

**Multi-Step Bid**

**No. GPA-048-09**

**PERFORMANCE MANAGEMENT CONTRACT**

**FOR THE**

**GUAM POWER AUTHORITY  
FUEL BULK STORAGE FACILITY**



**Volume II**

**Technical & Functional Requirements**

**JULY 2009**

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**1. Introduction**

This document describes the functional and technical requirements of the Performance Management Contract for the Fuel Bulk Storage Facility and Pipelines. It establishes the rules of engagement and delineates the responsibilities between the Guam Power Authority (GPA) and the Performance Management Contractor (PMC or CONTRACTOR).

## **2. Financing**

### **2.1. Performance Management Contractor Financing Responsibilities**

#### **2.1.1. Capital and Expense Funding**

Guam Power Authority (GPA) may from time to time negotiate with the PMC for short-term debt financing for necessary capital or expense expenditures. This participation may include direct loans and/or indirect involvement through guarantees or some other form of participation.

GPA includes the scoring of this option in the qualitative portion of the Proposal review.

#### **2.1.2. Working Capital**

The PMC shall have sufficient working capital to support its cash flow requirements including any cash flow requirements associated with its operations and maintenance (O&M) procurement responsibilities as defined elsewhere. The minimum working capital acceptable during each contract period shall be no less than 50% of the agreed combined Annual O&M and CIP budgets for the respective period. The PMC is responsible to fund all expenditures for operations, maintenance, and capital improvements and will be reimbursed by the Authority upon the successful documentation of such expenditures.

#### **2.1.3. Document the Management of Operations and Maintenance**

The PMC shall optimally manage the O&M spending not to exceed the authorized budget amount for each contract year. The PMC shall provide appropriate justifications and auditable records of all O&M procurement activities.

#### **2.1.4. Performance Management Contractor Expenses**

All PMC direct and indirect expenses and taxes, including all PMC employees related expenses and taxes are the sole responsibility of the PMC.

The PMC shall also be responsible and shall pay for all charges from gas, electricity, light, power and other services used, rendered or supplied upon or in connection with the continuous operations and maintenance of the fuel bulk storage facility and pipelines.

### **2.2. Guam Power Authority Financing Responsibilities**

#### **2.2.1. Guam Power Authority Capital and Expense Funding Intent**

GPA intends to totally fund all capital and O&M expenditures, but reserves the option to seek funding assistance from the PMC. In the event that the PMC provides funding assistance, the PMC and GPA shall negotiate a mutually acceptable compensation structure.

GPA desires that the Effective Annual Percentage Rate shall be based on London Interbank Offered Rate (LIBOR) with additional 1%.

**2.2.2. Reimbursement of Contractor for Procurement of O&M Materials and Contracts**

GPA will make timely reimbursements to the PMC for the expenses incurred by the PMC in conjunction with the PMC's O&M procurement responsibilities. The PMC shall include invoices, certifications, receipts, and proof of payment and delivery on site of materials and services in order to be entitled for reimbursable compensation. The PMC shall invoice GPA for these expenses no more than once monthly. Cost-plus reimbursement is not allowed. The PMC should not charge fees for these responsibilities.

**2.2.3. Reimbursement of Contractor for Capital Improvement Projects (CIP)**

Payments for Capital Improvement Projects (CIPs) will be made on a reimbursable basis. GPA will make timely reimbursements to the PMC for actual cost and a charge for administration, finance fees and interest not to exceed five percent (5%) cumulatively of the actual project cost. Payments shall not exceed the amounts agreed to and approved by GPA and the PMC or as otherwise agreed to by the parties through a change order. The PMC shall invoice GPA for progress payments for work completed upon such PIP or CIP no more than once monthly.

### **3. Budget**

#### **3.1. Performance Management Contractor Budget Responsibilities**

##### **3.1.1. Optimize Spending Within Authorized Limits**

The PMC shall optimize O&M spending for each contract year within authorized limits.

Any O&M Spending above the authorized spending limit is subject to GPA's review and approval, and may be reimbursed by GPA only up to 50% of the unauthorized cost. The rest shall be shouldered by the PMC.

The PMC shall report spending above O&M budget to GPA monthly and at the end of each contract year. The report shall include details such as justifications, overtime work details and related information.

##### **3.1.2. Historical Data**

The PMC shall track all O&M costs based on Expenses by Object Code. The format shall be agreed upon by the PMC and GPA's Finance Department within 30 days after commencement of the contract. The PMC shall track O&M expenses against the GPA approved budget and submit data to GPA monthly and at the end of each contract year.

##### **3.1.3. Three-year Facility Budget**

The PMC will prepare and submit to GPA a three-year Fuel Bulk Storage Facility and Pipelines budget beginning with the next fiscal year by March 31 of each contract year. GPA shall review and negotiate the next fiscal year budget with the PMC by June 30 of each contract year.

#### **3.2. Guam Power Authority Budget Responsibilities**

##### **3.2.1. Budget Approval**

GPA shall authorize the proposed O&M spending budgets for each contract year by the PMC. GPA reserves the right to negotiate bid amounts prior to contract commencement. The negotiated amounts shall establish the maximum spending limit for O&M expenses.

##### **3.2.2. Three-year Facility Budget**

The PMC will prepare and submit to GPA a three-year Fuel Bulk Storage Facility and Pipelines budget beginning with the next fiscal year by March 31 of each contract year. GPA shall review and negotiate the next fiscal year budget with the PMC by June 30 of each contract year.

#### **4. Staffing**

##### **4.1. Performance Management PMC Staffing Level**

###### **4.1.1. PMC Management and Administration**

The PMC shall provide appropriate staffing levels to provide the following:

- Overall GPA Fuel Bulk Storage Facility Management
- Resident Technical Expertise for Fuel bulk storage facility operation and maintenance
- Procurement Oversight
- Engineering
- and administrative support as necessary

These employees, with the exception of administrative support, must have seven (7) or more years of progressive experience in the business of Petroleum Management, with a minimum of five (5) years expertise in Fuel Bulk Storage Facility Management, operation and maintenance and must possess valid certifications.

The PMC shall provide an organizational chart and detailed position descriptions in the bid package for inclusion in the Qualitative Scoring evaluation.

###### **4.1.2. PMC Operations and Maintenance Personnel**

The PMC shall provide at least two (2) qualified and trained personnel to deliver all fuel oil required to all of GPA-owned and contracted power plants at any time the power plants require fuel oil.

The PMC shall provide all personnel required to safely, efficiently and legally receive all vessel shipments and conduct delivery of fuel oil required to provide the needs described above and maintain minimum inventory necessary for the assurance of fuel oil supply in all cases.

