



RESOLUTION NO. 2021-04

AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE PUBLIC UTILITIES COMMISSION FOR THE EXTENSION OF THE DIESEL FUEL OIL NO. 2 SUPPLY CONTRACTS WITH MOBIL OIL GUAM, INC (MOGI) AND ISLA PETROLEUM AND ENERGY, LLC (IP&E)

WHEREAS, Mobil Oil Guam, Inc. is the contractor for the supply of Diesel Fuel Oil No.2 to **Site Location 1 (Yigo CT and Aggreko), Site Location 3 (Piti 7), and Site Location 4 (Cabras 1&2, MEC 8&9, Manenggon Diesel Plant, and Talofofo Diesel Plant);** and

WHEREAS, Isla Petroleum Energy, LLC is the contractor for the supply of Diesel Fuel Oil No.2 to **Site Location 2 (Macheche CT and Dededo CT);** and

WHEREAS, the two (2) year base period contracts for the Diesel Fuel Oil No.2 Supply (GPA-008-18) between the Guam Power Authority (herein after referred to as "GPA") and Mobil Oil Guam, Inc. (herein after referred to as "Mobil"), and between GPA and Isla Petroleum Energy, LLC (herein after referred to as "IP&E"), will expire on December 31, 2021 with option to extend for up to three (3) years; and

WHEREAS, GPA anticipates that a new solicitation would yield an increased Fixed Service Fee due to the rising cost for the delivery of services with the implementation of the IMO regulation; and

WHEREAS, GPA negotiated with Mobil and IP&E for a contract extension of three (3) consecutive years without change to the contract extension Fixed Service Fee schedules; and

WHEREAS, the estimated Fixed Service Fee and Contract costs are provided in **Exhibit A;** and

WHEREAS, the estimated annual Fixed Service Fee costs at the projected quantity for the Mobil contract is \$6,255,400 for the first-year extension, \$6,376,600 for the second-year extension, and \$6,504,600 for the third-year extension with an aggregate cost of \$19,136,600 for the three-year extension period; and

WHEREAS, the estimated annual Fixed Service Fee costs at the projected quantity for the IP&E contract is \$1,792,000 for the first-year extension, \$1,816,000 for the second-year extension, and \$1,840,000 for the third-year extension with an aggregate cost of \$5,488,000 for the three-year extension period; and

WHEREAS, the estimated combined annual Fixed Service Fee costs for Mobil and IP&E is \$8,047,400 for the first-year extension, \$8,192,600 for the second-year extension, and \$8,344,600 for the third-year extension with an aggregate cost of **\$24,584,600** for the three-year extension period; and

31 **WHEREAS**, the estimated annual Contract costs at the projected ULSD commodity price and annual
32 quantity for the Mobil contract is \$56,820,200 for the first-year extension, \$56,941,400 for the second-
33 year extension, and \$57,069,400 for the third-year extension with an aggregate cost of \$170,831,000 for
34 the three-year extension period; and

35 **WHEREAS**, the estimated annual Contract costs at the projected ULSD commodity price and annual
36 quantity for the IP&E contract is \$16,664,000 for the first-year extension, \$16,688,000 for the second-year
37 extension, and \$16,712,000 for the third-year extension with an aggregate cost of \$50,064,000 for the
38 three-year extension period; and

39 **WHEREAS**, the estimated combined annual Contract costs for Mobil and IP&E is \$73,484,200 for the
40 first-year extension, \$73,629,400 for the second-year extension, and \$73,781,400 for the third-year
41 extension with an aggregate cost of **\$220,895,000** for the three-year extension period; and

42 **WHEREAS**, the estimated total savings on the Fixed Service Fee for the three-year contract extension
43 as compared to the previous contract is approximately **\$1,450,600**; and

44 **WHEREAS**, GPA is requesting the approval of contract extensions with Mobil and IP&E for three
45 consecutive years to commence on January 01,2022 and to expire on December 31, 2024.

46 **NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES**
47 **(CCU), subject to the review and approval of the PUBLIC UTILITIES COMMISSION (PUC), as follows:**

- 48 1. The Guam Power Authority is hereby authorized to enter into a 3-year contract extension with **Mobil**
49 for the supply and delivery of Diesel Fuel Oil No.2 to commence on January 01, 2022 and to expire
50 on December 31, 2024.
- 51 2. The Guam Power Authority is hereby authorized to enter into a 3-year contract extension with **IP&E**
52 for the supply and delivery of Diesel Fuel Oil No. 2 to commence on January 01,2022 and to expire
53 on December 31, 2024.
- 54 3. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating
55 authority for a three-year extension of the Diesel Fuel Oil No. 2 supply contracts over \$750,000 and
56 to execute such agreements and documents necessary with **Mobil and IP&E**.
- 57
- 58
- 59
- 60
- 61
- 62
- 63
- 64

65
66
67

68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89

DULY and REGULARY ADOPTED AND APPROVED THIS 23rd DAY of MARCH 2021

Certified by:

Attested by:



JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities



MICHAEL T. LIMTIACO
Secretary
Consolidated Commission on
Utilities

SECRETARY'S CERTIFICATE

I, **Michael T. Limtiaco**, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

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

Ayes: 5
Nays: 0
Absent: 0
Abstain: 0

