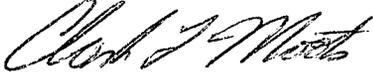


**MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION**

TO: Honorable Board of Supervisors

FROM: Clark Moots, Director of Administrative Services 

DATE: September 13, 2011

SUBJECT: Approve the Renewal of a Sole Source Blanket Purchase Order with Southwest Gas Corporation for the Purchase of Compressed Natural Gas as a Motor Vehicle Fuel in the Maximum Amount of \$170,000.00

ACTION REQUESTED

Approve the renewal of a sole source Blanket Purchase Order (BPO) with Southwest Gas Corporation for the purchase of compressed natural gas (CNG) as a motor vehicle fuel in the maximum amount of \$170,000.00, and authorize the Purchasing Manager to sign the resulting BPO.

BACKGROUND

The Department of Public Works (DPW) purchases CNG 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 a product can only be purchased from one supplier. The department's current BP018132 expires on September 30, 2011.

The contract pricing fluctuates with current market conditions and is based upon the California Public Utilities Commission (CPUC) Statement of Rates and the Rate Schedule GS-50/GN-50/SLT-50. Some of the elements of the sales rate include the base cost of CNG, Southwest's margin of \$0.07193 per therm, which remains fixed through the term of the resulting agreement, a Reservation and Storage charge, a Balancing Account Adjustment charge, as well as other surcharges imposed by CPUC.

FISCAL IMPACT

CPUC Sheet No. 69 (Attachment A) shows the various charges that are billed to the County. Effective August 7, 2011, the summer (June through September) sales rate for Core Natural Gas service for motor vehicles is \$0.72638 per therm, which represents an increase of \$0.10254 per therm from a year ago. Upon your Board's approval, a new BPO will be awarded to Southwest Gas in the maximum amount of \$170,000.00 for the period of October 1, 2011 through September 30, 2012. DPW's Fiscal Impact Statement is attached.

Attachments: A – CPUC Sheet No. 69
B – Schedule Nos. GS-50/GN-50/SLT-50
C – Fleet Services' Fiscal Impact Statement

cc: Chuck Gordon, Public Works Manager – Fleet Operations
Cynthia Taylor, Senior Administrative Services Officer

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

Canceling 4th Revised Cal. P.U.C. Sheet No. 69
3rd Revised Cal. P.U.C. Sheet No. 69

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES [1] [2] [3] [4]

Schedule No. and Type of Charge	Southwest Margin	Charges [5] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [6]		
GN-40 - Core General Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (June - September)							
First 100	\$.44975	\$.19936	\$.64911	\$.00068	\$.04491	\$.42439	\$ 1.11909
Next 500	.35375	.19936	.55311	.00068	.04491	.42439	1.02309
Next 2,400	.26075	.19936	.46011	.00068	.04491	.42439	.93009
Over 3,000	.13890	.19936	.33826	.00068	.04491	.42439	.80824
Winter (October - May)							
First 100	\$.44975	\$.22461	\$.67436	\$.00068	\$.04491	\$.42439	\$ 1.14434
Next 500	.35375	.22461	.57836	.00068	.04491	.42439	1.04834
Next 2,400	.26075	.22461	.48536	.00068	.04491	.42439	.95534
Over 3,000	.13890	.22461	.36351	.00068	.04491	.42439	.83349
GN-50 - Core Natural Gas Service for Motor Vehicles							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (June - September)							
Summer (June - September)	\$.07193	\$.18447	\$.25640	\$.00068	\$.04491	\$.42439	\$.72638
Winter (October - May)	.07193	.21567	.28760	.00068	.04491	.42439	.75758
GN-60 - Core Internal Combustion Engine Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (June - September)							
Summer (June - September)	\$.68869	\$.18447	\$.87316	\$.00068	\$.04491	\$.42439	\$ 1.34314
Winter (October - May)	.68869	.21260	.90129	.00068	.04491	.42439	1.37127
GS-66 - Core Small Electric Power Generation Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (May - October)							
Summer (May - October)	\$.08917	\$.19936	\$.28853	\$.00068		\$.42439	\$.71360
Winter (November - April)	.08917	.22481	.31398	.00068		.42439	.73905
GN-70 - Noncore General Gas Transportation Service							
Basic Service Charge	\$ 100.00						\$ 100.00
Cost per Therm							
Summer (June - September)							
Summer (June - September)	\$.14698	\$.01001	\$.15699	\$.00068	\$.04491		\$.20258
Winter (October - May)	.14698	.01001	.15699	.00068	.04491		.20258
TFF - Transportation Franchise Fee Surcharge Provision							
TFF Surcharge per Therm							\$.00436
MHPS - Master-Metered Mobile Home Park Safety Inspection Provision							
MHPS Surcharge per Space per Month							\$.21000