###### **4.1.3. Security**

The PMC shall provide uniformed security forces from an accredited agency to patrol and safeguard the fuel facility premises on a twenty-four (24) hours, seven (7) days a week basis, as part of their expenses.

##### **4.2. Safety Compliance Personnel**

The PMC is responsible for confined / enclosed space issues as defined by OSHA/GOSHA. The PMC will not rely on GPA for these type of services unless in the case of an emergency.

The PMC shall allow GPA Safety Division Inspectors to conduct periodic scheduled and unscheduled facilities inspections to detect potential hazards so that proper remediation activities

can be implemented. All safety equipment and test procedures shall be reviewed and approved by GPA Safety Division. GPA Safety Division Inspectors shall document and forward all inspection results through GPA and the PMC chain of command. The PMC shall be responsible to properly address and make correction to discrepancies as noted by the GPA Safety Division Inspectors.

#### **4.3. Planning & Regulatory / Environmental Compliance Personnel**

The PMC is responsible for ensuring compliance with Environmental rules, regulations and permits.

The PMC shall allow GPA Planning & Regulatory Division (P&R) to conduct periodic scheduled and unscheduled facilities inspections to detect potential hazards so that proper remediation activities can be implemented. GPA P&R shall document and forward all inspection results through GPA and the PMC chain of command. The PMC shall be responsible to properly address and make correction to discrepancies as noted.

#### **4.4. PMC Employees, Consultants and Subcontractors**

##### **4.4.1. PMC Employees and Consultants**

The PMC may, at any time, in consultation with GPA, have PMC Employees and/or consultants perform functions, duties, and responsibilities at the Fuel Bulk Storage Facility and Pipelines as PMC determines in accordance with the scope of this contract. Reimbursement for salaries and benefits shall be based on the rates approved by GPA. Reimbursement shall only be for the period the PMC hired Employees/Consultants are employed and performing work up to the termination date of their employment/contract with PMC.

##### **4.4.2. Subcontractors**

Nothing contained in the contract documents shall be construed as creating any contractual relationship between any subcontractor and GPA. The diffusion or sections of the specifications are not intended to control the PMC in dividing the work among subcontractors or to limit the work performed by any trade.

- a) The Contractor shall be fully responsible to the Owner for the acts and omissions of subcontractors and of persons employed by them, as he is for the acts and omissions of persons directly employed by him.
- b) The Contractor shall be responsible for the coordination of the subcontractors engaged in his work.
- c) The Owner will not undertake to settle any differences between the Contractor and his subcontractors or between subcontractors.
- d) The Contractor shall cause appropriate provisions to be inserted in all subcontracts relative to the work including waiver of mechanics liens to bind subcontractors by the terms of the contract documents insofar as applicable to the work of subcontractors and to give the Owner any exercise over the Contractor under any provisions of the contract documents.

## **5. Training and Qualifications**

The PMC shall be responsible for all training and associated costs necessary to perform contract obligation, adhere to OSHA or GOSHA requirements. Initial and follow-up or refresher trainings for operations, maintenance and safety, as well as applicable certifications, are the responsibility of the PMC for their personnel.

The PMC shall submit the qualifications and training documents for these personnel to GPA. The PMC shall include estimated training costs in their O&M price proposal for GPA's consideration and approval.

## **6. Operations and Maintenance**

### **6.1. PMC Operations and Maintenance Responsibilities**

The PMC shall manage, operate and maintain the Fuel Bulk Storage Facility and pipelines within the physical boundary of the facility, including the transfer pumps, cathodic protection systems, leak detection systems and other appurtenances in good, safe and operating condition. This includes the scheduling and planning of all activities in the Fuel Bulk Storage Facility and Pipelines, such as, but not limited to fuel transfer, fuel inventory monitoring and preventive maintenance.

The PMC shall also manage, operate and maintain the fuel supply lines from the Fuel Bulk Storage Facility to the different plants. The PMC is responsible for all requirements, such as but not limited to permits and clearances, necessary for performing operations and maintenance activities on these pipelines including the sections outside of the Fuel Farm Bulk Storage Facility. Activities and expenses corresponding to any oil spills or major repair expenses for these pipelines shall be the responsibility of the PMC.

The PMC shall maintain an Operations and Maintenance Management System to effectively manage and operate the Fuel Storage Facility and Pipelines. This responsibility includes the creation, modification and updating of Standard Operating Procedures, Schedules and other documents supporting operations of the fuel bulk storage facility and pipelines.

The PMC is encouraged to utilize the GPA Computerized Maintenance Management System (CMMS). Access and use of the CMMS can be coordinated with GPA IT Division upon contract commencement.

#### **6.1.1. Fuel Transfer**

##### **6.1.1.1. Create and Implement Improved Fuel Transfer Procedures**

The PMC will be required to create, develop or improve fuel transfer procedures and utilize best-in-class aspects of planning, managing, controlling and financial management of fuel transfers. Successful planning will result in improved performance. The PMC shall work with the Authority's Generation Division to enhance the procedures.

The PMC shall ensure that these procedures are implemented properly, and this responsibility shall be evaluated in the evaluation of their performance.

GPA representatives will be allowed to check the proper implementation of these procedures.

##### **6.1.1.2. Optimize Fuel Transfer Scheduling and Planning**

The PMC will be responsible for the fuel transfer operations, and should ensure that all activities are done safely, efficiently and effectively. The PMC will be required to manage activities to the schedule mutually agreed upon by GPA and the PMC.

The PMC shall exercise the best possible options to minimize disruptions in fuel delivery. Should there be fuel delivery disruptions it will be the responsibility of the PMC to inform and seek approval from GPA. The PMC will be primarily responsible for planning the outage but may ask for and shall receive input from knowledgeable GPA personnel.

#### **6.1.1.3. Fuel Transfer Communications**

The PMC shall coordinate with the dispatcher of the off-site bulk storage facility to schedule and oversee deliveries of fuel from the GPA-leased tanks to the power plants.

The PMC shall coordinate with the Cabras 1 & 2 Shift Supervisor to schedule fuel deliveries at the convenience of the power plants. GPA shall provide the fuel transfer standard operating procedure as a guide for the PMC regarding Fuel Transfers. This shall be updated by the PMC together with GPA annually or as needed.

#### **6.1.2. Fuel Inventory**

##### **6.1.2.1. Fuel Inventory Monitoring**

The PMC shall determine the quantity of fuel oil on a daily basis. This shall include, but is not limited to, the Beginning (or Opening) and Ending Inventories, and the Issuance and Receipts for each individual tanks. All quantity determinations shall be corrected to standard 60°F in accordance with ASTM-IP Petroleum Measurement Tables, Table 6B.

