

Office of the Governor of Guahan

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Felix P. Camacho Governor

Michael W. Cruz, M.D. Lieutenant Governor

The Honorable Judith T. Won Pat, Ed.D. Speaker

Mina' Trenta Na Liheslaturan Guahan

155 Hessler Street

Hagåtña, Guam 96910

Office of the Speaker
Judith T. Won Pat Ed. D.

Date 18/2-12-13

Time 17/3-4

Recovered by 8

OCT 11 2010

36-10-082-6

Dear Speaker Won Pat:

Transmitted herewith is Substitute Bill 414-30 (COR) "AN ACT TO ADD A NEW §49119 AND A NEW §43104(r) TO CHAPTER 49 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL IN GUAM," which I signed into law on August 28, 2010 as Public Law 30-184.

While I applaud the intent to adopt the ultra-low sulfur diesel fuel standard for diesel fuel in Guahan, the implementation date precedes the studies mandated in the legislation. These studies are ongoing and pending are the unknown effects and ramifications. Of particular concern is how this law will impact the other islands of the region. The assigned committee has been working diligently to come up with a comprehensive impact assessment that will give the people of Guahan and other impacted islands the assurances that they need that the effects of this transition will not have unintended consequences and will not drastically increase the cost of power or transportation in these affected areas. More importantly, these studies will assist the region in transitioning between standards.

Sinseru yan Magåhet,

amack

FELIX P. CAMACHO

I Maga'låhen Guahan Governor of Guahan

Attachment: copy of Bill

I MINA'TRENTA NA LIHESLATURAN GUÅHAN 2010 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 414-30 (COR), "AN ACT TO ADD A NEW §49119 AND A NEW §49104(r) TO CHAPTER 49 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL IN GUAM", was on the 16th day of August, 2010, duly and regularly passed.

	Ahar .			
	Judith T. Won Pat, Ed. D.			
	Speaker			
Attested:	_			
Tina Rose Muña Barnes				
Legislative Secretary	§			
	Assistant Staff Officer Maga'lahi's Office			
Lamocho	•			
FELIX P. CAMACHO				
I Maga'lahen Guåhan				
AUG 28 2010				
Public Law No. 30-184	-			

I MINA'TRENTA NA LIHESLATURAN GUÁHAN 2010 (SECOND) Regular Session

Bill No. 414-30 (COR)

As substituted by the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs, and amended on the Floor.

Introduced by:

Telo Taitague
R. J. Respicio
B. J. F. Cruz
T. C. Ada
Judith P. Guthertz, DPA
V. Anthony Ada
F. B. Aguon, Jr.
F. F. Blas, Jr.
E. J.B. Calvo
J. V. Espaldon
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
v. c. pangelinan
Ray Tenorio
Judith T. Won Pat, Ed.D.

AN ACT TO ADD A NEW §49119, AND A NEW §49104(r) TO CHAPTER 49 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL IN GUAM.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

- 2 Section 1. §49119 of Chapter 49 of Title 10, Guam Code Annotated, is
- 3 hereby renumbered as §49120.
- Section 2. A new §49119 is added to Chapter 49 of Title 10, Guam Code
- 5 Annotated, to read as follows:

%49119. Ultra-Low Sulfur Diesel **Fuel** Standard. Notwithstanding any other provision of law, rule or administrative policy or waiver, effective January 1, 2011, all diesel fuel imported to Guam for the purpose of sale and distribution in Guam shall meet the USEPA standards for ultra-low sulfur diesel fuel. For purposes of this Section, ultra -low sulfur diesel fuel shall be generally defined as fuel that contains fifteen parts per million (15ppm) or less of sulfur content, as established by the USEPA Direct Final Rule. The Guam Environmental Protection Agency Board of Directors shall create compliance standards for diesel fuel. Any waivers of the fifteen parts per million (15ppm) sulfur content standard of this Section shall require approval by I Liheslaturan Guåhan."

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Section 3. A new §49104(r) is hereby *added* to Chapter 49 of Title 10, Guam Code Annotated, to read:

"(r) establish, as directed by the Board of Directors, a task force for conducting research on the issue of Guam's transition to the use of ultra-low sulfur diesel (ULSD); and to analyze the information that surfaces from said research, with specific consideration of all related factors, including, but *not* limited to, the transition to ULSD in the mainland U.S.; the exemptions in place for Guam and the regional islands; the overall cost impact for suppliers and consumers, including individuals paying at the pump and affected agencies of the government of Guam; infrastructure needs; the impact this transition will have to the Marianas region; supply sources for Guam; local and regional demand; a general timeline reflecting Guam's transition to ULSD; and the establishment of any necessary benchmark dates for the transition period.

This task force *shall* be comprised of members of the public and private sector and *shall* meet bi-weekly until such time that a written report

of its findings and recommendations is submitted to *I Liheslatura*, which shall be done no later than December 1, 2010."

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Section 4. Effective Date. The provisions of this Act *shall* be effective upon enactment. The requirements of the Guam Environmental Protection Agency as stipulated in Section 3 of this Act *shall* be met within thirty (30) days of enactment of this Act.

Section 5. All bulk storage tanks used to store diesel fuel intended for sale or re-sale *shall* be sampled and tested in accordance with 40 CFR, Part 80, Subpart I for the purpose of certifying that the fuel meets the required ultra-low sulfur diesel (ULSD) content of 15ppm or less. The ULSD certification *shall* be posted in a manner consistent with 40 CFR, Part 80, Subpart I, and that can be viewed for inspection by regulatory officials and the general public. Wholesale and retail suppliers of ULSD (15ppm or less) fuel *shall* comply with the certification requirement upon depletion of diesel fuel containing higher than 15ppm of sulfur.



I MINA' TRENTA NA LIHESLATURAN GUÅHAN

2010 (SECOND) Regular Session

Date: 8/16/10

VOTING SHEET

Question:					
<u>NAME</u>	YEAS	<u>NAYS</u>	NOT VOTING <u>/</u> ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Thomas C.					
ADA, V. Anthony					
AGUON, Frank B., Jr.					
BLAS, Frank F., Jr. /	V				
CALVO, Edward J.B.	/				
CRUZ, Benjamin J. F.	V				
ESPALDON, James V.	/				
GUTHERTZ, Judith Paulette					
MUNA-BARNES, Tina Rose					
PALACIOS, Adolpho Borja, Sr.					
PANGELINAN, vicente (ben) cabrera	V				
RESPICIO, Rory J.					
TAITAGUE, Telo					
TENORIO, Ray					
WON PAT, Judith T.	V				
TOTAL	15				

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

SBill No. 414-30(COR)

* 3 Passes = No vote
EA = Excused Absence





August 9, 2010

The Honor	able Judith T. Won Pat, Ed.D.
Speaker	
I Mina' Tre	nta na Liheslaturan Guåhan
155 Hesler	Place
Hagåtña, C	Guam 96910

RE: Committee Report on Bill No. 414-30 (COR) As Substituted

Hafa Adai Speaker Won Pat:

The Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs hereby reports out its findings and recommendations on Bill No. 414-30 (COR) As Substituted – "An act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the *Ultra-low Sulfur Diesel Fuel Standard* for Diesel Fuel in Guam."

Committee votes are as follows:

Ø	
	TO PASS
	NOT TO PASS
3	TO REPORT OUT ONLY
	TO ABSTAIN
	TO PLACE IN INACTIVE FILE

Very Truly Yours,

Rory J. Respicio Chairperson

SENATOR RORY J. RESPICIO

MAJORITY LEADER

CHAIRMAN, COMMITTEE ON RULES

CHAIRMAN, COMMITTEE ON NATURAL RESOURCES & FEDERAL, FOREIGN & MICRONESIAN AFFAIRS



I MINA' TRENTA NA LIHESLATURAN GUÅHAN THIRTIETH GUAM LEGISLATURE

COMMITTEE VOTING SHEET

Bill No. 414-30 (COR) As Substituted – "An act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the *Ultra-low Sulfur Diesel Fuel Standard* for Diesel Fuel in Guam."

	SIGNATURE	TO PASS	NOT TO PASS	TO REPORT OUT ONLY	ABSTAIN DUE TO POTENTIAL CONFLICT	TO PLACE IN INACTIVE FILE
SENATOR RORY J. RESPICIO						
Chairperson	M	m				
SENATOR JUDITH P. GUTHERTZ		1				
Vice-Chairperson	W	M				
SPEAKER JUDITH T. WON PAT, Ed,D.	Lo	10				
Member		011				
VICE-SPEAKER BENJAMIN J.F. CRUZ	2/	8/12/10	_			
Member		al al				
LEGISLATIVE SECRETARY		J				
TINA ROSE MUÑA BARNES	KI JANKO	1				
Member	Mad 12	V				9
SENATOR THOMAS C. ADA			and the same of th			
Member	4					
SENATOR FRANK B. AGUON, JR.	et	1				
Member	the	8/12/10				
SENATOR ADOLPHO B. PALACIO	Make	77				
Member	July -	8/15/10	8			:
SENATOR VICENTE C. PANGELINAN						
Member	1					
						
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SENATOR FRANK F. BLAS, JR.	1/					
Minority Member	1					
SENATOR JAMES V. ESPALDON						
Minority Member						
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COMMITTEE REPORT ON BILL NO. 414-30 (COR) As Substituted

(Sponsor: Telo Taitague)

"AN ACT TO ADD A NEW §49104(R) AND A NEW §49119 TO TITLE 10 GCA CHAPTER 49 RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL IN GUAM."



August 9, 2010

MEMORANDUM

To:

All Members

Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs

From:

Senator Rory J. Respicio

Committee Chairperson

Subject:

Committee Report - Bill No. 414-30 (COR) As Substituted

Transmitted herewith for your consideration is the Committee Report on Bill No. 414-30 (COR) As Substituted – "An act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the Ultra-low Sulfur Diesel Fuel Standard for Diesel Fuel in Guam."

This report includes the following supporting documents:

- Committee Vote Sheet
- Committee Report Digest
- Copy of Bill No. 414-30 (COR)
- Copy of Bill No. 414-30 (COR) As Substituted
- Public Hearing Sign-in Sheet
- Copies of Written Testimony on Bill No. 414-30 (COR)
- Referral of Bill No. 414-30 (COR)
- Fiscal Note for Bill No. 414-30 (COR)
- Notices of Public Hearing
- Public Hearing Agenda

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Si Yu'os Ma'åse!



COMMITTEE REPORT DIGEST

I. OVERVIEW

Bill No. 414-30 (COR) - "An Act to Add a New §49119 to Chapter 49 of 10 GCA Relative to Creating the *Ultra-low Sulfur Diesel Fuel Standard* for Diesel Fuel Sold on Guam" was introduced by Senator Telo Taitague on June 11, 2010; and was subsequently referred to the Committee on Natural Resources on June 14, 2010.

Senator Rory J. Respicio, Chairperson of the Committee on Rules, Natural Resources and Federal, Foreign and Micronesian Affairs convened a public hearing on Bill 414 on Thursday, August 5, 2010 at 9:00 A.M. in the Public Hearing Room of *I Liheslaturan Guåhan* to receive public testimony on the measure.

Public Notice Requirements

In accordance with the Open Government Law, notices were disseminated to all senators and to all main media broadcasting outlets on July 29, 2010 and August 2, 2010. Notices were also issued to various public and private entities.

Senators Present

Senator Rory J. Respicio, Chairperson Senator Thomas C. Ada, Member Senator Adolpho B. Palacios, Sr., Member Senator James V. Espaldon, Member Senator Telo Taitague Senator V. Anthony Ada

II. SUMMARY OF TESTIMONY & DISCUSSION

The public hearing on Bill No. 414-30 (COR) was Called-to-Order at 9:25 A.M.

Senator Respicio: I want to thank my colleagues for being here. Senator Tom Ada, Senator Palacios, Senator Tony Ada, Senator Espaldon and Senator Telo Taitague the author of the Bill.

In accordance with the Open Government law, notices were sent to all media, all Senators on July 29th and Aug. 2nd, and notices were also sent to various government agencies and private entities that express interest in Bill 414. Before I ask the author to give an overview, I want to thank everyone who participated in our Roundtable discussion. I think a lot of information came out of that Roundtable discussion. You're going to see how we are going to solidify those discussions and those commitments that were made, at this time and how this Bill may or may not evolve into may or may not reflect those discussions in the legislature, but, there are no guarantees. We can guarantee that the public has the right to participate in everything that we do. I want to recognize Senator Telo Taitague to give an overview of the Bill and explain the genesis and why she is very passionate about Bill 414-30. Senator Taitague.

Senator Taitague: Thank you Mr. Chair. I want to thank everyone who is here today and those who are watching. Simply, Bill 414 will help establish across the board standards to support environmentally sound practices, beginning with the government of Guam, and ultimately throughout the entire community. We have got to begin focusing on every aspect of our environment at every level. Ultra Low Sulfur Diesel fuel standards created by the enactment of this Bill will not only prevent damage to diesel engines manufactured after 2006, but, will create cleaner air on Guam and significantly reduce harmful emissions from buses and other large vehicles. The Bill will simply---as of Jan. 2011 will stop any distribution or sells or importation of high sulfur diesel fuel and take it down to Ultra Low Sulfur Diesel. Thank you Mr. Chair.

Senator Respicio: Thank you Senator Taitague. As a side note before I call the people up to testify, you recall on the July 19th Roundtable discussion it was reviewed there was already a working group for the Ultra Low Sulfur Diesel and Guam's transitioning to using this Ultra Low Sulfur Diesel. At the close of the Roundtable there was general consensus in recognize this working group and take into account their findings and recommendations, and there was also a discussion about the possibility of recognizing this working group through statue in working in the necessary language by a substituted version of this Bill and I think the author is amenable to doing that. This morning's hearing will be the opportunity to take the official testimony of the Bill, and it will be up to the committee to do the work and take it from there. I'd like to call up Mr. Mr. Craig Thompson, MCV, Mr. Bob Perron, Mr. Mr. Peter Cruz, Guam EPA, Mr. Brad Dunagan, Mike O'Brien, James Anderson, Mary Torre, we have written testimony from Mary Torre and GHRA. We'll begin with Mr. Thompson.

Mr. Craig Thompson, MCV: Thank you Senators for affording me opportunity to testify. I'm testifying today wearing 2 hats. First, as the CEO of MCV, the other, as a Board Member of the Guam Hotel and Restaurant Association. I'm representing the fleet owners of GHRA. I wanted to offer testimony today in support of Bill 414-30. We have a very practical problem right now on Guam-- any fleet owner that has any

significant diesel fuel fleet on Guam has not been able to buy a new vehicle since 2006. We've been in a "catch 22" the U.S. mainland went to ULSD in 2006. All the small to mid-size truck manufacturers in the U.S. mainland started making ULSD ONLY engines, at that point in time. Guam continuing to have a High Sulfur Diesel here--there were no vehicles that we could buy. We, literally don't have access to high sulfur diesel engines anymore, for our fleets---and as a result we have been forced into a position to buying used, older bucket trucks in my case. Diesel straight vans or delivery vehicles for some of the other GHRA members situations. Some of us have been getting along buying used vehicles. But, that supply will soon dry up in some point in time. Simply by age the existing market back in the U.S says that the High Sulfur vehicles are going to disappear—and we're going to be left with a crisis mode by not having access to the kinds of vehicles that we need to provide our services to the residence of Guam. We are not in a crisis mode yet, but, I would suggest within a year or 2 years of being in a crisis, by not having access to the kind of vehicles that we need. Bucket trucks, straight vans, small to midsize vehicles, not the big bulldozers or dump trucks, you can still get the high sulfur diesels for. But, the midsize ones ---not available. That has put us in a significant bind. Again, I haven't been able to buy a new bucket truck in 3 ½ yrs. That has to change sometime real soon. In terms of what it's doing to my business, cost wise --- I know that the oil industry has made the point that ULSD is going to cost more money, 3-5 cents more, at least a gallon more. A bucket truck for me uses about 1600 gallons a year, at a nickel a gallon, that's about \$80 a year more in fuel. Those very same older bucket trucks are costing me \$2500 a year more in repair bills to keep them on the road, than a new vehicle would. So, my trade-off is fine, I'll pay the nickel. I absolutely have no problem paying the additional cost using ULSD. I have a significantly greater maintenance cost versus extra fuel cost. It's a no brainer for me. I need the new vehicles. I don't need high sulfur fuel on Guam. So, this is a very practical application issue for us. The other thing I want to make clear is, I know there has been concern that: Ok, we bring in ULSD and the older, high sulfur vehicles are going to have problems with this new fuel. Not the case. I checked the refineries, I checked with fleet owners back in the mainland, I've checked with my old cronies over at Time Warner Cable, who have lots of diesel fleets. Including the old engines, including the newer trucks the old high sulfur diesel trucks work absolutely fine with the new ULSD. They absolutely had no problems converting the old trucks to the new fleet. It uses the fuel fine. The refineries will tell you it produces the same exact lubricity specs on the new ULSD that they produced on the high sulfur fuels. There should be no problem and that was confirmed by fleet owners that I contacted by on the mainland. That had no issues adjusting to the new ULSD.

Senator Respicio: I think we've established that, and I thank you for clarifying and reiterating that the older engines can take the oil ULSD but the newer engines can't. So, it's just the opposite.

Mr. Craig Thompson, MCV: The newer engines can't use high sulfur.

Senator Respicio: Yes.

Mr. Craig Thompson, MCV: You immediately void the warranty and you frankly, wind up having an engine for four to six months.

Senator Respicio: With the older fleets---if we do convert to ULSD they won't have to retrofit, their older engines to be able to take the better diesel grade. But, the newer engines can't do the opposite.

Mr. Craig Thompson, MCV: They cannot use high sulfur fuel. You'll probably have a \$10,000 repair bill within 6 mos. of using high sulfur fuel, in a ULSD engine, it wont work. Not forward compatible.

Senator Respicio: 1 supplier said that he believed that some things had to be done to those engines---to have them retrofitted.

Mr. Craig Thompson, MCV: I saw that letter and that's the question I asked to the fleet owners back on the mainland: "haven't seen a problem", at least not in the trucks that we're accustom to using in the cable and telephone industry. Not an issue at all. I've completed my testimony. Thank you very much.

Senator Respicio: The legislature would like to thank you for allowing us to run on channel 13. Thank you for that public service. The Committee will recognize you at this time (Brad Dunagan). I had a great meeting with your newly Board confirmed Administrator of GEPA. She has reported that you guys are well on your way to healing and moving forward with your mandates. I just want to thank you.

Brad Dunagan: Thank you very much. We have very high expectations as we develop or relationship in moving the agency forward. I have a written testimony that I would like to articulate to you before I have to head out. But, I will be leaving you in good hands. I have my subject matter expert, Mr. Peter Cruz, Guam EPA, who is our current air-land administrator, the air programs manager with GEPA. He has been at the tip of the spear with all the discussions and research in regard to the ULSD importation in Guam. Buenas, Hafa Adai and Good Morning. I'm Bradley Dunagan, Deputy Administrator of GEPA. I would like to thank you for giving us the opportunity to testify this morning regarding legislative Bill 414-30. I would like to thank the Honorable Rory Respicio, Chairman on the Committee on Rules, Natural Resources, Federal, Foreign, Micronesian Affairs, and the Honorable Senator Telo Taitague for introducing this Bill, the foundation for using cleaner fuel on Guam. We are concerned about the time frame for implementation may be too ambitious. GEPA respectfully

request that implementation of Bill 414-30 be delayed and that the ULSD working group established by GEPA and U.S. EPA be afforded the opportunity to develop recommendations for this Bill. The ULSD working group is comprised by, individuals of the legislative branch, federal agencies including the Dept. of Defense and U.S. EPA, the petroleum industry and local agency. This group has been working productively since March of this year and gathering information about the potential impacts and benefits of ULSD to Guam on Guam. GEPA is requesting several months to gather the information and work with the representatives offices. GEPA is in support of this legislation and the intent of this Bill will go a long way in improving the air quality standards of this island. The agency will like to be included in all the revisions of this Bill that will result in this public hearing. We thank you once again for comment of this legislation. Bradley T. Dunagan for Elizabeth T. Cruz, Administrator of GEPA.

Senator Respicio: Thank you sir. At this roundtable meeting that we had, there was an agreement that GEPA was going to provide some recommendations for a substitute Bill. I don't like the idea of delaying the Bill entirely, but, rather substituting the Bill for this current working group and establish the timeframes and benchmarks. Do you have anything to report at this time? Your Administrator's testimony is just recommending to delay the Bill, until this working group can come up with those recommendations. Are we not prepared to have those recommendations now? In terms of timelines.

Pete Cruz: We didn't have that all prepared yet, and the reason for that is...we're trying to---on our last working sessions the other individuals are key---were also off from work. We made an emergency call basically, yesterday. Trying to include you group also, which we did. We are moving forward---we are trying to get them all together next week. We can start putting all those recommendations together. I understand your concern about delaying it much longer---cause we don't want to do that. We want to move forward like everyone else. We want everyone involved in terms of the supplier and the people who need it---and actually give you a real good timeframe that's attainable.

Senator Respicio: Because that's the only way it's going to work. If everybody, including GPA obviously the Military, all the consumers, suppliers, everybody come together and we move forward together. Otherwise, you can't have ULSD and the high sulfur diesel at the same time. It's one or the other.

Mr. Peter Cruz, Guam EPA: Honestly, since this Bill was introduced it has sped up the process even more. We are more excited since your staff and the reps. from the legislature is now involved with our roundtable---which makes it even ore efficient as we develop these recommendations. You already know who the members of the working group are, right? We have a core group and we are adding more people into it

. When we come up with the recommendations it would be a lot smoother as we go through this process.

Senator Respicio: You already know who the members of the working group are, right?

Pete Cruz: We have a core group and we are adding more people into it. When we come up with the recommendations it would be a lot smoother as we go through this process. Everyone involved in this process are concerned w/ the ULSD---is aware of what's going on and there is no bad feed back in terms of what our goal is. Our ultimate goal like everyone else is a healthier environment.

Senator Respicio: Mr. Thompson.

Mr. Craig Thompson, MCV: The one concern I have—I still haven't heard a timeframe from GEPA. I've been attending a couple of the working groups and GEPA meetings and I keep hearing this indefinite timeframe. That concerns me and the other fleet owners on Guam. If they are going to say---"We'll have it in 6 months or perhaps even 12 months" but, we have this open-ended no commitment stage. And, that deeply concerns me. Again, we can wind up in a crisis mode with our fleet owners if we don't resolve in a fairly timely basis.

Senator Respicio: Let me recognize the author, then I'll ask Peter to respond.

Senator Taitague: I've gone through the process in my head, especially the gas companies perspective and how they can make this happen. It's very simple, you stop filling up these tanks, were you carry the high sulfur fuel and you start filling it up with ULSD. Within a timeframe of 4 months to 5 months you should—by the end of those months have ULSD. I don't see any reason to delay anything other than stopping the importation of high diesel fuel. And, then allowing a timeframe for it to deplete out of the tank to go to ULSD. The part that I do see a problem with is GEPA must have its certain specifications and standards with regard to the types of ULSD and its additives needed. It's already simple and diagram form or chemically balanced through that...to get through the U.S. standard type of ULSD w/ additives. So, what is the delay?

Mr. Peter Cruz, Guam EPA: Honestly, we didn't know you were putting out a Bill...and when Senator Tom Ada---few months back stated that they're looking at doing some legislation to help out the public with this issue---we invited his group over. We had no idea you were working on that Bill or else we would have had you involved. Stephanie also, got involved from Senator Respicio's Office. We started working on this. We're not just looking at the RR area because---We're trying to be good neighbors also at the same time. A lot of the fuels are stored here, as we know for the Micronesian islands. If we just took some rash action without knowing the repercussions –of what

we were going to do to our neighboring islands. We wanted to cover that also at the same time. A lot of these islands are very dependent on ULSD. The initial reports—when we were working on it back then was that the prices were real high. Those are issues we were looking at—the fuel tank capabilities, storage capabilities.

Senator Tautague: I'm sorry Peter...Who's responsible for those tanks? And, how do they store them? It sounds like GEPA is trying to accommodate the gas company. Instead of the local companies here that need these fuel. And, also for our environment. This is GEPA in regards to our environment. I don't understand your concern with that is going to affect anything Pete. By the way the cost is about 3-4 cents and it is available in Singapore, it's now being distributed all through Australia, most of Japan and other Indonesian areas as well. So, it is there and available in this area.

Mr. Peter Cruz, Guam EPA: I understand that. But, when we come up to your body we have to do the research to make sure that when someone else brings up an issue we covered it. Those are the things we were working on prior to come up to you. I've had it where we've had hearings and we get criticized for not taking into consideration other parts of the industry or some other part of the entity. So, we were trying to cover all those things and trying to work with even the staff from here to make sure those were covered. Introducing your Bill sped up the process and with it moving quickly ---We understand your goals and our goals--- It's not that we are looking out for the industry's side. We're looking out for more than that but, we need see what are the repercussions of our actions at the same time. We come up to you and you start criticizing us and---we did that little research with our working group...and that's all we were trying to do. We didn't want to do a knee-jerk reaction as to some special entity wanting that. I've always had this in past with other individuals. There is nothing that stops the ULSD coming into the island or bring in the new equipment. If you brought in the new equipment--you had to bring in the fuel to run that equipment. I understand your plight, because it'll cost a lot to bring in small amounts to continue that maintenance. That's why we developed this working group to move this thing forward.

Senator Taitague: Last question before Mr. Thompson. You started in March of this year on this working group. Is that correct? That was 6 months ago.

Mr. Peter Cruz, Guam EPA: It said March in that, but, we got more people involved. Like I said, it's really moving forward.

Senator Respicio: Let me recognize Mr. Thompson.

Mr. Craig Thompson, MCV: Thank you. I am going to re-enforce Senator Taitague's comments. EPA regulation was passed in this country in 2002. They've had 7 ½ yrs to work on this. I understand that there are practical issues but, I also saw a letter that

Mobil was asking for another 4 years to work on this. I'm not sure what the timeframe is that GEPA has in mind. But, they've had long enough and I'm not hearing any specifics---We're going to get this done in 3mos. And we'll deliver a result on X date and we can go forward from there. I'm still getting this nebulous timeframe and that concerns me a great deal. Not clean air issues, but the practical applications of delivering services to the residence of Guam. And, I would like to hear more specificity after the law was passed 7 ½ yrs ago.

Senator Respicio: That's exactly why we want to recognize this working group. On Senator Taitague's Bill and put these timelines and measurable goals and benchmarks so we hold GEPA's feet to the fire. But, Peter what's the issue with having to wait for the outer islands to see---because with Senator Taitague, through her research and what you've confirmed---the impact to the consumer is about 3-4 cents per gallon.

Mr. Peter Cruz, Guam EPA: We wanted to take a look at that before we did that. What we were also doing through this working group was notifying them. Already letting the other---like Saipan know that---because we invited them to our calls. Guam is moving forward to ULSD. Be prepared cause it's coming up soon. And, that was with our last couple of calls with that working group. We were trying to get the petroleum companies more involved with our working group. Since you submitted this Bill it stirred up a lot of that. They are more forthcoming.

Senator Respicio: A major obstacle you've resolved because GPA has come forward that there able to go to ULSD immediately. Let me just ask---I'm hearing that a certain company has a contract for higher sulfur diesel. Are you trying to buy time to ride out that contract?

Mr. Peter Cruz, Guam EPA: No. Honestly, I don't even know...

Senator Respicio: Not you... but, with this working group has that been an issue on the table as a possible impediment to wanting to move forward soon than later?

Mr. Peter Cruz, Guam EPA: Initially one of the issues we were considering was GPA's contracts too. Right? That's part of the working group that we were ironing out. And, to come to another conclusion is that...one of the petroleum companies is now moving forward bringing in the ULSD.

Senator Respicio: On their own.

Mr. Peter Cruz, Guam EPA: On their own...and on top of that they were suppose to have the shipment...but, because it wasn't mandated and they haven't supplied it yet. We discussed in our meeting. They did not supply to Guam yet, they delayed giving

them that shipment. It should've been here already to start that dilution process. But, because it wasn't mandated and they did not receive it yet they're going to get it in the next shipment, which is coming up. But once they get that shipment---is our understanding, the suppliers that provided that ULSD are now obligated to continue providing that fuel. So you will be getting that fuel soon.

Senator Respicio: But the intent of the author and the intent of this legislation is to reduce carbon footprints emissions. I cannot see one company supply ULSD and the other company supplying the regular grade diesel. The Tour companies and the consumers are going to go for the cheaper diesel.

Senator Taitague: I'm sorry Mr. Chair. Even the older vehicles--- they find that the engines run a lot better, smoother and less complications. When using the ULSD. Either or I think that it would be best even in the interest...they have open models to use the ULSD.

