



GPA RESOLUTION NO. 2022-22

**AUTHORIZING THE MANAGEMENT OF THE GUAM POWER AUTHORITY (GPA)
TO ENTER INTO AN AGREEMENT EXTENSION TERM WITH TRISTAR TERMINALS GUAM, INC.:**
A. PIPELINE AGREEMENT
B. RFO STORAGE LEASE AGREEMENT

WHEREAS, the Guam Power Authority (“GPA” or “Authority”) utilizes the services of Tristar Terminals Guam, Inc. (“Tristar” or “TTGI”) pipeline facility for the delivery and transport of Fuel Oil to and from GPA’s fuel storage facilities through a **Pipeline Agreement** under TTGI-PA-2013; and

WHEREAS, GPA utilizes the Tristar fuel storage facilities for GPA’s additional Residual Fuel Oil No.6 (“RFO”) storage requirements through an **RFO Storage Lease Agreement** under TTGI-SA-2013; and

WHEREAS, TTGI is the sole service provider for the **Pipeline Agreement and RFO Storage Lease Agreement** (or “2 Agreements”); and

WHEREAS, the current contracts for the **Pipeline Agreement and RFO Storage Lease Agreement** will expire on August 31, 2022; and

WHEREAS, GPA and TTGI have negotiated for an extension of the 2 Agreements for up to 3 years; and

WHEREAS, the estimated cost for the 2 Agreements are shown in Exhibit A; and

WHEREAS, the fee schedule for the **Pipeline Agreement** shall remain the same at the prevailing fee of \$566,350.34 per year. The total expenses for the 3-year extension period is estimated at **\$1,699,051.02**; and

WHEREAS, the fee schedule for the **RFO Storage Agreement** for the 3-year extension period shall remain the same at the prevailing tank lease fee of \$1,933,820.14 per year based on a contracted storage capacity of 422,125 bbls. However, the annual tank lease fee is anticipated to be reduced at the pro-rated fee of \$1,844,309.67 (5% savings) based on the reduced storage capacity of 402,610 bbls for the 1st year extension; and \$1,275,776.17 (34% savings) based on a reduced

36 storage capacity of 278,500 bbls for the 2nd and 3rd year extension when GPA fully transition to
37 0.2% ULSFO; and

38 **WHEREAS**, the estimated expenses for the RFO Storage Agreement is as follows: \$2,812,469.67
39 for the 1st year extension; \$2,243,936.17 for the 2nd year extension; and \$2,243,936.17 for the 3rd
40 year extension. The total expenses for the 3-year extension period is estimated at **\$7,300,342.00**;
41 and

42
43 **WHEREAS**, the estimated aggregate total expenses for the 3-year extension period for the 2
44 Agreements is **\$8,999,393.02**; and

45
46 **WHEREAS**, GPA has determined that the contract extension period for the 2 Agreements will
47 serve the best interest of the Authority and its ratepayers by ensuring uninterrupted supply of
48 fuel to GPA through the use of Tristar's fuel handling facilities; and

49
50 **WHEREAS**, GPA is requesting the approval of the CCU for the extension of the **Pipeline**
51 **Agreement and RFO Storage Lease Agreement** for up to three (3) years to commence on
52 September 1, 2022 and to expire on August 31, 2025; and

53
54 **NOW THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on Utilities, subject to the
55 review and approval of the Public Utilities Commission, as follows:

- 56 1. GPA is authorized to petition the Guam Public Utilities Commission for the review and
57 approval of the extension of the **Pipeline Agreement (TTGI-PA-2013)**, and **Storage Lease**
58 **Agreement (TTGI-SA-2013)** with Tristar Terminal Guam, Inc.
59

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

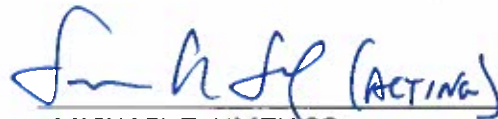
62
63 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 26th DAY OF JULY 2022.**

64 Certified by:



JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

Attested by:



MICHAEL T. LIMTIACO
Secretary
Consolidated Commission on Utilities

65

66

67

68

SECRETARY'S CERTIFICATE

69

I, Michael T. Limtiaco, Secretary for the Consolidated Commission on Utilities (CCU), as

70

evidenced by my signature above do certify as follows: The foregoing is a full, true, and accurate

71

copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated

72

Commission on Utilities, duly and legally held at a place properly noticed and advertised at which

73

meeting a quorum was present and the members who were present voted as follows:

74

75

Ayes: 3

76

Nays: 0

77

Absent: 1

78

Abstain: 0

79



Exhibit A

TRISTAR AGREEMENTS - Estimated Expenses

Fee Schedule	Parameters	Current Contract Fee	3-Year Contract Extension			Total for 3 Years
			Sep2022-Aug2023*	Sep2023-Aug2024*	Sep2024-Aug2025*	
A. Pipeline Agreement						
1. Pipeline Rental (B-Line)	Pipeline from Dock to Navy tie-in	\$/yr	\$566,350.34	\$566,350.34	\$566,350.34	\$1,699,051.02
SUB-TOTAL		\$566,350.34	\$566,350.34	\$566,350.34	\$566,350.34	\$1,699,051.02
B. RFO Storage Agreement						
	Based on storage capacity	bbls	422,150	402,610	278,500	278,500
1. Fixed Lease Fees		\$/yr (Adjusted to capacity)	\$1,933,820.14	\$1,844,309.67	\$1,275,776.17	\$1,275,776.17
2. Plant Delivery Fee	TTGI Manpower Fees for Direct delivery from TTGI tanks to the plants	\$/Operator-hr Operators hrs/day	\$38.00 4 12	\$665,760.00	\$665,760.00	\$665,760.00
	Average Cost	\$/yr	\$665,760.00	\$665,760.00	\$665,760.00	\$1,997,280.00
3. Bunkering Fee	RFO delivered (Net)	bbl/shipment shipment/yr	3000 24	\$302,400.00	\$302,400.00	\$302,400.00
	(PL fee from tanks to navy tie-in)	\$/bbl \$/yr	\$4.20 \$302,400.00	\$302,400.00	\$302,400.00	\$907,200.00
SUB-TOTAL			\$2,901,980.14	\$2,812,469.67	\$2,243,936.17	\$2,243,936.17
	OVER-ALL COST:		\$3,468,330.48	\$3,378,820.01	\$2,810,286.51	\$2,810,286.51
	POTENTIAL SAVINGS:			3%	19%	19%
						\$8,999,393.02