##### **6.1.2.2. Fuel Inventory Reporting**

The PMC shall submit a mandatory daily, weekly, monthly and annual inventory report. Daily reports must be submitted within the workday. Weekly reports shall be submitted no later than the first day of the following the end of each report week. Monthly and Annual Reports must be submitted no later than five (5) working days after the end of each report month. Reports shall be submitted promptly to the following:

- Generation Division
- Finance Division (Plant Accounting)
- Planning and Regulatory Division
- SPORD

##### **6.1.2.3. Fuel Inventory Loss**

The PMC shall be responsible for any cost resulting from any direct damages due to loss in fuel quantity caused by the negligence of the PMC.

### **6.1.3. Installation of Fuel Meters (as a CIP)**

The PMC shall be responsible for the supply and installation of fuel oil meters and necessary appurtenances at the intake and discharge of storage tank no. 1934 and 1935, including certification and calibration. Fuel Oil Strainers should also be installed before the meter.

The PMC shall install a meter at the intake of the diesel fuel storage tank for Cabras Units 1 & 2, including calibration and certification. Transmitters and monitors, which shall be located at the control room, shall also be included.

The PMC shall also replace damaged meters (two each) for Cabras Units 3&4 located on the intake of the storage (day) tanks. Meters shall be similar to Cabras Units 1&2 meters. Fuel strainers shall also be installed before the meter.

This CIP shall also include the recalibration and recertification of all meters, including all required labor, supervision, tools and equipment necessary.

All meter specifications shall be provided by a certified professional engineer licensed to do business in the Territory of Guam. The professional engineer shall certify in writing that the meters provided are the right size and type required for the application. The professional engineer shall ensure that adequate protections are installed to protect the meters and the exiting system. He shall also certify that the meters provided and the installation of equipment complies with applicable codes and standards. As-built drawings certified by the professional engineer shall be provided by the PMC.

The activity is intended to be a Capital Improvement Project, and is expected to be completed within the first contract year. Please refer to Schedules B and C for the facility lay-out and refueling diagram.

### **6.1.4. Calibration of Fuel Oil Meters for Various Power Plants**

The PMC shall be responsible for the annual calibration of new and existing fuel oil meters under the PMC's management. The PMC shall provide labor, supervision, tools and equipment to recalibrate and recertify all the meters annually.

GPA may also consider requiring the PMC to calibrate the meters for the various power plants, as a reimbursable cost (not to be included in the O&M Budget):

- Cabras Power Plant Units #1&2
- Cabras Power Plant Units #3&4
- MEC Power Plant Units #8&9
- Tanguisson Steam Power Plant Units 1&2
- Dededo CT Power Plant Units 1&2
- Macheche CT Power Plant
- Yigo CT Power Plant

- Marbo CT Power Plant
- Tenjo Diesel Power Plant Units #1,2,3,4,5,6
- Dededo Diesel Power Plant Units #1,2,3,4
- Manengggon Diesel Power Plant Units #1&2
- Talofoto Diesel Power Plant Units #1&2

#### **6.1.5. Fuel Measurement Variances Evaluation**

GPA has set a Fuel Measurement Variance Percentage Target of 0.25% in order to reduce costs associated with variances in the measurement of fuel received, fuel delivered and fuel inventory.

This target shall be applied after the completion of fuel meter installation and calibration, and the Fuel Measurement Variances Evaluation.

##### **6.1.5.1. Initial Analysis**

The PMC shall complete the installation and calibration of fuel meters within the first contract year.

After the installation and calibration of fuel meters, GPA and the PMC shall conduct an analysis of Fuel Measurement Variances within the Fuel Bulk Storage Facility and Pipelines. Among the items to be evaluated are the methods for measuring inventory, recording and calculation of beginning inventory, fuel issuance, fuel receipts and ending inventory, integrity of the tanks and pipelines, and other items relevant to fuel inventory and variances in measurement of fuel inventory, fuel delivery and fuel receipts.

Upon completion of analysis, GPA and the PMC shall determine corrective measures to address the reduction of current fuel inventory variance percentage, to meet or approach targets. These corrective measures shall be implemented and evaluated for effectiveness.

The target may be re-examined after the evaluation period and implementation of the corrective measures are completed.

##### **6.1.5.2. Implementation and Evaluation Period**

The Fuel Measurement Variance Percentage Target and corresponding evaluation shall be implemented after GPA and the PMC completes the activities as specified in step 6.1.5.1. Evaluation shall be done every six months.

The PMC is expected to establish methods to ensure that the variance meets the target throughout the contract period. Evaluation shall be done every six months, and compliance with the target shall be a factor for considering the extension of the contract.

### **6.1.5.3. Penalties**

Whenever the variance exceeds the target, the PMC shall perform analysis to determine the cause of this variance. GPA and the PMC shall then meet and discuss the results of the variance analysis, and penalties shall be imposed on applicable incidents, such as variances due to losses or metering inaccuracies brought about by the PMC's negligence.

### **6.1.6. Fuel Quality and Sampling**

The PMC shall collect fuel samples as may be required by GPA for testing. The Fuel Quality must meet all relevant GPA product specifications listed in Schedule B. The PMC shall also coordinate with GPA's Planning and Regulatory Division regarding the collection of fuel samples as part of compliance with the Fuel Switching Protocol.

### **6.1.7. Facility Regulatory Compliance**

The PMC will be required to complete the following minimum tests and/or inspections:

- Daily Physical Survey of Fuel Bulk Storage Facility – the PMC shall conduct daily physical survey of the RFO Bulk Storage Tanks immediately after completion of fuel transfer to the power plants.
- End-of-Month Physical Survey of the RFO Bulk Storage Tanks at the GPA Fuel Bulk Storage Facility and GPA-leased RFO Tanks from other bulk storage facilities – these must be performed by an independent third party inspector acceptable to GPA.
- Monthly Tank System Inspections
- Pump Station System Integrity check
- Pipeline System Integrity check and daily inspections
- Meters and other Instrumentation Calibration (every six months or earlier)
- In-service inspection (Monthly )
- Out-of-Service inspection (every 5 years)
- Cathodic Protection System
- Leak Detection System
- Environmental Compliance

Tank inspection shall be in accordance with API Standard 653. API Standard 570 may be used as a reference for frequency of testing.

All testing must conform to all applicable ANSI, API, ASTM and ASME or other applicable standards. Additionally, this scope must include the identification of any operational issues associated with performance below design specifications. The scope must include detailed recommendations for bringing systems back to design conditions.

Furthermore, the recommendations must include the following:

- An engineering estimate of the life cycle cost of remediation or upgrade;
- A planning schedule for implementing each recommendation;
- An engineering estimate of the benefits for each recommendation;
- Estimation of life expectancy for each recommendation;
- Expected degradation of benefits over recommendation lifecycle;
- Categorization of costs as O&M or Capital.

