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*Attorney for Guam Power Authority*

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF:**

**GPA DOCKET NO. 25-08**

**GUAM POWER AUTHORITY'S UREA  
SUPPLY CONTRACT**

**PETITION OF THE GUAM POWER  
FOR APPROVAL OF ADDITIONAL  
PROJECTED COSTS OF UREA SUPPLY  
CONTRACT**

The Guam Power Authority (GPA) hereby files its Petition for the Public Utilities Commission of Guam (PUC) to review and approve GPA's request to increase the contract for urea to up to \$4.8 million.

**I. Background**

Urea is used for emission controls in diesel power plants. Such plants cannot operate in compliance with their environmental permits without urea. The absence of urea will cause the plants to be shut down.

GPA entered into a contract with the sole bidder, Pacific Petroleum Trading Company (PPTC), in April 2022 under IFB GPA-022-22 for the supply of urea to the Yigo Diesel units. The contract has a base term of three years with two optional one-year extensions. The three-year base

## II. Request for Approval

The PUC contract review protocol requires PUC authorization for all contracts in excess of \$1.5 million. GPA's contract with PPTC for urea will imminently reach that threshold. In addition, funding for urea falls under the LEAC clause. Thus, the PUC's involvement is required.

The Consolidated Commission on Utilities recently increased the General Manager's obligating authority to \$1.5 million.<sup>2</sup> *See* Ex. B (CCU Resolution No. FY2025-07 (Jan. 28, 2025)). GPA's spending on urea will exceed that amount later this month, because projected spending on urea to the end of February 2025 is estimated to be \$1,514,752. By the end of FY2025, projected spending on urea is estimated to reach \$2,885,001. By the end of FY2026, projected spending on urea is estimated to reach \$4,842,501. Because the General Manager can spend only up to \$1.5 million without the PUC's approval, GPA requires the PUC to approve an additional \$3,342,501 in the cost of the contract (\$4,842,501 – \$1,500,000).

Attachment III to Exhibit A shows that GPA has negotiated a favorable price reduction for the urea; in return, GPA must exercise its options to extend the contract. To meet the needs of the diesel plants, GPA will need to extend the contract in any event. The price reduction in exchange for a needed extension shows that the contract is reasonable.

The Yigo diesels and the Aggreko units cannot operate in compliance with environmental law without urea. It is a necessary component of their operations, as well as a prudent means to ensure environmental compliance.

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<sup>2</sup> Even if the CCU had not increased the General Manager's obligating authority, the CCU in its resolution for the urea contract authorizes increasing the urea contract to a total of \$1.5 million. *See* Ex. A at 2, *II* 1-3.



**CONSOLIDATED COMMISSION ON UTILITIES**  
Guam Power Authority | Guam Waterworks Authority  
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**GPA RESOLUTION NO. FY2025-10**

**RESOLUTION RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY  
TO INCREASE THE UREA SUPPLY CONTRACT**

**WHEREAS**, Guam Power Authority (GPA) issued Invitation for Bid No. GPA-022-22 on February 10, 2022 for Diesel Exhaust Fluid/UREA ("UREA") supply contract for a base term of three years with two optional one-year extensions for Yigo Diesel Power Plant; and

**WHEREAS**, Pacific Petroleum Trading Corporation, the sole bidder, was awarded the contract in April 2022 and is currently in the third year of the base term which ends on May 1, 2025; and

**WHEREAS**, GPA contracted with Aggreko for installation and operation of 20MW of diesel unit capacity for a two-year term to support the GPA grid due to the deterioration of generation capacity, increased loads and the delay of the Ukudu Power Plant commissioning; and

**WHEREAS**, as part of the Aggreko contract GPA was to supply UREA required to support the emissions controls for these units which commenced in July 2024; and

**WHEREAS**, the Yigo Diesel and Aggreko units cannot operate without UREA to comply with their environmental permit; and

**WHEREAS**, UREA consumption has increased substantially due to increased operations of the Aggreko units beginning July 2024; and

**WHEREAS**, GPA intends to execute the two one-year extensions option for the UREA supply contract to support the Aggreko operations through July 2026, end of contract term; and

**WHEREAS**, the cost for additional supply to support the Aggreko through July 2026 will exceed the GM's authority based on a 12-18 hour daily operation of these units; and