Mr. Craig Thompson, MCV: I'm actually aware that 1 company ---my contract with them as such...if they didn't bring it in by Jan. 1 my contract is going to be void. The concern that I have is if you only have one company bring it in and not the other two you have a monopoly. It may not be a nickel it may be a dime it may be more. I'd rather see a competitive environment. Where all 3 companies are bringing in the same greater fuel. The consumer will benefit because there won't be a monopoly.

Senator Taitague: And, the prices are going to lower substantially, because it's harder to get. The other thing I wanted to bring up to is...speaking of contracts. If I'm not mistaken I know that someone from the Military is here right now. And, these awards that go out to people with contracts, to do with the Military Build-up. If I'm not mistaken they are required to use ULSD fuel when they go out for these contracts. So, how can our local people go out and be competitive for these awards going out for the Military Build-up? We're in a hard place, where you get these larger companies, bigger construction companies---people can afford or can actually ship it in themselves. But, what about the small business individual. They would not have the opportunity to go after these bids.

Mr. Peter Cruz, Guam EPA: Well, you know that's beyond me on that part. At least our goal is to work with you guys and get that attainable number you want with your staff and get your goal going with our goals. And, that's what we're asking.

Senator Respicio: Any other Senators wishing to ask any questions? Senator Ada. Senator Palacios would you like to go first?

Senator Palacios: Does this group include reps from the transportation industry? The

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private transportation industry, the bus tours and maybe reps from the contractors who use heavy equipment who use bulldozers? I would think that those kinds of equipment use the regular diesel fuel. So does the group include reps. from those industries?

Mr. Peter Cruz, Guam EPA: we have some members in there.

Senator Palacios: OK. That's all. Thank you.

Senator Respicio: Senator Ada.

Senator T. Ada: It's clear from here that there's a lot more stakeholders...there's the suppliers and so far they are getting ready to bring in the fuel and then distribute it. There's also the consumers out there such as MCV that are holding back on renewing their fleet because the vehicles that they want to get require the low sulfur diesel. It seems that EPA's concern or the working group's concern about the impact that this might have on the neighboring islands. I think that it's very noble and it's legitimate. But, I don't think that Guam's progress and the changes that it wants to make, I don't think that it should be paced on the neighboring islands, to accommodate. Otherwise, we'll be moving at a snail pace. I certainly would be very careful with that. We just recently finished a very similar situation with the building codes. 3 x's already we had to postpone the implementation and for good reason. But, each time it was postponed, progress was being made. But feet were being put to the fire. I would like to see the Bill pass with the proposed implementation date and in fact the suppliers and stakeholders out there has some really legitimate issues as to why it should not be implemented in that timeframe then we can always come back to the table and see what we need to do to make adjustments. If it's just left open-ended---it's kind of like your going to get to the alligators first---closest to your heals. And, if there's no deadline for this...I would propose that we stay the course. The concern about just one supplier---basically monopolizing the ULSD supply and what impact it might have on the prices. It may have an impact I think temporarily. But, I'm sure the competitors are going to come back in so he can back into the game. I really don't know what the technical issues are that's involved with the suppliers getting ready to receive the diesel. But, I'm not necessarily convinced that we need another 12months to be able to resolve this issue.

Mr. Peter Cruz, Guam EPA: Actually Senator, I wasn't even thinking of the 12month period working with your group. When we said several months, we were thinking 2-3 months to get you guys what you want, in terms of the goal.

Senator T. Ada: That's what Mr. Thompson had indicated. Let's put a timeline that we can all work towards and the closer that implementation date is...the more intense the

effort will be. The further out it goes, everybody kinda leans back and until we get closer to it and then they rev it back up.

Mr. Peter Cruz, Guam EPA: During our discussions yesterday, during our call we got Stephanie later on, on it. We are looking at 2-3 months to get a solid recommendation to the legislature, with the timeline of the mandate in terms of the ULSD.

Senator Respicio: See we're talking about 2 different things. Senator Ada is talking about the drop-dead date to have this thing implemented. You're talking about 2-3months to come back to the legislature and this community to recommend the substitute version of the Bill. This Bill calls for implementation for Jan. 1. 2011.

Mr. Peter Cruz, Guam EPA: That's also what we were thinking of coming back to the legislature with a drop date for legislature to consider.

Senator Respicio: Well, at the roundtable there was discussion of Dec. 2011, that was thrown out. That was by the Military's Representative. They said they needed till Dec. the following year. And, that's what the working group was leaning toward.

Mr. Peter Cruz, Guam EPA: We all wanted to get back together and really finalize it and put it together and work with your staff, and give it to you guys. Your staff will be reporting to you---and letting us know if you're in agreement or not.

Senator Respicio: I don't think we're going to take 3 months to figure out a timeline. I know it's complex and it's difficult.

Mr. Peter Cruz, Guam EPA: I threw that out in terms of making sure we medaled the logistics. I was hoping that we can finish everything within 2 months.

Senator Respicio: Let me recognize Senator Espaldon and then we'll...

Senator Espaldon: Mr. Chair actually, mine was more of a procedural issue with this panel right now. We have so far only heard from Mr. Thompson and the folks from EPA. There a lot of other stakeholders in the room right now in the public hearing room to be able to...I would like to hear if they're going to make an oral testimony because to go down a line of questioning based only upon 2 testimonies...I think it would be unfair to reach any conclusions at this point in time.

Senator Respicio: I called everyone up who signed up to make oral testimony.

Senator Espaldon: So, there is no one else Mr. Chair?

Senator Respicio: There's nobody else.

Senator Espaldon: Well then... I guess the question then is...since you're up here from GPA...One of the questions I would like to have asked Mr. Thompson is...We've heard testimony that one of the oil suppliers- petroleum companies who are bring them in now...the real basic question is—Is this not a market function of supply and demand? If Mr. Thompson is correct that all the new diesel vehicles are fitted for these engines to take ULSD fuel. Then it almost seems that the market forces to require that the fuel suppliers bring in the fuel necessary to run these kind of trucks. Any response on that one?

Mr. John Cruz, GPA: Mr. John Cruz, GPA. In our research we found that in 2008 in the Singapore market, 0.1% was ULSD. In 2009 it was 16%. So, there was a vast penetration in the use of ULSD, in the market. I believe that the supplier that they are referring to is our supplier. They believe that the contractual means were in place, that they would be able to convert us totally to ULSD within a matter of about 3-4 months. We can move on it if we so desire.

Senator Espaldon: Mr. Chair if I may continue. I scanned everybody's written testimony. Now, Mr. Thompson says that there should be no problem using this ULSD fuel on the old diesel engines. However, the reverse is not true. In looking at the report it's thick, at least in what GPA came up with...and also, another written testimony I believe from one of the oil companies. There is acknowledgement of the lubricity issues using ULSD. Now, Mr. Thompson of course testified to the contrary saying that there should be none. Again, this just a point of contention...How do we reconcile these two different opinions?

Mr. John Cruz, GPA: Our OEMs who manufacture our plants they don't think it's going to be an issue. If there is an issue there are lubricants that can be added to the fuel, to increase the lubricity. I'm not a chemical engineer. So, I'm not going to speak to what particular additives are necessary to bring that up. They are available in the market.

Senator Espaldon: I noticed that Mr. Jones came up to the mic. If you can Jeff go ahead and introduce yourself.

Mr. Jeff Jones, Triple J Motors: Mr. Jones, Triple J Motors. One thing I wanted to mention, is all the manufacturers or most manufacturers are now producing ULSD required. Part of the problem is we can't order these vehicles because the fuel is not available. The manufacturer won't allow us to purchase these vehicle because they are afraid we'll put the high sulfur diesel and damage the engines. Until it's available we can't bring them in. We actually sent fuel samples to the manufacturers recently on the

existing diesel to see if any of the existing engines would work using the existing sulfur level. Part of the problem is there are new engines available that will run on the other existing fuel---but they don't meet the other DOT compliance measures for the United States. There are diesel engines that will run in other countries, but they don't meet the other EPA requirements, for U.S. specification vehicles. Basically, we're caught between a rock and a hard place. In Micronesia I can order diesel engines all day, for the Micronesian islands because they don't require U.S. specifications. Having one supplier is good, but even the manufacturer want to see more than one supplier and they would like to see the whole market convert. The problem is, you have a customer who comes in and you bring in the vehicle for the customer and with only one supplier...they go to another supplier and put high sulfur fuel and that causes damage to the vehicle, warranty voiding and all kinds of things. It's complicated. It's much better if all three are bringing in...and that's the ideal, of course if you get one supplier bringing it in, I think that will address a part of the need. But, it won't change the industry.

Senator Respicio: any response to Senator Espaldon's concern on why we are hearing more especially from the consumers. At the roundtable the consumers said that they don't have a problem using the ULSD provided everybody uses it.

Mr. Jeff Jones, Triple J Motors: I am not aware of manufacturers using ULSD fuel in the previous generation engine.

Senator Espaldon: You've heard Mr. Cruz say that their research shows that some lubricants would be needed to lubricity.

Mr. Jeff Jones, Triple J. Motors: I'm not aware, there may be... I haven't heard anything from our manufacturers, that there's a problem with that. And, understand all of the United States converted and they're still running the old engines on the new fuel. There's no warranty issues I have heard of, I haven't any technical services bulletins or anything. It seems to me that we're trying to re create the wheel the transition has happened already in the U.S.

Senator Espaldon: We can all appreciate that. What kind of baffles me Mr. Chair. is that there's no one here to give oral testimony on behalf of the petroleum industry.

Senator Respicio: Like I said, at the roundtable, they were all here and they have also submitted written testimony. They're not here at the public hearing, but Mobil has taken the position at the roundtable, and they thought that the older engines had to be retrofitted---we were able clarify that. That was Mobil's position in why we shouldn't move so quickly to ULSD. We didn't get any testimony from the other petroleum supplier. They did attend the roundtable hearing, but, they were just observing, waiting to see what the legislature and the government would do.

Mr. Jeff Jones, Triple J. Motors: With impending Build-up it's going to be a huge issue because of the type of equipment---even trucks---I get requests weekly from companies in the states that are moving out here for the Build-up and asking about specifications of vehicles. Most of them want diesel, because that's the industry standard for construction, is diesel engines.

Senator RESPICIO: If we don't get this together I could see the Military bringing in their own fleet vehicles to support the contractors to provide...

Jeff Jones, Triple J Motors: It's still a fuel issue. The Military is still having to ship it in drums right now.

Senator Respicio: What I'm saying is I wouldn't put it past the Military to bring in their own ULSD to supply them to support their mission. Everything would be under the guise that is mission related. And private companies won't be able to participate in all this extra business opportunities.

Senator Espaldon: In terms in response to my question---Wouldn't this be a natural evolution into the market? In other words, if the oil companies are astute in terms of responding to demand, with the military buildup, it would seem natural for them to supply accordingly, as opposed to what they're trying to impose on this market. Isn't that more of a natural process of supply & demand of the competitive forces at work as opposed to a legislative mandate that on Sunday this is going to happen?

Mr. Jeff Jones, Triple J Motors: Now I think that would be true if we hadn't had gotten a waiver from the USEPA several years ago because we've already been in this same situation in the U.S. and I think that is part of the concern that I have is—the current population of vehicles on Guam I think is 110,000 -120,000 registered vehicles. Estimating 10% -20% are diesel. Most of those are run on the older diesel engine. The demand will be limited. Some fuel co. could continue to sell the older fuel for sometime before the demands will dictate the newer fuel. If there is not a supply of it the demands will never come, because you can't bring in the vehicles. Thank you.

Senator Respicio: Senator Palacios.

Senator Palacios: I was hoping that Mobil could have been here. I had some questions for them. Perhaps GPA or someone can answer. In addition to the actual cost difference 3-5 cents per gallon, which is indicated in the analysis. I want to know the actual incidental cost of implementing this, because it not just the direct cost, because if you're going to add additives to a 50 gallon ULSD how much additives would be required to put in? There'll be cost in order to enhance the lubricity to minimize the downtime of

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the engine. Those are the incidental cost. And, of course all this cost will be passed down eventually to the consumer. Which will be to the public. In the end the public will have to pay for this. I support this because it's very good for the environment. I want to know at what cost? I ask EPA if they mastered the cost analysis of these things. That's there business and I want to hear from them if they actually have a reasonable judgment on this. In the end we will have ULSD, I know that. How soon is the timeline we can debate on, and the cost implications. Can anyone take a guess as to every 50gallon of ULSD?

Senator Respicio: Let me defer to the author and then we'll ask EPA.

Senator Taitague: Let's get to lubricity. Lubricity additives are to all ULSD fuels a part of the manufacturing process these additives are both necessary for both old and new engines. Since these additives are most likely mixed in the fuel at the refinery. It's done at the refinery before it's sent out. It's likely the refinery will have to add lubricity agents for cleaning engines etc. down the lines. But in the process of ULSD they have already add these lubricity agents or specifications in there. To be able to accommodate old and new engines at the same time. It's just like gas companies---they have particular agents standing by if you want a cleaner---additives they sell, like the fuel injection system cleaners---things like that. That's a marketing perspective. In 2006 when the U.S. first decided to go to ULSD. They had a trial and error period---within one year, they took out all the nooks and crannies ---they have since fixed that problem. At anytime of refining high sulfur diesel fuel depending on the PPM. When you refine it you go to a lower PPM, when you refine it even more you go to a lower PPM. When you do this you have add in these additives, even for the newer engines you have to add them. The additives are already added in. The cost at the pump: we have shown only 3-4 cents per gallon.

Mr. John Cruz, GPA: It would add about 0.5% to our diesel cost, over the next 5 years considering that we need to use those generation units more to serve larger loads.

Senator Taitague: So, its 3-4 cents additional from high sulfur to ULSD?

Mr. John Cruz, GPA: Yes. There is a graph there that we project the use of the fuel, the difference in cost anywhere from a low of about \$160,000 to a high of \$260,000 approximately, at the height of the Military Build-up.

Senator Respicio: Isn't ULSD the standard throughout the United States and Asia, Australia and Indonesia? Why are we so far behind? First of all would you like to answer Senator Palacios question?

Mr. Peter Cruz, Guam EPA: The lubricity is not an issue. Like Senator Taitague stated earlier it has already been taken into consideration as they processed it—there maybe some application, but, that'll be in the real heavy, specialized industry. They'll just have to add a little more for equipment like bulldozers. In terms of lubricity and the fuel being utilized—in the industry it's not much of an issue. If it wasn't--- the U.S. would be in big trouble with the trucking industry.

Senator Respicio: And, in your working group did you quantify what this would cost at the pump?

Mr. Peter Cruz, Guam EPA: That's the numbers we are working on in fact it's dropping as we speak. One of the reasons that they gave the waiver to Guam back then was because the fuel wasn't available—in reference to our regional area. That was our challenge. And, their intent also with that waiver was---things are going to change. We can move up and move forward with these changes. What's nice is that the Legislature and the community want a cleaner environment, and wanting to do that locally without the Feds getting involved. We are all in support of this. 2006 we got a letter from Congresswoman Madeleine Bordallo, questioning us in regards to where we are headed with this too as LamLam tours had sent a letter saying their fleet was hurting. The problem was the region did not provide that type of fuel where it would be cost effective.

Senator Respicio: In response to an earlier concern raised by a member of this panel, why then would we have to legislate this? At the roundtable meeting, there was an overwhelming consensus for this working group to have the authority given to them from this government to move forward with definitive timelines to do the very thing you guys meant on your own to do.

Peter Cruz, GEPA: Those were things we wanted to work out. Our concern is: we don't want different grades of fuel out there. One reason is the trickle effect of, let's be honest, unscrupulous individuals out there marketing their fuel, so in the best interest of the island and the consumer, we should have one fuel standard. And the standard we wanted to propose is flexible to...

Senator Respicio: Because Peter, whatever the effective date is, would mean petroleum companies will only by law bring in ULSD, anything else would not be allowed to enter into the island.

Peter Cruz, GEPA: What we are asking for with our working group. We want to do the 15 parts per million or lower, but we got to be careful as to what we adopt as standard in terms of all the other stuff. Where are we getting our fuel, it's not from the mainland, it's from this regional area. So, if we get concurrence from U.S. EPA about that type of

specs. Australia was fine for now, then we could use that specs. We don't want to get caught just referencing the 40 CFR and then that fuel is not available here because of the ASTM specifications stated in that. We want to do our homework to make sure that, the specs that we use is available here in this part of the region. Because...

Senator Taitague: But, Peter how long will that take?

Peter Cruz, GEPA: It won't take-

Senator Taitague: Maybe a couple of weeks?

Peter Cruz, GEPA: I would rather do a 2 month thing.

Senator Respicio: Do you have an idea of how much diesel is currently on the island, in

terms of supply?

Peter Cruz, GEPA: Honestly, we don't keep those kinds of records.

Senator Respicio: Wouldn't that be a factor in the transition period?

Peter Cruz, GEPA: Yes, it would be.

Senator Respicio: You need a hybrid. Transition. You need to advise them that-

Peter Cruz, GEPA: Exactly. Once it's cleaned out this is available. They can't go back.

Senator Respicio: But, in the mean time you shouldn't allow for the importation of any other type of diesel other than what this legislation provides so if there's a six month supply on the island with the current type of diesel then that's your transitionary period that would be the only 'cos we don't want to cripple the industry as well and say you have to convert immediately and what happens to the current diesel they have and I even the author's very sensitive to that so-

Mr. Peter Cruz, Guam EPA: Yeah those are the things we wanted to work out from a practical perspective but we also don't wanna-

Senator Respicio: 'Cos if that's the reason for your delay then just be forward and forthcoming and say that's one of the reasons.

Mr. Peter Cruz, Guam EPA: But I don't want to commit to a you know we wanted to sit down in that group don't get me wrong I'm not trying to defend the petroleum industry

to that effect but like you stated the last thing we need fuel here that can't be used or becomes a waste or some other sense.

Senator Taitague: Peter can you also check the ppms in Australia Japan and other areas where they receive their ultra low sulfur fuel in Singapore? This bill indicates that it would be at 15ppm and I believe it might be at 10ppm in the Asian area which I know the supply will come from so if anything do you see a problem with even lowering that to 10ppm instead of 15?

Mr. Peter Cruz, Guam EPA: Actually I think your 15ppm would be a good one-

Senator Taitague: But would it harm if I went to 10ppm?

Mr. Peter Cruz, Guam EPA: That's what we'll iron out with USEPA also 'cos they have their diesel group with us and we can iron those things out for you and that was a concern the parts per million if we get stuck with a certain number as a mandate-

Senator Taitague: Well there is a mandate in the United States.

Mr. Peter Cruz, Guam EPA: I understand that but we want to make sure we can work it with you.

Senator Taitague: GPA go ahead.

Mr. John Cruz, GPA: When you specify it in the bill specify it as 15ppm or lower and that should cover everything that's what we do with our specifications for our fuel we say we give it a percent sulfur or lower

Senator Taitague: Thank you Mr. Chair for the opportunity.

Senator Respicio: Are you done chairing the hearing?

Senator Taitague: I am Mr. Chair and I appreciate you extending an extra arm out for me to ask these questions.

everyone laughs

Senator Respicio: Ok please state your name and your-

Mr. Jason Fukuda, **JGTA**: I am Jason Fukuda I represent the JGTA the Japan-Guam Travel Association. Under JGTA we have a subcommiTtee that consists of the bus companies on island that is members of JGTA and some are here in the room today. We

are in support of the bill. The only thing that I feel was discussed here is as part of the laws from 200- and maybe Peter can confirm this but the laws of the engines and we have several manufacturers in this room that they can burn out if I'm not mistaken with that we need to move forward right away as has been said in this room all morning. The longer we wait the longer it will take the industry on the island to come up to speed with technology meaning that the shops on the island the dealerships we haven't even come into 2007 clean air emissions yet we're going to 2010 and the next one is in 2013 if I'm not mistaken. Our technicians our equipment everything has to be upgraded with this bill. The longer we wait the longer we have to catch up meaning the government of Guam and the Fire Department ambulances school buses tour buses anything with diesel engines as everyone in this room has said. So speaking on our behalf is that we wanna move forward with the bill. I understand there's a lot of things here that we wanna extend for certain reasons but I think what we have to concentrate on is all the technology that we have to gear up to come up with it. GeTting back to Senator Espaldon's question yes we are here we didn't submit wriTten testimony today although we wanted to we just have some other issues that we're dealing with right now but another question that I had is I missed the Roundtable because I was off-island but who is on this working group and how can we get involved with this?

Senator Respicio: Defer to Peter.

Mr. Peter Cruz, Guam EPA: Well our working group it started with the board and we invited some others from the private sector and we can get you involved with the next group all you have to do is give me your name and number and we'll include you and it would be great to have you also on board.

Mr. John Cruz, GPA: GPA is also hosting the FTP site for this working group and either Pete or someone from GPA can give you the info it contains all the documents and all the minutes from those meetings.

Senator Respicio: I don't think you answered the question though who are the members of the working group?

Mr. Peter Cruz, Guam EPA: Its comprised of USEPA, the Navy, Air Force, GPA, including Nicole form Senator Ada's Office and from Senator Rory Respicio we've got Stephanie, we get them in and out from the petroleum company, we have some from the engineering side I forgot we have a list here also you can reference.

Mr. Jason Fukuda, JGTA: Is it safe to say that this working group consists of all government agencies?

Senator Respicio: No.

Mr. Jason Fukuda, JGTA: Where is the private sector here? I'm sorry the public sector. I don't see any trucking companies any transportation company I mean we are the big users besides the power plant like Peter said maybe we got an invitation-

Senator Respicio: Well that's you bring a good point and this is exactly why we wanted to with the author's support we wanted to substitute the bill to recognize who should comprise this working group because this is kind of a working group that just came together and there was no formal structure or mandate for them to do what they've taken the initiative to do themselves the downfall to that is DPWs not a part of that working group are they?

Mr. Peter Cruz, Guam EPA: No

Senator Respicio: but DPW did come to the Roundtable meeting through discussion of this bill we'd like this bill to evolve to recognize who the members of the working group ought to be and to have a definitive timeline on when we should transition to the use of ultra low sulfur diesel and recognize those transitionary issues but I don't know if we need two or three months to establish who the members are and-

Mr. Peter Cruz, Guam EPA: We want to continue to move forward and just add these people in as part of it and go through the review process.

Senator Respicio: Because this Legislature wants to pass something the author wants to pass something but to take two to three months to revise the bill that's two to three months delay.

Mr. Peter Cruz, Guam EPA: Well if we work with Stephanie and some of your staff I think we can get it out faster.

Senator Respicio: Well we have Session next week and that's my point. So if-

Mr. Peter Cruz, Guam EPA: We were gonna set up a call with our other individuals also next week but we'll see what we can work out next week is a little fast for me but that's why we're asking for a couple of months or so.

Senator Respicio: I mean if we can establish the working group by legislation and then give the working group 90 days to report to the Legislature on when that magic date of when we should transition to ultra low sulfur diesel. I mean first we have to agree is January 1, 2011 too ambitious and that was your departments testimony.

Mr. Peter Cruz, Guam EPA: Yeah

Senator Respicio: And what I'm hearing from the author is January 1, 2011 seems feasible.

Senator Taitague: Well I don't see the delay in stopping any sale or brining in ultra low sulfur fuel I mean the timeline to stop brining it into Guam is set for January 2011 and then it will be taking a process to clean out the tanks within about four to five months and maybe even six if we're gonna be liberal so by the sixth month what comes out of the nozzle at the gas station will be ultra low sulfur fuel, hopefully 15 or lower ppm by 2011 by about July or August.

Senator Respicio: We have to be clear if that's what we mean because this says that effective January 1, 2011 all diesel fuel sold or distributed on Guam shall meet USEPA standards for ultra low sulfur diesel so we have to have a transitionary-

Mr. Peter Cruz, Guam EPA: A phase-out.

Senator Taitague: Exactly and I think that's the ambitious section of it was well noted and I do understand-

Senator Respicio: So I wanna ask if EPA is comfortable with the suggestion then that effective January 1st the importation of anything other than ultra low sulfur diesel will be prohibited but then we'll amend the bill so you have a transitionary period and also in that bill we'll recognize that working group to make periodic recommendations to the Legislature.

Mr. Peter Cruz, Guam EPA: Right now-

Senator Respicio: 'Cos I wanna ask before you answer that question we have testimony from Shell and Shell's asking that they believe the Marine industry should be granted a waiver on mandated use of ultra low sulfur diesel fuel and allow this market segment to utilize .5 or lower sulfur diesel fuel as a supply option we're wondering if based on this statement is Shell indirectly or hinting to us of their intent to bring in ultra low sulfur diesel so that you would have two types of diesel here on the island and that was your concern.

Mr. Peter Cruz, Guam EPA: You know that's where-

Senator Respicio: Because you cannot prohibit-

Mr. Peter Cruz, Guam EPA: Once we bring ultra low sulfur diesel in we don't want any other fuel on the market once that starts. We do not need like industry also stated you

know the guys are out there just go the nearest pump pump in and screw up the equipment then that's an added cost to everyone so for consumer protection also at the same time and even from a warranty issue once we bring in the ultra low sulfur fuel that's what we should stick with. In terms of the date I do not feel comfortable right now as of right now that's why we ant to get back to that working group so we can get an actual doable date that you guys would also say yea or nay to that's within at least within the range you're looking at but I wanted to make sure it's something attainable.

Senator Respicio: but you understand what this date will be this date will be effective January 1, 2011 you cannot bring in anything other than ultra low sulfur diesel but it doesn't prevent the selling or distribution of the higher grade sulfur diesel until that supply is depleted.

Mr. Peter Cruz, Guam EPA: Right and I was also thinking on the opposite hand-

Senator Respicio: Because if Shell's moving to bring this in on their own then you're gonna have to play catch up with EPA and that concern you raise is gonna be a reality.

Mr. Peter Cruz, Guam EPA: Right but

When we look at the law it doesn't phase it out

Senator Respicio: The law or the bill?

Mr. Peter Cruz, Guam EPA: The bill

Senator Respicio: No I'm saying move your mind to what we just discussed that we're gonna amend the bill to recognize that transitionary period

Mr. Peter Cruz, Guam EPA: Right and whatever the date is is something that we wanna put together and then give it to you I hear your date that you're giving right now but I just wanna hear from everyone involved in our working group especially and then we're not gonna take an unpractical number like 4 years or something to that effect. We wanna move this forward with you and I just feel uncomfortable right now without talking to the rest of the group we wanna work it together and get back to you with that date. I'm sorry I can't because we didn't get a chance to really talk yesterday.

Senator Respicio: Unless there's something else I'm thinking the only reason to delay is to provide for a transitionary period to deplete the current stock on-island. That would be the only reason and I'd like to say that there's enough representatives in the Legislature I don't want to speak for anyone else but that there's enough of an agreement that we should allow for that supply to be depleted-

Mr. Peter Cruz, Guam EPA: Phased out.

Senator Respicio: Yeah to be phased out without being unreasonable by saying effective January 1st whatever diesel you have in your inventory you have to ship it out. We're not saying that.

Mr. Peter Cruz, Guam EPA: Yeah that's what we're a little concerned about too.

Senator Respicio: Bob Perron member of EPA Board.

Mr. Bob Perron, Guam EPA BOD: Yes and a member of the Committee that's doing the research on this. Well we know that one oil company can bring it in by the end of the year but we're not sure about the others. We haven't been given as much information from the others. They haven't been as forthcoming as the one oil company has been so with the introduction of the bill people are coming out more and giving out more information and the one oil company that's able to meet the time frame we believe has been working on it for a substantial amount of time so whether the others can meet the time frame or not we're hoping to get that answer real soon because they haven't been very forthcoming with the committee.

Senator Respicio: Let me recognize Senator Tony Ada.

Senator V. Ada: Thank you Mr. Chair. Mr. Cruz, I just got a couple of questions. You were asking an extension in time of a couple of months. In the past you guys got together when? March? Was when the group first came together?

Mr. Peter Cruz, Guam EPA: No no no. We've had this group over a year that's for sure.

Senator V. Ada: And how many times within the past year have you guys met?

Mr. Peter Cruz, Guam EPA: We have calls every month.

Senator V. Ada: Every month? So you guys had meetings every month this past year?

Mr. Peter Cruz, Guam EPA: Pretty much or more. We've been having more frequent calls in terms of developing ways this prior to the bill okay.

Senator V. Ada: But knowing this came into law in the states way back and working on it in the past shouldn't you already have come up to a conclusion on how to proceed forward?

Mr. Peter Cruz, Guam EPA: I don't think you heard what we stated earlier.

Senator V. Ada: I sure did hear it. I also heard-

Mr. Peter Cruz, Guam EPA: I'm talking about the region. The biggest challenge that we had was the regional area for fuel supply.

Senator V. Ada: I understand that but when we have a petroleum company that's ready to move forward anytime that's why I'm asking how is it- what is it that you need to discuss further to ask for an additional two months when one petroleum company is already ready to bring it in?