#### **6.1.8. Maintenance Activities**

The PMC shall incorporate a comprehensive maintenance program that is documented to ensure that all maintenance and upkeep practices are adhered to for full life expectancy of the fuel bulk storage facility and pipelines. This contract shall be executed as the turnkey management of the facility and pipelines with the PMC responsibility for all necessary routine repairs and replacements to the equipment and other appurtenances belonging hereto, as necessary to maintain as such in good working condition in order to have continuous and uninterrupted delivery of fuel during the course of the contract.

##### **6.1.8.1. Preventive Maintenance Schedule**

The PMC shall provide an annual Preventive Maintenance schedule to the Manager of Generation. The schedule must account for planned and actual performance, as well as any effects on fuel deliveries to the different power plants. The schedule should be made in such a way that fuel is made available to the plant at all times.

All routine repairs and replacements to the equipment and other appurtenances necessary to maintain these items in good working condition must be performed to ensure a continuous and uninterrupted delivery of fuel.

##### **6.1.8.2. Routine Repairs and Maintenance**

Routine repairs and maintenance shall be carried out by the PMC. The PMC shall be responsible for the repair or replacement of equipment if determined that subject equipment was damaged through negligence, misuse, or lack of maintenance. The PMC shall also be responsible for the cost of oil spill recovery efforts for any product release resulting from such negligence.

Expenses for routine repairs and maintenance shall be included in the annual O&M budget.

##### **6.1.8.3. Major Repairs or Upgrades**

The PMC shall coordinate with GPA in planning and forecasting the needs for the upgrade and/or major repair or replacement of facility equipment, capital improvement projects and other expenditures for such major maintenance, equipment acquisition and/or upgrade of the system. In the event that major expenditures are undertaken by the PMC (for expediency), said expenditures will require approval by GPA via formal written requests or proposals. GPA shall reimburse the PMC for such expenditures upon presentation of satisfactory documentation.

The PMC shall advise GPA in writing and inspection shall be conducted by a GPA representative. Should the cause of damage be determined to be unpreventable, justified and outside the control of the PMC, then GPA and the PMC shall jointly identify the best solution to remedy the problem. In all other cases, the PMC shall be responsible to bear the costs of project.

For major repairs or upgrades to be reimbursed by GPA, the PMC shall provide owner with the cost proposal prior to the execution of any work and the project shall be approved in advance. The PMC would then invoice GPA with all statements and supporting documentation associated with subject repair and/or replacement projects. GPA shall have the right to conduct inspections of any repair and/or replacement projects. In the event of a dispute, an independent inspector mutually acceptable to both parties shall be appointed, whose decision as to the quality and/or necessity of the work shall be final and binding on both parties. The inspector's fees and charges shall be equally shared by both parties. Payments of any and all invoices of any major repairs or replacement shall be made based on mutually acceptable terms pre-approved by the PMC and GPA.

#### **6.1.8.4. Emergency Repairs**

For any emergency repair brought about by damages from non-GPA and non-PMC sources, the PMC shall be responsible for the execution and completion of repairs and corresponding activities, as well as expenses and third-party claims.

#### **6.1.9. SPCC, OPA 90 Facility Plan and Oil Spills**

The PMC shall establish and maintain equipment required by the SPCC and OPA 90 Facility Plan in good operating condition at all times, and all others necessary to meet immediate response in case of Oil Spill or other form of incident that may cause danger to the environment.

The PMC shall be responsible for the cost of oil spill recovery efforts for any product release resulting from the PMC's negligence, such as due to uncompleted or improper operations and maintenance activities, or non-compliance with Environmental, Local or Federal rules and regulations, including all penalties.

#### **6.1.10. Environmental, Homeland Security and Other Federal and Local Compliance Requirements**

The PMC shall be responsible for complying with all Environmental, Homeland Security, and other Federal and Local compliance requirements to include, but not limited to the following areas:

- Mandatory membership with the Guam Response Services Limited (G.R.S.L.) as required by GPA, to comply with the Oil Pollution Act of 1990 (OPA 1990).
- Conduct all activities such as but not limited to monitoring, report submission and payments of fees, required to comply with all existing and applicable environmental regulations, requirements permits and plans. These include, but are not limited to:

- OPA 90 / OPA 90 Facility Plan
  - SPCC Plan
  - Facility Response Plan
  - NPDES permit
  - Best Management Practice
- 
- Establishment and maintenance of equipment required by the SPCC Plan and OPA 90 Facility plan in good operating condition at all times, and all others necessary to meet immediate response in case of oil spill or other form of incident that may cause danger to the environment.
  - Remediation of all oil spill incidents to the satisfaction of local and federal regulatory bodies.
  - Work with GPA in the permit review for Underground Pipeline Clearance.
  - Submit results of all audits, investigations and other local/federal activities to GPA.

#### **6.1.10.1. GRSL Membership**

The PMC must be a member of Guam Response Services Limited (GRSL), and should secure an oil spill response service contract with GRSL. GRSL is a local non-profit oil spill response service organization formed by petroleum handling businesses in Guam to fulfill the requirements of OPA 90.

Proof of membership or an oil spill response agreement must be provided to GPA within thirty (30) days of contract award date. Failure to furnish and deliver to the Authority the required GRSL membership in the time and manner specified shall constitute a default and grounds for cancellation of Contract.

The PMC would be responsible for all fees as part of GRSL membership, including any other requirements. For GRSL inquiries, the PMC may contact: 475-5721/2/3 or send fax to 475-7525.

#### **6.1.10.2. Oil Pollution Act of 1990 (OPA 90)**

The PMC must be responsible for compliance with the requirements of the Oil Pollution Act of 1990, including meeting oil spill and recovery provisions requirements, as necessary for the operations of the Fuel Bulk Storage Facilities and Pipelines.

#### **6.1.10.3. Facility Response Plan and Spill Prevention Control and Countermeasure Plan**

GPA shall provide the existing Facility Response Plan (FRP) and Spill Prevention Control and Countermeasure Plan (SPCC).

The PMC shall review, edit, enhance and obtain regulatory approvals for any changes from the Federal Environmental Protection Agency, Region IX, San Francisco, for such plan as a

mandatory requirement under the OPA Act 90, with the PMC as the operator and GPA as the facility owner. GPA shall be furnished with copies of these plans, to be submitted to:

- Manager of Generation (Generation Division)
- Planning and Regulatory Division

The PMC shall, on their own, purchase, maintain and operate or deploy all necessary oil spill equipment as required in the SPCC plan, as an in-house stock inventory.