*Tank Lease Fee:

Sep-22 to Aug2023	Storage Capacity	Storage Fee	
		\$/month	\$/yr
Tk1903	278,500	106,314.68	\$1,275,776.17
Tk1910	37,536	14,329.00	\$171,948.06
Tk1911	38,511	14,701.20	\$176,414.42
Tk1928	29,461	11,246.45	\$134,957.42
Tk1931	18,602	7,101.13	\$85,213.60
Total	402,610	\$153,692.47	\$1,844,309.67

Savings (Tank Lease Fee): 5%

Sep-23 to Aug2024	Storage Capacity	Storage Fee	
		\$/month	\$/yr
Tk1903	278,500	106,314.68	\$1,275,776.17
Tk1910		0.00	\$0.00
Tk1911		0.00	\$0.00
Tk1928		0.00	\$0.00
Tk1931		0.00	\$0.00
Total	278,500	\$106,314.68	\$1,275,776.17

Savings (Tank Lease Fee): 34%

Sep-24 to Aug2025	Storage Capacity	Storage Fee	
		\$/month	\$/yr
Tk1903	278,500	106,314.68	\$1,275,776.17
Tk1910		0.00	\$0.00
Tk1911		0.00	\$0.00
Tk1928		0.00	\$0.00
Tk1931		0.00	\$0.00
Total	278,500	\$106,314.68	\$1,275,776.17

Savings (Tank Lease Fee): 34%

Exhibit B

TRISTAR AGREEMENTS - Fee Comparison

Fee Schedule		Initial Contract 5 Years Sep2013-Aug2018	Contract Extn 4 Years Sep2018-Aug2022	Contract Extn 3 Years Sep2022-Aug2025	Variance/Remarks	
A. Pipeline Agreement						
1. Pipeline Rental Fee					(Pipeline from Dock to Navy tie-in)	
<u>5-Year Agreement</u>						
	Sep 2013- Aug 2014	\$/yr	\$418,182.53			
	Sep 2014- Aug 2015	\$/yr	\$433,709.83			4% Increase
	Sep 2015- Aug 2016	\$/yr	\$449,858.22			4% Increase
	Sep 2016- Aug 2017	\$/yr	\$466,652.55			4% Increase
	Sep 2017- Aug 2018	\$/yr	\$484,118.65			4% Increase
<u>4-Year Extension</u>						
	Sep 2018- Aug 2019	\$/yr		\$503,483.39		4% Increase
	Sep 2019- Aug 2020	\$/yr		\$523,622.72		4% Increase
	Sep 2020- Aug 2021	\$/yr		\$544,567.63		4% Increase
	Sep 2021- Aug 2022	\$/yr		\$566,350.34		4% Increase
<u>3-Year Extension</u>						
	Sep 2022- Aug 2023	\$/yr		\$566,350.34	No change	0% Increase
	Sep 2023- Aug 2024	\$/yr		\$566,350.34	No change	0% Increase
	Sep 2024- Aug 2025	\$/yr		\$566,350.34	No change	0% Increase
B. Storage Agreement						
1. Lease Fees						
<u>5-Year Agreement</u>						Contract Capacity (bbls) 422,150
	Sep 2013- Aug 2014	\$/yr	\$1,413,023.47			
	Sep 2014- Aug 2015	\$/yr	\$1,469,544.41			4% Increase
	Sep 2015- Aug 2016	\$/yr	\$1,528,326.18			4% Increase
	Sep 2016- Aug 2017	\$/yr	\$1,589,459.23			4% Increase
	Sep 2017- Aug 2018	\$/yr	\$1,653,037.60			4% Increase
<u>4-Year Extension</u>						Contract Capacity (bbls) 422,150
	Sep 2018- Aug 2019	\$/yr		\$1,719,159.06		4% Increase
	Sep 2019- Aug 2020	\$/yr		\$1,787,925.42		4% Increase
	Sep 2020- Aug 2021	\$/yr		\$1,859,442.44		4% Increase
	Sep 2021- Aug 2022	\$/yr		\$1,933,820.14		4% Increase
<u>3-Year Extension</u>						
	Sep 2022- Aug 2023	\$/yr		\$1,933,820.14	No change	0% Increase
	Sep 2023- Aug 2024	\$/yr		\$1,933,820.14	No change	0% Increase
	Sep 2024- Aug 2025	\$/yr		\$1,933,820.14	No change	0% Increase
2. Plant delivery Fee						
	TTGI Manpower Fees	\$/Optr-hr		\$38.00	\$38.00	No change 0% Increase
3. Bunkering Fee						
	(P/L Fee from storage to navy tie-in) (RFO delivered-Net)	\$/bbl	\$4.20	\$4.20	\$4.20	No change 0% Increase