**WHEREAS**, funding for urea is provided under the Levelized Energy Adjustment Clause (LEAC); and

**WHEREAS**, GPA seeks approval to increase the contract above the General Manager's authority to \$1.5M and to petition the Guam Public Utilities Commission to approve total projected costs of \$ 3,342,501 for a projected contract total of \$4,842,501 through the extension year ending May 1, 2027; and

**NOW, THEREFORE BE IT RESOLVED**, the following policy is adopted by the Consolidated Commission on Utilities;

**EXHIBIT A**



# CONSOLIDATED COMMISSION ON UTILITIES

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## CCU Resolution No. FY 2025-10 ATTACHMENT 1

### Diesel Exhaust Fluid/UREA Contract Summary & Projections

#### Actual & Projected Costs

Month	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Oct		\$ 15,877	\$ -	\$ 194,576	\$ 195,750	\$ -	\$ 406,202
Nov		\$ -	\$ -	\$ 193,813	\$ 195,750	\$ -	\$ 389,563
Dec		\$ 16,020	\$ -	\$ 194,886	\$ 195,750	\$ -	\$ 406,656
Jan		\$ -	\$ 23,348	\$ 195,750	\$ 195,750	\$ -	\$ 414,848
Feb		\$ 16,345	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 407,845
Mar		\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Apr		\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
May	\$ -	\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Jun	\$ -	\$ -	\$ -	\$ 195,750	\$ 195,750	\$ -	\$ 391,500
Jul	\$ -	\$ -	\$ 69,831	\$ 195,750	\$ 195,750	\$ -	\$ 461,331
Aug	\$ -	\$ -	\$ 146,058	\$ 195,750	\$ -	\$ -	\$ 341,808
Sep	\$ 131,909	\$ -	\$ 120,589	\$ 195,750	\$ -	\$ -	\$ 448,248
<b>Total</b>	<b>\$ 131,909</b>	<b>\$ 48,242</b>	<b>\$ 359,826</b>	<b>\$ 2,345,024</b>	<b>\$ 1,957,500</b>	<b>\$ -</b>	<b>\$ 4,842,501</b>
<b>Running Total</b>	<b>\$ 131,909</b>	<b>\$ 180,151</b>	<b>\$ 539,977</b>	<b>\$ 2,885,001</b>	<b>\$ 4,842,501</b>	<b>\$ 4,842,501</b>	

#### Actual & Projected Quantities (Liters)

Month	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Oct		17,839	-	144,130	145,000	-	306,969
Nov		-	-	143,565	145,000	-	288,565
Dec		18,000	-	144,360	145,000	-	307,360
Jan		-	17,295	145,000	145,000	-	307,295
Feb		18,365	-	145,000	145,000	-	308,365
Mar		-	-	145,000	145,000	-	290,000
Apr		-	-	145,000	145,000	-	290,000
May	-	-	-	145,000	145,000	-	290,000
Jun	-	-	-	145,000	145,000	-	290,000
Jul	-	-	51,727	145,000	145,000	-	341,727
Aug	-	-	108,191	145,000	-	-	253,191
Sep	148,212	-	89,325	145,000	-	-	382,537
<b>Total</b>	<b>148,212</b>	<b>54,204</b>	<b>266,538</b>	<b>1,737,055</b>	<b>1,450,000</b>	<b>-</b>	<b>3,656,009</b>


CCU Resolution No. FY2025-10 Relative to Authorizing Guam Power Authority to Increase Urea Supply Contract

ATTACHMENT II

In view of the attached analysis and approval from the Evaluation Committee, I recommend that Pacific Petroleum Trading Corporation be awarded in the total amount of \$192,907.50 as being a responsive, and responsible bidder.

Should you have any questions, I can be reached at Ext. 3050.

  
Josephina T. Naputi

CONCURRED BY  
  
for JAMIE LYNN C. PANGELINAN Date 04/12/2022  
Supply Management Administrator

APPROVED BY  
  
for JOHN M. BENAVENTE, P.E. Date 4/13/2022  
General Manager

ATTACHMENT III CCU Resolution No. FY2025-10

PACIFIC PETROLEUM TRADING CORP.  
#220 Harmon Industrial Park Road  
Harmon, Guam 96913  
Tel: (671) 646-5248 Fax (671) 646-4388



Thank you for your understanding and cooperation.

Prepared by:

*Andrew Park*

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Pacific Petroleum Trading Corp.



