

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

TO: Honorable Board of Supervisors
FROM: Jim Boggan, Purchasing Manager *JB*
DATE: September 23, 2008
SUBJECT: Approve the Renewal of Sole Source Blanket Purchase Order No. 15124 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 sole source Blanket Purchase Order (BPO) No. 15124 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

Department of Public Works (DPW) purchases CNG under BP015124 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 (I), 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 commodity.

The contract price fluctuates within current market conditions and is based upon the California Public Utilities Commission (CPUC) Sheet No. 6684-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 \$0.07195, which remains fixed through the term, a Reservation and Storage charge, a Balancing Account Adjustment, and other surcharges imposed by CPUC.

FISCAL IMPACT

CPUC Sheet No. 6684-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 \$1.03713 per therm, which is up from \$0.68755 a year ago. The BPO resulting from this recommendation will be in the maximum amount of \$170,000.00, like the previous BPO, and will be effective from October 1, 2008 through September 30, 2009. DPW's Fiscal Impact Statement is attached.

Attachments

Attachment A - CPUC Sheet No. 6684-G
Attachment B - Schedule Nos. GS-50/GN-50
Attachment C - DPW Fiscal Impact Statement

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

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

Canceling

Revised Cal. P.U.C. Sheet No. 6684-G
 Revised Cal. P.U.C. Sheet No. 6664-G

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

Schedule No. and Type of Charge	Southwest Margin	Upstream Interstate Charges		Balancing Acct. Adj.	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
		Reservation	Storage	CFCAM [5] NFCAM		CPUC	PPP [6]		
GN-40 — Core General Gas Service									
Basic Service Charge	11.00								\$ 11.00
Cost per Therm									
Summer (June - September)									
First 100	\$ 0.50000	\$ 0.18335	\$ 0.00000	\$ (0.04874)	\$ 0.63461	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 1.50082
Next 500	0.37500	0.18335	0.00000	(0.04874)	0.50961	0.00068	0.01567	0.84986	1.37582
Next 2,400	0.27300	0.18335	0.00000	(0.04874)	0.40761	0.00068	0.01567	0.84986	1.27382
Over 3,000	0.12345	0.18335	0.00000	(0.04874)	0.25806	0.00068	0.01567	0.84986	1.12427
Winter (October - May)									
First 100	\$ 0.50000	\$ 0.18335	\$ 0.02795	\$ (0.04874)	\$ 0.66256	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 1.52877
Next 500	0.37500	0.18335	0.02795	(0.04874)	0.53756	0.00068	0.01567	0.84986	1.40377
Next 2,400	0.27300	0.18335	0.02795	(0.04874)	0.43556	0.00068	0.01567	0.84986	1.30177
Over 3,000	0.12345	0.18335	0.02795	(0.04874)	0.28601	0.00068	0.01567	0.84986	1.15222
GN-50 — Core Natural Gas Service for Motor Vehicles									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm									
Summer (June - September)									
First 100	\$ 0.07195	\$ 0.14771	\$ 0.00000	\$ (0.04874)	\$ 0.17092	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 1.03713
Next 500	0.07195	0.14771	0.02649	(0.04874)	0.19741	0.00068	0.01567	0.84986	1.06362
Winter (October - May)									
GN-60 — Core Internal Combustion Engine Gas Service									
Basic Service Charge	25.00								\$ 25.00
Cost per Therm									
Summer (May - October)									
First 100	\$ 0.26860	\$ 0.17378	\$ 0.00000	\$ (0.04874)	\$ 0.39364	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 1.25985
Next 500	0.26860	0.17378	0.02393	(0.04874)	0.41757	0.00068	0.01567	0.84986	1.28378
Winter (November - April)									
GN-66 — Small Electric Power Generation Gas Service									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm									
Summer (June - September)									
First 100	\$ 0.08413	\$ 0.18335	\$ 0.00000	\$ (0.04874)	\$ 0.21874	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 1.06928
Next 500	0.08413	0.18335	0.02795	(0.04874)	0.24669	0.00068	0.01567	0.84986	1.09723
Winter (October - May)									
GN-70 — Noncore General Gas Transportation Service									
Basic Service Charge	\$ 100.00								\$ 100.00
Cost per Therm									
Summer (June - September)									
First 100	\$ 0.09218				\$ 0.09218	\$ 0.00068	\$ 0.01567	\$ 0.84986	\$ 0.10853
Next 500	0.09218				0.09218	0.00068	0.01567	0.84986	0.10853
Winter (October - May)									
Transportation Franchise Fee (TFF) Surcharge Provision									
TFF Surcharge per Therm									\$ 0.01275

Advice Letter No. 804
 Decision No. _____

Issued by
 John P. Hester
 Senior Vice President

Date Filed July 31, 2008
 Effective August 7, 2008
 Resolution No. _____

454

Attn A

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

Cancelling _____

Revised Cal. P.U.C. Sheet No. 6566-G
 Revised Cal. P.U.C. Sheet No. 6397-G*

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

Schedule No. and Type of Charge	Southwest Margin	Upstream Interstate Charges		Balancing Acct. Adj.	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
		Reservation	Storage	CFCAM [5] NFCAM		CPUC	PPP [6]		
MHPS — Master-Metered Mobile Home Park Safety Inspection Provision									
MHPS Surcharge per Space per Month									\$ 0.02100

- [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 \$0.01393 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, 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 CFCAM surcharge includes an amount of <\$0.01554> per therm related to the difference between Southwest's authorized core margin and recorded revenues intended to recover these
- [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 <\$0.00215> per therm to amortize the CARE Balancing Account. This amount is not related to current program year expenses.

Advice Letter No. 789
 Decision Nos. 04-03-034/05-07-024

Issued by
 John P. Hester
 Senior Vice President

Date Filed October 29, 2007
 Effective January 1, 2008
 Resolution No. _____

455

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

Canceling Revised Cal. P.U.C. Sheet No. 5863-G
 Original Cal. P.U.C. Sheet No. 4247-G/4280-G

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.

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.

456

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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