



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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GPA RESOLUTION NO. FY2022-19

AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY FOR THE FIRST (1st) YEAR EXTENSION OF THE CONTRACT FOR THE SUPPLY RESIDUAL FUEL OIL NO.6

WHEREAS, GPA entered into a contract under GPA-050-20, for the Supply of Residual Fuel Oil No.6 with Hyundai Corporation (hereinafter referred to as the “Contractor”); and

WHEREAS, the term of the contract is for an initial period of three (3) consecutive years to commence on September 01, 2020 and to expire in August 31, 2023, with option to extend for 2 additional years; and

WHEREAS, the fuel grades to be supplied under the contract consist of the Low Sulfur Fuel Oil (“LSFO”) with a sulfur limit of 1.19% by weight and High Sulfur Fuel Oil (“HSFO”) with a sulfur content limit of 2.00% by weight, respectively; and

WHEREAS, the Consent Decree between GPA and USEPA requires GPA to substitute the LSFO and HSFO and transition to Ultra-Low Sulfur Fuel Oil (“ULSFO”) with a sulfur limit of 0.2% by weight, no later than December 31, 2022; and

WHEREAS, Amendment I to the contract included the supply of Ultra-Low Sulfur Fuel Oil (“ULSFO”) with a sulfur limit of 0.20% by weight; and

WHEREAS, GPA anticipates that the ongoing regional conflict in Europe may lead to global fuel supply shortage and volatility of prices and may result in higher premium fees in the future due to increased cost in the price of the commodity, blending components to meet GPA’s quality specification requirements, and delivery charges; and

WHEREAS, GPA has determined the need to exercise the option for the extension of the existing contract; and

32 **WHEREAS**, GPA have negotiated for a contract extension and both parties agreed for the 1st year
33 extension of the contract with no change to the current contract premium fee; and

34 **WHEREAS**, GPA has determined that the contract extension is reasonable and prudent and will serve
35 the best interest of the ratepayers; and
36

37 **WHEREAS**, the first (1st) year extension of the contract shall commence in September 1, 2023 and
38 will expire on August 31, 2024; and
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40 **WHEREAS**, the estimated contract unit cost for the 0.2% ULSFO based on the estimated commodity
41 price of \$141.707 per barrel (or \$1,055.717 per metric ton @ 7.45 bbl/MT) plus the Fixed Premium Fee of
42 \$79.000 per metric ton is equivalent to \$1,134.717 per metric ton. The estimated annual contract cost
43 based on the estimated annual supply quantity has a value of approximately \$267,621,969 (Exhibit A).
44
45

46 **NOW THEREFORE, BE IT RESOLVED**, by the CONSOLIDATED COMMISSION ON UTILITIES as the
47 governing body of GPA, and subject to the review and approval of the Public Utilities Commission as follows:
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- 49 1. The Guam Power Authority is hereby authorized to extend the contract with **HYUNDAI**
50 **CORPORATION** for one (1) year to commence in September 1, 2023 and to expire in August 3, 2024.
51
52 2. The General Manager of the Guam Power Authority is hereby authorized an increase in obligating
53 authority to the annual value of the contract estimated at \$267,621,969 and execute such
54 agreements and documents necessary for a contract with **HYUNDAI CORPORATION**.
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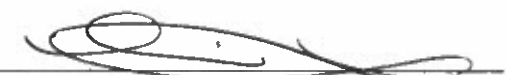
56 **RESOLVED**, that the Chairman of the Commission certifies and the Board Secretary attests the
57 adoption of this Resolution.
58

59 **DULY and REGULARY ADOPTED AND APPROVED THIS 26TH DAY of APRIL 2022.**
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Certified by:

Attested by:


JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities


MICHAEL LIMTIACO
Secretary
Consolidated Commission on Utilities

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I, Michael 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



EXHIBIT A

ESTIMATED CONTRACT COST- 1st Year Extension

Fixed Premium Fee = \$79.000/MT

ESTIMATED EXPENSES:

A. Estimated Quantity (ULSO, 0.2%):		
<u>bbls/yr</u>	<u>Conversion (bbl/MT)</u>	<u>MT/yr</u>
1,500,000	6.36	235,849
B. Reference Price (MOPS, Gasoil 10 ppm commodity):		
<u>MOPS (\$/bbl)*</u>	<u>Conversion (bbl/MT)</u>	<u>\$/MT</u>
141.707	7.45	\$1,055.717
*(Using March 2022 average)		
C. Fixed Premium Fee (per contract), \$/MT		<u>\$79.000</u>
D. Unit Cost (B+C), \$/MT		<u>\$1,134.717</u>
E. PREMIUM FEE COST (A x C), \$/yr		\$18,632,075.47
F. CONTRACT COST (A x D), \$/yr		\$267,621,969.34