Advice Letter No. 872
Decision No. _____

Issued by
John P. Hester
Senior Vice President

Date Filed August 2, 2011
Effective August 7, 2011
Resolution No. _____

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

Canceling 1st Revised Cal. P.U.C. Sheet No. 70
Original Cal. P.U.C. Sheet No. 70

STATEMENT OF RATES
 EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES [1] [2] [3] [4]

Schedule No. and Type of Charge	Southwest Margin	Charges [5] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [6]		

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation Charge and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount of \$0.00285 per therm for distribution system shrinkage. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for the greater period of either 12 months or the conclusion of the amortization period upon which the Balancing Account Adjustment was developed. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge, if applicable. The TFF Surcharge shall be the product of the customer-secured volumes transported, multiplied by the monthly projected cost of gas, excluding franchise fees and uncollectibles, multiplied by the most current authorized franchise fee factor.

[2] For the purpose of administering the tariff provisions of Rule No. 22, Transportation of Customer-Secured Natural Gas, of this California Gas Tariff, the otherwise applicable Procurement Charge is equal to the monthly projected cost of gas.

[3] In addition to the Effective Sales Rate, a Facilities Surcharge per therm applies to all natural gas volumes delivered in the Utility's Northern California Expansion Areas pursuant to the provisions of Section 16 of the Preliminary Statements of this California Gas Tariff.

[4] A Franchise Fee differential of 2.5% will be applied to monthly billings calculated for all rate schedules for all customers within the limits of the Town of Truckee.

[5] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

	GN-10, GN-12, GN-20, GN-25	GN-15	GN-35, GN-40	GN-50	GN-60	GN-66	GN-70
Upstream Intrastate Charges							
Reservation	\$.18619	\$.18766	\$.17994	\$.16505	\$.16505	\$.17994	
Storage	.02380	.02399					
Summer			.00000	.00000	.00000	.00000	
Winter			.02525	.03120	.02813	.02545	
FCAM Balancing Account Adjustment *	.01942	.01942	.01942	.01942	.01942	.01942	\$.01001
Total Rate Adjustment	<u>\$.22941</u>	<u>\$.23107</u>					
Total Rate Adjustment (Summer)			<u>\$.19936</u>	<u>\$.18447</u>	<u>\$.18447</u>	<u>\$.19936</u>	<u>\$.01001</u>
Total Rate Adjustment (Winter)			<u>\$.22461</u>	<u>\$.21567</u>	<u>\$.21260</u>	<u>\$.22481</u>	<u>\$.01001</u>

* The FCAM surcharge includes an amount of \$.01001 per therm related to the difference between Southwest's authorized 2010 margin and recorded revenues intended to recover these costs.

[6] The PPP Surcharge applies to all gas sales and transportation service excluding exempt customers as defined in Rate Schedule No. G-PPPS. The PPP Surcharge includes \$.00519 per therm to amortize the CARE Balancing Account. This amount is not related to current program year expenses.

Advice Letter No. 866-A
 Decision No. _____

Issued by
 John P. Hester
 Senior Vice President

Date Filed May 2, 2011
 Effective May 7, 2011
 Resolution No. _____

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

Canceling _____ Original _____
 Cal. P.U.C. Sheet No. 105
 Cal. P.U.C. Sheet No. _____

Schedule Nos. GS-50/GN-50/SLT-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 California service areas, 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 shall be determined in accordance with the provisions of Rule No. 2C of this California Gas Tariff.

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.

Advice Letter No. 864
 Decision No. _____

Issued by
 John P. Hester
 Senior Vice President

Date Filed March 23, 2011
 Effective April 24, 2011
 Resolution No. _____

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

Canceling _____ Original _____

Cal. P.U.C. Sheet No. 106
Cal. P.U.C. Sheet No. _____

Schedule Nos. GS-50/GN-50/SLT-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. 20 of this California Gas Tariff.
- 4. Service under this schedule shall require separate metering from other gas uses the customer may have.
- 5. Qualifying customers that receive service under this schedule may elect transportation service under Schedule No. GN-T.

Advice Letter No. 864
Decision No. _____

Issued by
John P. Hester
Senior Vice President

Date Filed March 23, 2011
Effective April 24, 2011
Resolution No. _____

MEMORANDUM

DEPARTMENT OF PUBLIC WORKS
County of Placer

TO: Honorable Board of Supervisors

FROM: Ken Grehm, Director

DATE: September 13, 2011

SUBJECT: **Fiscal Impact Statement**
Purchase of Natural Gas: RQ053648 Southwest Gas BPO

Sufficient funding has been budgeted in the amount of \$170,000 in Fleet Services FY2011/12 budget.