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**WHEREAS**, the \$1,500,000.00 threshold will not alter or diminish the current statutory requirements of any applicable notification to the Guam Attorney General's Office and/or PUC approval; *now, therefore, be it*

**RESOLVED**, by the Consolidated Commission on Utilities, the governing body of the Guam Power Authority;

**RESOLVED**, the recitals set forth above hereby constitute the findings of the CCU;

**RESOLVED**, after careful consideration of existing policies and best practices, the Consolidated Commission on Utilities finds that authorizing the General Manager of the Guam Power Authority to obligate the Authority up to and including the amount of \$1,500,000.00 is reasonable and prudent;

**RESOLVED**, the General Manager of GPA is hereby authorized an increase in obligating authority up to and including \$1,500,000.00 without further CCU approval; and

**RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the Commission attests to the adoption of this resolution.

**DULY AND REGULARLY ADOPTED** at Mangilao, Guam, this 28<sup>th</sup> day of January 2025.

Certified by:

Francis E. Santos  
CHAIRPERSON

Attested by:

Melvin F. Duenas  
SECRETARY

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

**PETITION FOR APPROVAL OF )  
CONTRACT INCREASE FOR UREA )  
SUPPLY WITH PACIFIC )  
PETROLEUM TRADING COMPANY )  
BY THE GUAM POWER AUTHORITY )**

**GPA DOCKET 25-08**

**ORDER**



**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the February 12, 2025 Petition for Approval of Contract Increase for Urea Supply with Pacific Petroleum Trading Company (“Pacific Petroleum”), filed by the Guam Power Authority (“GPA”), and referred to hereinafter as the “Petition.”

On February 26, 2025, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

**DETERMINATIONS**

Back in 2022, GPA issued an Invitation for Bid for the supply of diesel exhaust fluid/urea and consequently selected and entered into a contract with Pacific Petroleum.<sup>1</sup> The contract provides a base term of three years with two optional one-year extensions.<sup>2</sup> Pursuant to the agreement, the three-year base term terminates on May 1, 2025; with the first extension the optional term ending on May 1, 2026; and the second extension ending on May 1, 2027.<sup>3</sup>

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<sup>1</sup> Petition, “Exhibit A” (CCU Resolution FY2025-10), p. 1 (Jan. 28, 2025).

<sup>2</sup> Resolution FY2025-10, p. 1.

<sup>3</sup> Resolution FY2025-10, p. 1.

In March 2024, GPA entered into a contract with Aggreko to install and operate a temporary power plant to provide an additional 20MW capacity to support the GPA's grid until the Ukudu power plant comes online.<sup>4</sup> Pursuant to its contract with Aggreko, GPA agreed to supply the urea that Aggreko needs for emission controls.<sup>5</sup>

On January 28, 2025, the Consolidated Commission on Utilities (the "CCU") found that urea consumption increased substantially due to the increased operations of the Aggreko units.<sup>6</sup> Accordingly, the CCU authorized GPA to expend a total of \$4,842,501 for the entire life of the contract.<sup>7</sup>

**A. Contract Review Protocol**

Pursuant to 12 G.C.A. §12105, GPA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. Furthermore, GPA's Contract Review Protocol requires that "[a]ll professional service procurements in excess of \$1,500,000" require "prior PUC approval . . . which shall be obtained before the procurement process is begun."<sup>8</sup> In this instance, GPA anticipates that the subject contract will reach and exceed the threshold provided under the Contract Review Protocol.

**B. Pacific Petroleum Purchases for Urea**

In the Petition, GPA submitted that since March of last year, it has contracted with Aggreko to operate a temporary power plant that provides an additional 20MW capacity to

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<sup>4</sup> Resolution FY2025-10, p. 1.

<sup>5</sup> Resolution FY2025-10, p. 1.

<sup>6</sup> Resolution FY2025-10, p. 1.

<sup>7</sup> Resolution FY2025-10, p. 1.

<sup>8</sup> GPA's Contract Review Protocol, Administrative Docket 00-04, p. 1 (Feb. 15, 2008) (emphasis in original).

support the power grid until the Ukudu power plant comes online.<sup>9</sup> According to GPA, GPA agreed to supply Aggreko with the urea required to control emissions for power generation.<sup>10</sup> As a result, GPA has been purchasing what it deems “substantially greater quantities” of urea than originally budgeted when it entered into its contract with Pacific Petroleum. Accordingly, GPA now needs to increase its budget to purchase urea.