Mr. Peter Cruz, Guam EPA: We were just working out all these details like I stated this bill just came up we were not involved with it and now that the bill was introduced it's expediting a lot of things from that perspective I'll give you that credit Senator Telo that since your bill was introduced it moved a lot of things forward a lot faster.

Senator V. Ada: That's why I'm just asking I don't mean to put you on the defensive here but if there's something that hasn't been discussed in the past year that you need and you're gonna figure it out in two months I just don't understand the logic there. What hasn't been discussed in the past year that you're gonna discuss in two months to make changes to the bill?

Mr. Peter Cruz, Guam EPA: Well prior to all this happening one of our biggest challenges was that the suppliers were saying they couldn't have the infrastructure to separate the fuels the region didn't really have the fuels also the cost as well so those were all the research we were doing to say hey this is more attainable than what was initially stated by other parts of the industry and that's why now we're even at the fact that the number she's giving in terms of the cost we say hey it's more doable before we were hearing only one side of the story and when this group got together we were getting more information together we got GPA involved initially they were a big part of it because they would not change their fuel unless GPA changed their fuel and now that GPAs moving forward with the fuel and we're having more discussions the market is really moving faster than within the past few months than we've had for the past few years.

Senator V. Ada: So then you just stated again that within the past few months it has been moving so how come the group hasn't been moving as quickly as everything else has been moving if you guys have met every month for the past 12 months this is not something new it wasn't just created yesterday or even 12 months ago.

Mr. Peter Cruz, Guam EPA: Well that group is these guys too [GPA] and we approached them to start looking at it and that's what dictated this also.

Senator V. Ada: Yeah but they're also stating they can switch over immediately.

Mr. Peter Cruz, Guam EPA: That's just recently.

Senator Senator V. Ada: That's why I'm just trying to figure out what is it in the next couple of months that you guys are gonna discuss especially now that GPA says they can switch immediately what is it over the next couple of months that you guys will discuss that will make an impact or make a difference?

Mr. Peter Cruz, Guam EPA: I kinda get what you're leading to and from that perspective I just wanted to do our due diligence from our agency's perspective also with the working group that we've put together and the months is just to make sure it may not even take a few months it was just a number because of our current overwhelming work with our workload just wanted to make sure all the logistics involved with the people from San Francisco that we're dealing with and whoever we're dealing with we're all working together even from your group and I apologize about that-

Mr. Bob Perron, Guam EPA BOD: Excuse me Senator. I also think that the oil companies are coming forward a little more now seeing that it's serious and it's gonna happen with 'em or without 'em so they're now all getting in on the planning and that's a new revelation I guess. One has been pretty forthcoming all along and one is coming to the table now and starting to engage the committee so we know one company can definitely bring it in by the end of the year. Can the other ones? We don't have that information yet and that's what we hope to find out in the next few weeks find out what they're position is.

Senator Respicio: If the issue is regional distribution do you think these petroleum companies have the capacity for holding tanks to hold both the high sulfur diesel and the ultra low sulfur diesel because I'm trying to think outside the box because we're waiting for how the outer islands would react and respond but for better or for worse Guam is used as the holding depository for all these oil fuels that has to be distributed throughout Micronesia and there's separate legislation to address what we wanna do with that but I wanna ask if we can require that for Guam ultra low sulfur diesel is used but we could still probably accommodate the need for the outer islands if they're not ready to transition if the petroleum companies wanna make the investment and have an additional holding tank or retrofit their business to provide for both types where one would be distributed to the outer islands and the others will be used for Guam. Have you considered that option?

Mr. Peter Cruz, Guam EPA: I think those discussions did come up and its like once we switch they're all gonna have to switch-

Senator Respicio: For locally though?

Mr. Peter Cruz, Guam EPA: No, they're just gonna have to switch for the whole Micronesian market but what's kind of ironic when we all talk about this right now with the fuel companies is that back in 1996 when they went through that waiver we were not part of it that waiver was done by another group without our concurrence and that was the waiver for the higher sulfur content for the mobile sources. There were two waivers one was for GPA and one was for mobile sources so the ones that are impacted today is the mobile source waiver and they're justification when they went through that waiver back in 1996 was that they could not invest in another infrastructure to separate the two fuels and it's kind of ironic today because as we're discussing these things and we're pushing the issue even from a monetary perspective why is it now that one company can actually separate the fuel and have another tank for the other sulfur-

Senator Respicio: Yeah like in the case of Shell they wanna provide ultra low sulfur diesel for boats- [Transcriber's note: Shell recommends that the Marine industry be <u>exempted</u> from the ULSD requirement. *See* Shell's wriTten testimony, p2, item (c).]

Mr. Peter Cruz, Guam EPA: And that's what's going through our heads right now those are things that are coming up as we speak.

Senator Respicio: Senator Palacios.

Senator Palacios: Thank you Mr. Chairman. I'd like to ask Mr. Fukuda if you can give me several reasons why I should not support this bill as it is right now considering the time and the implication of cost not just the actual cost because I'm mindful of the impact of this especially the industry the tour bus industry that they use fuel so you can just fax it to me and perhaps maybe I can share that with my colleagues next time around we can sit down at your convenience and check out other similar industries that share with you and just give me some bullet points. Thank you very much. By the way my fax is 472-5022 or you can email me of course. Thank you.

Senator Respicio: Senator Ada.

Senator T. Ada: Mr. Chairman after listening to and I know that the Committee will probably go into a mark-up after this is finished but after listening to testimonies and knowing now that there is in fact a supplier out there that will be ready to supply ultra low sulfur in January of 2011 puts me in that comfort zone to lets stay within that

January of 2011 date but I think on the dates that we're talking about there's really two dates that we need to establish one is the date of January 2011 where the ships will no longer bring in the high sulfur diesel so we shut off the valve there but we don't know how fast they're gonna be able to move the fuel that's already at the pumps so I think then we need to provide a provision that would give a transition period whether its 30 or 60 days okay 60 days but so that then if a sampling is taken at a gas station and its tested in a laboratory after a 60 day period there should not be any high sulfur diesel coming out of there so I think a provision is going to be required that at some point maybe after that transition period the petroleum companies are going to have to provide a certification to EPA that that there is no longer any high sulfur diesel that's at the retail outlets and of course probably the only ones we can take it at is we know who has permits for fuel tanks so probably those private suppliers who are actually holding their own tanks for their trucks maybe black construction has their own fuel tanks but I think there's that requirement that after that 60 day period the supplier are going to have to give certification that there's no longer any high sulfur diesel at the retail outlets. That certification is going to have to come from a laboratory that is setup and certified to provide testing services and really these companies that's what they're all about their reputation is that they're able to conduct the tests and say what they're all about and so far there's a concern that was raised about once supplier only I have a lot of confidence in the market place that competitors are gonna wanna get into that market place as soon as they can if they know that by January March at the latest they're gonna be out of the game if they cant come in and provide ultra low sulfur fuel so I would recommend those are some of the amendments we should make but I would suggest we should stay with the import stop date for that maybe a third provision is to allow for that fuel company to bring over 'cos normally a lot of the ships they have different compartments to bring in the quantity that they feel is needed for the outlying islands. But somehow that's gonna have to then it starts getting a little complicated. But for purposed of Guam's requirements those would be the recommendations that I would have.

Senator Respicio: I think we should allow for something like that to happen that we should let the industry decide if they're to make the investments to retrofit their operations to have that additional tank that's so you can convey to those folks that we're sensitive you know like Senator Ada says Senator Taitague said we wanna make sure that we allow for the current stock to be depleted but I just wanna ask before I ask the author to close what's the difference between what we're trying to do here versus the different grades of gasoline where you have regular unleaded and super unleaded and te higher grade is better on the engine I mean we're talking about gasoline versus diesel but and that happened naturally I mean you go to one company and you have three different grades of gasoline.

Mr. Peter Cruz, Guam EPA: the gasoline industry if you recall it went through a similar process in fact they used to have lead as part of their fuel additive and it was kind of

ironic because the purpose is actually it's the same kind of concept the reasons that the actual lead was taken out of the gasoline was not for health purposes but for the catalytic converter because it was a poison to the emission control unit and the sulfur is almost pretty much the same thing with the new diesel engines is that it basically interferes with how efficient the emissions units are for the new requirements for the Clean Air Act as it relates to their efficiency-

Senator Respicio: But you have different grades of gasoline available to consumers right now.

Mr. Peter Cruz, Guam EPA: Yeah diesel is a whole different story. [Transcriber's Note: Inaudible Segment.]

Senator Respicio: Senator Taitague. Well you're chairing the hearing so you might as well close.

Laughter

Senator Taitague: Well I'd like to thank everyone who came today and shared their opinions issues with this and I'm very confident that something like this that we've explained and hashed out at the issues and being ambitious has all been dealt with and cleared and I'd like to thank my colleagues for putting their input as well and ask for their support on this bill but most especially we have to look at the implementation I think Senator Ada said it very well as far as the timeline is concerned my biggest concern Mr. Chair is that the timeline should also be inclusive of having EPA do the specifications requirements and guidelines used for Guam we don't want to lift the waiver that we have because it gives us a little flexibility but we also need the guidelines and specifications of grade all put in place and that will take a little bit of time if you know what I mean.

Mr. John Cruz, GPA: Senator Ada made the point that yes we should go with the January date for the importation but maybe we can leave it up to USEPA and GEPA to decide when the actual retail testing will take place.

Senator Taitague: Right, it's not the testing actually it's the guidelines in which EPA is gonna have to follow because when they do the testing they're gonna have to see if the specifications are in that particular that kind of diesel ultra low sulfur diesel and that's basically the additives and certain things that are put into the ultra low sulfur diesel that may not be in there that should be in there so it's specs in the type of ultra low sulfur that EPA needs to come up with and those guidelines so when it comes time for testing they'll be able to tell not only that the ultra low sulfur fuel has the additives needed but is in compliance with certain specifications under USEPA or Guam's specifications

USEPA so we don't wanna be too constringent with regards to that because we have to look at the availability in the market in Asia area and that's basically Singapore so that timeline may be a consideration and I'd like to thank you guys for being here again and I humbly ask for everyone's support .

Senator Respicio: Thank you. Just to add you can sense that the Committee wants to move forward and there's already a real sense of urgency. You [Peter] were asking for a few months to try to fine tune the bill but I think based on our discussions we can do several things we can keep the January 1, 2011 deadline as the importation of when to stop importing anything but ULSD we still need to figure out the mechanics of this working group but what we could do if everybody's amendable we can just mandate that the EPA Board within 30 days establish a working group so you have the flexibility and you can invite and uninvite people at will that would be your mandate through your EPA Board. January 1st gives us 5 months by January 1st or you can recommend to the Legislature when or how much time is necessary to deplete current diesel stock on island we can phase this we need to do three things but we don't have the third magic number and that's how much time is necessary to deplete the current stock but we can leave that to the working group 'cos we would e in the next Legislature or hopefully and we'll leave that to the next Legislature to make that decision.

Senator Taitague: one last thing that's very very important the commercial vehicles that are made after 2006 that have a warranty requiring that ultra low sulfur fuel be used now it's important that the specs that go in there would adhere to the warranty of these vehicles meaning that when you do your specifications that we follow the guidelines of USEPA so that the warranty would not be voided because of using the wrong ultra low sulfur fuel additives. Thank you.

Senator Respicio: So you understand how this bill will be substituted right? Do you have any more questions or concerns?

Mr. Peter Cruz, Guam EPA: Kind of. I'll clarify that with your staff.

Senator Respicio: Ok. [To Committee] Do you have any other comments or concerns? We also want to give you some kind of flexibility so we'll just leave it up to the Board to identify the working group you have some kind of mandate January 1st will still be the drop dead date of when we're gonna stop importing any other grade other than ultra low sulfur diesel and then we allow the working group to report back to the Legislature on January 1st what the recommendation is for the sale and distribution component for this legislation. SO you have five months you were asking for three months now you have five months

Laughter

Mr. Peter Cruz, Guam EPA: We hope to get it done sooner but you're real generous thank you.

Senator Respicio: And we still accomplish the author's objective.

Laughter

There being no further discussion, Senator Respicio concluded the public hearing on Bill No. 414-30 (COR) at 11:10 A.M.

III. FINDINGS & RECOMMENDATIONS

Prior to the introduction of Bill No. 414-30 (COR) ("Bill 414"), Senator Rory J Respicio, Chairperson of the Committee on Natural Resources conducted a public hearing on another measure, Bill No. 341-30 (COR), relative to the issue of idling. This public hearing shed light on a related issue, namely, that of ultra low sulfur diesel ("ULSD"). Discussions revealed that there has been ongoing work among regulatory and industry representatives as to how Guam can transition to the use of ULSD, a standard that was set in the US in 2002; and subsequently implemented in 2006.

Soon thereafter, Senator Telo Taitague introduced Bill 414, which proposes a deadline beyond which the sale and distribution of any fuel grade other than ULSD measured at 15ppm, would be prohibited in Guam. Bill 414 was then referred to the Committee on Natural Resources. Prior to scheduling a public hearing on the measure, Committee Chair Senator Respicio conducted a Roundtable Discussion on Bill 414 on July 19, 2010.

This discussion brought parties from the regulatory and industry sides to the table to discuss the progress that has been made to move Guam in the direction of a full transition into the use of ULSD. From the Roundtable, it became clear that the consumers are ready to purchase. The logistical concerns center on the supply-side; on how, how soon, and at what cost, the suppliers will be able to provide ULSD in Guam. Further, there exists additional concern regarding the impact of Guam's conversion to ULSD use on the Marianas region, as Guam is a fuel distribution point for the outerlying islands.

At the close of the Roundtable, there was a general consensus on the need to recognize this working group and take into account its findings and recommendations. There was discussion about the possibility of recognizing this workgroup through statute, by working in the necessary language for a substitute version of Bill 414.

Senator Respicio proceeded with conducting the public hearing on Bill 414 on August 5, 2010 to provide the necessary opportunity for the public to participate in the process of the legislative consideration of Bill 414. Testimony and discussions from the public hearing supported the discussions of the Roundtable (see Part II: Summary of Testimony & Discussion).

Based on the testimony and discussion at both the roundtable and the public hearing, this Committee finds that Bill 414 must be amended to adequately address the work already being done to reach the goal established by Bill 414 as introduced. Accordingly, the following amendments have been made:

(1) As proposed in Bill 414 as introduced, a new §49119 is added to 10 GCA. The language for this new subsection, as proposed by Bill 414 as introduced, is amended to read:

"§49119. Ultra-low Sulfur Diesel Fuel Standard. Notwithstanding any other provision of law, rule or administrative policy or waiver, effective January 1, 2011, all diesel fuel imported to Guam for the purpose of soldale and distributedion oin Guam shall meet the US EPA standards for Ultra-low sulfur diesel fuel. For purposes of this section Ultra -low sulfur diesel fuel shall be generally defined as fuels that contains less than fifteen parts per million (15ppm) of sulfur content as established by US EPA Direct Final Rule. The Guam Environmental Board of DirectorsAgency shall create compliance standards for diesel fuel. Any waivers of the fifteen parts per million (15ppm) sulfur content standard of this Section shall require approval by I Liheslaturan Guåhan."

- (2) A new "Section 3" is added to Bill 414 as introduced for the purposed of adding a new §49104(r) to 10 GCA Chapter 49 to accomplish the following:
 - The Guam Environmental Protection Agency, as directed by the Board of Directors, shall establish a "ULSD Task Force" to conduct research on the issue of Guam's transition to the use of ULSD and to analyze all the information that surfaces; with specific consideration of several factors, including, but not limited to
 - January 1, 2011 as the date after which diesel containing more than 15 parts-per-million of sulfur *shall* no longer be permitted to be imported to Guam for the purpose of sale and distribution in Guam;
 - The transition to ULSD in the mainland U.S.; the exemptions in place for Guam and the regional islands;
 - The overall cost impact for suppliers and consumers, including individuals paying at the pump and affected agencies of the government of Guam;

- Infrastructure needs;
- o The impact this transition will have to the Marianas region;
- Supply sources for Guam;
- Local and regional demand;
- o A general timeline reflecting Guam's transition to ULSD; and
- o The establishment of any necessary benchmarks.
- The "ULSD Task Force" will be required to meet bi-weekly; and to submit a
 written report of its findings and recommendations to *I Liheslatura* no later than
 December 1, 2010.
- (3) A "Section 4" was added to Bill 414 as introduced to establish the effective date of the Act, which shall be effective upon enactment. This section further specifies that Guam EPA shall establish the "ULSD Task Force" as described above, within thirty (30) days of enactment of the Act.
- (4) The title of Bill 414 as introduced has been amended to read:

"Substitute Bill 414-30 (COR) - An act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the *Ultra-low Sulfur Diesel Fuel Standard* for Diesel Fuel in Guam."

With consideration of the above, this Committee hereby submits its findings on Bill No. 414; and hereby reports out Substitute Bill 414-30 (COR) – "An act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the Ultralow Sulfur Diesel Fuel Standard for Diesel Fuel in Guam", with the recommendation to pass.

2010 JUN 11 PM 4: 13 /

I MINA' TRENTA NA LIHESLATURAN GUÅHAN 2010 (SECOND) Regular Session

Bill No. 4/4-30(COX)

Introduced by:

Telo Taitague R. J. Respicio

B. J. F. Cruz

AN ACT TO ADD A NEW §49119 TO CHAPTER 49 OF 10GCA RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL SOLD ON GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Section 49119 of Chapter 49 of 10 GCA is hereby renumbered as Section

3 49120.

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Section 2. A new Section 49119 is *added* to Chapter 49 of 10 GCA to read as follows:

7 §49119. Ultra-low Sulfur Diesel Fuel Standard. Notwithstanding any other

provision of law, rule or administrative policy or waiver, effective January 1, 2011, all

diesel fuel sold and distributed on Guam shall meet the US EPA standards for Ultra-

low sulfur diesel fuel. For purposes of this section Ultra -low sulfur diesel fuel shall be

generally defined as fuels that contains less than fifteen parts per million (15ppm) of

sulfur content as established by US EPA Direct Final Rule. The Guam Environmental

13 Board of Directors shall create compliance standards for diesel fuel. Any waivers of

the fifteen parts per million (15ppm) sulfur content standard of this Section shall

15 require approval by *I Liheslaturan Guåhan*.

I MINA' TRENTA NA LIHESLATURAN GUÅHAN 2010 (SECOND) Regular Session

Bill No. 414-30 (COR)

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As Substituted by the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs

Introduced by:	Telo Taitague
	R. J. Respicio
	B. J. F. Cruz

An Act to add a new §49104(r) and a new §49119 to Title 10 GCA Chapter 49 Relative to Creating the *Ultra-low Sulfur Diesel Fuel Standard* for Diesel Fuel in Guam.

BE IT ENACTED BY THE PEOPLE OF GUAM:

- Section 1. Section 49119 of Chapter 49 of 10 GCA is hereby renumbered as Section 49120.
- Section 2. A new Section 49119 is *added* to Chapter 49 of 10 GCA to read as follows:
- 6 "§49119. Ultra-low Sulfur Diesel Fuel Standard. Notwithstanding any other
- 7 provision of law, rule or administrative policy or waiver, effective January 1, 2011, all
- 8 diesel fuel imported to Guam for the purpose of sale and distribution in sold and
- 9 distributed on Guam shall meet the US EPA standards for ultra-low sulfur diesel fuel.
- 10 For purposes of this section ultra -low sulfur diesel fuel shall be generally defined as
- fuels that contains less than fifteen parts per million (15ppm) or less of sulfur content as
- 12 established by US EPA Direct Final Rule. The Guam Environmental Board of Directors
- 13 shall create compliance standards for diesel fuel. Any waivers of the fifteen parts per
- 14 million (15ppm) sulfur content standard of this Section shall require approval by I
- 15 Liheslaturan Guåhan."
 - Section 3. A new §49104(r) is hereby added to 10 GCA Chapter 49, to read:

"(r) establish, as directed by the Board of Directors, a task force for conducting research on the issue of Guam's transition to the use of ultra-low sulfur diesel ("ULSD"); and to analyze the information that surfaces from said research, with specific consideration of all related factors, including, but not limited to the consideration of January 1, 2011 as the date after which diesel containing 15 parts-permillion or less of sulfur *shall* no longer be permitted to be imported to Guam for the purpose of sale and distribution in Guam; the transition to ULSD in the mainland U.S.; the exemptions in place for Guam and the regional islands; the overall cost impact for suppliers and consumers, including individuals paying at the pump and affected agencies of the government of Guam; infrastructure needs; the impact this transition will have to the Marianas region; supply sources for Guam; local and regional demand; a general timeline reflecting Guam's transition to ULSD; and the establishment of any necessary benchmark dates for the transition period.

This task force *shall* be comprised of members of the public and private sector and *shall* meet bi-weekly until such time that a written report of its findings and recommendations is submitted to *I Liheslatura*, which *shall* be done *no later than* December 1, 2010.

Section 4. Effective Date. The provisions of this act *shall* be effective upon enactment. The requirements of the Guam Environmental Protection Agency as stipulated in Section 3 of this Act *shall* be met within thirty (30) days of enactment of this Act.



I Mina'Trenta Na Liheslaturan Guåhan 30th Guam Legislature

155 Hesler Place, Hagåtña, Guam 96910

SIGN-IN SHEET PUBLIC HEARING

Thursday, August 5, 2010 – 9:00 AM Public Hearing Room • Hagåtña, Guam

Bill No. 414-30 (COR) – Telo Taitague – "An act to add a new §49119 of Chapter 49 of 10GCA relative to creating the *Ultra-Low Sulfur Diesel Fuel Standard* for diesel fuel sold on Guam."

NAME	AGENCY OR	SUPPORT?	WRITTEN	ORAL	PHONE	EMAIL ADDRESS
	ORGANIZATION	OPPOSE?	TESTIMONY	TESTIMONY	NUMBER	44
CZAIG Thompson	GHRA & MCV	Support			969-4035	reversión O
Bob Pezeon	GEPA	Support			088-5320	rperrone ite-net
TERRE		()				
Retur Era	GEAR	Soprum	V		475-1658	
Mike O'Bers	SGS	76			565 2923	michael.obrica
James Anderson	lampan Tows.	Support			646-1028	anderson Comam. net
Mary Torre	CHRA	,	\		649-1447	presidenta ghra org
PATRICK BULLON	MOBIL	Support	V		648-3655	patricky bulance
BRAD DUNACAN	SEPA	SUPPORT	~		475 (658	on File
BILL ADA	mobil	Suprortent	/		OAR -3408	william ada C excended co



GUAM ENVIRONMENTAL PROTECTION AGENCY

AHENSIAN PRUTEKSION LINA'LA GUAHAN

FELIX P. CAMACHO GOVERNOR OF GUAM P.O. Box 22439 GMF • BARRIGADA, GUAM 96921 TEL: 475-1658/9 • FAX: 477-9402 MICHAEL W. CRUZ LT. GOVERNOR OF GUAM

Testimony of Elisabeth T. Cruz, Administrator Guam Environmental Protection Agency

On Legislature Bill 414-30 (COR)
Before the Committee on Rules, Natural Resources, and Federal, Foreign &
Micronesian Affairs
Guam
August 5, 2010

Buenas, Hafa Adai, and good morning! I am Elisabeth Cruz, the Administrator of the Guam Environmental Protection Agency. I would like to thank you for giving me the opportunity to testify this morning regarding legislative Bill 414-30 (COR), an act to add Section 49119 to chapter 49 of 10 GCA relative to fuel standards for diesel fuel sold on Guam.

I would like to thank the Honorable Senator Rory Respicio, chairman for the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs for hosting this public hearing, and the Honorable Senator Telo Taitague for introducing this Bill.

We would like this bill to be the foundation for a future of cleaner fuels on Guam, but we are concerned that the timeframe for implementation may be too ambitious. Guam EPA respectfully requests that implementation of Bill 414-30 be delayed and that the ULSD Working Group established by Guam EPA and U.S. EPA be afforded an opportunity to develop recommendations for this bill. The ULSD Working Group is comprised of individuals from the legislative branch, federal agencies (including the Department of Defense and U.S. EPA), the petroleum industry, and local agencies. This group has been working productively since March of this year on gathering information about the potential impacts and benefits of a transition to ULSD on Guam. Guam EPA is requesting several months to gather the necessary recommendations and work with your respective offices on refining this bill.

Again, the Guam EPA is in support of this legislation and the intent of this bill will go a long way toward improving the air quality of the island. The Agency would like to be included in any new revisions to this bill that may result from this public hearing. Thank you once again for the opportunity to comment on this legislation.

ELISABETH T. CRUZ

Administrator



Thirtieth Guam Legislature IMINA' TRENTA NA LIHESLATURAN GUAHAN Department of Revenue and Taxation 55 Hesler Place Hagåtña, Guam 96910

Attn:

Honorable Rory J. Respicio, Chairperson Committee on Rules, Natural Resources and Federal, Foreign & Micronesian Affairs, co-author Bill 414

Honorable Telo Taitague, Assistant Minority Whip, Author Bill 414

Vice Speaker Benjamin J. F. Cruz, Vice-Speaker, Chairperson Committee on Tourism, Cultural Affairs, Youth and Public Broadcasting, co-author Bill 414

04 August 2010

Topic: Written testimony towards Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam,"

Dear Senator Respicio, Senator Taitague, Vice Speaker Cruz and Senators of the Thirtieth Guam Legislature:

Shell Guam supports the implementation of 15ppm diesel fuel commonly known as Ultra Low Sulfur Diesel (ULSD) as the primary diesel fuel for use on Guam.

Shell Guam has been actively working on a project to bring ULSD to our customers for the last 24 months and we are now nearing the end of our preliminary review. We have been working closely with the major diesel fuel stakeholders on Guam¹ regarding our implementation of ULSD into Guam's market. In general, all the stakeholders we have engaged have been very positive and supportive of the introduction of ULSD on Guam and of Bill 414 in principle.

Concerns Shell Guam has with Bill 414² as written, are as follows:

a.) Bill 414 references "US EPA standards for Ultra-low sulfur diesel fuel", and speaks to "US EPA Direct Final Rule". At this juncture, migrating Guam's key industries to a Continental US fuel specification may have unintended consequences for the industry, market and governmental agencies.

We believe language in essences that will instruct the Guam Environmental Protection Agency (GEPA), to work with the US Environmental Protection Agency (USEPA) and the Petroleum Marketers on Guam, to arrive at a specification for ULSD that is acceptable to the environmental agencies, while commercially available in the region, could prove to be more productive.

Respond

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¹ Guam Power Authority, Guam Contractors Association members, Guam Hotel and Restaurant Association - Transportation committee, Guam Busing Associations, Guam Trucking Associations, US Federal Procurement Agencies, Guam Environmental Protection Agency, the United States Environmental Protection Agency and several Shell Technical associates.

Others we've been working with regarding ULSD in government and the private sector share similar concerns.



- b.) Bill 414 references an implementation date of January 1, 2011, which we believe may be difficult to meet given the complexities still faced by local and federal government agencies. Our understanding is there are several rules and laws government organizations must comply with to implement a new "legislated" fuel specification, which appear will take a greater length of time to process than the 5 months remaining in the year.
 - Shell Guam would propose taking the time to arrive at a collaborative end result acceptable to GEPA and USEPA that finds a sustainable supply of regionally available, cost effective ULSD fuel as the picture to success in comparison to a mandated time line.
 - Shell Guam stands ready to continue our proactive engagement with the pertinent stakeholders in government as well as representatives from end user associations to push forward with full alignment of Bill 414's intent of moving Guam to ULSD diesel fuel.
- c.) Shell Guam believes the Marine industry should be granted a waiver on mandated use of ULSD fuels and allow this market segment to continue to utilize .5 or lower sulfur diesel fuel as a supply option. Most countries in our region have special considerations for the marine fuels and for Guam to stay competitive in the marine service industry we believe a waiver is appropriate for this industry segment, at this time. The majority of the marine vessels are transient and their sulfur footprint on Guam is virtually nil.

Shell Guam's foresight of market conditions has lead us down a path of discovery, learning and better understanding of the positive effects of utilizing ULSD on Guam. We will continue to actively push forward and move Shell Guam's diesel specification to ULSD that aligns with sustainable regional supply opportunities while meeting or exceeding Original Equipment Manufacturing (OEM) and environmental regulatory requirements.

Shell Guam anticipates bringing ULSD that will be acceptable to both OEM and environmental regulatory agency standards to Guam in advance of the timing required to "formally" implement a legislated result. We cannot, however, for commercial reasons commit to a specific date of implementation at this time.

Sincerely, for Shell Guam, Inc.

Eloy Lizama

President

Testimony Before The Guam Legislature By Craig Thompson Bill 414-30, Ultra Low Sulfur Diesel Fuel August 5, 2010

I represent two entities in this testimony. As a Board member of the Guam Hotel and Restaurant Association I represent GHRA members who operate fleet vehicles and as CEO of MCV, I represent my company as a fleet owner and operator.