#### **6.1.10.4. Environmental Compliance**

The PMC shall operate in compliance with all environmental requirements and is responsible for all required activities including but not limited to:

- Monitoring of all tests and results and ensuring compliance with applicable rules and regulations;
- Completion of all necessary corrective actions;
- Conduction of tests on all water and air sources to comply with all Standard Operating Procedures;
- Creation, development and updating of Standard Operating Procedures as required;
- Monitoring all low volume waste streams to be within compliance with all local, federal and international regulations;
- Completion of all activities to ensure compliance with all existing environmental permits and plans that include, but are not limited to the NPDES Permit, BMP, FRP, SPCC and OPA 90;
- Compliance with GPA and Federal Spill Prevention Control and Countermeasures (SPCC) programs and policies to include implementation, monitoring and reporting;
- Submission of all required reports including compliance schedules;
- Record-keeping and equipment maintenance;
- Payment of all applicable fees as stated in the various environmental permits and plans;
- Payment of all penalties from non-compliance with any and all environmental requirements from local and federal bodies.

GPA's Planning and Regulatory Division shall support the PMC in meeting all environmental compliance requirements. P&R shall audit the PMC on a regular basis as a means of monitoring and ensuring that all requirements are satisfied. The PMC shall coordinate all activities on Environmental Compliance, including records and reports, to GPA's Planning and Regulatory Division (P&R). The PMC shall provide full cooperation during P&R's audits and monitoring activities. All corrective measures shall be completed as soon as possible.

#### **6.1.11. Improvement and Update of Existing Operating Procedures**

The PMC shall audit all operational procedures turned over at time of contract award, revise and update to proper "best in class" operating standards, train employees to the proper use of all

procedures, audit employees to their use of all procedures and take corrective action of variances relating to operational performance deficiencies. The PMC shall conduct annual review of the OP to validate their applicability and effectiveness as new technologies are introduced into the power plant as part of the modernization of the plant.

**6.1.12. Creation of Additional Operational Procedures (OP's) as required to Cover all Major Operating Functions**

The PMC shall develop new operating procedures throughout the term of the contract as required. All operating procedures generated by the PMC will become the property of the GPA. The PMC will grant GPA access rights to all procedures during the term of the contract for review, usage and possible replication at other operating units. .

The PMC shall conduct annual review of the OP to validate their applicability and effectiveness as new technologies are introduced into the power plant as part of the modernization of the plant.

**6.1.13. Fuel Management Operating Procedure Multimedia and Content Format**

The PMC shall provide GPA with six (6) bound, high-quality hardcopies of all Fuel Management Operating Procedures. In addition, all Fuel Management Operating Procedures shall be available on CD-ROM format. Content format shall be optimized for the latest version of Microsoft Internet Explorer and for development using Macromedia Contribute 3.

Two sets of Fuel Management Operating Procedures will be kept at all times in the Fuel Bulk Storage Facility office. One set each will be given to the following:

- Assistant General Manager, Operations;
- Manager of Engineering;
- Manager of Generation;
- Manager of Strategic Planning and Operations Research.

**6.1.14. Internet File Formats**

All Fuel Management Procedures shall make use of the following Internet file formats: Hypertext mark-up language (HTML), Joint Photographers Expert Group (JPEG), Graphic Interchange Format (GIF), Shockwave Flash (SWF) and Realmedia files (RM). The PMC shall supply all code and software required to produce and edit the Plant Procedure files.

**6.1.15. Responsibility within Physical Boundaries of Fuel Bulk Storage Facility**

The maps on Schedules F and G identify the physical boundaries of the Fuel Bulk Storage Facility.

PMC area of responsibility shall include the following:

- Entire Fuel Bulk Storage Facility within the perimeter fence;
- Fuel Pipelines and meters from the Fuel Facility up to:
  1. Navy tie-in (RFO);
  2. Navy tie-in (DFO);
  3. Cabras 1 & 2 RFO main storage tank berm;
  4. Cabras 3 & 4 RFO main storage tank berm;
  5. MEC 8 & 9 RFO main storage tank berm;
  6. Tanguisson 1 & 2 RFO main storage tank berm;

The PMC is responsible for the upkeep of the property grounds and associated buildings or structures, and janitorial services. For the pipelines, this includes the maintenance of the cathodic protection and leak detection systems, and procuring the necessary permits for completing operations and maintenance activities.

The PMC shall maintain and keep the GPA Bulk Fuel Storage Facility and Pipelines neat and clean at all times. This will include grounds maintenance and maintenance of the tank dikes, impounding basin areas, pump station, operating and maintenance areas, and all other areas within the fenced-in area of the fuel farm facility, including the fuel pipelines from the Navy tie-in to the GPA Bulk Storage Facility. The PMC shall cut and trim grass or vegetation and shall not cause any growth to come in contact with equipment, pumps, pipelines and fences at any time.

#### **6.1.16. Protection of Work and Property**

The PMC shall at all times safely guard GPA's property from injury or loss in connection with this contract. The PMC shall at all times safely guard and protect his own work and that of adjacent property (as provided by law and the contract documents) from damage. All passageways, guard fences, lights, and other facilities required for protection by laws and regulations and local conditions must be provided and maintained.

#### **6.1.17. Instrumentation**

The PMC shall make full use of available instrumentation to collect key performance information. Proponents must provide the list and periodicity of key performance data collected at similar facilities under their operation. Additionally, each Proponent must provide what analyses are performed using this information. Proponents must ensure that all instruments that can be made capable of electronic download and storage are made capable of this function.

All performance information must be made available to the Authority's Generation Division and Planning Division (SPORD) for independent analysis. If required, the PMC must provide any software, equipment, and training to Authority staff to access, manipulate and analyze this information.

All key performance information shall be archived appropriately in electronic form.

**6.2. GPA Responsibilities**

**6.2.1. Approval and/or Support for Operations**

GPA shall approve and provide necessary support to ensure that the PMC accomplish its Management and Operations objectives.

**6.2.2. Environmental, Homeland Security and other Federal and Local Compliance Requirements**

GPA's Planning and Regulatory Division (P&R) will perform regular audits and provide support to the PMC to ensure compliance with existing environmental permits, plans and other Federal and Local Compliance Requirements.

**6.2.3. Audit and Review of Operating Procedures**

GPA shall participate in the PMC's annual review and audit of the Fuel Bulk Storage Facility and Pipelines' operating procedures.

**6.2.4. Assignment of Central Maintenance Services Support**

The PMC is encouraged to utilize Central Maintenance Services Support, subject to availability. If GPA support personnel are not available, the PMC may exercise the option to obtain support services from alternative resources.

**7. Inventory Management**

The PMC will ensure that there is sufficient inventory of parts and materials required for the 24-hour operation of the Fuel Bulk Storage Facility and Pipeline.

The PMC shall also ensure that all equipment as required in OPA 90, SPCC Plan and FRP are available and that they are able to operate and deploy all these equipment when needed.

Inventory Status Reports shall be submitted to GPA regularly as part of the monthly submission.

