

MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION

TO: Honorable Board of Supervisors

FROM: Jim Boggan, Acting Purchasing Manager *JB*

DATE: September 18, 2007

SUBJECT: Approve the Renewal of Sole Sourced Blanket Purchase Order No. 14150 with Southwest Gas Corporation for the Purchase of Compressed Natural Gas as a Motor Vehicle Fuel in the Maximum Amount of \$115,000.00.

ACTION REQUESTED

Approve the renewal of sole sourced Blanket Purchase Order (BPO) No. 14150 with Southwest Gas Corporation for the purchase of compressed natural gas (CNG) as a motor vehicle fuel in the maximum amount of \$115,000.00, and authorize the Acting Purchasing Manager to sign the resulting BPO.

BACKGROUND

Department of Public Works (DPW) purchases CNG under BPO 14150 from Southwest Gas for its fueling station at the Cabin Creek Road Facility in Truckee. This fueling station is used to refuel the County's fleet of natural gas transit buses in the area. Southwest Gas is the only service provider for natural gas in the Truckee/Tahoe region. In accordance with the Purchasing Policy Manual Section 1.3 (l), County policy allows for an exception to the competitive process if an award for a service can only be purchased from one supplier due to its specialized character.

The contract price fluctuates within current market conditions and is based upon the California Public Utilities Commission (CPUC) Sheet No. 6523-G and the Rate Schedule GS-50/GN-50. Some of the elements of the sales rate include the base cost of CNG, Southwest's margin of \$0.06999, which remains fixed through the term, a Reservation and Storage charge, a Balancing Account Adjustment, other surcharges imposed by CPUC.

FISCAL IMPACT

CPUC Sheet No. 6523-G (Attachment A) shows the various charges that are billed to the County under this contract. Currently, the effective summer (June through September) sales rate for Core Natural Gas service as a motor vehicle fuel is \$0.63912 per therm, which is down from \$0.79673 a year ago. The BPO resulting from this recommendation will be in the maximum amount of \$115,000.00 and will be effective from October 1, 2007 through September 30, 2008. DPW has budgeted sufficiently for these routine and necessary expenses in their Fiscal Year 2007/08 budget.

Attachments

Attachment A – CPUC Sheet No. 6523-G
Attachment B – Schedule Nos. GS-50/GN-50

cc: Chuck Gordon, DPW Fleet Services
Cynthia Taylor, DPW Administration

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STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES (1)(2)(3)(4)

Schedule No. and Type of Charge	Southwest Margin	LPG Main Inter-locks		Engineering Acct. Adm. (FZAM) (5)	Subsidial Gas Usage (6)	Other Surcharges		Gas Cost	Effective Sales Rate
		Reservation	Storage			CPUC	PPP (6)		
GN-40 - Core General Gas Service	11.00								
Basic Service Charge									
Cost per Therm									
Summer (June - September)	\$ 3,465.00	\$ 0.10552	\$ 2,000.00	\$ 0.01985	\$ 0.95037	\$ 0.04058	\$ 0.01807	\$ 2,492.68	\$ 1.06220
Fall 100	2,705.00	0.16552	2,000.00	0.01985	0.59037	0.00268	0.01807	2,015.56	0.98630
Next 500	2,770.00	0.16552	2,000.00	0.01985	0.43637	0.00068	0.01807	1,967.68	0.87430
Over 3,000	3,142.00	0.16552	2,000.00	0.01985	0.32750	0.00068	0.01807	2,052.68	0.74390
Winter (October - May)									
Fall 100	\$ 3,465.00	\$ 0.16552	\$ 2,037.80	\$ 0.01985	\$ 0.95917	\$ 0.00268	\$ 0.01807	\$ 2,949.68	\$ 1.10410
Next 500	3,982.00	0.16552	2,037.80	0.01985	0.58817	0.00268	0.01807	3,052.68	1.06410
Next 2,400	3,772.00	0.16552	2,037.80	0.01985	0.46817	0.00268	0.01807	3,302.68	1.11710
Over 3,000	3,142.00	0.16552	2,037.80	0.01985	0.37579	0.00068	0.01807	2,582.68	0.78710
GN-50 - Core Natural Gas Service									
Basic Service Charge									
Cost per Therm									
Summer (June - September)	\$ 25.00	\$ 0.13205	\$ 0.00000	\$ 0.01985	\$ 0.22319	\$ 0.00038	\$ 0.01857	\$ 2.38528	\$ 0.93912
Winter (October - May)	2,065.98	0.13335	2,058.83	0.01985	2,746.07	0.00038	0.01857	2,305.68	0.67465
GN-60 - Core Internal Combustion Engine									
Basic Service Charge									
Cost per Therm									
Summer (May - October)	\$ 22,270.00	\$ 0.15488	\$ 2,000.00	\$ 0.01985	\$ 1,423.02	\$ 0.00268	\$ 0.01857	\$ 2,302.68	\$ 0.33675
Winter (November - April)	3,247.08	0.15588	0.01737	0.01985	0.44610	0.00068	0.01857	3,385.68	0.67212
GN-65 - Small Electric Power Generation									
Basic Service Charge									
Cost per Therm									
Summer (June - September)	\$ 2,084.13	\$ 0.16552	\$ 2,000.00	\$ 0.01985	\$ 2,259.83	\$ 0.00068	\$ 0.01857	\$ 2,356.68	\$ 0.68895
Winter (October - May)	1,694.13	0.16552	2,037.80	0.01985	2,307.89	0.00068	0.01857	3,356.68	0.70302
GN-70 - Noncore General Gas									
Basic Service Charge									
Cost per Therm									
Summer (June - September)	\$ 100.00								\$ 100.00
Winter (October - May)	3,026.69								0.10664
Transportation Franchise Fee (TF)									0.10574
Substation Provision									
TF Surcharge per Therm									\$ 0.00647