Guam fleet owners who operate mid size trucks (straight vans or bucket trucks as examples) and buses have been in a catch 22 since 2006. The US vehicle manufacturers have not made small or mid-size diesel engines that can use high sulfur diesel fuel since 2006. The only engine options available in small or mid-sized diesel engines are ultra low sulfur diesel (ULSD) fuel engines. Since Guam has had only high sulfur diesel fuel available, the ULSD engines can not be used on Guam. If you attempt to use high sulfur diesel fuel with a ULSD engine it results in the immediate voiding of the engine warranty and major repairs within a few months for fouled injectors and an inoperable engine. This has been the case with the newer Guam ambulances that have ULSD engines and are in the repair shop every few months to have their engines overhauled.

Guam fleet owners essentially have not been able to buy new ULSD trucks since 2006 or they have been faced with very expensive repairs that occur every few months. Most Guam fleet operators have been purchasing older, used high sulfur diesel vehicles from the mainland as a stop gap until this situation is resolved. This has been an effective solution to date, but at some point the supply of used high sulfur vehicles is going to disappear due to age and then Guam fleet owners will face a crisis of significant proportion. How will we provide services to the residents of Guam if we can't get working vehicles?

My understanding is that Mobil has proposed delaying the implementation of ULSD on Guam for another four years. The original ULSD law was passed by Congress in 2002 and implemented in 2006. The four year time lag was to allow the refineries sufficient time to invest in the new equipment needed to produce ULSD. ULSD became fully available in the US in 2006. In the Western Pacific, Hong Kong converted to ULSD in 2001, Japan in 2003, Singapore in 2005 and Australia in 2006.

Mobil and the other oil companies on Guam now have three refineries, one in Singapore, one in Japan and one in Hawaii that can supply ULSD to Guam. ULSD fuel is commonly available in the Western Pacific. Further the Guam oil industry has had 7.5 years of time since Congress first passed the ULSD law to prepare for this conversion. Why do they need four more years?

The oil companies poor planning should not become a crisis for Guam's fleet owners. Guam's fleet owners need access to ULSD in 2011 so that we can purchase new vehicles rather than continuing to manage around an aging fleet of high sulfur vehicles.

I would also like to address two other concerns I have heard discussed concerning ULSD.

There is a concern that ULSD will cost more. It will cost \$.03 - \$.05 more per gallon which is about a 1% increase on the current price for high sulfur diesel fuel. A typical MCV bucket truck uses about 1,600 gallons of diesel fuel each year, so a nickel per gallon more would cost MCV an additional \$80 per year. However the maintenance costs on an older bucket truck average about \$2,500 per year more than on a new bucket truck. Mobil can have their nickel per gallon more, I will more than make that up on reduced maintenance costs by finally being able to buy new trucks. ULSD will save MCV money.

There is a concern about the backward compatibility of ULSD for high sulfur diesel engines. The concern is about lubricity since sulfur provides some lubrication and reducing sulfur could reduce the lubricity of a fuel. ULSD is manufactured with exactly the same lubricity specification as the higher sulfur fuels. The refining process has been adjusted to provide just as much lubricity with ULSD as with the higher sulfur fuels. ULSD is fully backward compatible with older high sulfur engines. I have not heard of any problems on the mainland with older engines using ULSD.

The time is now to move Guam to ULSD fuel. Please do not let the oil industry's poor planning create a crisis for Guam's fleet owners, particularly as we move into the demands of the military build up.



Guam Hotel and Restaurant Association

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August 4, 2010

Honorable Telo Taitague Senator - 30th Guam Legislature 155 Hesler St., Suite 107 Hagatna, GU 96910

Hafa Adai Senator Taitague!

As the leading tourism Non-Government Organization (NGO), the GHRA strives to be an active corporate citizen in the community and works with others to improve the overall quality of life in the Island of Guam. Together with GHRA Board of Directors Craig Thompson and Jim Herbert, I have been working together with the GHRA Engineering & Environmental committee as well as one of our sister organizations – the Japan Guam Travel Association – in discussing the importance of Bill 414-30 (COR) including the following concerns:

- The vehicle manufacturers in the United States have not made small or mid-size diesel engines that can use high sulfur diesel fuel since 2006. The only engine options available in small or mid-sized diesel engines are ultra low sulfur diesel (ULSD) fuel engines. Since Guam has had only high sulfur diesel fuel available, the ULSD engines cannot be used on Guam, which represents a challenge for businesses on Guam who are fleet owners and operate mid size trucks (straight vans or bucket trucks as examples) and buses.
- If you attempt to use high sulfur diesel fuel with a ULSD engine it results in the immediate voiding of the engine warranty and major repairs within a few months for fouled injectors and an inoperable engine. Guam fleet owners essentially have not been able to buy new ULSD trucks since 2006 or they have been faced with very expensive repairs that occur every few months.
- Most Guam fleet operators have been purchasing older, used high sulfur diesel vehicles from the mainland as a stop gap until this situation is resolved. This has been an effective solution to date, but at some point the supply of used high sulfur vehicles is going to disappear due to age and then Guam fleet owners will face a crisis of significant proportion.
- ULSD became fully available in the US in 2006. In the Western Pacific, Hong Kong converted to ULSD in 2001, Japan in 2003, Singapore in 2005 and Australia in 2006.
- Mobil and the other oil companies on Guam now have three refineries, one in Singapore, one in Japan and one in Hawaii that can supply ULSD to Guam. ULSD fuel is commonly available in the Western Pacific. Further the Guam oil industry has had 7.5 years of time since Congress first passed the ULSD law to prepare for this conversion.

Bill 414-30 (COR) addresses these concerns and will allow for ULSD to be sold on Guam effective January 1, 2011, which will further allow fleet owners to purchase new vehicles rather than continuing to manage around an aging fleet of high sulfur vehicles. Guam needs to become compliant with the ULSD law and have a transition plan for ULSD with the understanding that it has the backward compatibility for high sulfur diesel engines.

The GHRA advocates just legislation that is fair and protects the interest of the people of Guam, the business community and the tourism industry directly employs 20,000 people (32% of the workforce), contributes \$37.9 million annually for Gross Receipts Tax and collects \$20 million annually for Hotel Occupancy Tax.

Senseramente.

MARY P. TORRE President

Guam Hotel & Restaurant Association

Mobil Oil Guam Inc.

HAR MAY MAY NE CORPS SAWE HACATNA GUAY 96910

THEEPHONE. WATERWAYAGE F4CE VIII 9971 646-3760

Senator Rory J. Respicio 155 Hesler Place Hagatna, Guam 96910

4 August 2010

Hafa Adai Senator Respicio,

414-30 (cox) the Thank you for the opportunity to submit testimony on Bill Number 429 proposing January 1, 2011 as the proposed time frame for the introduction of Ultra Low Sulfur Diesel ("ULSD") in Guam.

At Mobil Oil Guarn Inc, we are committed to conducting our business in a manner that protects the environment. We also believe it is our responsibility to meet the community's energy needs with safe, reliable and affordable supplies of fuel.

As mentioned in the roundtable discussion two weeks ago, we support the initiative to introduce Ultra Low Sulfur Diesel as it will help to improve air quality in Guam. However, we have some concerns over the current proposed implementation time frame. for the following reasons:

- 1. A fuel specification change of the magnitude proposed in this Bill is a complex process that will affect our customers in Guam and consumers in the neighboring islands, who range from motorists and truck fleets to utility companies which use diesel to produce power with generators.
- Making a switch to ULSD will have a significant effect on fuel facilities and will require investments and logistical adjustments for Guam and the neighboring islands. Sufficient time will be needed to implement such changes.
- 3. Mobil uses Guam as a fuels redistribution center for the wider Micronesia region. For many years, Mobil has been a reliable, and in some instances the sole, supply source to the smaller neighboring countries. Distributors in Micronesia will be required to make investments in their infrastructure in order to handle different grades of diesel, and will need sufficient time to do so.
- 4. Some sulfur compounds naturally occurring in diesel fuel provide wear protection or lubricity. Insufficient fuel lubricity can cause increased fuel pump and fuel injector wear. The industry will need to take special provisions (for example, using additives) to ensure that diesel fuel lubricity performance specifications are met. Again, we will need time to implement such changes.

Mobil

- 5. In some instances, the introduction of ULSD fuel to older vehicles may affect fuel system elastomer seals, or loosen deposits in fuel tanks. As part of a good maintenance program, owners and operators of existing cars, trucks and buses are encouraged to monitor their diesel-powered vehicles closely for potential fuel system leaks or premature fuel filter plugging during the change-over to ULSD fuel. Consumer education programs will be needed and consumers will require time to understand and make those changes
- Ultra-Low Sulfur Diesel will be more expensive than the diesel currently sold in Guam and higher fuel cost is a significant concern to the consumers.
- 7. As this Bill will have important implications on the surrounding islands, it would be preferable that the Guam authorities coordinate the proposed implementation of ULSD in Guam with CNMI and the other Micronesian countries.

In summary, the transition from 5,000 ppm to 15 ppm is a complex one and its implications need to be fully assessed and addressed.

As discussed in the round table discussion, we have started a full assessment of these implications and will be glad to submit our proposal of a time frame as soon as we have completed this assessment.

While the assessment is still underway, its initial conclusions seem to indicate that the time frame proposed in the bill can only be achieved by assuming higher and unnecessary costs and risks.

For these reasons, we hope you will consider a longer implementation time frame, than the few months that has been proposed, in order that we may carry out a safe and flawless transition into ULSD.

We appreciate your time and consideration and we look forward to working with you for a safe and smooth transition.

Si Yu'us ma'ase

Gennarb Cloffi President

Mobil Oil Guam Inc.

DEPARTMENT OF THE NAVY



JOINT REGION MARIANAS PSC 455, BOX 152 FPO AP 96540-1000

> 5000 Ser J00/0489 3 Aug 10

Honorable Rory J. Respicio 155 Hesler Street Hagatna, GU 96910

Dear Senator Respicio:

SUBJECT: CREATION OF ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL SOLD ON GUAM; LEGISLATIVE BILL 414-30

Thank you for your letter of July 30, 2010, inviting me to provide testimony on Bill 414-30 entitled "An act to add new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam."

While I appreciate the opportunity to comment, I do not think it appropriate to take position for or against the proposed legislation. It is better left to the political processes of Guam to determine whether to enact into law a matter of local concern.

Sincerely,

P. J. BUSHONG

Rear Admiral, U.S. Navy



GUAM POWER AUTHORITY ATURIDÅT ILEKTRESEDÅT GUAHAN P.O. BOX 2977, HÅGATÑA, GUAM 96932-2977

Testimony for Bill 414-30 Guam Legislature Public Hearing August 5, 2010

In support of this hearing, GPA tenders this position.

GPA supports the transition to Ultra Low Sulfur Diesel. GPA requires two grades of sulfur content diesel fuel for our diesel-fired power generating fleet. USEPA operating permit requirements impose maximum sulfur content no greater than 0.3% for GPA's Tenjo Vista Plant. Other diesel-fired plants use diesel fuel commercially available for the transportation market.

A 0.3 % S diesel is a special blend resulting in additional storage, handling, and refining costs. The transition to ULSD will eliminate these costs most likely resulting in savings to the utility. Additionally, lower sulfur content fuels reduce sulfur emissions. GPA pays Guam EPA emissions fees directly tied to these emissions. Furthermore, moving to ULSD will help GPA meet the recently announced USEP stricter federal regulations on Sulfur Dioxide emissions.

GPA and other stakeholders initiated discussions with USEPA earlier this year on the transition for ULSD fuel for the island of Guam to address concerns with potential emissions on the island due to the military buildup as part of the review of the Draft Environmental Impact Statement. GPA facilitated this effort.

As part of the discussion, the Stakeholder Group noted that Guam has a waiver with the USEPA to permit higher sulfur fuel consumption for both transportation and stationary (power plant) use. This waiver has allowed Guam to continue with its current diesel fuel use while the U.S. mainland has transitioned to the ULSD. However, USEPA posited that importing vehicles not in compliance with ULSD standards may be illegal.

The Stakeholder Group acknowledged that GPA as a major customer for diesel fuel on island, supplying diesel fuel to its various diesel power plants and emergency generator facilities. Also, the Group noted that a GPA transition to ULSD would require local distribution facilities and other customers to also transition to ULSD. Guam shipping and storage logistics would not support having two different diesel products for GPA and the remaining island use.

The cost of ULSD is currently more expensive than the existing diesel product used on Guam today. Additional costs can range from 3 cents to 5 cents per gallon, but it assumed that as other regions are moving towards transitioning to lower sulfur diesel products ULSD will become the cheaper product. The obvious concern generated during

GPA Testimony for Bill 414-30 Guam Legislature Public Hearing August 5, 2010 Page 2 of 2

stakeholder discussions with USEPA included impact on distribution sales to GPA and non-GPA fuel customers including neighboring islands. Discussions with local fuel distributors have agreed that Guam transitioning to ULSD would impact fuel costs and most probably fuel product provided to the neighboring islands as well. Finally, GPA has requested of USEPA on whether potential funding to support or subsidize ULSD transition costs.

GPA is filing a resolution with the CCU requesting ratification of this position. The Resolution hearing is scheduled for August 10, 2010.

YO AQUIN O. FLORES, P.E.

General Manager

ULTRA-LOW SULFUR DIESEL TRANSITION:

A Guam Power Authority Evaluation

July 2010

By:
Juliana Flores, GPA Engineering Intern
Woo Y. Kim, GPA Engineering Intern
Maria A. Tison, Special Projects Engineer
Jennifer G. Sablan, P.E., Special Projects Engineer

Background

In 2001, by Direct and Final Rule, the U.S Environmental Protection Agency (USEPA), mandated the continental U.S. to transition highway low sulfur diesel fuel from low sulfur diesel fuel to Ultra-Low Sulfur Diesel fuel (ULSD) starting in 2006. Subsequently, in 2004, a similar requirement was issued by USEPA for non-road low sulfur diesel fuel to transition to ULSD starting in 2007. The regulation required both non-road and highway diesel to transition by 2010. Prior to these, Guam and the Commonwealth of the Northern Mariana Islands (CNMI) had received a waiver for exemption of compliance with the Clean Air Act, specifically low sulfur diesel requirements, primarily due to fuel access and economics of such transition. This waiver remains in effect.

Earlier this year GPA had facilitated efforts to address the U.S. Environmental Protection Agency's (USEPA) response to the Department of Defense's Draft Environmental Impact Statement (DEIS) which had significant concerns regarding increase emissions due to the influx of construction activities and transportation from the proposed military buildup. Stakeholder meetings were held to initiate discussions on the transition to use of ULSD to address these concerns.

During these stakeholder meetings additional concerns were generated which included access to the lower sulfur fuel product in the Asian market, impacts with neighboring islands, and timing of such transitioning. As the meetings progressed GPA and stakeholders proposed a transition date of December 2012 which coincided with GPA's fuel contract expiration while the stakeholders continue to research fuel access and impacts of a transition on Guam.

In June 2010, the Guam Legislature introduced Bill 414-30 which aims to transition the island to use ULSD, a diesel fuel product of 15 PPM sulfur content or better, by January 2011. This bill is scheduled for a Public Hearing on August 5, 2010.

-

¹ http://www.epa.gov/EPA-AIR/2005/November/Day-22/a22807.htm

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1.0 GPA Diesel Use

GPA's power generation fleet consists of baseload units and peaking units. Baseload units are priority dispatch units due to high operating efficiencies and cheaper operating costs. The baseload plants primarily use residual fuel oil (RFO#6) and limit diesel fuel use for startup purposes so their diesel fuel consumption is quite minimal. The diesel-fired units, Combustion Turbine Plants and the Fast-Track Diesel Plants are 100% diesel-fueled. GPA diesel fuel is Diesel No. 2. Table 1, provides a listing of GPA generation units.

Table 1: GPA Generation Fleet

Unit	Commission Date	Rating (MW)	Dispatch Priority	Fuel Type
Cabras Unit #1	1974	66	Baseload	RFO
Cabras Unit #2	1975	66	Baseload	RFO
Tanguisson Unit #1	1971	26.5	Baseload	RFO
Tanguisson Unit #2	1973	26.5	Baseload	RFO
Cabras Unit #3	1995	39.3	Baseload	RFO
Cabras Unit #4	1996	39.3	Baseload	RFO
MEC Unit #8	1999	44	Baseload	RFO
MEC Unit #9	1999	44	Baseload	RFO
Dededo CT #1	1992	23	Peaking	Diesel
Dededo CT #2	1994	22	Peaking	Diesel
Macheche CT	1993	22	Peaking	Diesel
Marbo CT	1995	16	Peaking	Diesel
TEMES CT	1998	40	Peaking	Diesel
Yigo CT	1993	22	Peaking	Diesel
Dededo Diesel Plant	1971	10	Peaking	Diesel
Manenggon Diesel #1	1994	5.3	Peaking	Diesel
Manenggon Diesel #2	1994	5.3	Peaking	Diesel
Talofofo Diesel #1	1993	4.4	Peaking	Diesel
Talofofo Diesel #2	1993	4.4	Peaking	Diesel
Tenjo Unit #1	1993	4.4	Peaking	Diesel
Tenjo Unit #2	1993	4.4	Peaking	Diesel
Tenjo Unit #3	1993	4.4	Peaking	Diesel
Tenjo Unit #4	1993	4.4	Peaking	Diesel
Tenjo Unit #5	1993	4.4	Peaking	Diesel
Tenjo Unit #6	1993	4.4	Peaking	Diesel

Today peaking units are primarily used as backup generation to meet peak loads or to offset baseload outages. This was not the case before 2003, when GPA was using diesel fueled units for nearly 20% of its energy production annually. In the late 80's to early 90's there was tremendous island demand growth. This was attributed tourism growth and the spurt of tourism industry development. During this time baseload units could not accommodate such growth which delayed maintenance schedules due to lack of backup generation. This resulted in forced unit outages with the generation units taking

themselves down causing island load shedding. In the early nineties, GPA sought approval and commissioned eight medium speed diesel engines and four combustion turbine units which were labeled "fast tracked" units needed to alleviate the island wide power system strain and aid to end the load shedding. Diesel fuel consumption was quite high. GPA has since commissioned an additional 228.6 megawatts of peaking baseload capacity. GPA has also acquired the Manenggon Diesel plant through the Leo Palace Resort and the Marbo CT plant through the Navy Customer Service Agreement as a utility asset turnover. GPA further entered into private management contracts to improve the baseload units' efficiency and reliability. The medium speed diesels and the combustion turbine plants are now referred to as peaking units because of their lower dispatch priority.

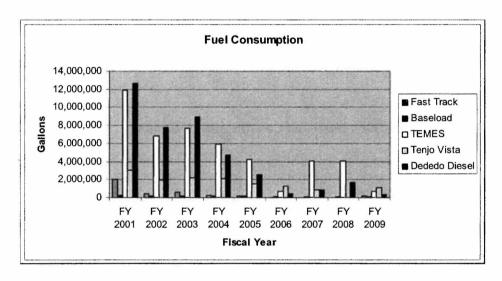


Figure 1: GPA Diesel Fuel Consumption

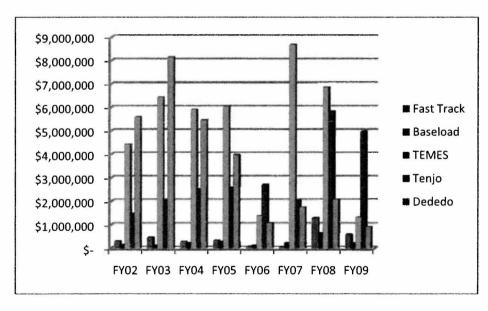


Figure 2: GPA Diesel Fuel Costs by Contract Delivery (Purchased Inventory)

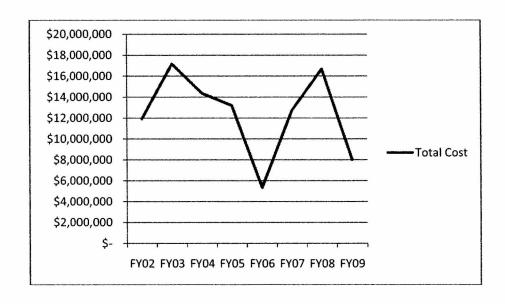


Figure 3: Total GPA Diesel Fuel Costs (Purchased Inventory)

GPA minimizes the use of diesel plant for peaking hours and generation support during baseload outages. As such, GPA maintains diesel fueled plant operations to about 2% as illustrated in Figure 4 below.

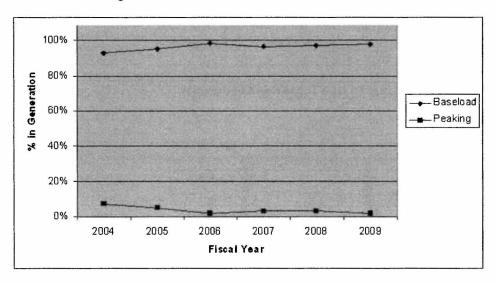


Figure 4: Baseload Units Production vs. Peaking Units Production

GPA requires two diesel fuel products due to permitting requirements for Tenjo Vista, in which the fuel sulfur content is 3000 PPM versus the regular 5000 PPM for all other diesel fueled plants. This requires our supplier to maintain storage for the two fuels because the other product is also used commercially for local transportation and heavy

equipment use and is the cheaper product. GPA pays the same Platts² price for both fuels, but premium costs for service and handling are adjusted for the 3000 PPM sulfur content fuel.

Historically, the Tenjo Vista Plant has had significant operations as compared to other peaking units due to its plant availability and quick start capability. A conversion to a fuel product that could be used at all plants would reduce the additional premium costs for the special fuel blend and potentially save GPA in total fuel costs.

1.1 GPA Fuel Contract

GPA maintains fuel supply purchase through multiple year fuel supply contracts, up to 3 years. The fuel contracts are acquired through competitive solicitation process requiring public announcement and selection of most responsive bid. GPA uses premium fees for delivery costs of fuel as the competitive price in these solicitations. Suppliers would propose fixed premiums in dollars per gallon. These premiums would be added to the published price index for the invoice period to determine the total cost per delivered gallon.

GPA recently awarded the Diesel Fuel Supply contract, supplying diesel fuel to the diesel-fueled power plants, in December 2009. In this solicitation GPA intentionally included a provision that would allow GPA to change the fuel specification to a lower fuel sulfur content, specifically 500 PPM sulfur content or better. This provision was included as a result of discussions with the previous supplier which proposed the better fuel product in an attempt have the Tenjo Diesel Plant fuel requirements be the same as the other diesel plants, thus eliminating the logistical issues and fees for the special fuel blend.

GPA has been working its current fuel supplier on the accessibility of the ULSD product from the Singapore. The fuel supplier has confirmed access to 10 PPM sulfur content which is lower than the 15 PPM U.S. standard but is the fuel standard used in this region, specifically Japan and Australia. In addition GPA fuel supplier has also proposed a reduction in the premium for the Tenjo Vista Plant of 10.9 cents per gallon for the fuel transition. Pricing of the ULSD product is now available on the Platts Mid-Of-Price Singapore (MOPS) for required invoicing.

1.2 GPA Fuel Consumption Forecast

The diesel fuel consumption projection for all diesel fueled plants is expected to increase over the next 10 years in anticipation of the military buildup and the load growth associated with it. GPA's 2008 Integrated Resource Plan identified assumptions for load growth which is the basis of this projection. Projected consumptions for each diesel plant are shown on Table 2 below.

² Platts is GPA's reference fuel pricing index for its fuel supply. Mid-Of-Price Singapore (MOPS) is the average of high and low pricing in the Singapore market.

Table 2: Projected Fuel Consumption for Diesel Peaking Units (Gallons)

PLANT	FY2010*	FY2011	FY2012	FY2013	FY2014	FY2015
TEMES 1	3,749,191	4,619,050	6,608,851	5,774,240	6,368,725	6,325,116
DED CT 12	21,953	22,507	96,406	74,482	167,733	203,399
MACH CT 1	19,442	51,544	284,050	190,847	421,062	546,263
YIGO CT 1	879,007	1,482,720	3,412,501	2,438,890	3,494,681	3,230,504
MARBO CT 1	7,710	6,349	1,484	5,050	1,665	1,363
TENJO DSL 1-6	2,857,736	4,147,225	7,766,504	6,629,313	7,698,580	7,639,878
TAL DSL 12	1,111,634	1,385,664	1,477,229	1,476,332	1,473,167	1,472,511
MDI DSL 12	18,083	62,485	1,246,159	1,202,334	1,297,776	1,288,361
DED DSL 1-4	4,514	3,753	858	2,949	993	856

^{*}FY 2010 consumption data is a projection, actual data is not available yet.

Figure 5 graphs the projected fuel costs for the 5000 PPM fuel and the new 10 PPM ULSD, using July 16, 2010 published Platts pricing per fuel type, the projected fuel consumption for each fiscal year as shown in Table 2 and the reduced premium for Tenjo Vista Plant. The premium fees for the other plants remain the same.

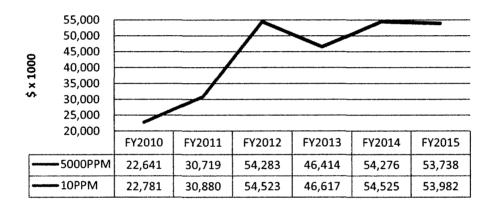


Figure 5: Projected Diesel Fuel Costs

Figure 6 compares these cost projections which summarizes the additional cost for the fuel transition.

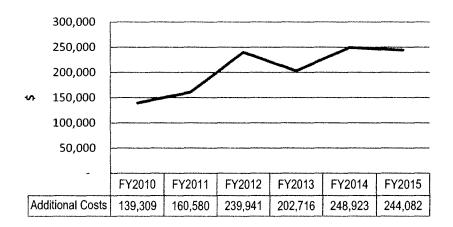


Figure 6: Additional Costs Projection

In summary the predicted costs of switching to ULSD will be more expensive than if GPA continued its 5000 PPM sulfur fuel use. Compared to the overall diesel cost this additional cost averages less than 0.5% in total fuel increase.

2.0 USEPA Response to Draft Environmental Impact Statement on Military Buildup

The USEPA wrote an extensive response to the Draft Environmental Impact Statement (DEIS), however only a portion of that response is discussed to highlight the section that predominantly concerns the Guam Power Authority, which is Section II - Air Quality Impacts.

Part B of the Air Quality Impacts section, related to the interim power generation, was determined inadequate and DOD was advised to include much more detailed plans on how to diminish such drastic environmental damages to Guam. The following summarizes some of the recommendations addressing emissions related to the interim power generation:

- The Final Environmental Impact Statement (FEIS) release the actual emission increase results and perform a valid analysis of the impact such emissions would have on the health of the population
- DOD should consider means to assist GPA in converting to ULSD to mitigate the annual fuel emission from the CT plants
- Quantitative stationary source air toxics analysis should be performed on the CT plants (especially Dededo and Yigo CT because of the close proximity to residents)
- FEIS should identify permitting requirements and "discuss the process and timing for securing permits and how this may affect the construction time line and availability and reliability of power for the Guam population." ³

The DEIS proposes the use of the combustion turbine plants as an interim power source for the buildup activities. GPA had informed DOD that plant refurbishments would be necessary to require such a dependency on units that have otherwise not been operating. For such plant modifications, the DEIS assumes permitting requirements would be waived citing that Title V permits will not be exceeded with increased operation hours.

USEPA however disagreed with DOD's assumption on waiver and responded to the DEIS stating that "age of these turbines, the refurbishments may constitute 'modifications' that will require an evaluation of the potential emission increases" and that this may in turn trigger a Prevention of Significant Deterioration ("PSD") permit action. If GPA modified the combustion turbines without the necessary permits GPA may be in non-compliance.

USEPA further notes that permit requirements help the EPA to control GPA plant emissions and USEPA recommended DOD require these permits. USEPA also recommends DOD take the initiative and help GPA implement ULSD, citing that the implementation of cleaner fuels lowers the likelihood of a PSD permitting requirement and lowers the emissions that would trigger a PSD permitting requirement.

³ USEPA Response to DEIS, Section II, Part B, Item 2, page 55

⁴ USEPA Response to DEIS, Section II, Part B, Item 1, page 53

In response to the DEIS long term generation evaluation, Part C of the Air Quality Impacts section, USEPA recommended the implementation of a Comprehensive Energy Plan which should be jointly developed with DOD, the Government of Guam, GPA, Department of Energy, Department of Interior, U.S. Department of Agriculture and Rural Development. This energy plan should include energy efficiency, solar energy potential, wind energy potential, and cleaner fuels.

