RESOLUTION NO. 2017-31

AUTHORIZING MANAGEMENT OF GUAM POWER AUTHORITY TO LEASE AN ADDITIONAL STORAGE TANK FROM TRISTAR TERMINALS GUAM, INC.

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 Amendments and Supplemental Agreements with current ULSD suppliers, GPA is able to purchase additional quantity of fuel during sudden spikes in demand, but at a higher cost than scheduled shipments; and

WHEREAS, consumption in May through July has increased, and consumption is expected to continue at the 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, for the purpose of ensuring adequate inventory is stored on island and minimize or avoid additional shipments with higher costs, and to prepare GPA for the next few years wherein ULSD consumption is expected to be 15% to 47% of total fuel consumption, GPA intends to lease a 196,000 bbl capacity storage tank from Tristar Terminals, Guam; and

WHEREAS, additional ULSD storage is necessary to help ensure that GPA ULSD Fuel supply is continuous and uninterrupted in the event of sudden spikes in demand due to baseload plants’ extended outage; and

WHEREAS, Tristar Terminals Guam would need at least six (6) months’ notice to prepare the tank for ULSD storage; and

WHEREAS, GPA is seeking the approval of the CCU to enter into a lease agreement with Tristar Terminals, Guam, Inc. for the lease of a 196,000-barrel capacity storage tank, for an
additional cost of $6/bbl or approximately $1,176,000 annually, excluding handling and
throughput fees; and

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

1. The General Manager is authorized to enter into a lease agreement with Tristar
Terminals, Inc. for the lease of a 196,000 barrel capacity ULSD storage tank.

2. The General Manager is authorized to spend up to $1,176,000 annually for the
lease of the storage tank.

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

DULLY and REGULARLY ADOPTED AND APPROVED THIS 25th DAY OF
JULY, 2017.

Certified By: 

Attested By:

JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

GEORGE BAMBA
Secretary
Consolidated Commission on Utilities
I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYE: 5

NAY: 0

ABSENTEE: 0

ABSTAIN: 0