Yes		3:18 p.m. / 20 July	Email
Simon A. Sanchez	Yes		5:54 p.m. / 20 July	Email

Attested by:

B. Lou Sablan, Board Secretary

Concurred by:

John Benavente, GM

Bernadette Lou Sablan

From: Joseph Duenas <jtduenas@hotmail.com>
Sent: Thursday, July 20, 2017 4:57 PM
To: Bernadette Lou Sablan
Cc: CCU Board Members; John M Benavente; Graham Botha; Joyce N Sayama
Subject: Re: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFER FUEL

Follow Up Flag: Follow up
Flag Status: Flagged

Lou,

I vote yes.

Joey

Sent from my iPad

> On Jul 20, 2017, at 2:21 PM, Bernadette Lou Sablan <l.sablan@gpagwa.com> wrote:

>
> Dear Commissioners,
>
> On behalf of GM John Benavente, I herewith attached POLL VOTE REQUEST:
>
>
> · GPA RESOLUTION 2017-27 RELATIVE TO PROCUREMENT OF ADDITIONAL ULTRA LOW SULFER FUEL FROM IP&E
>
> Kindly review attachments and exercise your vote via email with 24 hours. This resolution will be ratified at the July 25th CCU meeting.

>

>

> Respectfully,

> Lou

>

> B. Lou Sablan

> Board Secretary

> Consolidated Commission on Utilities

> Admin Asst., Legal Counsel, GPA

> GLORIA B. NELSON PUBLIC SERVICE BLDG.

> 3RD Floor, Executive Division

> 688 Route 15, Mangilao, GU 96913

> P.O. Box 2977, Hagatna, GU 96932

> Tel: (671) 648-3002

> Fax: (671) 648-3290

> Email: l.sablan@gpagwa.com<<mailto:l.sablan@gpagwa.com>>

> Website: <http://guamccu.org/>

> <http://guampowerauthority.com/home.html>

> <http://guamwaterworks.org/>

Bernadette Lou Sablan

From: Francis Santos (CCU Member)
Sent: Friday, July 21, 2017 9:59 AM
To: Simon Sanchez
Cc: John M Benavente; Joseph Duenas; Bernadette Lou Sablan; CCU Board Members; Graham Botha; Joyce N Sayama
Subject: Re: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL

Confirming receipt of your email.

I vote YES...

Sent from my iPad

> On Jul 20, 2017, at 5:54 PM, Simon Sanchez <gdcmgr@guamdrycleaners.com> wrote:

>

> I vote yes

>

> Simon says

>

>

>> On Jul 20, 2017, at 5:06 PM, John M Benavente <jbenavente@gpagwa.com> wrote:

>>

>> Thank you.

>>

>> Good evening Simon and Francis,

>>

>> I need one more poll vote please so that I can order ULSD fuel to avoid a shortage in Early August. Cabras 1 is currently down for overhaul until early September and we need to insure we have adequate fuel because we are running the standby units much more.

>>

>> George has recused himself because procurement is from IP&E.

>>

>> Thank you. Johnb

>> Sent from my iPhone

>>

>>> On Jul 20, 2017, at 4:57 PM, Joseph Duenas <jtduenas@hotmail.com> wrote:

>>>

>>> Lou,

>>>

>>> I vote yes.

>>>

>>> Joey

>>>

>>> Sent from my iPad

>>>

>>>> On Jul 20, 2017, at 2:21 PM, Bernadette Lou Sablan <l.sablan@gpagwa.com> wrote:

>>>>

Bernadette Lou Sablan

From: Judith Guthertz <judithguthertz@gmail.com>
Sent: Thursday, July 20, 2017 3:18 PM
To: Bernadette Lou Sablan
Cc: CCU Board Members; John M Benavente; Graham Botha; Joyce N Sayama
Subject: Re: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL

I vote yes. Judi guthertz

***PLEASE UPDATE YOUR ADDRESS BOOK AS I HAVE CHANGED MY EMAIL ADDRESS TO: judithguthertz@gmail.com

On Jul 20, 2017, at 2:20 PM, Bernadette Lou Sablan <l.sablan@gpagwa.com> wrote:

Dear Commissioners,

On behalf of GM John Benavente, I herewith attached POLL VOTE REQUEST:

- **GPA RESOLUTION 2017-27 RELATIVE TO PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL FROM IP&E**

Kindly review attachments and exercise your vote via email with 24 hours. This resolution will be ratified at the July 25th CCU meeting.

Respectfully,
Lou

B. Lou Sablan

Board Secretary
Consolidated Commission on Utilities
Admin Asst., Legal Counsel, GPA
GLORIA B. NELSON PUBLIC SERVICE BLDG.
3RD Floor, Executive Division
688 Route 15, Mangilao, GU 96913
P.O. Box 2977, Hagatna, GU 96932
Tel: (671) 648-3002
Fax: (671) 648-3290
Email: l.sablan@gpagwa.com
Website: <http://guamccu.org/>
<http://guampowerauthority.com/home.html>
<http://guamwaterworks.org/>

<Poll Vote Resolution 2017-27 Procurement of Add'l ULSF from IP&E.pdf>

Disclaimer Notice: The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or

Bernadette Lou Sablan

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Cc: Joseph Duenas; Bernadette Lou Sablan; CCU Board Members; Graham Botha; Joyce N Sayama
Subject: Re: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL

Follow Up Flag: Follow up
Flag Status: Flagged

I vote yes

Simon says

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>>> On behalf of GM John Benavente, I herewith attached POLL VOTE REQUEST:
>>>
>>>

Bernadette Lou Sablan

From: J. George Bamba <georgebamba@hotmail.com>
Sent: Monday, July 24, 2017 4:05 PM
To: Bernadette Lou Sablan
Cc: Joseph Duenas; Francis Santos (CCU Member); Judith Guthertz; Simon Sanchez
Subject: RE: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL

Sorry, I thought I sent you earlier. But, please record my vote as "abstain." Thanks.
Blessings,
George

Sent from [Mail](#) for Windows 10

From: [Bernadette Lou Sablan](#)
Sent: Monday, July 24, 2017 3:17 PM
To: [George Bamba](#)
Subject: FW: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL
Importance: High

Comm. George,

For record purposes, kindly send me an email with your abstention on poll vote matter below.

Thanks,
Lou

From: Bernadette Lou Sablan
Sent: Thursday, July 20, 2017 2:20 PM
To: CCU Board Members
Cc: John M Benavente; Graham Botha; Joyce N Sayama
Subject: POLL VOTE MATTER: RESOLUTION 2017-27 PROCUREMENT OF ADDITIONAL ULTRA LOW SULFUR FUEL
Importance: High

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Lou

B. Lou Sablan