As the response continues to discuss transportation and construction fuels, it becomes apparent that use of ULSD would significantly reduce emissions due to anticipated increase in transportation and construction activities. USEPA restates its recommendation for DOD's involvement in ULSD transition for Guam: "Because of the magnitude of this project and the vulnerabilities of the local Guam population which is disproportionately underserved and socio-economically impacted, it is strongly advised that DOD develop a program to introduce ultra-low sulfur fuel to the island, which would significantly reduce the public health impact of the buildup. We recommend that this program be discussed in the FEIS and that DOD commit to use ultra low sulfur fuel. Diesel fuel with a sulfur level of 10 PPM is currently available from Japan."

⁵ USEPA Response to DEIS, Section II, Part D, Item 3, page 60

3.0 ULSD Transition Stakeholder Discussions

In an effort to address the concerns prompted by USEPA in its DEIS review GPA contacted USEPA's Region 9 Air Division about initiating discussions with stakeholders concerning emissions comments. In March 2010, the first stakeholder meeting was held via teleconference which included DOD representatives from Naval Facilities Engineering Command Pacific (NAVFAC PAC), Naval Facilities Engineering Command Marianas (NAVFAC MAR), and Joint Guam Program Office (JGPO); USEPA representatives from the Region 9 Air Division, Region 9 Pacific Islands Office, and the Fuels Center; Guam EPA representatives; and Guam Power Authority (GPA) Representatives including GPA diesel fuel supplier.

From this initial meeting several concerns were prompted which identified the need to collect additional information such as:

- Determination whether the new vehicles being imported with older engines are illegal
- Cost differential (\$/gallon and rate increases, if applicable) of switching to ULSD
- Logistics around acquiring the fuel for Guam
- Impact that the transition could have on the other islands
- Overall cost information associated with making the transition
- Impact to other stakeholders
- When and if the refineries that currently supply Guam's fuel will switch to ULSD in the future
- Outline the total infrastructure (storage capacity) on island and how it can be leveraged to support a transition to ULSD⁶.

To ensure momentum on the topic would continue, the stakeholder group agreed to a proposed December 2012 transition target date which coincided with GPA's current diesel fuel supply contract expiration.

A key concern during the meeting was the cost of transition; when to switch and how to switch. At the time of initial discussions GPA fuel supplier had no access to ULSD and costs were expected to be quite high. Other fuel suppliers were to be reached by USEPA to investigate fuel access further. India and Australia were also identified as for purchasing ULSD; however local suppliers would have to confirm this. In addition to this, it was noted that local infrastructure would not be able to support more than one diesel fuel supply if GPA wanted to transition first. The conclusion was that a transition to ULSD would affect the entire island with a single transition.

Since these discussions GPA supplier has confirmed access to 10 PPM sulfur fuel and reference Platts pricing is available for Singapore. Platts MOPS data published on July 16, 2010 showed that the price differential if purchasing 10 PPM ULSD from Singapore is an additional \$0.052 per gallon or \$2.18 per barrel compared to 5000 PMM diesel fuel. This amounts to a projected annual cost differential of \$160,579.88 for FY 2011. Based on these assumptions, the increased cost as compared to the total

⁶ March 18, 2010 ULSD Transition Stakeholder Meeting Minutes.

⁷ See Appendix E for emissions calculations.

diesel fuel expense is quite small, less than 0.52%. It is not known if other local commercial fuel suppliers have made access to Singapore refineries to acquire the ULSD diesel product.

A recent meeting included representatives from the Commonwealth of the Northern Mariana Islands (CNMI) who have expressed great concern on the proposed transition. Fuel shipment delivery to Guam, CNMI and other neighboring islands come from Singapore with Guam as the initial delivery stop. Although Guam's diesel use for plant production is quite low in overall energy production the other islands rely solely on diesel fuel for energy production which has a greater impact on living costs. Further investigation on other island fuel use and fuel shipments must be done to evaluate the fuel delivery impact to neighboring islands.

It has been noted that as demands for the ULSD grow which appears evident based on progress to fuel access in Singapore, than it would probably benefit the other islands to switch as the cost of the fuel is speculated to decrease and the higher sulfur fuel will increase.

4.0 Emissions

Projected reports estimate that while all other pollutant emissions are not going to differ too greatly, SO₂ and PM (soot) emissions are expected to be greatly reduced. The drop in emissions is because of the much lower sulfur content in the diesel. The chart below compares the significant difference in sulfur emissions between 5000 PPM and 10 PPM (ULSD).

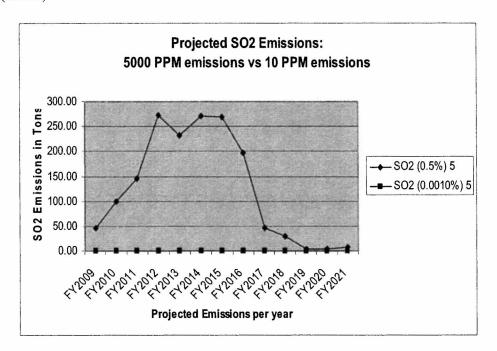


Figure 7: Projected Emissions

 SO_2 emissions from the 10 PPM sulfur content diesel fuel is a significant decrease in comparison to the 3000 PPM and 5000 PPM sulfur content diesel fuels. The total SO_2 emissions in 2009 of Tenjo Vista, Talofofo, Yigo and Dededo Diesel Plants were an estimated 165.79 lb/hr. ⁸ Based on a projection of emissions from the 15 PPM sulfur content diesel fuel the estimated average for all diesel plants in the coming years (2010-2015) is approximately 0.53 lb/hr. This projection illustrates dramatically reduced levels of SO_2 emissions. In other words, there is a potential decrease of at least 99.7% in SO_2 emissions.

⁸ 2009 TRC Environmental Corporation Source Emission Evaluation Binder

Table 3: SO2 Emissions (lbs/hr)

	5000 PPM	ULSD					
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Tenjo Vista	43.87	0.0622	0.0622	0.0622	0.0622	0.0622	0.0622
Talofofo	9.83	0.0602	0.0602	0.0602	0.0602	0.0602	0.0602
Yigo	81.9	0.3442	0.3562	0.3534	0.3540	0.3528	0.3547
Dededo	30.19	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520
Total	165.79	0.5186	0.5306	0.5278	0.5284	0.5272	0.5291

The ULSD is expected to also dramatically reduce the amount of Particulate Matter emissions. According to an on-road study done by the EPA, a reduction (in PM emissions) in fuel sulfur from 500 PPM to 5 PPM would result in about a 16 percent reduction for similarly designed engines. While there is no numerical data to support this for GPA, a noticeable drop in PM pollutants should be expected.

4.1 GPA Emission Fees

In FY 2009, GPA paid the EPA \$90,998 in fees, mostly for the emissions from Cabras. Table 5 is the breakdown of emission fees paid for FY 2009.

Table 4: 2009 Annual Emission Fees Summary

Facility	2009 Annual Fees			
Cabras Power Plant	\$	74,688.00		
Dededo Power Plant	ş	500.00		
Macheche Combustion Turbine	ş	500.00		
Manenggon Diesel	s	500.00		
Marbo Combustion Turbine	s	500.00		
Talofofo Diesels	s	500.00		
Tenjo Power Plant	\$	1,110.00		
Yigo Combustion Turbine	s	500.00		
Water Systems Diesel (122 units)	Ş	12,200.00		
TOTALS:	s	90,998.00		

According to the Title V Federal Operating Permit issued to the Guam Power Authority by the Guam EPA, "The permittee shall be assessed a Six Dollars per ton per

⁹ http://www.energy.wsu.edu/documents/renewables/Fuels.pdf

pollutant base rate of the total annual emission." However, GPA is assessed an emissions fee minimum of \$500 per permit regardless of total emissions.

With the exception of the Tenjo Vista Plant, all of the diesel and CT plants did not produce enough emissions to exceed their \$500 annual minimum emissions fee in the 2009 calendar year. Figures 8 and 9 illustrate fuel and production summaries for the diesel-fueled plants.

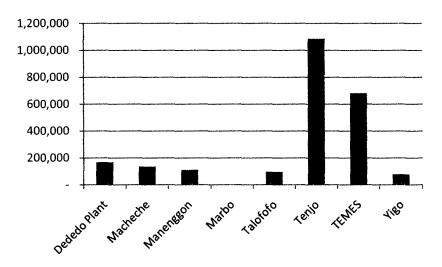


Figure 8: 2009 Diesel Plants Fuel Consumption (Gallons)¹¹

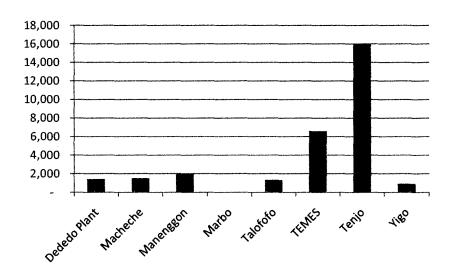


Figure 9: 2009 Diesel Plants Production (MWH)¹²

¹⁰ Title V Federal Operating Permit II.M.4 page 22 of Title V Operating Permit

¹¹ Fuel data is for calendar year 2009 and taken from the Generation Production Summary reports for FY 2009 and FY 2010.

Fuel projections indicate a much larger use of the diesel-fueled plants in the coming years which would also imply greater emissions from all of the plants annually if they consumed the 5000 PPM sulfur fuel. The table below shows the amount of fuel the plants need to burn to surpass the minimum \$500 annual emission fee. This analysis is site representative due to permit requirements. It includes the total projections for fuel and emissions from all units located at a single site, i.e. the projection at the Tenjo Vista plant is the total fuel and emissions of all six diesel units. This table does not reflect projections at the Dededo CT and Diesel compound.

Table 5: Analysis of Fuel Consumption Projections that Exceed Minimum Emission Fee Charges¹³

	Tenjo 0.5%S	Tenjo (ULSD)	Diesels 0.5%S	Diesels (ULSD)	CTs 0.5%S	CTs (ULSD)
Fuel Use, gal	455,000	503,000	423,000	503,000	1,626,000	4,137,000
Sulfur, % wt.	0.22	0.0015	0.39	0.0015	0.39	0.0015
SO2, ton	7.03	0.05	11.68	0.05	44.51	0.44
NOx ton	60.08	66.42	55.86	66.42	27.12	69.01
VOC ton	2.85	3.15	2.65	3.15	0.05	0.12
PM (total) ton	3.16	3.50	2.94	3.50	1.36	3.45
Total Non HAPS, ton	73.12	73.12	73.12	73.12	74.00	74.00
HAPs, ton	0.14	0.15	0.13	0.15	0.15	0.37
GRAND TOTAL, ton	73.25	73.27	73.25	73.27	74.15	74.37
Cost for Regulated Pollutants	\$444.00	\$444.00	\$444.00	\$444.00	\$444.00	\$444.00
Cost for HAPs	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Total Annual Fee:	\$504.00	\$504.00	\$504.00	\$504.00	\$504.00	504.00

NOTE:

- 1. For consistency, all emissions based on AP 42 factors, not actual test results
- 2. Sulfur Content based on 2009 actual average
- 3. "...Emissions of any pollutant calculated at less than 0.1 ton shall not be subject to fees."14
- 4. Regulated pollutant fees is \$6.00 per ton. HAPS is \$60/ton

According to the current emission fee charges, the diesel fueled plants would need to exceed 73 tons of emissions per year to break the \$500 minimum fee as shown in Table 5 above.

¹² Generation production data for calendar year 2009 and taken from the Generation Production Summary reports for FY 2009 and FY 2010.

¹³ Courtesy of Roger Pabunan, GPA Planning & Regulatory, Engineer III (Environmental)

¹⁴ Guam Air Pollution Control Standards and Regulations 1104.24 (i)

Table 6 and Table 7 evaluate the emissions from the 5000PPM and the ULSD and the anticipated emission fees using the 2009 fuel consumption data.

Table 6: Evaluation of Tenjo Emissions for 2009

	5000 PPM	ULSD
Emission	(tons/yr)	(tons/yr)
SO2	16.83	0.14
NOx	143.35	143.35
VOC	6.79	6.79
PM (total)	7.54	7.54
TOTAL Emissions (tons/yr)	174.51	157.82
Emissions Cost (Excludes HAPs fee)	\$ 1,047.06	\$ 946.92

In 2009, about 10% of Tenjo Vista's emission fee price was from the sulfur emissions. Table 6 illustrates the impact of the lower sulfur content to almost negligible which would have reduced the plant's emissions cost by at least 10%.

The other plants will experience a similar reduction. The table below illustrates these declines based on sulfur emissions.

Table 7: Evaluation of 2009 Emissions for all Diesel-Fueled Plants

	5000	PPM	ULSD		
	Sulfur Emissions (ton/yr)	Total Emissions Fee (\$)*	Sulfur Emissions (ton/yr)	Total Emissions Fee (\$)*	
Dededo CTs & Dsl	6.55	73.56	0.02	34.38	
Macheche	5.26	47.04	0.01	15.54	
Manenggon	3.6	135.12	0.01	113.58	
Marbo	4.56	41.04	0.01	13.74	
Talofofo	2.63	98.76	0.01	83.04	
Tenjo	16.83	1,047.06	0.14	946.92	
Yigo	2.67	28.86	0.01	12.9	

^{*} Total Emissions Fee includes costs associated with other pollutants.

5.0 Operational Improvements and Disadvantages of ULSD

The conversion to the use of ULSD in GPA's diesel plants will present itself with new operational improvements and disadvantages.

Since GPA uses two diesel fuels with different sulfur contents in order to comply with a stricter Tenjo Vista operating permit requirements for emissions, adopting the 15 PPM or 10 PPM fuel sulfur content would satisfy the requirements of both diesel sulfur requirements and thus the elimination of the need for a special fuel type for Tenjo.

In addition, the difference in fuel requirements limits local storage of the Tenjo Vista special blend fuel as opposed to the 5000 PPM diesel fuel that is supplied to the remaining plants and the commercial distribution facilities. This frees up dispatching restrictions during unplanned outages that would require the Tenjo Vista plant to run more than previously planned.

Sulfur dioxide emissions reduction is an obvious advantage. This advantage however not only benefits GPA but the island of Guam. An anticipated 90% reduction of current emissions is a significant improvement in air quality. It will also improve GPA's position in SO₂ attainment for the island as well as reduce anticipated fees associated with future federal emission regulations.

However ULSD is not with its share of disadvantages. Due to the process in eliminating sulfur content ULSD loses natural lubricity which can cause engine problems due to poor lubricity. The use of ULSD has also been linked to decreased performance and significantly reduced fuel filter life. GPA's current diesel fuel supplier has advised that fuel additives can be added to address lubricity concerns however there is expectation for additional maintenance costs for seal and filter inspections and replacement.

¹⁵ http://orion5000.com/_downloads/PR_Feb2010_NonRoad_USLD_regs.pdf

6.0 Conclusion

Based on the projections summarized in this paper, the transition to ULSD will not immediately provide any relief in fuel costs with the merging of the 0.3% sulfur and 0.5% sulfur diesel fuels as a single fuel supply, .0015% sulfur diesel or better. This is primarily due to the four to five cent cost differential in the prices of the fuel product. However as planning is never a 100% accurate, plant use projections may differ from actual numbers. Should GPA use the Tenjo Vista plant more often than projected, whether due to unavailability of other units or the necessity to have more diesel-fueled units online, GPA could potentially save on the premium fees associated with maintaining a special fuel blend for the Tenjo plant.

In addition, since GPA and other stakeholders initiated discussions for ULSD transition there has been much progress in the access to the lower sulfur content fuels in the region and further discussions suspect that as demand for the product increases the cost of the fuel will eventually meet or beat the higher sulfur fuel. It is also speculated that the higher sulfur fuel will be of less demand and thus be more expensive. The increased ULSD market appears to be from the other countries in the region moving to the lower sulfur fuel in response to global environmental concerns.

As an environmental impact, the transition will yield a 99.7% reduction in emissions. With the combustion turbine plants located in the most densely populated areas of the island and although GPA would need to address the additional emissions to further justify extended plant use, this reduction in emissions is an ultimate benefit for the island. GPA may also see some relief in future emission fines anticipated with new federal regulations on plant emissions.

The transition to ULSD seems unavoidable. Issues concerning the initial waiver to exempt Guam from a lower sulfur fuel mandate set place due to unavailability of economical fuel does not seem apparent today. As U.S. made vehicles and construction equipment are manufactured to comply with ULSD standards, it places the territory in a position that will impact future growth, most especially the military buildup. Restrictions and legality issues of vehicle and equipment imports will also aggravate this concern. Further to this, USEPA recommends the ULSD transition as a fundamental approach to address anticipated emissions from the military buildup and repeats DOD's necessary involvement to implement the transition.

As a final note, Bill 414-30 was recently introduced by the Guam Legislature which would require an island-wide transition to ULSD by January 2011. In a legislative round table discussion of the proposed bill it was noted that a more distant target date may be more reasonable for local fuel suppliers to comply due to equipment and logistic preparations. However, during the round table discussion Department of Public Works and private sector proponents noted that if GPA switches then we can switch, implying GPA is the trigger for the ULSD transition. ¹⁶

GPA is poised to move forward towards this transition.

¹⁶ Guam Legislature Round Table Discussion, July 19, 2010.

7.0 Acknowledgements

We like to acknowledge the individuals listed below who've contributing in some way to the completion of this document this document.

for GPA Operating Permits, Emissions Projections and Emission Fee Analysis:

- Sylvia Ipanag, GPA Planning & Regulatory Supervisor
- Roger Pabunan, GPA Planning & Regulatory Engineer III; and

for Historical Diesel Fuel Data:

 Albert Florencio, GPA Strategic Planning & Operations Research Division Engineer II

8.0 About the Authors

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Maria A. Tison is a Special Projects Engineer with the GPA Strategic Planning & Operation Division (SPORD). Maria holds a Bachelor of Science degree in Chemical Engineering. She joined GPA in 2007 and has been involved in various projects including fuel management and contracts, contract management for GPA's Independent Power Producers, contracting and performance development of Performance Management Contracts and other projects. Maria has proven time and time again her dedication and determination in the tasks that she has taken as one of the newest members of the SPORD team.

Jennifer G. Sablan, P.E., is a Special Projects Engineer with the GPA Strategic Planning & Operation Division (SPORD). Jennifer is a Mechanical Engineer with over 15 years of service to GPA. Jennifer started her GPA career in Generation Division and has since applied her knowledge in the generation planning and related projects in SPORD. Jennifer recently received her certification as a Professional Engineer by the Guam PEALS Board.

9.0 APPENDICES

9.1 APPENDIX A - USEPA Response to Draft Environmental Impact Statement on Military Buildup (Section II)

6. Minimizing Direct Impacts of Dredging Operations.

For comments on engineering and operational dredging BMPs specifically intended to protect aquatic resources, please refer to our previous CVN comments under "Water Quality – Section 230.10(b)".

II. AIR QUALITY IMPACTS

A. General Conformity Applicability Analysis

EPA has reviewed the General Conformity applicability analysis and has attempted to identify the assumptions and methodology used, however the analysis consists largely of a series of tables with no accompanying explanation, therefore it is difficult to definitively confirm that the analysis has considered all emissions. For example, it appears that the list of construction equipment to be used on the Main Cantonment site assumes one piece of each type of construction equipment, and no explanation is provided as to how this was determined. While only a portion of the main cantonment site is in the nonattainment area, an explanation of how only one chainsaw, for example, would be expected to be used, would be helpful.

Another uncertainty is the incorporation of the high sulfur fuel in the calculations. We understand that the inputs to the NONROAD and MOBILE 6 models were modified to use the highest sulfur content fuel input available in the model (Vol. 2, p. 5-15), however the maximum value in these models is 0.5% sulfur, and the DEIS states that the current fuel content on the island is 0.6% (Vol. 6, p. 7-18). Some clarification is needed to explain how this does not underestimate emissions. Elsewhere, emissions calculations for the NONROAD model are described as using national default model inputs (Vol. 6, p. 7-9).

Another uncertainty is the dredging equipment included in the analysis and the hours estimated for dredging, since these figures do not match the equipment list and hours estimated in the CVN Berth Volume 4 Sect. 2.5.3. For example, Vol. 4 p. 2-41 and 2-43 identify additional equipment to be used for dredging, and indicate that dredging will occur 24 hours a day for 6-9 months or could go 8-18 months. The general conformity table identifies a smaller equipment list and lists 19 weeks for dredging.

Finally, the general conformity analysis does not include emissions from the increased maritime traffic to the commercial port transporting project-related construction and operation materials into Apra Harbor. During a teleconference, DoD informed us that this was outside of their control⁴⁰, and therefore exempted from the analysis, however, EPA believes that all environmental impacts resulting from the project should be analyzed.

Recommendation: Provide a clear list of all the activities that were determined to take place in the Piti and Tanguisson nonattainment areas and were thus the basis for calculating emissions for comparison to de minimis levels for these areas. Provide an explanation for Tables I.3-227 through I.3-254 that shows emissions calculations.

⁴⁰ We note that DoD claims that they can control the construction tempo and resulting population growth; indeed this is the very basis for the adaptive management strategy identified in the DEIS.

Explain how the equipment list, number of units, and usage factors were determined. Explain how the calculations, including the emission factors, incorporate the high sulfur fuel for each category and are sufficiently conservative to capture the current fuel content. Identify the assumptions made regarding age of construction equipment and if this would bear on emissions, how this is captured in the analysis. Explain how estimates for dredging were calculated and what the assumptions were, especially the equipment list and how this relates to the equipment listed in Volume 4 for dredging (Sect. 2.5.3), and the hours and duration of dredging. Estimate the increased maritime traffic to the commercial port directly related to transporting project-related construction and operation materials into Apra Harbor for distribution and include emissions estimates in the applicability analysis.

B. Interim Power Generation

1. Permitting Requirements

The DEIS states that no permitting actions will be required for the refurbishment of combustion turbines at four Guam Power Authority (GPA) facilities for the preferred alternative because the limit on hours of operation in the title V permits for these facilities will not be exceeded, even with increased utilization of the turbines⁴¹. However we believe that given the age of these turbines, the refurbishments may constitute "modifications" that will require an evaluation of the potential emission increases. An operating increase of as little as 350-500 hours/year could be significant enough to require a Prevention of Significant Deterioration ("PSD") permit action, which would present significant timing challenges that DoD has not considered in the DEIS. If permitting is triggered, GPA may be in non-compliance if they modify the combustion turbines without the necessary permits. Therefore DoD may have to find other sources of power that have not been discussed in the DEIS depending upon permitting timelines.

The key question is whether the refurbishment qualifies as routine maintenance, repair, and replacement, which by rule are excluded from triggering a PSD modification. These refurbishment projects must be analyzed on a case-by-case basis to determine whether they qualify as routine maintenance. In accordance with current Agency policy, this analysis would be based on considerations of the nature, extent, purpose, frequency, and cost of the projects.

We note that title V and PSD are two different permitting programs with different permit modification criteria. The fact that GPA may not need to seek title V permit revisions to increase allowable hours of operation under Interim Alternative 1 has no bearing on whether any of the projects would trigger the "major modification" requirements under the PSD regulations. If EPA determines that any of the turbine refurbishment projects does not constitute routine maintenance, and if any such modification would result in a significant net emissions increase as determined in 40 CFR 52.21, the project would require a PSD permit prior to the commencement

⁴¹ The DEIS states that the turbine at a fifth GPA plant, Dededo No. 2, has already been refurbished. However Guam EPA informed EPA Region 9 by telephone on December 10, 2009 that this work has not been done yet. At this stage, it is our understanding that GPA is still in the process of selecting a vendor to assess the turbine and make the necessary modifications. Thus our comments about possible PSD applicability also apply to the Dededo turbine.

of any refurbishing activities. The PSD permit issue explained above may also exist for Interim Alternatives 2 and 3 which the DEIS states would require permit modifications. Regardless of the necessity of any title V permit revisions, these projects could require a PSD permit and must be evaluated on a case by case basis in order to make this determination.

In addition, it should be noted that EPA has recently proposed a PSD/Title V Greenhouse Gas Tailoring Rule, which may affect this project. Under this proposed rule, if adopted, new facilities emitting over 25,000 tons of greenhouse gases a year would be considered subject to the PSD requirements and therefore required to demonstrate that the best available control technology is used to minimize greenhouse gas emissions. Also, as proposed, existing major sources that are modified such that greenhouse gases increase significantly would also have to meet the PSD requirements.

2. Inadequate Impact Assessment

In addition to the potential permit requirement, the impact assessment for air quality impacts from increased operation of the CTs is insufficient. The DEIS dismisses increases in emissions of both criteria pollutants and hazardous air pollutants ⁴² (HAPS) from the CTs because these facilities, while currently out of service (Vol. 6, p. 2-9), are already permitted to operate for the hours that will be required, and that compliance with air quality standards has already been demonstrated during the permitting process for these facilities. This is an invalid measure for air quality impacts. These facilities are permitted under the title V operating permit program, which is not a pre-construction review program, thus the air quality impacts were not evaluated during the permitting process. As written, the impact assessment methodology that does not disclose emissions that will occur as a result of the project.

A more appropriate impact assessment methodology should be utilized, specifically one that considers human health. For example, since the CTs are not currently used, the assessment should predict the emissions that would be expected from the operation of the CTs. The emission estimates could be modeled to predict pollutant concentrations and exposures for nearby residents. The pollutant concentrations could be compared to a health-based standard, such as the NAAQS or an occupational health standard. Because of the potential for PSD permitting, DoD may also want to compare the modeled pollutant concentrations to PSD increments.

The impact assessment should also evaluate increased emissions exposures from HAPS as a result of CT operations. The DEIS does not disclose actual HAPS emissions that would occur for preferred Interim Alternative 1. Only Interim Alternatives 2 and 3 are disclosed and only the fraction of emissions associated with hours above the permitted hours, and none are evaluated for health impacts.

⁴² Toxic air pollutants, also known as hazardous air pollutants, are those pollutants that are known or suspected to cause cancer or other serious health effects, such as reproductive effects or birth defects, or adverse environmental effects (http://www.epa.gov/ttn/atw/allabout.html#what).

The EIS should also discuss increases in emissions in locations where sensitive receptors may be exposed to multiple project sources, such as significant traffic congestion, major construction sites, and CTs. For example, residential receptors proximate to the Dededo and Macheche CTs will also experience impacts from significant traffic congestion along the Guam Road Network in the construction phase (Vol. 6, Figure 4.2-4), and potentially beyond. The combined pollutant exposures from these sources could be significant.

Recommendation: The FEIS should disclose the actual emissions increases that would occur as a result of the military build-up. An analysis of the increase in actual emissions and resulting air quality impacts to human health should be included in the FEIS. A discussion of health impacts from multiple sources should occur at least qualitatively.

For significant impacts from criteria pollutants, mitigation measures should be identified. The DEIS identifies possible mitigation for CT emissions, which include the addition of pollution control equipment to reduce emissions at the CTs, and the burning of low sulfur diesel fuel in the CTs (Vol. 7, p. 2-53). We recommend that DoD discuss the necessary resources needed to ensure that GPA can implement measures to mitigate air quality impacts from CT emissions, especially for those CTs near residential populations. DoD should consider how it could assist GPA to implement these measures, including building the capacity of GPA to implement energy efficiency programs which could negate the need for new power sources.

The FEIS should identify the potential PSD permitting requirement discussed above and state that EPA needs more information from GPA before EPA can determine whether refurbishment would qualify as routine maintenance. Additional information regarding turbine refurbishment should be included in the FEIS if known. Should PSD permits be required, the FEIS should discuss the process and timing for securing permits and how this may affect the construction time line and availability and reliability of power for the Guam population.

We also recommend a quantitative stationary source air toxics analysis be performed for the 4 or 5 CT locations. If impacts are significant, a full quantitative dispersion analysis of air toxics impacts from the CT facilities should be conducted. This information should be used to determine which interim alternative most avoids impacts to residential receptors. For example, the Dededo and Macheche CTs are in closer proximity to residential receptors than Orote and Yigo. This impact avoidance evaluation should be described in the FEIS.

C. Lack of commitment to energy efficiency, renewable energy, and cleaner fuels

1. Long-term Power Supply

EPA reviewed the early release DEIS as part of our cooperating agency review and provided a number of suggestions regarding renewable energy and energy efficiency. We pointed out the unique opportunity this project offers for DoD to achieve the goals pursuant to the government's

renewable energy policies, including the Energy Policy Act and Executive Order (EO) 13423⁴³. The long-term energy alternatives proposed in the DEIS; however, indicate that these opportunities are not being pursued. The Draft EIS does not address energy efficiency opportunities on the island that could reduce demand and potentially provide the needed capacity for the project, and dismisses a number of renewable energy options largely because they cannot provide 100% base load power. Instead, the long-term power alternatives include constructing a new power plant either at Cabras/Piti or at a new location at Potts Junction, which would likely utilize either No. 6 for baseline power and No. 2 oil for peaking, or liquefied natural gas (LNG). The DEIS does not evaluate impacts from these long-term alternatives, stating they are treated programmatically in the DEIS, and future NEPA documentation will occur if necessary.