## **8. Capital Improvement Projects and Performance Improvement Projects**

Capital Improvement Projects (CIPs) are defined as major maintenance projects that help maintain or improve GPA's assets. To be included in the CIP budget projects must meet one of the requirements specified in Appendix L, Capital vs. Expense Transaction Standard Operating Procedure.

Performance Improvement Projects (PIPs) are defined as major non-routine maintenance projects that are not classified as Capital Expenses under Generally Accepted Accounting Principals. PIPs shall not be treated as normal O&M expenses and shall be approved by GPA prior to their commencement. PIPs and Capital Improvement Projects (CIPs) are discussed in more detail in Volume III.

The PMC and GPA will evaluate all proposed CIPs and PIPs for review by the Authority's Central Project Review Committee. The PMC in coordination with GPA must provide a well-thought out business case for performing each project over \$100,000.

In cases where the value of the project approaches the Guam Public Utility Review Protocol amount currently set at \$1,500,000, the Authority demands greater diligence in the planning, and documenting of the business case. GPA may require the PMC to provide expert testimony in support of the business case.

Additionally, after completion of each CIP the PMC shall perform evaluations to confirm that the purpose or objectives of the projects are met and provide a report to GPA.

### **8.1. PMC CIP/PIP Responsibilities**

#### **8.1.1. Identify and Recommend Capital Improvement Projects**

The PMC shall identify and bring to GPA's attention the need for CIP/PIPs such as upgrades and/or major repair or replacement of the facility equipment, pipelines, and other expenditures such as major maintenance, equipment acquisition and or system upgrade. If a CIP contributes to performance improvement then it will also be included in the list of PIPs; however, not all CIPs are PIPs. The proposed CIP/PIPs will become the basis for further refinement of both the O&M Expense Budget and the Capital Budget. Annual dialog among GPA and PMC representatives will determine which items GPA will fund. GPA and PMC personnel shall use net present value, discounted cash flow financial analysis to determine which proposed activities would provide the greatest return to the GPA customer. The financial assumptions such as discount rate will be provided by GPA's Finance Division. Proposal of each CIP shall include justifications, documentation and expected benefits. Evaluation shall be done after completion of each CIP to ensure that the expected benefits or improvements have been met.

For the first contract year, the PMC will identify all immediate repairs and upgrades necessary to ensure the integrity of the Fuel Bulk Storage Facility and Pipelines upon contract commencement.

A projection of the Fuel Bulk Storage Facility and Pipelines CIP/PIPs for the next five calendar years shall also be requested from the PMC upon contract commencement.

#### **8.1.2. Project Management for All Accepted CIP/PIPs**

The PMC shall accept project management duties for all CIP/PIPs. Should the PMC elect to hire a third party to perform this activity, the PMC will be fully responsible for the third party's actions, performance and payment under the PMC's fixed management fee. Payment for such election is not reimbursable by GPA.

#### **8.1.3. Field Installation**

The PMC bears the responsibility for field installation-type activities of all assigned CIP/PIP items. The GPA Engineering Department has first right of refusal to perform this function. Should the PMC elect to hire a third party to perform this activity, the PMC will be fully responsible for the PMC's actions, performance and payment.

#### **8.1.4. Acceptance Testing**

The PMC will be responsible for performing acceptance testing for CIP. Acceptance testing must include a detailed written planning document with structured and non-structured procedures with pass/fail criteria for all important elements of the CIP. The PMC shall submit electronic and hard copies of the proposed acceptance test document sufficiently in advance of actual testing to the following:

- Assistant General Manager – Operations
- Manager of Generation
- Manager of Engineering
- Manager of Strategic Planning and Operations Research (SPORD).

The Authority shall provide a timely review and approval of these documents in a reasonable time frame.

For any CIP activities managed by the GPA Engineering Department, the GPA Engineering Department will perform this acceptance testing function. Should the PMC elect to hire a third party to perform this activity, the PMC will be fully responsible for the third-party's actions, performance and payment.

#### **8.1.5. Associated Fuel Transfer Interruptions**

The PMC will coordinate the scheduling of all fuel transfer interruptions through the Manager of Generation which will be in turn coordinated with the GPA Power System Control Center (PSCC). The major fuel transfer interruption dates must be established (between GPA and PMC) and planned for, far enough in advance, so as to ensure proper planning of fuel delivery to the plants and plan for contingency scenarios to avoid fuel unavailability.

## **8.2. Guam Power Authority Performance Improvement Project Responsibilities**

### **8.2.1. Provide Listing of Recommended Capital Improvement Projects**

Both GPA and the PMC shall evaluate the list and upon the recommendation with the incoming PMC shall mutually agree to the overall priority and scheduling of these activities. The following goals shall drive the prioritization and scheduling of the CIPs:

- 1) Safety and Insurance issues;
- 2) Improvement in Operations and Maintenance, such as accuracy of fuel measurements and/or minimization of variances and proper fuel transfers;
- 3) Improvement or upgrade of Fuel Bulk Storage Facility and Pipelines;
- 4) Compliance to Environmental, Local and Federal rules and regulations.

### **8.2.2. Updated CIP Plan**

GPA reserves the right to change the projected Capital Improvement Project schedule prior to Phase Two Proposal submittals.

### **8.2.3. Reimbursement of CIP Expenses**

Payments for CIPs will be made on a reimbursable basis. GPA will reimburse the PMC for actual cost and a charge for administration, finance fees and interest not to exceed five percent (5%) of the actual project cost. Payments shall not exceed the amounts agreed to and approved by GPA and the PMC or as otherwise agreed to by the parties through a change order.

### **8.2.4. Priority and On-going CIP**

GPA recommends the prioritization of the following CIPS, due to the impact and improvements expected for the Fuel Bulk Storage Facility and Pipelines:

- Fuel Oil Pipeline Underground Conversion
- Installation of Fuel Meters
- Above-ground Pipeline Upgrade
- Pipeline Pedestal Upgrade

On-going CIPs for the Fuel Bulk Storage Facility and Pipelines are on the table below:

<b>REFERENCE</b>	<b>PROJECT</b>	<b>STATUS</b>
GPA-022-09	8-inch USN Pipeline Cathodic Protection by Impressed Current	PENDING
AE Services: GPA-08-007	Fuel Oil Pipeline Underground Conversion	IN- PROGRESS

**9. Procurement Authority**

**9.1. Performance Management PMC Procurement Outsourcing Responsibilities**

**9.1.1. Operations and Maintenance Outsourcing**

The PMC shall implement procurement methods to ensure cost controls remain within the authorized O&M Spending Budget. The PMC shall allow GPA access to all procurement and cost records. All procurement and cost records and processes are subject to audit by GPA.