Advice Letter No. 784
Decision No. _____

Issued by
John P. Hester
Senior Vice President

Date Filed July 31, 2007
Effective August 7, 2007
Resolution No. _____

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES 11(2)(3)(4)

Schedule No. and Type of Charge	Southwest Margin	Lipstream Interstate Charges	Preservation	Storage	Reimbursing Act. Chg. CFC-DR 151	Subtotal Gas Users' Rate	Other Surcharges	Gas Users' Rate	Effective Rates
					MFCAV		PP&P		
GN-10 — Residential Gas Service									
Basic Service Charge	\$ 5.00								\$ 5.00
Cost per Therm	\$ 0.31318	\$ 0.17257	\$ 0.01904	\$ 0.01904	\$ 0.01905	\$ 2.81454	\$ 0.01907	\$ 0.33568	\$ 1.25247
Minimum Quantities	271541	0.17257	0.02056	0.02056	0.01905	0.05077	0.01907	0.35568	1.35270
Ter II									
GN-12 — CARE Residential Gas Service									
Basic Service Charge	\$ 4.00								\$ 4.00
Cost per Therm	\$ 0.35714	\$ 0.17257	\$ 0.03054	\$ 0.03054	\$ 0.03065	\$ 3.50250	\$ 0.03070	\$ 0.39578	\$ 0.95102
Minimum Quantities	344052	0.17257	0.03284	0.03284	0.03065	3.67026	0.03070	0.35568	1.01340
Ter II									
GN-15 — Specialty Residential Gas Service									
Basic Service Charge	\$ 5.00								\$ 5.00
Cost per Therm	\$ 0.37601	\$ 0.17204	\$ 0.03103	\$ 0.03103	\$ 0.03105	\$ 3.96273	\$ 0.03107	\$ 0.35568	\$ 1.39864
Minimum Quantities									
Ter II									
GN-20 — Multi-Family Master-Metered Gas Service									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm	\$ 0.61750	\$ 0.16693	\$ 0.03076	\$ 0.03076	\$ 0.03085	\$ 7.81154	\$ 0.03098	\$ 0.39578	\$ 1.59247
Minimum Quantities	371983	0.16693	0.03206	0.03206	0.03085	0.05077	0.03098	0.35568	1.35270
Ter II									
GN-25 — Multi-Family Master-Metered Gas Service - Substandard									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm	\$ 0.45255	\$ 0.19693	\$ 0.03076	\$ 0.03076	\$ 0.03085	\$ 0.10549	\$ 0.03098	\$ 0.39568	\$ 1.12542
Minimum Quantities	371983	0.19693	0.03206	0.03206	0.03085	0.05077	0.03098	0.35568	1.35270
Ter II									
GN-30 — Street and Outdoor Lighting Gas Service									
Charge per Therm of Rated Capacity	\$ 0.72000	\$ 0.01620	\$ 0.03000	\$ 0.03000	\$ 0.03000	\$ 0.94280	\$ 0.03000	\$ 1.33568	\$ 1.95873
GN-35 — Agricultural Employee Housing and Nonprofit Group Living Facility Gas Service									
Basic Service Charge	\$ 9.90								\$ 9.90
Cost per Therm	\$ 0.26879	\$ 0.16552	\$ 0.02000	\$ 0.02000	\$ 0.01985	\$ 2.44116	\$ 0.02008	\$ 0.39568	\$ 0.84428
Summer Volume - September:									
First 100	317518	0.16552	0.02000	0.02000	0.01985	0.29116	0.02008	0.39568	0.78428
Next 500	310219	0.16552	0.02000	0.02000	0.01985	0.28759	0.02008	0.39568	0.99288
Next 2,400	0.002711	0.16552	0.02000	0.02000	0.01985	0.19326	0.02008	0.39568	0.38638
Over 3,000									
Winter (October - May):									
First 100	324823	0.16552	0.03780	0.03780	0.01985	\$ 3.47140	\$ 0.02008	\$ 0.39568	\$ 0.87452
Next 500	316823	0.16552	0.03780	0.03780	0.01985	3.39140	0.02008	0.39568	0.79452
Next 2,400	0.09463	0.16552	0.03780	0.03780	0.01985	0.31780	0.02008	0.39568	0.72052
Over 3,000	0.005671	0.16552	0.03780	0.03780	0.01985	0.21350	0.02008	0.39568	0.61052