However, the long-term power alternative, which is referenced in the DEIS as providing the power source for the project, is currently being pursued by Guam Power Authority (GPA), per their Integrated Resource Plan (IRP) 44. GPA confirmed that the military build-up will necessitate that this new power capacity be implemented approximately 5 years earlier than would have otherwise been necessary, and that they expect the new power plant unit to be brought on-line in 2017⁴⁵, not 2015 as the DEIS states. Since this expedited project is in response to the military build-up, environmental impacts from this power project should be disclosed in the FEIS.

More significantly, it does not appear that DoD's plans for short and medium-term power for the project are consistent with the goals in Guam Power Authority's (GPA) Integrated Resource Plan (IRP). GPA's IRP recommends switching from diesel fuel oil to liquefied natural gas (LNG) by 2012⁴⁶. GPA also has a strong desire to convert the CTs to natural gas, and the proposed project provides the opportunity for converting the CTs to run on either natural gas or lower sulfur fuel.

Recommendation: While we recognize that there are potentially significant obstacles to implementing LNG, GPA appears open to the utilization of cleaner fuels. DoD should work with EPA and GPA to pursue cleaner fuels for both the long-term power plant and short-term operation of the CTs. For NEPA disclosure, the FEIS should also be updated to reflect the longer duration of CT operation and emissions (until 2017 instead of 2015), and include impacts from this 80MW power unit, since it is occurring during the project implementation phase.

⁴³ The EO 13423 Implementation Instructions identify strategies and tools each agency shall use to meet the goals of the order. Funding is one such tool, and the Implementation Instructions state that appropriated funds may be combined with Utility Energy Service Contracts (UESCs) to leverage government funding and optimize project scope and reductions in energy use and cost of facility operations. (See

http://www.fedcenter.gov/kd/Items/actions.cfm?action=Show&item_id=6825&destination=ShowItem)

⁴ GPA's Integrated Resource Plan is available at:

http://www.guampowerauthority.com/gpa_authority/strategicplanning/gpa_strategicplanning_FY08IRPDraft.php

Based on a telephone conversation with GPA on 12/14/2009.

⁴⁶ GPA's IRP outlines the need for a new power plant due to the military buildup. A primary recommendation indicated in GPA's IRP is to "Plan and permit for an additional gas-fired plant or non-petroleum-fired plant as a hedge for the uncertainty in the scope of the DoD buildup and related economic activity — Guam Power Authority (GPA) should construct this plant based upon high load growth triggers and work with the DoD to mitigate rate impacts to other customers" (Executive Summary, p. I).

EPA continues to believe that implementing energy efficiency measures and utilizing renewable energy could potentially negate the need for an additional power plant (see below). In addition, if cleaner fuels are utilized at the existing power plants, there is a lower likelihood of PSD permitting requirements, and the number of pollutants that could potentially trigger PSD review will likely be reduced.

2. Comprehensive Energy Plan

As a potential mitigation measure, the DEIS states that DoD would assist Guam to develop a comprehensive energy management plan (Vol. 7, p. 2-26) in close coordination with GPA, that will focus on reducing the energy footprint of DoD infrastructure (Vol. 6, p. 3-39). The DEIS cites interest for this plan by several federal agencies. We strongly support DoD's efforts for onbase energy efficiency as outlined in the DEIS, however, since GPA provides all power to the island, efforts to increase energy efficiency need not be limited to DoD facilities since off base efficiencies may provide the extra capacity needed for DoD's power needs. Therefore, a comprehensive island-wide energy plan, which includes energy efficiency, renewables, and cleaner fuels, is appropriate. GPA's IRP would be a valuable starting point and contribution to a joint comprehensive strategy.

Recommendation: EPA supports a comprehensive energy plan and we have interest in continuing to work with other federal and local agencies and utilities to create a clean, efficient, and sustainable energy program for Guam. We recommend a formal relationship be established for ongoing coordination, such as a Memorandum of Agreement (MOA) between DoD, GovGuam, GPA, Department of Energy, Department of Interior, U.S. Department of Agriculture Rural Development, and EPA. This MOA could identify concrete goals and create a mechanism to ensure coordination and economy of effort. For example, there may be opportunities for DoD, GovGuam, and DOE to partner together to ensure that monies are spent on energy efficiency practices that would reduce demand the most. We recommend that DoD establish this agreement to demonstrate its commitment to this particular mitigation measure (Vol. 7, p. 2-26), and the government's renewable energy policies in general, including the Energy Policy Act and Executive Order (EO) 13423. This commitment should be documented in the FEIS and ROD.

The following are suggested elements of a comprehensive energy management plan:

Energy Efficiency: Island-wide energy efficiency opportunities should be explored first. Substantial energy savings can occur while simultaneously improving the quality of life and health of the people of Guam. Energy efficiency programs can generate significant reductions in energy demand ⁴⁷, and in combination with renewables, may negate the

⁴⁷ Examples of energy efficiency improvements that could be implemented on the island include a Cool Roofs program and Refrigerator switch-out programs. Cool roofs consist of materials that reflect the sun's energy from the roof surface, thereby reducing the need for air conditioning. Energy savings using cool roofs are significant; a 3,000

need for a new power plant. An island-wide energy audit can identify the most accessible and cost-effective opportunities to reduce island-wide energy. Energy efficiency practices will be implemented on Guam through the American Recovery and Rehabilitation Act's (ARRA) grants programs. Under ARRA, Guam received approximately \$30 million for projects that reduce total energy use and fossil fuel emissions, and improve energy efficiency (through three grant programs: State Energy Program Formula, Weatherization, and Energy Efficiency and Conservation Block Grant Program). The energy audit could predict the reductions in demand that would occur from these grant programs.

Should DoD provide resources for such an effort, EPA could potentially assist with the energy audit, along with the US Department of Energy's (DOE) National Renewable Energy Laboratory (NREL). NREL is the nation's primary laboratory for renewable energy and energy efficiency research and development. NREL could not only assist with the energy audit, but could also provide expertise regarding which emerging technologies appear most feasible for Guam. For example, there are new developments in solar technology that are most amenable to Guam's weather patterns (i.e., high winds).

Solar Energy Potential: A thorough review of solar energy potential should occur, including an assessment of the land and rooftop area on proposed and existing military structures, and island-wide potential for solar energy utilizing a roof leasing arrangements⁴⁸. The DEIS acknowledges that solar energy could be used to supplement baseload power (Vol, 6, p. 2-15) but dismisses large scale photovoltaics, stating that large land or large rooftop areas are required for panel installation. Existing DoD solar projects in Hawaii have proven feasible and cost effective. 49 With an integrated energy strategy, it is not necessary to have 100% energy generated from solar sources; thus the potential for solar energy can be explored.

Wind Energy Potential: DoD, in conjunction with GPA, should conduct a thorough review of wind energy potential on the island. The DEIS eliminates consideration of wind energy in the DEIS for various reasons (Vol. 6, p. 2-10), however, GPA's IRP identifies wind energy as a "renewable resource of choice in the near term". The IRP discusses the need to conduct further wind studies at specific locations, and cites conversations with DoD indicating that "it is conducting wind studies at specific

sq ft roof could save around 6,600 kWh per year on average. Refrigerator switch-out programs for aging and inefficient refrigerators could also significantly reduce energy usage.

¹⁸ This is proving successful in California. The California utility, Pacific Gas and Electric, has successfully implemented a leasing program for solar installation consisting of up to 250 MW of utility-owned PV generation and an additional 250 MW to be built and owned by independent developers under a streamlined regulatory process. Projects developed by independent parties would be offered a standard contract and pricing derived from the utility's own costs to streamline review of their applications. For more information, see: http://www.pge.com/about/news/mediarelations/newsreleases/q1 2009/090224.shtml

See "Solar America Showcase" in Forest City, Hawaii:

http://www1.eere.energy.gov/solar/pdfs/forestcity_factsheet_20081113.pdf

locations on its properties, and wishes to work collaboratively with the Authority."⁵⁰ The Navy recently applied for a \$16 million grant under the Energy Conservation Investment Program to install four turbines on Naval Munitions Site, which, if awarded, could provide valuable wind data. With an integrated energy strategy, it is not necessary to have baseload power generated from wind sources; thus the potential for wind energy can be explored. This exploration should include an assessment of feasibility and potential output, and would assess the potential impact of wind turbines on endangered species and their habitat.

3. Transportation and construction fuels

The DEIS dismisses the use of lower sulfur fuels for transportation and construction, and cites the 2006 EPA-issued partial waiver to Guam that conditionally exempts Guam from the requirements to use low sulfur fuels in its power plants and in gasoline that is used island-wide in vehicles (Vol. 6, p. 7-3)⁵¹. We note that this decision by EPA was made based on existing environmental conditions on Guam and included economic considerations; it did not foresee the substantial changes to population and emissions activity that the project proposes. In addition, the DEIS is not correct in stating that EPA could cancel the waiver (Vol. 7, p. 2-53). GovGuam must request cancellation of the waiver for EPA to take action.

The DEIS recognizes that the use of cleaner fuel types would likely be required to prevent the occurrence of significant air quality impacts (Vol. 6, p.19-5). We understand DoD is currently exploring options to bring ultra low sulfur diesel to the island due to the fact that newer highway diesel engines (US-manufactured 2007 model year or newer) will be inoperable without it⁵². However, the DEIS assumes that ultra low sulfur diesel will not be utilized for the military buildup. Our concern about the current lack of ultra low sulfur diesel lies in the potential health impacts from increases in project-related transportation, the significant traffic congestion predicted to occur at 24 to 30 intersections at peak hours (Vol. 6, p. 4-168), and the collective impacts from mobile sources, construction equipment, and operation of the CTs, many of which are near sensitive receptors. EPA believes that these collective air quality impacts are potentially significant, that they should be analyzed, and that a substantial mitigation effort is warranted, especially since these impacts will fall disproportionately on environmental justice populations.

In addition, since Guam has two areas that are in nonattainment for the sulfur dioxide National Ambient Air Quality Standard (NAAQS), these increases in fuel use could contribute to or expand the areas in Guam where these health-based air-quality standards are not met. EPA is currently reviewing the existing sulfur dioxide standard and expects to soon take final actions that could lead to a lower, more protective standard. Should DoD not pursue clean transportation and construction fuels, they will likely contribute to expanded areas of degraded air quality that does not meet health-based air quality standards. (See more in monitoring comment below)

⁵⁰ Guam Power Authority, FY 2008 Integrated Resource Plan, p. 13-2.

⁵¹ We note that this waiver also applies to diesel fuel.

⁵² Based off of a phone conversation with the Defense Logistics Agency's Defense Energy Support Center on January 5, 2010.

Recommendation: EPA has significant concerns regarding impacts to air quality and human health and we agree with the assessment in the DEIS that states that cleaner fuel types would likely be required to prevent the occurrence of significant air quality impacts (Vol. 6, p.19-5). Because of the magnitude of this project and the vulnerabilities of the local Guam population which is disproportionately underserved and socio-economically impacted, it is strongly advised that DoD develop a program to introduce ultra-low sulfur fuel to the island, which would significantly reduce the public health impact of the build-up. We recommend that this program be discussed in the FEIS and that DoD commit to use ultra low sulfur fuel. Diesel fuel with a sulfur level of 10 ppm is currently available from Japan⁵³.

It is possible that DoD's use of ultra low sulfur fuel could affect demand on the island in such a way that the local fuel suppliers would begin providing the entire island with this fuel. In this way, DoD's actions could provide the impetus for a significant environmental and public health improvement on Guam.

D. No Alternative Fuels Strategy Identified

The DEIS references pollutant reductions that would be achieved as a result of the Energy Independence and Security Act (EISA) of 2007 (Vol. 2, p. 5-6), because this act includes sections to reducing petroleum use and increase alternative fuel use, including:

- Only acquiring any light-duty motor vehicle or medium-duty passenger vehicle that are
 "low greenhouse gas emitting vehicles" or demonstrating that cost-effective policies have
 been adopted to reduce petroleum consumption sufficiently to achieve a comparable
 reduction in greenhouse gas emissions.
- At least a 20% reduction in annual petroleum consumption and a 10% increase in annual alternative fuel consumption by 2015 from a 2005 baseline. Interim milestones will be established.
- Installation of at least one renewable fuel pump at each Federal fleet fueling center by 2010.

There are no elements of the proposed actions that would advance these goals, so it is unclear why pollutant reductions in relation to the EISA are referenced.

In the DEIS, alternative fuels are excluded as a power generation option because "There is no source of bioenergy (crops) on Guam, fuel cost is higher than diesel fuel or heavy fuel oil currently used, and conversion technology is similar to current generation (no technology

⁵³ EPA's current diesel fuel standard is 15 ppm for highway vehicles, and 500 ppm for nonroad, locomotive, and marine (NRLM). The 500 ppm standard applies to the fuel being used by the project's construction equipment. US refiners will be required to start producing 15 ppm ULSD for NRLM beginning on June 1, 2010, and the switch to sulfur sensitive technologies for non-road engines and equipment will occur in 2011. Given the timing of the military buildup, we are calling for a commitment to use ULSD in diesel non-road and highway vehicles.

advantage)." (Vol. 6, p. 2-10). The DEIS does not evaluate bioenergy for transportation fuels, despite EPA's recommendations to do so⁵⁴.

Recommendation: Consistent with the alternative fuel vehicle goals set forth in the Energy Policy Act of 2005 and with the Navy's existing B-20 standard, we continue to recommend further analysis of biodiesel as an alternative fuel. Used cooking oil is a source of biodiesel that has been overlooked, with approximately 1 million tourists visiting the island annually, and some 140 restaurants operating in Guam, with this number likely to increase. As we previously commented in our scoping comments and on the early release DEIS, Hawaii has been very successful in implementing a biodiesel program. Based on our research on a similar facility in Maui, Hawaii,, a small 250,000 gal/year biodiesel facility is feasible for Guam. A facility of this size could be constructed on less than 1 acre of land for approximately \$1 million. In addition there is currently a small biodiesel facility operating on Guam. It should also be noted that Guam EPA is interested in conducting a biofuel project and has stated that due to the abundance of palm trees on the island, there is potential to conduct a pilot utilizing this resource⁵⁵. This may present an excellent partnership opportunity for DoD and one that would allow DoD to adopt one or several alternative fuels initiatives for their fleet.

E. Mobile Source Air Toxics - Air Quality and Health Impacts

The construction phase of the project will result in a significant increase in population and construction-related vehicles, and the evaluation of traffic impacts in the DEIS shows substantial traffic congestion during the construction phase, as well as the build-out phase (Vol. 6, Table 4.2-34). This will result in an increase in emissions of mobile source air toxics (MSAT), compounds that are emitted from vehicles and heavy equipment which are known or suspected to cause cancer or other serious health and environmental effects. These impacts are especially of concern on Guam due to the island's exemption from current low-sulfur fuel requirements. Because high-sulfur fuels are used on Guam, the emissions and public health benefits of low-sulfur fuels (reduced particulate matter and other air toxics emissions) are not realized.

During our cooperating agency review of the early release DEIS, EPA recommended performing a quantitative analysis of MSATs from construction and operational emissions, for the purpose of estimating human health impacts, given the project's potential for emissions in close proximity to residential communities. The air quality analyses in the DEIS continues to state that a quantitative assessment of the effects of air toxic emission impacts on human health cannot be made at the project level⁵⁶ (Vol. 6, p. 7-4 to 7-5; 7-30-7/33), and EPA continues to disagree given the fact that there are a suite of tools available, as well as examples of real-world applications of these tools, that can be utilized to conduct the assessment (see recommendation below). Therefore, the evaluation of MSATs in the DEIS remains deficient.

⁵⁴ EPA's scoping comments May 21, 2007; EPA's comments on the draft Description of Proposed Action and Alternatives (DOPAA), May 15, 2008; EPA's comments on the early release DEIS, August 25, 2009.

⁵⁵ It is important to note that a palm tree pilot would need to be conducted in a sustainable way to reduce impacts to environmental resources.

⁵⁶ The DEIS refers to the February 2006 FHWA Interim Guidance on Air Toxics Analysis in NEPA Documents which describes when and how to assess MSAT impacts for transportation projects during the NEPA process.

However, the DEIS states that additional MSAT analysis will be performed given the unusual scale of the proposed relocation as compared to other Navy actions, per our recommendation, and will be presented in the FEIS (Vol. 6, p. 7-4). We appreciate DoD's willingness to perform a quantitative MSAT analysis in response to our recommendation. An analysis of potential MSAT impacts would provide information useful for informing the design of the Guam Road Network (GRN) or other project components at the microscale. The analysis would identify where MSAT "hot spots" are likely to occur and could be used to evaluate the effectiveness of potential design changes of the GRN in avoiding human health impacts by reducing emissions or exposure to emissions from project construction and operations. For example, if a road widening project would produce a hotspot near a school, playground, or other sensitive receptors, efforts to either modify the project (such as creating a buffer or shifting the alignment away from the children) or otherwise mitigate exposures to children could be explored. In this way, a quantitative MSAT analysis can inform design decisions and mitigation opportunities. EPA's May 29, 2009 NEPA/Clean Air Act Section 309 Diesel Emissions Guidance provides some examples of ways to avoid or minimize human exposure to emissions from federal actions. While the document is tailored to diesel emissions, the mitigation measures discussed are applicable and appropriate to MSATs in general.

Recommendation: For the purpose of identifying public health impacts, EPA recommends performing a quantitative analysis of construction and operational emissions for the six MSATs most likely to be significant: diesel particulate matter, acrolein, acetaldehyde, formaldehyde, benzene, and 1,3-butadiene for the base year, peak construction year, and the final build year for those roadway projects and impacted areas neighboring sensitive receptors and residential communities. Regarding methodology, EPA identified several examples of quantitative MSAT analyses in the context of NEPA in our previous comments⁵⁷. We also recommended consulting the methodology described in the research report "Analyzing, Documenting, and Communicating the Impacts of Mobile Source Air Toxic Emissions in the NEPA Process" prepared for the American Association of State Highway and Transportation Officials (ASHTO). Per our conversation on January 19, 2010 with FHWA and their contractor, we understand that DoD is proposing a substantial MSAT analysis. EPA appreciates DoD's willingness to involve us in the identification of the methodology and thanks DoD for giving us an opportunity to provide feedback on a proposed scope of work. As the MSAT analysis methodology is finalized, DoD should continue to consult with EPA on the applicability of these examples to analyses developed for the FEIS.

The results of the MSAT analysis should be reviewed in conjunction with the air toxics impacts from operation of the 4 or 5 combustion turbines. For areas identified as having greater emissions exposure, we recommend a review of the GRN and interim power alternatives to identify whether design changes are possible to reduce human exposures to

⁵⁷ Examples include the October 2006 China Basin Shipping DEIS, (http://www.portoflosangeles.org/environment_pn_deir_cs.htm) and the May 2009 Schuyler Heim Bridge Replacement and SR-47 Expressway Project EISs (http://www.dot.ca.gov/dist07/resources/envdocs/)

these pollutants. For example, the Dededo and Macheche CTs are in closer proximity to residential receptors than Orote and Yigo, and receptors proximate to the Dededo and Macheche CTs will also experience impacts from significant traffic congestion along the Guam Road Network in the construction phase (Vol. 6, Figure 4.2-4), whereas other CT locations will not have these additive impacts. This impact avoidance opportunity should be documented in the FEIS. When avoidance of impacts is not possible, mitigation measures should be identified that could reduce health impacts, with commitments to implement these in the FEIS and ROD.

For the accuracy of the FEIS, we recommend all references to limitations of MSAT analysis, including why emissions, dispersion, and exposure tools are not available for a quantitative MSAT analysis⁵⁸, be removed (Vol. 6, pages 7-30 – 7-33). EPA also recommends that DoD remove the reference to the guidance as "Joint Interim Guidance" from FHWA and EPA (Vol.6, p. 7-10), as this is not EPA guidance.

F. Air Quality Mitigation and Adaptive Management

The air quality impact assessment concludes that mitigation measures to reduce air quality impacts are not warranted for the new Main Cantonment (Vol. 2, p. 5-36) and that air quality impacts are less than significant for all preferred project elements (Vol. 7, p.3-9, 3-10). As previously stated, we disagree with the impact assessment methodology that led to some of these conclusions (see Interim Power Generation comment), and we also disagree with the statement that the need for mitigation measures ultimately depends on combined air emissions (Vol. 2, p. 5-29). The location of receptors and their potential for exposure should determine the need for air quality mitigation, since protecting human health is the purpose of all clean air programs and regulation.

Despite its impact assessment conclusions, the DEIS does acknowledge that air quality will decline as a result of implementing the proposed actions due to increased population, increased power usage (increased burning of high sulfur fuels), construction activities, and related traffic congestion (Vol.7, p 2-49, 2-52). The DEIS identifies some potential mitigation measures under its adaptive management mitigation proposal. We have two concerns with this approach to air quality mitigation: (1) the monitoring and establishment of action and tipping points for air quality⁵⁹ are not appropriate as they do not relate to public health, and (2) the proposed mitigation measures should occur *up front* to achieve immediate impact reductions, and not depend on a monitoring trigger. (See also comment under Adaptive Management).

Air mitigation measures identified in the DEIS include (Vol. 7, p. 2-5, 2-54)):

the ratio of water-to-fuel being fired in the CTs.

This discussion is from prototype language included in the February 2006 FHWA Interim Guidance on Air Toxics Analysis in NEPA Documents which EPA believes mischaracterizes the adequacy of existing air toxics methodology and tools for quantitative analysis. While there are positive elements to this guidance, especially the willingness to acknowledge potential MSAT concerns, EPA continues to disagree, nationally, with major elements of this approach (which are carried forward in FHWA's update to this guidance issued September 2009).
The air quality "action point" or "tipping point" would relate to power consumption and include testing for fuel sulfur content, weekly monitoring for opacity, and a continuous monitoring system to monitor fuel consumption and

- In cooperation with GEPA, short-term air monitoring sampling for pollutants such as
 particulate matter and volatile organic compounds (VOCs) could be considered to
 monitor construction air quality impact around major construction sites in sensitive
 neighborhoods with lengthy construction duration.
- The Navy potentially could include measures in construction contracts for anti-idling requirements for construction vehicles; operational agreements that reduce or redirect work or shift times to avoid community exposures when sites are in proximity to vulnerable populations (e.g., schools); and pursing technological improvements to equipment, such as off-road dump trucks and bulldozers, particulate matter traps, oxidation catalysts, and other exhaust after-treatment devices.
- A Traffic Management Center could be developed and implemented by GovGuam to monitor traffic flow and congestion. (EPA notes that while this is identified for GovGuam to implement, DoD should include a project-related construction traffic and parking management plan that minimizes traffic interference and maintains traffic flow.)
- Buffer zones could be created between new or expanded road alignments and areas of vulnerable populations. (The DEIS identifies this mitigation measure for GovGuam to implement, but the project is creating the Guam Road Network and this measure is within DoD's control.)
- An option could be provided for using low sulfur diesel fuel for construction and highway vehicles. (The DEIS identifies this mitigation measure for GovGuam to implement, however DoD can and should pursue this option -see comment under transportation fuels).
- The pending MSAT analysis results would also be used as a consideration for avoiding potential significant health risks from on-road vehicle operations during construction periods (Vol. 7, p. 2-53) (See comment under MSAT air and health impacts. EPA is available to assist DoD in determining the best mitigation strategy to reduce MSAT emissions and exposure should the pending MSAT analysis identify hotspots in proximity to residences or sensitive receptors.).

An additional mitigation measure not identified in the DEIS could include identifying sensitive receptors in the project area, such as children, elderly, and infirm, and specifying the means by which impacts will be minimized to these populations. For example, locating construction equipment and staging zones away from sensitive receptors and fresh air intakes to buildings and air conditioners. DoD should also consider fugitive dust source controls, such as: 1) installing wind fencing and phasing grading operations where appropriate, and operating water trucks for stabilization of surfaces under windy conditions, and 2) preventing spillage and limiting speeds to 15 miles per hour (mph) when hauling material and operating non-earthmoving equipment, and limiting speed of earth-moving equipment to 10 mph.

Recommendation: EPA recommends that DoD commit to implementing the mitigation measures it identifies in the FEIS, as well as the additional measures identified above, at the beginning of project planning and construction, and not only in response to an

adaptive management monitoring trigger. EPA recommends that these measures be incorporated into a Construction Emissions Mitigation Plan in order to reduce impacts associated with fugitive dust, diesel exhaust, and mobile source air toxics from construction-related activities. Priority should be given to providing an option for using low sulfur diesel fuel for construction and highway vehicles. All appropriate measures should be included in all construction contracts and DoD should oversee and ensure implementation. DoD should include the Construction Emissions Mitigation Plan in the FEIS and identify its commitments to these measures in the ROD.

Regarding the adaptive management strategy, the NAAQS should be used as the "tipping point" for criteria pollutant monitoring results to trigger construction tempo reductions. See our comments under Adaptive Management.

G. Monitoring

As mentioned above, EPA is currently reviewing the existing sulfur dioxide standard and expects to soon take final actions that could lead to a lower, more protective, standard. As part of this action, EPA would require GovGuam to install at least one air monitor by 2013. It would be of great value to commence SO₂ monitoring on the island in advance of the 2013 deadline to ensure tracking of air quality impacts and protection of public health before and during the buildup. Since 2013 is projected to be one of the peak construction years, the military buildup could be considered among the sources that would need to be controlled if SO₂ monitoring demonstrates that Guam is not attaining the SO₂ standard. DoD should consider the benefits of operating an air monitor to establish baseline ambient air quality.

Recommendation: EPA recommends that DoD obtain baseline SO2 monitoring data before construction commences to identify DoD's contributions to the SO₂ levels measured with the new 2013 monitor.

H. Greenhouse Gas Emissions and Climate Change

1. Baseline discussion

The DEIS does not present a useful baseline discussion on the problem of climate change, nor is it substantially addressed in the cumulative impact assessment. EPA recommends that the FEIS include a general discussion of global climate change based on EPA's Technical Support Document developed for the December 2009 endangerment finding, which was vetted through all federal agencies. Alternatively, for U.S. impacts, the Executive Summary and key findings of the most recent U.S. Global Climate Research Program report, "Global Climate Change Impacts in the U.S."(http://downloads.globalchange.gov/usimpacts/pdfs/executive-summary.pdf) could be consulted and summarized. For a discussion of regional effects, the Islands regional chapter from this report (http://downloads.globalchange.gov/usimpacts/pdfs/islands.pdf) is recommended. Providing this baseline discussion will help ensure disclosure of the incremental impacts of the proposed GHG emissions and highlight the importance of the existing condition with regard to climate change for providing the context for a discussion of cumulative impacts

(See also Cumulative Impacts comment). This section should also discuss Executive Order 13514's GHG reduction targets.

2. Methodology

The DEIS estimates carbon dioxide (CO₂) annual emissions for the preferred alternatives in its assessment of greenhouse gases (GHGs) (Vol. 7, p. 3-11). The DEIS states that because CO₂ emissions comprise approximately 85% of GHGs, and CO₂ emission factors are readily available for many stationary and mobile sources, CO₂ was selected for this DEIS to represent GHG emissions (Vol. 2, p. 5-8). This methodology does not take into account GHGs other than CO₂ some of which have a greater global warming potential (GWP) than CO₂. It is now common for EISs to estimate non-CO₂ GHGs in terms of CO₂ equivalency, which is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO₂ that would have the same global warming potential (GWP)⁶⁰, when measured over a specified timescale. For example, methane has a global warming potential most recently estimated at 23 times that of carbon dioxide (CO₂). The DEIS identifies only the CO₂ emissions associated with the use of the Navy landfill (Vol. 6,p. 7-27) for example, and not the methane in CO₂ equivalence. Because the DEIS does not account for GWP in its calculations, it underestimates project impacts⁶¹.

3. Alternatives Analysis and Mitigation

CO₂ emissions were calculated for construction, some interim power generation alternatives, and roadway projects; however, the DEIS did not discuss these emissions, nor does it present them in comparative form, "providing a clear basis for choice among options by the decision-maker and the public" (40 CFR 1502.14). The DEIS does not include CO₂ emissions for the preferred interim power alternative, so no comparison of these alternatives can be made. We understand that many of the emissions for the new Main Cantonment and Marine Corps operations would not be new but transferred from base operations in Okinawa, Japan; however, there are elements of the project where an alternatives analysis of impacts related to greenhouse gas emissions and climate change would be useful, such as in reference to power supply, increases in mobile sources from transportation, and landscape alteration. The alternatives within these project components have the potential to vary in GHG emissions to a significant degree, and providing this information as a summary could be useful for the decision-maker.

