

<p align="center">GUAM POWER AUTHORITY AUTHORITY POLICY</p>	<p>Prepared by: <u>Reuben Ulloa</u> / <u>2-12-14</u> Date</p>
<p>TITLE: <u>Supply Management</u></p>	<p>Reviewed by: <u>Jamie L.C. Pangelinan</u> / <u>2/10/2014</u> Date Title: Supply Management Administrator</p>
<p>NO: AP-027</p> <p>Supersedes: 09/07/93</p>	<p>Approved: <u>Joaquin C. Flores, (P.E) General Manager</u> / <u>2/12/14</u> DATED</p>
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1.0 PURPOSE AND SCOPE

1.1 The purpose of this Authority Policy (AP) is to establish procedures for receiving, storing, and disposition of materials and supplies required to support capital investment programs, system expansion, operating and maintenance of GPA's facilities.

1.2 The provisions of this procedure will apply to all personnel and facilities of the Authority.

#2.0 Terms and Definitions

*2.1 All Materials purchased under the 154100 Ferc Account

#a. Indefinite Quantity Bids (IDQ)

Items are defined as those general use items which are obtained by IDQ to support and ensure operation of GPA's operating facilities. Minimal IDQ quantities shall be stored by awarded vendor facility and shall not be accounted for under the Authority's inventory.

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#b. Deliverables:

Direct issue items are defined as any item of supply that is purchased from any source including local purchases, Continental U.S.A. or worldwide; that upon receipt is accounted for and issued direct to the using department. Direct issue items are not carried on the inventory accounts.

Non-inventory items which are purchased, received and distributed to respective end-user.

#c. Capital Improvement Project (CIP)

Identifying Types of CIP:

Inventory items in this category are defined as materials and equipment purchased under current capital investment programs for new construction, expansion and/or modification of GPA facilities which are stored in the inventory and accounted for temporarily, pending permanent installation and transfer to corporation fixed assets account. Depending on the physical size and nature of the material and technical skill required, the storage and preservation of the item rests as approved by the "Standardization Committee" with operating division who will eventually maintain the item or Procurement Materials Manager.

#d. O & M

Inventory items on this category are defined as materials and supplies purchased to support the ongoing operational activities of GPA. Such items are needed to prevent failure and restoring the condition of the plant as well as maintaining the plant.

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#e. Returned Credit

Inventory items in this category are defined as materials and equipment of GPA facilities that have been turned in and transferred from the fixed assets accounts, which are stored and accounted for temporarily pending plans for permanent reinstallation and re-transfer to the Authority's fixed assets. Inventory items in this category not re-installed and re-transferred to the Authority's fixed accounts within (12) months or otherwise noted for a special project from date of receipt will be classified as excess to current needs and automatically constitute basis for elimination and disposal from inventory accounts.

*f. Fixed Assets- Held in Reserve

Items in this category are classified in accordance with the Uniform System of Account which requires that some specific items (i.e., distribution line transformers) remain in the capital account until installed. These items are accounted for thus, and stored by Purchasing and Stores Department.

*g. Excess

This category consists of: inventory items, materials, equipment and fixed assets of the Authority that have been inspected, classified and declared excess to current needs. Subject to prior Standardization Committee approval. All items in this category shall be disposed of by sales to the highest bidder, soon as practicable.

2.2 Stock Level

a. Control Level

Control level is the maximum stockable quantities which are established based on authorized supply retirement, plus necessary procurement lead time; Continental U.S.A twelve (12) month Far East Market six (6) months.

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b. Re-order Point

Re-order point is the minimum stockable quantities which are established for each item basically at 50% of control level. A replenishment order is initiated at or below the stock level.

c. As Required

As required is a replenishment order initiated when the item is needed. It has neither control lever nor stock level.

3.0 INVENTORY CONTROL RESPONSIBILITIES

- *3.1 Primary responsibilities for the initial inventory control level on maximums and minimums rests with the user division, coordinated with the Supply Management Administrator (SMA), Inventory Management Officer (IMO) and Warehousing Section.
- *3.2 Primary responsibility for the inventory control level thereafter on maximums and minimums rest with the IMO and Warehousing Section of the Procurement Materials Management (P/MM) Division coordinated with the user division.
- *3.3 The P/MM Division in conjunction with the Standardization Committee shall be responsible to prepare the inventory lists for the standardization and inventory control once a year, reviewing all stock record, reclassifying inventory items and revising stock levels for supply requirements based on usage and the operations and maintenance requirements during preceding twenty-four (24) months.

4.0 CERTIFICATION OF INVENTORY

- *4.1 Cycling inventory for "cycle checking" shall be conducted quarterly. (Reference SOP-068 "Annual Physical Cyclic Inventory Procedure")
- *4.2 Annual inventory will be carried out and completed prior to 30 September. (Reference SOP-068 "Annual Physical Cyclic Inventory Procedure")

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*4.3 Annual inventory report will be completed and distributed within forty-five (45) days after close of the fiscal year, on or before 15 November of each following fiscal year.

*4.4 Plant accounting shall be responsible to provide annual inventory in book form, classifying and listing all items and categories of inventory. The annual inventory report shall be certified as true and correct by the Supply Management Administrator (SMA).

***5.0 ACQUISITION FOR PROCUREMENT**

*5.1 Requisitioning for procurement action will be initiated by the Procurement Materials Management Division when Control Levels (C/L) and Reorder Points (R/P) as established and replenished for each item using the following guidelines:

(Reference SOP-027 Stock Replenishment Procedures)

6.0 DISPOSITION OF PROPERTY

(Reference SOP-153 Disposal of Unserviceable/Obsolete/Excess Inventory And Non-Inventory Items)

6.1 Zero (0) demand during the preceding five (5) years or information that the item is no longer required will automatically constitute basis for elimination of the control levels and disposal of the item concerned, except authorized stand-by (insurance) items, which must be screened and coordinated with the user division before property write off and disposal action is initiated.
(Reference 2.1g)

6.2 Items on hand in excess of authorized control levels will be used down in accordance with this operating procedure or for property disposal as approved by Standardization Committee.

Distribution A, B, C, & D

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