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Schedule Nos. GS-50/GN-50

CORE NATURAL GAS SERVICE FOR MOTOR VEHICLES

APPLICABILITY

Applicable to gas service to municipal, utility, corporate and other fleet operators and retail distributors for the sole purpose of compressing natural gas for use as a motor vehicle fuel.

This schedule is available only to the compressed natural gas for motor vehicle fuel portion of the customer's gas usage. Service for any end use of gas other than as motor vehicle fuel shall be billed under the customer's otherwise applicable tariff schedule.

TERRITORY

Throughout the Company's certificated gas service areas in its Southern and Northern California Divisions, except as may hereafter be provided.

RATES

The commodity charges and basic service charge are set forth in the currently-effective Statement of Rates of this California Gas Tariff and are incorporated herein by reference. Where natural gas service for motor vehicles is rendered in combination with another schedule, a basic service charge for each service shall apply.

The number of therms billed shall be determined in accordance with the provisions of Rule No. 2C.

Minimum Charge:

The minimum charge per meter per month is the basic service charge.

SPECIAL CONDITIONS

1. As a condition precedent to service under this schedule, a signed contract for a minimum of one year may be required. Said contract shall continue in force and effect from year to year thereafter until either the Company or the customer shall give the other written notice of a desire to terminate the same at least 30 days prior to the expiration of any such year. If the customer permanently ceases operation, such contract shall not thereafter continue in force.

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
California Gas Tariff

Canceling _____ Revised _____ Cal. P.U.C. Sheet No. 5864-G
Original _____ Cal. P.U.C. Sheet No. 4248-G/4281-G

Schedule Nos. GS-50/GN-50

CORE NATURAL GAS SERVICE FOR MOTOR VEHICLES

(Continued)

SPECIAL CONDITIONS *(Continued)*

2. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
3. Service under this schedule is subject to interruption or discontinuance of service in accordance with Rule No. 21.
4. Service under this schedule shall require separate metering from other gas uses the customer may have. All gas used for natural gas vehicles (NGVs) must be billed under this rate schedule.
5. Qualifying customers that receive service under this schedule may elect transportation service under Schedule No. GN-T.

Advice Letter No. 707
Decision No. 04-03-034

Issued by
Edward S. Zub
Executive Vice President

Date Filed March 25, 2004
Effective April 15, 2004
Resolution No. _____

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