The predicted construction CO₂ emissions range from about 16,490 to 31,464 tons per year (tpy) from 2011 to 2014 and the predicted operational CO₂ emissions range from about 180,216 to 186,134 tpy from 2015 forward (Vol. 7, p. 3-13). The DEIS states that GHGs effects would be considered less than significant (Vol. 7, p. 3-14). However, to provide further relevant context,

⁶⁰ Global Warming Potential (GWP) is defined as the cumulative radiative forcing effects of a gas over a specified time horizon resulting from the emission of a unit mass of gas relative to a reference gas. The GWP-weighted emissions of direct greenhouse gases in the U.S. Inventory are presented in terms of equivalent emissions of carbon dioxide (CO2), using units of teragrams of carbon dioxide equivalents (Tg CO2 Eq.).

⁶¹ We note that EPA's GHG reporting rule, promulgated on September 22, 2009, requires reporting of greenhouse gas (GHG) emissions in CO2 equivalents for carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF6), and other fluorinated gases including nitrogen trifluoride (NF3) and hydrofluorinated ethers (HFE).

DoD should consider discussing GHG emissions in terms of the quantities required under the GHG reporting rule⁶² as well as those identified in the proposed PSD tailoring rule, and indicate whether any project components would be potentially regulated under these rules. We also recommend discussing how the different alternatives would compare for purposes of DoD achieving 2020 GHG reduction targets under EO 13514. We note that section 2(f)(iv) of the EO mandates identification and analysis of impacts from energy usage and alternative energy sources in NEPA documents on new or expanded facilities.

No mitigation measures are identified for GHG emissions. At a minimum, DoD should consider the use of energy efficiency and renewable energy projects, as outlined in the comment titles "Comprehensive Energy Plan" as a means for reducing GHG emissions. DoD should also consider the adoption of anti-idling measures for construction vehicles in construction contracts, as outlined in the "Mitigation and Adaptive Management" comment, and the utilization of cogeneration instead of flaring methane produced in the anaerobic digesters at WWTPs that are upgraded for the project (see comment under "Anaerobic Digestion - Energy Generation"). Other options could include implementation of green vehicle procurement, bus replacement programs for the island, etc.

4. Adaptation

The potential impacts of climate change on the proposed project alternatives were not discussed. The NEPA process provides an opportunity to evaluate the alternatives from this perspective, and this is very useful information for long-term planning. The FEIS should identify if there are specific adaptation measures needed to protect the project from the effects of climate change. For example, sea level rise may be as great as a meter by the end of this century. The FEIS should discuss how all waterfront projects consider sea level rise is their design and maintenance.

Recommendation: EPA recommends the FEIS be updated per the above. A baseline of climate change effects should be discussed in the FEIS. We recommend emissions be discussed in terms of requirements under the GHG reporting rule, indicating whether any project components will be required to report. Emissions from the preferred interim power alternative should be disclosed, and a greater distinction between project alternatives in relation to GHG emissions should be presented. Mitigation measures should be identified, and adaptation for anticipated climate change effects on the project should be discussed.

I. Additional Air Quality Comments

• The DEIS indicates that radon mitigation measures will be incorporated into new construction in high radon zones. EPA recommends using local Radon experts for radon mitigation during new construction. This will support the emerging radon industry and

⁶² Facilities that emit 25,000 metric tons or more per year of GHG emissions are required to submit annual reports to EPA. The GHG reporting rule is intended to collect accurate and timely emissions data to inform future policy decisions.

- help protect Guam residents, in general, from Radon exposure by building the capability to address the radon problem in the civilian population's homes throughout Guam.
- In the DEIS, DoD states that asbestos may be present at the wharves, and work would comply with applicable regulations for the survey/inspection and management of these materials (p. Vol. 2, p. 2-89). We note that any asbestos removal and every building demolition would require notification to EPA Region 9 under the Asbestos National Emissions Standards for Hazardous Air Pollutants (NESHAP) regulation even if it has been previously determined that no asbestos containing materials (ACMs) are present at the building proposed for demolition. An asbestos survey must be conducted and a 10 working day waiting period after notification to EPA is required. A qualified Asbestos Hazard Emergency Response Act (AHERA) inspector must be used, and if material is present it must be removed by qualified AHERA workers/supervisors. Demolition contractors normally complete the notification, but the regulation allows either the owner or operator to submit the notification to EPA. Guam EPA has regulatory requirements for asbestos removal that mirror EPA NESHAP and AHERA requirements. Guam EPA should also be notified of any demolition or renovation activities.

III. SOLID WASTE

A. Insufficient solid waste characterization and management planning

Existing and planned landfill facilities on Guam do not provide viable options for managing all of the solid waste stream components that are expected to be generated during and after the proposed action. Consequently, the Preferred Alternative for land disposal does not appear to be adequate. The DEIS does not present a comprehensive strategy for managing the large volumes of solid waste associated with the project.

Recommendation: DoD should develop and perform a waste characterization study using the existing DoD waste stream, and prepare a report on waste stream composition, by percent, on a weight basis. DoD should also perform waste management planning and prepare an integrated solid waste management plan addressing the DoD solid waste planning hierarchy of: 1) source reduction, 2) reuse, 3) recycling (including composting), and 4) disposal, and Executive Order 13514. DoD should develop waste stream projections based on available waste stream data and population projections, and the waste characterization study, and compile the information into a projected waste stream composition. (Note: the basis for the 7.4 generation rate should be explained, including waste stream composition) This information would be used to develop an integrated waste management plan that includes a summary of available disposal and diversion options for each waste stream component, as well as collection and transportation, and conformance with the DoD solid waste planning hierarchy⁶³ and Executive Order 13514.

The integrated waste management plan should include the "Non-DoD Proposed Action Related" projections, as this source of increased solid waste is expected to comprise a

⁶³ Per Navy Instruction OPNAV INST 5090.1C 5-4.1(d)

9.2 APPENDIX B - Bill 414-30

2010 JUN 11 PH 4: 13 /4

I MINA' TRENTA NA LIHESLATURAN GUÅHAN 2010 (SECOND) Regular Session

Bill No. 4/4-30(COX)

Introduced by:

Telo Taitague R. J. Respicion

B. J. F. Cruz

AN ACT TO ADD A NEW §49119 TO CHAPTER 49 OF 10GCA RELATIVE TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL SOLD ON GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Section 49119 of Chapter 49 of 10 GCA is hereby renumbered as Section

3 49120.

5 Section 2. A new Section 49119 is added to Chapter 49 of 10 GCA to read as follows:

6

4

1

- 7 §49119. Ultra-low Sulfur Diesel Fuel Standard. Notwithstanding any other
- 8 provision of law, rule or administrative policy or waiver, effective January 1, 2011, all
- 9 diesel fuel sold and distributed on Guam shall meet the US EPA standards for Ultra-
- 10 low sulfur diesel fuel. For purposes of this section Ultra -low sulfur diesel fuel shall be
- generally defined as fuels that contains less than fifteen parts per million (15ppm) of
- sulfur content as established by US EPA Direct Final Rule. The Guam Environmental
- 13 Board of Directors shall create compliance standards for diesel fuel. Any waivers of
- 14 the fifteen parts per million (15ppm) sulfur content standard of this Section shall
- 15 require approval by I Liheslaturan Guåhan.

9.3 APPENDIX C – Minutes to ULSD Transition Stakeholder Meetings

Ultra Low Sulfur Diesel (ULSD) Coordination Conference Call March 18, 2010: 9 AM (Guam Time) Meeting Minutes

Attendees:

Department of Defense:

Ed Guthrie, Deputy, Defense Logistics Agency, Defense Energy Support Center Steve Barker, NAFAC PAC Russell Pile, Lieutenant Commander, NAFAC MAR David Colon, JGPO Don Chandler, Captain, NAFAC PAC Matt Gagelin, Counsel, JGPO Jack Brown, NAFAC David Smith, Captain, JGPO

Guam Power Authority:

John Cruz, Manager, Strategic Planning & Operations Research Division (SPORD) Jennifer Sablan, Special Projects Engineer, SPORD Graham Botha (legal counsel) Kin Flores, General Manager

Guam EPA:

Bradley Dunagan, Deputy Administrator Bob Perron, Board Member Connie Aflleje, Environmental Health Specialist I Luo Truong, Environmental Health Specialist III Steve Norby, Environmental Health Specialist III

US EPA:

Kerry Drake, Associate Director, Air Division, EPA Region 9 Kristin Riha, Environmental Protection Specialist, Air Division, EPA Region 9 Roxanne Johnson, Air Division, EPA Region 9 Tia Sutton, Engineer, Fuels Center, EPA Headquarters Michael Wolfram, Program Manager, Pacific Islands Office, EPA Region 9

Shell:

Jonathan Perez, Business Development Manager Joleen Mesa, Supply Manager Tasi Peddicord Borden, Government Accounts manager The purpose of the call was to discuss collaboration regarding island-wide use of ULSD (15ppm or lower) on Guam. The primary goal of the call was to reach an agreement regarding a reasonable timeline for the transition, data collection needs, and next steps.

Discussion of the Current Low Sulfur Fuel Exemption

The call was initiated with introductions and a brief discussion regarding the current low sulfur fuel exemptions on Guam, which were issued by USEPA. On the conference call, USEPA stated that there is one exemption from meeting the fuel standards for stationary sources, highway vehicles, and non-road vehicles/equipment. We would like to make a correction--there are actually two exemptions--the exemption from stationary source fuel standards is separate from the exemption for highway and nonroad mobile sources.

Both new stationary internal combustion and fuel used in non-road engines on the mainland are subject to fuel sulfur restrictions. As of the end of this year, these regulations require fuel meeting the 15 ppm standard on the mainland. However, both the nonroad engine fuel regulations and the stationary source regulations exempt fuel used on Guam from this requirement. The sulfur requirement for fuel used by new stationary combustion turbines is approximately 4,000 ppm for engines on Guam. This sulfur requirement is not affected by the requirements for stationary internal combustion engines or nonroad engines.

Even though there are two separate exemptions for stationary internal combustion engines and for highway/non-road engines, if USEPA were to rescind one exemption, we would most likely rescind them both. Regardless of whether we rescind one or both exemptions, however, a formal rulemaking process would be necessary.

Discussion Regarding Acquisition of "New" Vehicles on Guam

Bob Perron pointed out that new (2007 and newer) "export-only" vehicles are being built by U.S. manufacturers and then shipped to Guam for use. The vehicles are being transported by truck (on tractor- trailers) to US ports and shipped directly to Guam. Following the conference call, USEPA explored the legality of this situation, and it appears as though it may indeed be illegal.

There are provisions that allow new <u>heavy-duty</u> highway engines intended for Guam to meet less stringent, 2006 engine standards. So, it is possible for someone to acquire a new heavy-duty vehicle (e.g., a tractor-trailer) that is specially made for Guam--this vehicle would be a 2007 or newer model year vehicle, but it would be compliant with the 2006 engines standards. Therefore, it would be brand new and "flashy", but would be able to run on higher sulfur content fuel. Any heavy-duty vehicle being brought to Guam must have a specific label on the engine, which states that it is exempt from current emission standards but it meets the requirements for Guam and the Northern Marianas Islands.

For <u>light-duty</u> vehicles (e.g., a Ford pickup truck), engines intended for use on Guam must meet the current emissions standards, just like any mainland engine. Therefore,

Final Version April 12, 2010

these vehicles will have the same emission controls and labels as any other compliant vehicles in the U.S.

For both heavy-duty vehicles and light-duty 2007 or newer model year vehicles, to determine legality, the engines would need to be inspected to see if they contain a label that certifies they meet certain emissions standards. If they do not contain a label, then they are likely illegal.

Economic Argument for Transitioning to ULSD

USEPA stated that for three industry groups in particular, there appears to be a strong economic argument for transitioning to ULSD: construction industry, bus industry (including transit and eco-tourism), and car dealerships. These groups have an interest in bringing new vehicles and equipment to the island, but they cannot do so without ULSD. Participants on the call concurred with this assessment. Bob Perron expressed the importance of ULSD to the bus industry—they are currently struggling with the high maintenance costs associated with their older vehicles.

The US Military bases on Guam have expressed a strong interest in getting ULSD on Guam so the bases can purchase the newer vehicles which requires ULSD. The strongest reason the military expressed to DESC Guam is the difficulty in getting newer vehicles that can't run on Guam's fuel, and require ULSD only. Their interest is also driven by environmental mandates to convert to using the ULSD at 15 ppm.

Logistics of Bringing ULSD to the Island

It would be ideal for fuel providers if the island were to convert to ULSD for both power and transportation (motor vehicles and construction equipment) at the same time because it is logistically impractical and very expensive for the supply chain to move with two different fuel types. DoD pointed out, however, that if transportation transitions first, the whole island may make the transition due to economies of scale. USEPA also stated that while they understand the complexity associated with two fuel types, an attempt to transition to power may make it harder for transportation to transition (due to high power costs)—there may be a way to transition transportation first.

A discussion was held regarding the logistics around acquiring ULSD for Guam. Although 10 ppm ULSD is available from Japan, fuel providers do not have contracts with refineries there. It is uncertain whether any other refineries, which supply the Asian market, have 10 ppm or 15 ppm fuel or are ready to produce such grade in the near future. There are cost implications associated with contracting with Japan, or any sole source refinery in Asia, and if the whole island switches to ULSD too quickly, they could be at the mercy of the market. Moving towards cleaner diesel, a fairly quick transition to 500 ppm is feasible in the short term as this product is readily available in the Asian market. While this makes power production much cleaner, it does not solve the challenge we are facing with vehicles and construction equipment. As demand builds for ULSD, the fuel could be brought to the island through other means (ISO containers, for example). However, if Guam transitions to ULSD, surrounding islands will be impacted.

Final Version April 12, 2010

USEPA requested to set up a call with Shell to discuss fueling logistics further, and intends to set up calls with the other fuel providers on the island as well.

Timeline for Transition

Timing for the transition could hinge on contracting mechanisms and infrastructure requirements. New fueling contracts may need to be initiated which include ULSD, or current contracts may need to be modified. DoD pointed out that even if we were able to begin the process of transitioning today, it would still take 6 months to 1 year to get the fueling infrastructure in place. DoD suggested that the group set a target date for the transition and begin collecting necessary data with that timeline in mind. A target date of December 2012 was proposed to the group. Guam EPA pointed out that this date may be very aggressive. The group stressed that this is simply a starting point, and the timeline may need to be adjusted as information is collected. Guam EPA will elevate this to the Governor to get his input. Bob Perron will also approach the Guam EPA Board. All parties reached an agreement to begin collecting data with a target date of December 2012 as a starting point.

Data Collection Needs

The group brainstormed regarding data collection. Participants agreed that the following information is needed:

- Determination whether the new vehicles being imported with older engines are illegal
- Cost differential (\$/gallon and rate increases, if applicable) of switching to ULSD
- Logistics around acquiring the fuel for Guam
- Impact that the transition could have on the other islands
- Overall cost information associated with making the transition
- Impact to other stakeholders
- When and if the refineries that currently supply Guam's fuel will switch to ULSD in the future
- Outline the total infrastructure (storage capacity) on island and how it can be leveraged to support a transition to ULSD.

USEPA pointed out that funding may be available to cover the cost differential associated with cleaner fuel. It is likely competitive funding and there's an application process, but it's something USEPA can look into further. We'd need to get a better handle on the cost differential issue, however.

GPA graciously volunteered to serve as the warehouse for this information. After the conference call, John Cruz created an ftp site through which we can enter data.

Since Shell was the only fuel provider on the call, the group agreed to share information from this call with other fuel providers to ensure equity. The group will also work to obtain their input regarding fueling logistics.

Final Version April 12, 2010

Next Steps

- USEPA will find out more information about the stationary source low sulfur fuel exemption. **Status:** Done (see above for updated information)
- USEPA will determine whether it is illegal to bring "export-only" vehicles onto the island. **Status:** Done (see above for updated information)
- USEPA and Shell will explore setting up a meeting to discuss fueling logistics. **Status:** Done (Conference call is scheduled)
- USEPA will approach the other fuel providers to gauge their interest in setting up a conference call regarding fueling logistics. **Status:** Ongoing
- USEPA will look into any potential funding sources to cover the cost differential of switching to ULSD.
- GPA will establish an "ftp" site for information-sharing **Status:** Done (see above for updated information)
- Guam EPA will discuss the proposed timeline and share meeting minutes with the Governor
- Bob Perron will approach the Guam EPA Board to discuss the proposed timeline
- All participants will begin collecting the information outlined above and share it with one another.
- All participants will reach out to the other fuel providers regarding logistics of switching to ULSD.
- Participants will explore establishing periodicity of the follow-up meetings and establish an agenda to review the above topics--explore holding a monthly or bimonthly conference call.

Ultra Low Sulfur Diesel (ULSD) Coordination Conference Call April 27, 2010: 8 AM (Guam Time) Meeting Minutes

Attendees:

Department of Defense:

Steve Barker, NAFAC PAC Edward Guthrie, DESC Guam Deputy Director

Guam Power Authority:

John Cruz, Manager, Strategic Planning & Operations Research Division (SPORD) Jennifer Sablan, Special Projects Engineer, SPORD

Sylvia Ipanag, Engineer Supervisor (Environmental), Planning & Regulatory Division Paz Tison, Special Projects Engineer, SPORD

Andriano (Andy) Balajadia, Assistant General Manager for Operations (AGMO) D. Graham Botha, Staff Attorney

Guam EPA:

Bradley Dunagan, Deputy Administrator Peter Cruz, Environmental Health Spec. Supervisor Bob Perron, Board Member

US EPA:

Kerry Drake, Associate Director, Air Division, EPA Region 9
Kristin Riha, Environmental Protection Specialist, Air Division, EPA Region 9
Roxanne Johnson, Air Division, EPA Region 9
Michael Mann, CNMI Program Manager, Pacific Islands Office, EPA Region 9
Tia Sutton, Engineer, Fuels Center, EPA Headquarters
Michael Wolfram, Program Manager, Pacific Islands Office, EPA Region 9
John Brock, Air Division, EPA Region 9
Nova Blazej, Special Assistant, Communities and Ecosystems Div, EPA Region 9

Senator Thomas Ada's Office:

Nicole Santos, Chief of Staff

The call was initiated with roll call, followed by a brief discussion re: the status of the next steps identified on last month's conference call. Listed below is the status.

Contact with Fuel Providers

Some, but not all, participants have reached out to the major fuel providers (Shell, Exxon Mobil, and SPPC).

 Bob Perron has spoken to Shell and SPPC, and is waiting to hear back from Exxon Mobil regarding setting up a conference call (which would include representatives from Singapore)

- GPA has spoken with Petrobras, which is a Brazilian company that has a refinery in Singapore. Petrobras is interested in providing ULSD, but they currently do not produce it. GPA will reach out to Petrobras again to continue the dialogue. The group should keep in mind, though, that if we go through providers that are not the current local fuel providers, the cost could increase.
- USEPA has spoken with Shell, and is waiting to hear back from Exxon Mobil regarding setting up a conference call (which would include representatives from Singapore). SPPC has been non-responsive so far.
- Bob Perron volunteered to help USEPA reach out to Exxon Mobil, and suggested that the entire group compile a list of questions for the fuel providers. This might help us obtain the answers more readily. The key question to ask is whether Singapore can provide 10ppm for Guam and for CNMI (who will also be affected by the transition).

Establishment of the FTP Site for Information Sharing

GPA has established an FTP site for the group. Kristin Riha proposed that for now, we hold off on providing fuel providers with access to the FTP due to the fact that we have not reached out to all of them, and there could be competition issues. The group concurred with this decision. If anyone needs the information regarding how to access the FTP site, contact Kristin Riha or John Cruz.

Information Collection re: Cost Differential for ULSD

Prior to the meeting, Kristin Riha distributed information re: which locations are currently producing ULSD. On the call, she also updated the group—it appears that India has recently established a major refinery (owned by the company Reliance), which can produce ULSD. It is possible that fuel from India will be cheaper because they are producing massive quantities.

Regarding the potential cost differential for ULSD, Kristin Riha shared with the group that she spoke with a representative at the US Department of Energy, who advised that we obtain spot prices from refineries in Singapore. The spot price (also known as the production cost) is the biggest indicator of the retail price. Given the fact that the supply chain would not change and all shipping costs would remain the same, our best bet is to try to obtain ULSD from Singapore. If we obtain information regarding 50ppm fuel from Singapore, the cost differential will be similar to 10ppm. This would represent a good starting point toward estimating the potential cost differential. GPA volunteered to investigate the spot price further by looking at PLATTS/MOTS data.

Follow Up Discussion re: Phased-In Approach

Kristin Riha posed a question to the group: given the information provided by Shell on the last call re: the negligible cost-differential for switching from 5000 ppm to 500 ppm in the short term, should the group pursue a phased approach (i.e., switching

now to 500ppm and aiming to switch to ULSD in December 2012)? The group concurred that an immediate switch would allow for a significant improvement in public health, with little-to-no economic effect. It would also generate positive PR for the island. GPA is supportive of making this switch as long as we can confirm that the cost differential is low, and as long as they can work through contracting mechanisms to make it happen. The group will need to talk to Exxon Mobil and SPPC to confirm that the cost differential is negligible.

Affecting Other Islands in the Transition

As we collect data re: the transition, it is important to remain cognizant of the fact that CNMI will also be affected. Michael Mann (USEPA) has volunteered to help us reach out to CNMI. Guam EPA is willing to communicate with CNMI along with Michael.

Kristin Riha's Departure (for a little while!)

Kristin's last day in the office will be May 14th, due to the upcoming birth of her daughter. Kristin will return in October, but Michael Mann has volunteered to assist with coordination in the interim, and Roxanne Johnson will be assisting with data collection. Michael can be reached at mann.michael@epa.gov; 415-972-3505, and Roxanne can be reached at Johnson.roxanne@epa.gov; 415-947-4150.

Next Steps

- Continue reaching out to fuel providers re: logistics (All)
- Help USEPA reach out to Exxon Mobil (Bob Perron)
- Compile a list of questions for the fuel providers. This might help us obtain the answers more readily. Send questions directly to Michael Mann (mann.michael@epa.gov) and Roxanne Johnson (johnson.roxanne@epa.gov) for compilation no later than COB May 21st. (All)
- Send email to John Cruz if you do not yet have access to FTP site (All)
- Investigate the spot price for Singapore by looking at PLATTS/MOTS data (GPA-Jennifer Sablan) Status: GPA has obtained the data, and Kristin distributed
- Talk to Exxon Mobil and SPPC to confirm that the cost differential is negligible for switching from 5000 ppm to 500 ppm (All)
- Reach out to CNMI re: the transition on Guam (USEPA-Michael Mann; and Guam EPA)
- Explore holding another conference call in one month to maintain momentum and share data collection (All)

9.4 APPENDIX E – Emissions Calculations

GPA emissions were calculated based on the following formula and AP Factors:

Annual Pollutant Emissions (tons/yr) =

AP-42 Factor (lb/MMbtu) * Annual Fuel Consumption (gals/year) * (139 MMBtu/1000gals) * (1ton/2000 lbs)

where,

Annual Pollutant Emission is SO2, NOx, CO, VOC or PM AP-42 is a reference for Air Pollutant Emissions provided by the U.S. EPA AP-42 Factor¹⁷ for specific pollutant is identified in the following table:

	AP-42 Factors2
Regulated Pollutant	Controlled (lb/MMBTU)
SO26	1.01
NOx4	1.90
CO	0.85
VOC	0.09
PM (total)	0.10

 $^{^{\}rm 17}$ Compilation of Air Pollutants Emission Factors, Chapter 3, Tables 3.4-1, 3.4-3, 3.4-4

155 Hesler Place, Hagatúa, Guam 96910 • tel: (671)472-7679 • fax: (671)472-3547 • roryforguam@gmail.com

SENATOR RORY J. RESPICIO CHAIRPERSON

SENATOR

Judith P. Guthertz VICE

CHAIRPERSON

MAJORITY MEMBERS:

Judith T. Won Pat SPEAKER

Benjamin J. F. Cruz VICE SPEAKER

Tina Rose Muña Barnes LEGISLATIVE SECRETARY

> Thomas C. Ada SENATOR

Frank B. Aguon, Jr. SENATOR

Adolpho B. Palacios, Sr. SENATOR

Vicente C. Pangelinan SENATOR

> **MINORITY MEMBERS:**

Frank F. Blas, Jr. SENATOR

James V. Espaldon SENATOR June 14, 2010

MEMORANDUM

To: **Pat Santos**

Clerk of the Legislature

Attorney Therese M. Terlaje

Legislative Legal Counsel

Senator Rory J. Respicio From:

Chairperson, Committee on Rules

Subject: Referral of Bills No. 414-30(COR) through 417-30(COR)

As Chairperson of the Committee on Rules, I am forwarding my referral of Bills No. 414-30(COR) through 417-30(COR).

Please ensure that the subject bills are referred, in my name, to the respective committees, as shown on the attachment. I also request that the same be forwarded to all Senators of I Mina' Trenta Na Liheslaturan Guåhan.

Should you have any questions, please contact Stephanie Mendiola or Elaine Tajalle at 472-7679.

Si Yu'os Ma'åse'!

(1) Attachment

I Mina'Trenta Na Liheslaturan Guåhan Bill Log Sheet Page 1 of 1

Bill No.	Sponsor(s)	Title	Date Introduced	Date Referred	Committee Referred	Public Hearing Date	Date Committee Report Filed	Status (Date)
B414-30 (COR)	Telo Taitague, R. J. Respicio, B.J.F. Cruz	An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam.	6/11/10 4:13 p.m.	6/14/10	Committee on Rules, Natural Resources, Federal, Foreign, and Micronesian Affairs			
B415-30 (COR)	Frank B. Aguon, Jr.	An act to promote the efficiency of the Guam Board of Allied Health Examiners and to clarify portions of the board's enabling legislation, by amending Article 8 of Chapter 12, Title 10, Guam Code Annotated.	4:22 p.m.	6/14/10	Committee on Economic Development, Health and Human Services, and Judiciary			

B416-30 (COR)	Frank B. Aguon, Jr.	An act relative to provisions applicable to the Board of Medical Examiners, and, the Guam Board of Allied Health Examiners; by respectively amending Subsections (a) and (b) of §12203 of Article 2, and, Subsections (a) and (b) of §12803 of Article 8, of Part 1, Chapter 12, Title 10, Guam Code Annotated.	•	6/14/10	Committee on Economic Development, Health and Human Services, and Judiciary		
B417-30 (COR)	Frank B. Aguon, Jr.	An act to make Guam's streets safer by lowering the legal blood alcohol level for motor vehicle operators from 0.08% to 0.05%; by amending Subsections (b), (d), and (e) of §18102 of Article 1, Chapter 18, Title 16, Guam Code Annotated, Safe Streets Act; and by amending Subsection (g) of §18102 relative to minors; this act shall be known as the amended Safe Streets Act.		6/14/10	Committee on Public Safety, Law Enforcement, and Senior Citizens		

13

06-21-2010

Bureau of Budget & Management Research Fiscal Note of Bill No. 444-30 (COR)

AN ACT TO ADD A NEW §49119 TO CHAPTER 49 OF 10 GCA RELATE /E TO CREATING THE ULTRA-LOW SULFUR DIESEL FUEL STANDARD FOR DIESEL FUEL SOLD ON GUAM.

(Dept./Agency Af	fected: GEPA/GEO)		Dept./Agency Head	: Bradley Dunagan,	Acting	
		ppropriation(s) to date	:		T I		
		appropriation(s) to da				874,6	
Total Departm	ent/Agency Approp	riation(s) to date:				\$874,6	
		Fund Source I	formation of Proc	ased Appropriation			
				General Fund:	(Specify Special Fund):	Total:	
FY 2009 Unreser	rved Fund Bålance				50		
FY 2010 Adopted	d Revenues			\$0	\$0		
FY 2010 Appro.	(P.L. 30-55 thru 30-	112)	-	\$0	\$0		
Sub-total:				. \$0	\$0		
Less appropriation	oa in Bill			\$0	so		
Total:				so	so		
		Éstic	nated Fiscal Impac	t of Bill			
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Specify Special	Fiscal Year	For Remainder of FY 2010 (if applicable)	FY 2011	FY 2012		## ## SELECTION	
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Foornotes:

The Bill has a potential for additional funding impact, however in its present form that impact cannot be determined at this time.