**9.1.2. Recommend & Pre-qualify Vendors for Authorization**

PMC shall frequently provide a listing of those vendors who they have experienced solid success with and wish for GPA to allow bidding on upcoming work required by the PMC. This pre-qualification of vendors will expand the normally available pool of high quality vendors and ensure these vendors are informed of GPA's intent to bid out work in their core competency.

**9.1.3. Procure Operating & Maintenance Supplies**

The PMC will require normal as well as special materials to support the operation and maintenance of the facility. These supplies in most all cases will be pre-qualified and approved in the budget process. Those items that are pre-qualified and approved will be processed through the normal PMC directed process.

The PMC will obtain the best terms, conditions, pricing, and availability to meet the needs of the station and ensure high levels of reliability as well as keep outages to a minimum with this process.

**9.1.4. Third-Party O&M Outsource Contracts**

The PMC will have unilateral freedom to develop relationships with external third-party resources to support the O&M needs. The PMC will direct the procurement functions as required and utilize what ever third-parties as best required, when required. The PMC will be responsible for payment of these third-parties.

The PMC will obtain the best terms, conditions, pricing, and availability to meet the needs of the facility and ensure high levels of reliability as well as keep outages to a minimum.

**9.1.5. Create or Improve Procurement Procedures to Expedite Repairs**

The PMC will develop its own internal procurement procedures to support the purchase and acquisition of emergency materials and professional services. The PMC will direct the procurement functions as required and utilize what ever outside PMCs as best required, when required. The PMC will be responsible for payment of these PMCs.

The PMC will obtain the best terms, conditions, pricing, and availability to meet the needs of the facility and ensure high levels of reliability as well as keep outages to a minimum.

**9.1.6. Right to Performance Testing Results**

GPA shall have full rights to all testing results without modification from the independent third-party contractor.

**9.2. Guam Power Authority Procurement Responsibilities**

**9.2.1. Fuel Procurement and Quality Assurance**

GPA will procure all fuel. GPA will hire an independent third-party contractor to test fuel quality and compatibility prior to delivery to storage tanks. Fuel Quality problems after co-mingling with existing inventory, if any, shall be properly documented and submitted by the PMC to GPA, together with cost impact.

**9.2.2. Recommendation Listing of Available Local Vendors**

GPA will provide a complete listing of all vendors, suppliers and consulting organizations utilized in the past two years, to the PMC for their consideration and use. The listing shall include company name, address, and phone and fax numbers. A summary of the basic services provided will be included in the listing of vendors and any basic rates charged to GPA in the past two years.

**9.2.3. Authorize Recommended Vendors**

GPA will determine and create a listing of those vendors it has authorized and recommends to perform services as well as supply goods for the PMC. This listing should contain only those vendors who have actually performed work in the past two years and who have achieved good performance ratings.

GPA shall document, certify and store the mode of selection of these vendors and all supporting documents related to the recommendation or non-recommendation of vendors.

## **10. Communications and Reporting**

### **10.1. Performance Management Contractor Communications and Reporting Responsibilities**

#### **10.1.1. Required Reports**

The PMC is required to submit the following reports on a monthly basis to the Manager of Generation:

- Fuel Farm Activity Summary Report (Narrative and spreadsheets)
- Monthly Inventory Report
- Operations Report, including Instrumentation
- Maintenance Report
- Inspection Report
- GRSL Expense Report
- Assets Inventory Reporting
- CIP Progress Report
- O&M Budget Status
- Condition Assessment of Fuel Bulk Storage Facility and Pipelines, and associated appurtenances

Complete details are in the Monthly Report Submittal Checklist in Schedule K.

The following shall be reported monthly, and submitted to the Manager of Generation and Planning & Regulatory Division:

- Environmental Compliance Reports
- Cathodic Protection
- Leak Detection

The following reports should be submitted as soon as possible to the Manager of Generation and the Planning & Regulatory Division:

- Leak Reports
- Spill Reports
- Critical Equipment or Pipeline Failures
- Report on any condition that may affect fuel delivery and facility or pipeline integrity

#### **10.1.2. Auditable Reporting of Performance Measurements**

The PMC shall provide comprehensive daily, weekly and monthly reporting of actual historical measurements for all performance measures and information on reconciliation of fuel deliveries to the power plants. The report shall include detailed explanations of any violations or variances against minimum guaranteed performance.

The following measurements shall be reported daily, and submitted to the Generations Division, SPORD and Finance Division (Plant Accounting):

- Fuel Inventory
  - Inventory Summary for LSFO, HSFO, RFO
  - Individual Tank Activity report (Tanks 1902, 1910, 1911, 1934, 1935)
  - Summary and Reconciliation Reports for:
    - Fuel Receipts from Cargo Shipments and other sources (e.g. tank-to-tank transfers)
    - Fuel Deliveries to the Power Plants, by generation unit and fuel type
    - Tank Transfers
    - Tank Issuance vs. Plant Receipts (Plant Delivery Reconciliation Reports)
  - Beginning and Ending Inventory for all Tanks
  - Variance Reporting and Control Analysis
- Operations Log
- Maintenance Activities and Inspections

#### **10.1.3. Capital Improvement Project Status Reports**

The PMC will incorporate a full or adapted Critical Path Method (CPM) project management methodology. As part of this, the PMC shall provide Gantt charts identifying task level percent-completion and critical paths. The PMC shall provide these Gantt charts with annotations using Microsoft Project. If the PMC should chose to deliver these charts using other acceptable project management software, it shall provide a copy of the software to GPA, and provide training in the use of this software without charge.

The PMC shall provide monthly project status reports during the planning stage and weekly project status reports during the actual project implementation until the completion of the project.

Complete evaluation shall be done after project completion to determine if the objectives of the CIP have been met, and a report shall be submitted to the Manager of Generation.

#### **10.1.4. Monthly Expenditures**

The PMC shall provide summaries of monthly expenditures. The accounting and reporting of these monthly expenditures shall conform to generally accepted accounting standards, and shall include justifications when applicable, such as for spending above budget.

#### **10.1.5. Penalty Calculations**

Penalties shall be calculated from the variances in Fuel Delivery values. The Fuel Measurement Variance Percentage Target shall be 0.25% which shall be applicable upon completion of the Installation of Fuel Meters and the corresponding evaluation period. For variances greater than the standard, the PMC shall pay GPA the amount of 100% of apparent additional fuel costs. Details for Penalty calculations are in Appendix G.

The PMC shall provide monthly reports with detailed calculations of penalty payments for GPA's review and approval.

**10.1.6. Improve Communications with Plant Personnel**

The PMC shall strive to improve communications with plant personnel – especially with regard to achieving the optimal refueling operation to the power plants with minimal interruptions.

GPA and the PMC shall establish operating procedures to ensure inter-operable field communications.