According to GPA, the cost for the purchase of urea will exceed \$1,514,752 by the end of this month.<sup>11</sup> In fact, GPA projects that by the end of FY2025, the costs associated with the purchase of urea will reach \$2,885,001; and \$4,842,501 by the end of FY2026.<sup>12</sup> In response to the Request for Information issued by the Administrative Law Judge, however, GPA submitted that for the final three years of the contract, GPA and Pacific Petroleum were able to reduce the cost from \$1.95 per gallon to \$1.35 per gallon for the third contract term; \$2.90 per gallon to \$1.35 per gallon for the first option year; and \$2.90 per gallon to \$1.35 per gallon for the last option year.

Urea, a diesel exhaust fluid, is primarily used to reduce emission from diesel engines “[b]y converting harmful NOx emissions into harmless nitrogen and water vapor.”<sup>13</sup> Urea not only improves air quality, it “can also help to improve the performance of diesel engines.”<sup>14</sup> GPA submitted that the Yigo diesel plants and the Aggreko units

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<sup>9</sup> Petition, p. 2.

<sup>10</sup> Petition, p. 2.

<sup>11</sup> Petition, p. 2.

<sup>12</sup> Petition, p. 3.

<sup>13</sup> “How Diesel Exhaust Fluid Works to Reduce Emissions”, Fuelfixer, found at <https://www.fuelfixer.co.uk/2023/04/how-diesel-exhaust-fluid-reduces-emissions/#:~:text=By%20converting%20harmful%20NOx%20emissions,the%20performance%20of%20diesel%20engines>.

<sup>14</sup> “How Diesel Exhaust Fluid Works to Reduce Emissions”, Fuelfixer, found at <https://www.fuelfixer.co.uk/2023/04/how-diesel-exhaust-fluid-reduces-emissions/#:~:text=By%20converting%20harmful%20NOx%20emissions,the%20performance%20of%20diesel%20engines>.

cannot “operate in compliance with environmental law without urea” and that it is therefore a “necessary component of their operations.”<sup>15</sup>

### **CONCLUSION AND RECOMMENDATION**

As indicated in the Petition, the ALJ found that urea is used to lessen the health and environmental impact of emissions in diesel power plants. Without the use of urea, there is risk of certain environmental impacts, as well as the potential of failing required environmental emissions standards. In sum, the Yigo diesel plants and the Aggreko units cannot “operate in compliance with environmental law without urea” and it is therefore a “necessary component of their operations.”<sup>16</sup> In addition, the ALJ further found that the reduction of the pricing for the final three years of the contract benefits ratepayers since GPA must purchase urea for these diesel units.

Based on the record in this docket, and for the other reasons set forth herein, the ALJ recommended that the PUC approve GPA’s Petition. Accordingly, GPA should be authorized to expend a total of \$4,842,501 for the purchase of urea from Pacific Petroleum, which includes expenditures already made and expenditures anticipated through Fiscal Year 2026.

The Commission hereby adopts the findings in the February 26, 2025 ALJ Report and therefore issues the following.

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emissions/#:~:text=By%20converting%20harmful%20NOx%20emissions,the%20performance%20of%20diesel%20engines.

<sup>15</sup> Petition, p. 3.

<sup>16</sup> Petition, p. 3.

### **ORDERING PROVISIONS**

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That the instant Petition is hereby APPROVED.
2. That GPA is authorized to expend a total of \$4,842,501 for the purchase of urea from Pacific Petroleum Trading Company, which includes expenditures already made and expenditures anticipated through Fiscal Year 2026.
3. GPA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

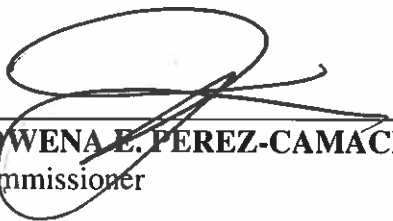
[SIGNATURES TO FOLLOW ON NEXT PAGE]

**SO ORDERED** this 27<sup>th</sup> day of February, 2025.

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**JEFFREY C. JOHNSON**  
Chairman

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**ROWENA E. PEREZ-CAMACHO**  
Commissioner

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**JOSEPH M. MCDONALD**  
Commissioner

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**MICHAEL A. PANGELINAN**  
Commissioner

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**PETER MONTINOLA**  
Commissioner

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**DORIS FLORES BROOKS**  
Commissioner

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