CHAIRPERSON Committee on Rules, Natural Resources and Federal, Foreign & Micronesian Affairs



July 30, 2010

VIA FACSIMILE & EMAIL

(671) 339-3610 mpothen@guamshipyard.net

Mr. Matthew Pothen

President Guam Shipyard P. O. Box 13010 Naval Activities Branch Santa Rita, Guam 96915

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Pothen:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

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Very truly yours,

AUG-02-2010 09:22 AM MON

FAX NUMBER

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SENATOR RORY J. RESPICIO Majority Leader

CHAIRPERSON
COMMITTEE ON RULES, NATURAL RESOURCES
AND FEDERAL, FOREIGN & MICRONESIAN AFFAIRS
THIRTIETH GUAM LEGISLATURE

July 30, 2010

VIA FACSIMILE & EMAIL

(671) 339-3610

mpothen@guamshipyard.net

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 339-7148 russell.pile@fe.navy.mil

Mr. Russell Pile

Assistant Operations Officer Naval Facilities Engineering Command Marianas PSC 455, Box 195 FPO AP 96540-2937

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Pile:

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Very truly yours,

Roty I. Respicio

AUG-02-2010 10:13 AM MON

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RESULTS

[NO ANSWER]

SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 339-7148 russell.pile@fe.navy.mil

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Assistant Operations Officer Naval Facilities Engineering Command Marianas PSC 455, Box 195 FPO AP 96540-2937

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-4039 fukudajay@teleguam.net

Mr. Jason Fukuda

President Fukuda Enterprises, LLC PO Box 6763 Tamuning, Guam 96931

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Fukuda:

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Very truly yours,

JUL-30-2010 02:28 PM FRI

FAX NUMBER

: 4772240

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[O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-4039 fukudajay@teleguam.net

Mr. Jason Fukuda

President Fukuda Enterprises, LLC PO Box 6763 Tamuning, Guam 96931

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Very truly yours,

SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 646-5733 n.nakajima@mhiguam.com

Mr. Norio Nakajima

President Micronesian Hospitality, Inc. 360 Chalan Pasaheru , Rte. 10-A Tamuning, Guam 96913

RE: Notice of Public Hearing – Thursday, June 10, 2010 – 9:00 AM

Hafa Adai Mr. Nakajima:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on **Thursday**, **August 5**, **2010 at 9:00 AM** in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on **Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam,"** sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

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Very truly yours,

JUL-30-2010 02:20 PM FRI

FAX NUMBER

: 4772240

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: 6465733

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RESULTS

: [O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 646-5733

n.nakajima@mhiguam.com

Mr. Norio Nakajima

President Micronesian Hospitality, Inc. 360 Chalan Pasaheru , Rte. 10-A Tamuning, Guam 96913

RE: Notice of Public Hearing - Thursday, June 10, 2010 - 9:00 AM

Hafa Adai Mr. Nakajima:

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 632-0488 yamasgls@ite.net

Mr. Toshio Yamamoto

President Yama's Co., Inc. PO Box 3299 Hagatna, Guam 96932

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Yamamoto:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on **Thursday**, **August 5**, **2010 at 9:00 AM** in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on **Bill No. 414-30 (COR)** – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

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Very truly yours,

JUL-30-2010 02:21 PM FRI

FAX NUMBER

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SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

YIA FACSIMILE & E-MAIL

(671) 632-0488 yamasgls@itc.net

Mr. Toshio Yamamoto

President Yama's Co., Inc. PO Box 3299 Hagatna, Guam 96932

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 646-6256 satos@teleguam.net

Mr. Seiji Sato

President Lam Lam Tours & Transportation 117 Guerrero St., Harmon Industrial Park Tamuning, Guam 96913

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Soto:

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JUL-30-2010 02:19 PM FRI

FAX NUMBER

: 4772240

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SENATOR RORY J. RESPICIO MAIORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 646-6256 salos@teleguam.net

Mr. Seiji Sato

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July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-5615 ddean@sppcorp.com

Mr. Douglas Dean

General Manager South Pacific Petroleum Corporation 816 N. Marine Corps Dr. Eva Bldg., 2nd Floor Tamuning, Guam 96913

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Dean:

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JUL-30-2010 01:57 PM FRI

FAX NUMBER

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[O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-5615 ddean@sppcorp.com

Mr. Douglas Dean

General Manager
South Pacific Petroleum Corporation
816 N. Marine Corps Dr.
Eva Bidg., 2nd Floor
Famuring, Guam 96913

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-4353 eloy.lizama@shell.com

Mr. Eloy Lizama

President Shell Guam, Inc. 343 Chalan San Antonio, Ste. 100 Tamuning, Guam 96913

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Lizama:

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JUL-30-2010 02:00 PM FRI

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[O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-4353 eloy.lizama@shell.com

Mr. Eloy Lizama

President Shell Guam, Inc. 343 Chalan San Antonio, Ste. 100 Tamuning, Guam 96913

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July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 648-3789 gennaro.cioffi@exxonmobil.com

Mr. Gennaro Cioffi

President Mobil Oil Guam, Inc. 642 E. Marine Corps Dr. Hagatna, Guam 96910

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Cioffi:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on **Thursday**, **August 5**, **2010 at 9:00 AM** in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on **Bill No. 414-30 (COR)** – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

I invite you, or your designee, to appear before this committee and provide testimony on Bill No. 414. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

JUL-30-2010 02:02 PM FRI

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SENATOR RORY J. RESPICIO Majority Leader

CHAIRPERSON

OMMITTEE ON RULES, NATURAL RESOURCES
TELDERAL, FOREIGN & MICRONESIAN AFFAIRS
THIRTTETH GUAM LEGISLATURE

July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 648-3789

gennaro.cioffi@exxonmobil.com

Mr. Gennaro Cioffi

President Mobil Oil Guam, Inc. 642 F. Marine Corps Dr. Hagatna, Guam 96910

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Very truly yours,

Rory I. Respicio

5 Hesler Place • Нада́гна. Сиэт 96910 • (671)472-7679 • Fax: (671)472-3547 • roryforguam@gmail.com

SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-5152 noguchi@guamsanko.com

Mr. Takemitsu Noguchi, President Guam Sanko Transportation, Inc. PO Box 8562 Tamuning, Guam 96931

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Noguchi:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

I invite you to appear before this committee and provide testimony on Bill No. 341. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

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SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-5152

noguchi@guamsanko.com

Mr. Takemitsu Noguchi, President

Guam Sanko Transportation, Inc.

PO Box 8562

Tamuning, Guam 96931

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-3253 bek@keiguam.com

Mr. Bruce Kloppenburg

President Kloppenburg Enterprise, Inc. PO Box 6098 Tamuning, Guam 96931

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Kloppenburg:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

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Very truly yours,

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SENATOR RORY J. RESPICIO Majority Leader

CHAIRPERSON I Mina Trenta na Liheslaturan Guàhan COMMITTEE ON RULES, NATURAL RESOUNCES THIRTIETH GUAM LEGISLATURE THIRTIETH GUAM LEGISLATURE

July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-3253 bek@keiguam.com

Mr. Bruce Kloppenburg

President

Kloppenburg Enterprise, Inc.

PO Box 6098

Tamuning, Guam 96931

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Very truly yours,





July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 475-8007 bradley.dunagan@epa.guam.gov

Mr. Bradley Dunagan

Acting Administrator Guam Environmental Protection Agency P.O. Box 22439 GMF Barrigada, Guam 96921

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Dunagan:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

In your capacity as the Acting Administrator of the Guam Environmental Protection Agency, I encourage you to appear before this committee and provide testimony on Bill No. 414. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

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SENATOR RORY J. RESPICIO Majority Leader

CHAIRPERSON

OMMITTEE ON RULES, NATURAL RESOURCES

ANI IT DERAL, FOREIGN & MICRONESIAN AFFAIRS

THIRTIETH GUAM LEGISLATURE

July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 475-8007

bradley.dunagan@epa.guam.gov

Mr. Bradley Dunagan

Acting Administrator Guam Environmental Protection Agency P.O. Box 22439 GMF Barrigada, Guam 96921

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Very truly yours,

SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-6178 andrew.leonguerrero@dpw.guam.gov

Mr. Andrew Leon Guerrero

Director Department of Public Works 542 N. Marine Corps Dr. Tamuning, Guam 96913

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Leon Guerrero:

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In your capacity as the director of the Department of Public Works, I encourage you to appear before this committee and provide testimony on Bill No. 414. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

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SENATOR RORY I. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 649-6178

andrew.leonguerrero@dpw.guam.gov

Mr. Andrew Leon Guerrero

Director

Department of Public Works 542 N. Marine Corps Dr.

Famuning, Guam 96913

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Very truly yours,



July 30, 2010

VIA FACSIMILE

(671) 339-6119

Rear Admiral Paul J. Bushong

Commander Joint Region Marianas U.S. Naval Forces Marianas PSC 455, Box 152 FPO AP 96540-1000

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

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Very truly yours,

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SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE

(671) 339-6119

Rear Admiral Paul J. Bushong

Commander Joint Region Marianas U.S. Naval Forces Marianas PSC 455, Box 152 TPO AP 96540-1000

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 648-3290 jflores@gpagwa.com

Mr. Joaquin Flores

General Manager Guam Power Authority PO Box 2977 Hagatna, Guam 96932

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Flores:

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In your capacity as the General Manager of the Guam Power Authority, I encourage you to appear before this committee and provide testimony on Bill No. 414. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

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SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 648-3290 jflores@gpagwa.com

Mr. Joaquin Flores

General Managor Guam Power Authority PO Box 2977 Hagatna, Guam 96932

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 475-4600 joseph.manibusan@doa.guam.gov

Mr. Joseph Manibusan

Executive Manager Guam Regional Transit Authority 212 Aspinall Ave. Hagåtña, Guam 96910

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

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SENATOR RORY I. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & F-MAIL

(671) 475~4600 joseph.manibusan@doa.guam.gov

Mr. Joseph Manibusan

Executive Manager Guam Regional Transit Authority 212 Aspinall Ave. Hagátha, Cuam 96910

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Very truly yours,





July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 472-4739 admin@grescopacific.com

Mr. Richard Cruz Chief Fiscal Officer GRESCO Pacific 153 Haiguas Drive Agana Heights, Guam 96910

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. Cruz:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on **Thursday**, **August 5**, **2010 at 9:00 AM** in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on **Bill No. 414-30 (COR)** – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

I invite you, or your designee, to appear before this committee and provide testimony on Bill No. 414. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

JUL-30-2010 02:07 PM FRI

FAX NUMBER : 4772240
NAME : GNF

NAME/NUMBER : 4724739

PAGE : 1

START TIME : JUL-30-2010 02:07PM FRI

ELAPSED TIME : 00'12"

MODE : STD ECM

RESULTS : [O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 472-4739 admin@grescopacific.com

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 565-9023 Michael.O'Brien@sgs.com

Mr. Michal O'Brien SGS Guam Laboratory Bldg., Shell Agat Terminal Agat, Guam 96928

RE: Notice of Public Hearing – Thursday, August 5, 2010 – 9:00 AM

Hafa Adai Mr. O'Brien:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th").

I invite you, or your designee, to appear before this committee and provide testimony on Bill No. 341. Please feel free to extend this invitation to other interested members of our community. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs; and may be hand-delivered or mailed to the Office of Senator Rory J. Respicio at 155 Hesler Place, Hagatna, Guam 96910; e-mailed to roryforguam@gmail.com; or faxed to (671) 472-3547. For more information, please contact our office at 472-7679. I look forward to your attendance and participation.

Very truly yours,

AUG-02-2010 10:54 AM MON

FAX NUMBER

4772240

NAME

: GNF

NAME/NUMBER

: 3667767

PAGE

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START TIME

AUG-02-2010 10:53AM MON

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MODE

STD G3

RESULTS

[NO ANSWER]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & F-MAIL

(671) 366-7767 edward.guthrie@dla.mil

Mr. Edward Guthrie

Deputy Director, Defense Energy Support Center Defense Logistics Agency Energy Guam Unit 14025 APO AP 96543

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

Hafa Adai Mr. Guthrie:

Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on Thursday, August 5, 2010 at 9:00 AM in the Legislature's Public Hearing Room. This public hearing is scheduled to receive testimony on Bill No. 414-30 (COR) — "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam," sponsored by Senator Telo Taitague. An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30\text{lim"}).

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Very truly yours,



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 366-7767 edward.guthrie@dla.mil

Mr. Edward Guthrie

Deputy Director, Defense Energy Support Center Defense Logistics Agency Energy Guam Unit 14025 APO AP 96543

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Very truly yours,

AUG-02-2010 10:33 AM MON

FAX NUMBER

: 4772240

NAME

: GNF

NAME/NUMBER

: 3667767

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START TIME

AUG-02-2010 10:32AM MON

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MODE

STD G3

RESULTS

[NO ANSWER]

SENATOR RORY J. RESPICIO MAJORITY LEADER



July 30, 2010

VIA FACSIMILE & E-MAIL

(671) 366-7767 edward.guthric@dla.mil

Mr. Edward Guthrie

Deputy Director, Defense Energy Support Center Defense Logistics Agency Energy Guam Unit 14025 APO AP 96543

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Very truly yours,



July 30, 2010

VIA FACSIMILE & EMAIL

(671) 649-8565 president@ghra.org

Ms. Mary Torre

President Guam Hotel & Restaurant Association PO Box 8565 Tamuning, Guam 96931

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

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Very truly yours,

AUG-02-2010 10:06 AM MON

FAX NUMBER

: 4772240

NAME

: GNF

NAME/NUMBER

: 6498565

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[O.K]

SENATOR RORY J. RESPICIO Majority Leader



July 30, 2010

VIA FACSIMILE & EMAIL

(671) 649-8565 president@ghta.org

Ms. Mary Torre

President Guam Hotel & Restaurant Association PO Box 8565 Tamuning, Guam 96931

RE: Notice of Public Hearing - Thursday, August 5, 2010 - 9:00 AM

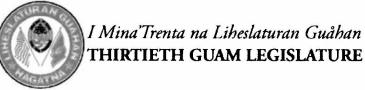
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Very truly yours,





July 29, 2010

MEMORANDUM

To:

All Members / All Senators

From:

Senator Rory J. Respicio

Subject:

First Notice of Public Hearing

Thursday, August 5, 2010 - 9:00 AM

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Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on <u>Thursday</u>, <u>August 5</u>, <u>2010 at 9:00 AM</u> in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on <u>Bill No. 414 (COR) – T. Taitague – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam."</u>

For further information, please contact our office at 472-7679. I look forward to your attendance and participation.

Si Yu'os ma'åse'!

cc:

Sergeant-At-Arms/Protocol/AV Clerk of the Legislature MIS

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Family	"Adolpho B. Palacios"					
Friends	<senabpalacios@gmail.com>,</senabpalacios@gmail.com>					
School Stuff	Ben Pangelinan <senbenp@guam.net>,</senbenp@guam.net>					
	Benjamin JF Cruz					
Sen. Rory Respicio (<pre><senadotbjcruz@gmail.com>, "Educad LB Calus"</senadotbjcruz@gmail.com></pre>					
Sunshine 2010 7 more▼	"Edward J.B. Calvo" <sencalvo@gmail.com>,</sencalvo@gmail.com>					
/ more▼	"Frank B. Aguon, Jr."					
Contacts	<aguon4guam@gmail.com>,</aguon4guam@gmail.com>					
Tasks	"Frank F. Blas, Jr."					
Chat	<frank.blasjr@gmail.com>,</frank.blasjr@gmail.com>					
Citat	Jimmy Espaldon					
Search, add, or invite	<pre><senator@espaldon.com>, ludi Won Pat <info@iudiwonnat.com></info@iudiwonnat.com></senator@espaldon.com></pre>					
Tina Okada	Judi Won Pat <info@judiwonpat.com>, Ray Tenorio <ray@raytenorio.com>,</ray@raytenorio.com></info@judiwonpat.com>					
	"Rory J. Respicio"					
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bruce.lloyd.media	Telo Taitague <senatortelo@gmail.com>,</senatortelo@gmail.com>					
doc.wyttenbachsan	Tina Muna Barnes					
Jennifer Louise Dulla	<tinamunabarnes@gmail.com>,</tinamunabarnes@gmail.com>					
maya.alonso	Tom Ada <tom@senatorada.org></tom@senatorada.org>					
Stephanie Mendiola	andrasgrandma@yahoo.com,					
Stephanie Mendicia	aokada@guamlegislature.org,					
AnjelicaKuLani Ok	bfartero@guamlegislature.org,					
	bruce.lloyd.media@gmail.com,					
Camarin Tubiera	chris.budasi@guamlegislature.org,					
Eda Louise T. Ned ▼	coy@senatorada.org,					
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	dcchaco@guamlegislature.org,					
	doc.wyttenbachsantos@gmail.com,					
	ed@raytenorio.com,					
	edpocaigue@judiwonpat.com,					
	edpocaigue@yahoo.com, epgogue@guamlegislature.org,					
	epgogue@hotmail.com,					
Invite a friend	fba_irenem@yahoo.com,					
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	jamespcastro@gmail.com,					
	jcamacho@senatorada.org,					
	jenniferdulla@gmail.com,					
	jessica@raytenorio.com,					
	jonatwork2010@gmail.com,					
	jonbdiaz@gmail.com,					
	josie.mendiola@gmail.com,					
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mcarlson@ite.net, mermae@raytenorio.com, mjperez48@yahoo.com, mona.duenas@gmail.com, natashaguon@hotmail.com, nenamillondaga@yahoo.com, patrickcepeda@hotmail.com, peterlg@gmail.com, pjtcruz@yahoo.com, remytaijeron@yahoo.com, rlikeke05@gmail.com, rob.tupaz@gmail.com, roberto.phil@gmail.com, roeann@raytenorio.com, roland@judiwonpat.com, rsmuna45@gmail.com, rsmuna@yahoo.com, sahara@judiwonpat.com, santos222@gmail.com, sayama01@yahoo.com, smendiola@guamlegislature.org, stefcepeda@yahoo.com, tcamacho@senatorada.org, teddytaz_222@yahoo.com, tpmatanane@yahoo.com, trespicio@gmail.com, typhoonjvr@yahoo.com, vel.komiyama@yahoo.com, victoria.phillips@live.com, vquenga@judiwonpat.com, zunior0831@hotmail.com, anaaleah <anaaleah@yahoo.com>, bill phillips <phillipsguam@gmail.com>, Chelsa Muna-Brecht <cmunabrecht@guamlegislature.org>, Derick Hills <derickhills@live.com>, Ed LeonGuerrero <edleonguerrero@gmail.com>, Elaine Tajalle <etajalle@guamlegislature.org>, Frank Torres <fbtorres@judiwonpat.com>, Fred Burgos <feaburgos@gmail.com>, Gina Tabonares <aguonmedia@gmail.com>, Jay Sunga <ajsunga@senatorada.org>, Jose Cruz <josecruzjr17@yahoo.com>, Joy Unpingco <joyunpingco@gmail.com>, Lisa Cipollone <cipo@guamlegislature.org>, Mary Lou Wheeler <mlwheeler2000@yahoo.com>, Maya Alonso <maya@guamlegislature.org>, Mike Lidia <mike.lidia9@gmail.com>, Nicole Santos <nsantos@senatorada.org>, Patty Sablan <ptsablan59@gmail.com>, Phillip Leon Guerrero <phill@raytenorio.com>, ron teehan <rfteehan@yahoo.com>, Selina Onedera-Salas <sonederasalas@guamlegislature.org>, "teddytaz@ite.net" <teddytaz@ite.net>, tinaokada <tinaokada@gmail.com>, Toby Castro <tcastro@guam.net>, Tony Quitugua <tq@guamlegislature.org>, Daniel Perez <dperez@guamlegislature.org>, Dorothy Cruz <dot@guamlegislature.org>, Elvy Mew <emew@guamlegislature.org>, Flo Terlaje <fterlaje@guamlegislature.org>, Maria Nieves Materne <nieves@guamlegislature.org>,

Hafa Adai, All:

Please see attached memo from Senator Respicio regarding the public hearing on Bill 414 (Re: ULSD), scheduled for next Thursday, August 5th at 9AM in the PH Room.

Si Yu'os ma'āse', Si Stephanie

Stephanie E. Mendiola Research Analyst Office of Senator Rory J. Respicio Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs I Mina' Trenta na Liheslaturan Guàhan The 30th Guam Legislature 155 Hesler Place Hagátña, Guam 96910 Phone: (671) 472-7679 Fax: (671) 472-3547

E-mail: sem@quamlegislature.org

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July 29, 2010 NEWS RELEASE

FIRST NOTICE OF PUBLIC HEARING THURSDAY, AUGUST 5, 2010 – 9:00 AM

(Hagåtña, Guam – For Immediate Release) Please be advised that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a <u>public hearing on Thursday, August 5, 2010 at 9:00 AM</u> in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on Bill No. 414-30 (COR) – T. Taitague – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam."

An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th"). Hard copies can be obtained by visiting the Office of the Clerk of the Legislature. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, and may be submitted via hand-delivery/mail to our office or our mailbox at the Main Legislature Building at 155 Hesler Place, Hagåtña, Guam 96910; via e-mail to roryforguam@gmail.com; or via facsimile to (671) 472-3547.

Individuals requiring special accommodations, auxiliary aids, or services shall contact and submit their request to Elaine Tajalle at 472-7679.

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For more information, please contact the Office of Senator Rory J. Respicio.

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Inbox (4633) « Back to Search Results Archive Report spam Delete Move to Inbox More actions Newer 5 of about 130 Older B1177 New window 1st Notice of Public Hearing Thu, Aug 5, 2010 Inbox X Sent Mail Print all **Drafts (110)** hide details Jul 29 (11 days ago) Reply Stephanie Mendiola Turn off highlighting 2009 Island Conference More about... hottips@kuam.com, Columbia House DV... Guam » mvariety@pticom.com, Corinna for Senator Press Release Distribution » news@guampdn.com, Drentlaw Committee » news@spbguam.com, Family Business in Guam » scoop@guamnewswatch.com MLM Business » Friends At Home Business » Thu, Jul 29, 2010 at 12:36 PM School Stuff Start a Small Business » 1st Notice of Public Hearing Thu, Aug 5, Sen. Rory Respicio (... Business Ideas » 2010 Sunshine 2010 Hafa Adai, Newsrooms: 7 more v Please see attached media release regarding the Public Hearing on Bill 414 (Re: Ultra Low Sulfur Contacts Diesel), scheduled for Thursday, August 5th at 9:00 AM in the Legislature's Public Hearing Room. Tasks Si Yu'os ma'ase', Chat Si Stephanie Search, add, or invite Stephanie E. Mendiola Tina Okada Research Analyst Office of Senator Rory J. Respicio Committee on Rules, Natural Resources, bruce.lloyd.media and Federal, Foreign & Micronesian Affairs I Mina' Trenta na Liheslaturan Guåhan The 30th Guam Legislature Jennifer Louise Dulla 155 Hesler Place Hagåtña, Guam 96910 maya.alonso Phone: (671) 472-7679 Rolenda Faasuam... Fax: (671) 472-3547 E-mail: sem@guamlegislature.org Stephanie Mendiola NOTICE: The information in this e-mail message, including any attachments, is for the sole use of the AnjelicaKuLani Ok... intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact me by Camarin Tubiera reply e-mail, or call me collect at (671) 472-7679, and destroy all copies of the original message. Options Add contact 2010.07.29_PR1_PH-2010.08.05.pdf 155K View Download Reply Reply to all Forward Invite a friend « Back to Search Results Archive Report spam Delete Move to Inbox Labels More actions Newer 5 of about 130 Older >

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August 2, 2010

MEMORANDUM

To: All Members / All Senators

From: Senator Rory J. Respicio

Subject: Second Notice of Public Hearing

Thursday, August 5, 2010 - 9:00 AM

Hafa Adai!

Please be reminded that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a public hearing on <u>Thursday</u>, <u>August 5</u>, <u>2010 at 9:00 AM</u> in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on <u>Bill No. 414 (COR) – T. Taitague – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam."</u>

For further information, please contact our office at 472-7679. I look forward to your attendance and participation.

Si Yu'os ma'åse'!

cc: Sergeant-At-Arms/Protocol/AV

Clerk of the Legislature

MIS



2nd Notice of Public Hearing on Thu, Aug 5, 2010 - 9:00AM

Stephanie Mendiola <sem@guamlegislature.org> Mon, Aug 2, To: judiguthertz@pticom.com, senatortonyada@guamlegislature.org, seniim@ite.net, "Adolpho B. Palacios"

Mon, Aug 2, 2010 at 5:09 PM

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Hafa Adai, All:

Please see attached memo from Senator Respicio regarding the 2nd notice of the public hearing on Bill 414 (RE: ULSD), scheduled for this Thurs, Aug 5th at 9:00 am in the Public Hearing Room.

Si Yu'os ma'åse', Si Stephanie

Stephanie E. Mendiola
Research Analyst
Office of Senator Rory J. Respicio
Committee on Rules, Natural Resources,
and Federal, Foreign & Micronesian Affairs
I Mina' Trenta na Liheslaturan Guåhan

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2010.08.02_Memo to All Sens_RE-2010.08.05 PH Notice2.pdf 187K



August 2, 2010 NEWS RELEASE

SECOND NOTICE OF PUBLIC HEARING THURSDAY, AUGUST 5, 2010 – 9:00 AM

(Hagåtña, Guam – For Immediate Release) Please be reminded that the Committee on Rules, Natural Resources, and Federal, Foreign & Micronesian Affairs will be conducting a <u>public hearing on Thursday, August 5, 2010 at 9:00 AM</u> in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on Bill No. 414-30 (COR) – T. Taitague – "An act to add a new §49119 to Chapter 49 of 10GCA relative to creating the ultra-low sulfur diesel fuel standard for diesel fuel sold on Guam."

An electronic copy of Bill No. 414 can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th"). Hard copies can be obtained by visiting the Office of the Clerk of the Legislature. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, and may be submitted via hand-delivery/mail to our office or our mailbox at the Main Legislature Building at 155 Hesler Place, Hagåtña, Guam 96910; via e-mail to roryforguam@gmail.com; or via facsimile to (671) 472-3547.

Individuals requiring special accommodations, auxiliary aids, or services shall contact and submit their request to Elaine Tajalle at 472-7679.

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For more information, please contact the Office of Senator Rory J. Respicio.



2nd Notice of Public Hearing on Thu, Aug 5, 2010 - 9:00AM

Stephanie Mendiola <sem@guamlegislature.org>

Mon, Aug 2, 2010 at 5:13 PM

To: hottips@kuam.com, mvariety@pticom.com, news@guampdn.com, news@spbguam.com, scoop@guamnewswatch.com

Hafa Adai, Newsrooms:

Please see attached media release from Senator Respicio regarding the public hearing on Bill 414 (RE: Ultra Low Sulfur Diesel), scheduled for Thursday August 5th at 9:00 AM in the Legislature's Public Hearing Room.

[Quoted text hidden]

2010.08.02_PR2_PH-2010.08.05.pdf 155K



PUBLIC HEARING

Thursday, August 5, 2010 • 9:00 AM Legislature's Public Hearing Room • Hagåtña, Guam

AGENDA

- I. Call to Order
- II. Announcements
- III. Items for Public Consideration
 - **a.** Bill No. 414-30 (COR) Telo Taitague "An act to add a new §49119 of Chapter 49 of 10GCA relative to creating the *Ultra-Low Sulfur Diesel Fuel Standard* for diesel fuel sold on Guam."
- IV. Remarks
- V. Adjournment

Electronic copies of the aforementioned bills can be found on the Guam Legislature's website at www.guamlegislature.com (see "Bills" / "Introduced" / "30th"). Hard copies can be obtained by visiting the Office of the Clerk of the Legislature. Testimony should be addressed to Senator Rory J. Respicio, Chairperson, and may be submitted via hand-delivery to our office or our mailbox at the Main Legislature Building at 155 Hesler Place, Hagatna, Guam 96910, via e-mail to roryforguam@gmail.com, or via facsimile to (671) 472-3547. Individuals requiring special accommodations, auxiliary aids, or services shall contact and submit their request to Stephanie Mendiola or Elaine Tajalle at our office. For further information, please call 472-7679. We look forward to your attendance and participation. Si Yu'os ma'âse'!

2010 JUN 1 PM 4: 13 /

I MINA' TRENTA NA LIHESLATURAN GUÅHAN 2010 (SECOND) Regular Session

Bill No. 4/4-30(COR)

Introduced by:

Telo Taitague R. J. Respicio

B. J. F. Cruz

AN ACT TO ADD A NEW §49119 TO CHAPTER 49 OF 10GCA RELATIVE TO CREATING THE *ULTRA-LOW SULFUR DIESEL FUEL STANDARD* FOR DIESEL FUEL SOLD ON GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Section 49119 of Chapter 49 of 10 GCA is hereby renumbered as Section

3 49120.

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5 **Section 2.** A new Section 49119 is *added* to Chapter 49 of 10 GCA to read as follows:

7 **§49119.** Ultra-low Sulfur Diesel Fuel Standard. Notwithstanding any other 8 provision of law, rule or administrative policy or waiver, effective January 1, 2011, all 9 diesel fuel sold and distributed on Guam shall meet the US EPA standards for Ultralow sulfur diesel fuel. For purposes of this section Ultra -low sulfur diesel fuel shall be 10 11 generally defined as fuels that contains less than fifteen parts per million (15ppm) of sulfur content as established by US EPA Direct Final Rule. The Guam Environmental 12 13 Board of Directors shall create compliance standards for diesel fuel. Any waivers of 14 the fifteen parts per million (15ppm) sulfur content standard of this Section shall 15 require approval by *I Liheslaturan Guåhan*.