**10.2. Guam Power Authority Responsibilities**

**10.2.1. Monthly Review of Reported Performance Measurements**

GPA will verify the PMC's actual performance and the PMC's adherence to best practices in order to assure long-term facility viability. GPA shall critically review, in cooperation with the PMC, the PMC's reported measured performance in order to reach agreement on the actual level of achieved performance improvement.

Measurement of variances in fuel inventory reports shall be done on a daily basis, and reported to GPA as part of Fuel Inventory Reporting.

Monthly Variances exceeding the standard shall be evaluated immediately by representatives from GPA's Generation Division, Finance Department and the PMC.

**10.2.2. Compensation - External Influences**

GPA shall monitor, record and report the observed measurements of all external variables that are used in the determination of PMC compensation. GPA and the PMC shall identify these exogenous variables.

**10.2.3. Penalty Calculations Review**

GPA will review and verify the PMC's calculations of penalty payments. GPA and the PMC shall, in their best efforts, reach an agreement on the actual penalty payments. Discovered variances may trigger compensation dispute procedures or, in an extreme case, contract termination procedures.

## **11. Contract Fees**

### **11.1. Proposed Fixed Management Fees**

A portion of the PMC's compensation is in the form of fixed monthly management fees. The PMC may propose either a constant fee for the life of the contract, or an escalating fee. Front-end loaded fees will be expressly prohibited. Higher proposed management fees will result in lower scoring in the IFB process.

Services to be provided under the Fixed Management Fee include:

- On-site Technical and Management Services
- Office Space (if not available on-site)
- Office expenses
- Engineering Services for CIP/PIP development & feasibility studies
- Plant Engineering (Section 14 of this Volume)
- Security of the Facility
- And other duties assigned by GPA with regards to Fuel Facility & Pipeline Management

### **11.2. GRSL and Insurance Expenses**

GRSL Fees and Insurance Expenses are excluded from the PMC's fixed management fees. These shall be reimbursed by GPA. Cost-plus reimbursement is not allowed (no additional fees).

### **11.3. Proposed O&M Spending Budget and Other Expenses**

The PMC shall propose an O&M Spending Budget for each contract year. The proposal shall include a breakdown of the items included in the O&M Spending Budget, which shall include specialized technical services required to directly support operations and maintenance activities.

Compensation for O&M Spending will be made on a reimbursable basis not to exceed the proposed Annual O&M Spending Budget. Cost plus reimbursement is not allowed. Higher proposed O&M Spending Budget will result in lower scoring in the IFB process.

### **11.4. CIP and PIP Reimbursement**

The PMC shall propose CIPs and PIPs for each contract year. The proposal shall include requirements as specified in Section 8 of this volume. Reimbursement process is specified in Section 2.2.3.

## **12. Contract Terms**

### **12.1. Contract Period**

GPA intends for this contract to be a minimum of three (3) years with an option for a two (2) year contract extension. Bidders may propose additional contract years; however this will require review and approval by GPA.

### **12.2. Optional Two (2) Year Contract Extension**

GPA shall give appropriate notice of its intentions regarding its option to exercise the two (2) year contract extension. At the beginning of the 3<sup>rd</sup> contract year GPA and the PMC shall negotiate the contract extension terms based on the requirements specified in Paragraph 12.4.4.

Final confirmation by mutual agreement between GPA and the PMC for contract extension shall be given after completion of negotiation no less than six months prior to the end of the contract term. However, GPA may elect to reverse its decision without penalty at any time within six months of the end of the contract period based on poor PMC performance during this period.

### **12.3. Renewal of the Agreement**

GPA and the PMC may renew this Contract agreement upon the mutual consent of both parties. If the Contract Agreement shall be renewed, then the parties shall meet and discuss the new terms and conditions of the Agreement six (6) months before Termination Date.

### **12.4. Performance Management Contractor Contract Responsibilities**

#### **12.4.1. Comply with Annual Quality Audit within the Fuel Facility**

The PMC shall comply with all GPA or authorized third party quality audits.

#### **12.4.2. Use of English & Other US Standards**

All communications, correspondence, reports, engineering calculations and drawings, O&M records, documentation and other forms of verbal, electronic and written communications shall be in English language and other US standard units of measure, forms and formats.

#### **12.4.3. Use of Compatible Software and Electronic Formats**

All communications, correspondence, reports, engineering calculations and drawings, O&M records, documentation and other forms of electronic and written communications shall conform to formats used by the following software:

- AutoCAD;
- Microsoft Word;
- Microsoft Excel;
- Microsoft Front Page;
- Microsoft Power Point;
- Microsoft Project.

#### **12.4.4. Identify Optimum Requirements for the Plant Fuel Facility**

The PMC shall identify all requirements to optimize or maintain the plant performance by the beginning of the 3<sup>rd</sup> contract year. These requirements shall be considered as starting negotiation points between GPA and the PMC, should GPA elect to exercise the additional two (2) year contract extension.

GPA and the PMC may renegotiate fees, projects, and contract structure upon mutual agreement. Otherwise, both parties may agree to keep the existing contract structure. The optimal requirements to be identified by the PMC shall include, but not limited to, the following:

- PMC Fixed Management Fees
- O&M Spending Budget and Other Expenses
- CIP Requirements
- Fuel Facility Staff Requirements
- Fuel Receipts/Delivery Accuracy

The PMC shall determine cost savings in each requirement for the Contract to yield a high positive Net Present Value to GPA.

#### **12.5. Guam Power Authority Contract Responsibilities**

##### **12.5.1. Timely Payments**

GPA shall provide prompt payments to the PMC for costs and services rendered in accordance with the Contract. Said payment shall be made within thirty (30) days of being invoiced. Should part of the invoice be challenged, GPA will at a minimum pay the unchallenged portions of the invoice under the same terms. Should GPA fail to make any payments due to the PMC under the Contract, GPA shall pay interest to the PMC in accordance with the provisions of the Prompt Payment Act, 5 GCA Sections 22502-22507.

#### **12.6. Exception Petition Procedure**

The PMC or GPA may at times wish to petition for special exceptions to the standard implementation of the agreed upon compensation structure. Such petitions would generally be made where there is a belief that extraordinary circumstances beyond the control of either party have led to extreme positive or negative variations in actual measured performance. A procedure

will need to be developed to provide for the resolution of such petitions. At a minimum, the process should require the petitioner to perform a root cause analysis, of the alleged extraordinary event, prior to and in support of its petition. If the petition procedure fails to achieve a resolution that is satisfactory to both parties, then the petitioning party may choose to enter into a dispute resolution in accordance with the Dispute Resolution Procedure discussed elsewhere. All face-to-face negotiations shall be conducted on Guam and in accordance with Guam Law.