

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

TO: Honorable Board of Supervisors

FROM: Jim Boggan, Purchasing Manager *JB*

DATE: September 8, 2009

SUBJECT: Approve the Renewal of Sole Source Blanket Purchase Order No. 16202 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. 16202 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 under BP016202 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 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) 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 \$0.06764 per therm, which will remain fixed through the calendar year, a Reservation and Storage charge, a Balancing Account Adjustment, and other surcharges imposed by CPUC.

FISCAL IMPACT

CPUC Sheet No. 6948-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 for motor vehicles \$0.43343 per therm, which is down from \$1.03713 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, 2009 through September 30, 2010. DPW's Fiscal Impact Statement is attached.

Attachments

Attachment A - CPUC Sheet No. 6936-G
Attachment B - Schedule Nos. GS-50/GN-50/SLT-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

Cancelling

Revised Cal. P. U. C. Sheet No. 6948-G
 Revised Cal. P. U. C. Sheet No. 6936-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. Adjustment CFCAM [5]	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
		Reservation	Storage			CPUC	PPP [6]		
GN-40 — Core General Gas Service									
Basic Service Charge	\$ 11.00								\$ 11.00
Cost per Therm									
Summer (June - September)									
First 100	\$ 0.43000	\$ 0.17291	\$ 0.00000	\$ (0.09359)	\$ 0.50932	\$ 0.00068	\$ 0.02463	\$ 0.27547	\$ 0.81010
Next 500	0.33400	0.17291	0.00000	(0.09359)	0.41332	0.00068	0.02463	0.27547	0.71410
Next 2,400	0.24100	0.17291	0.00000	(0.09359)	0.32032	0.00068	0.02463	0.27547	0.62110
Over 3,000	0.11915	0.17291	0.00000	(0.09359)	0.19847	0.00068	0.02463	0.27547	0.49925
Winter (October - May)									
First 100	\$ 0.43000	\$ 0.17291	\$ 0.02245	\$ (0.09359)	\$ 0.53177	\$ 0.00068	\$ 0.02463	\$ 0.27547	\$ 0.83255
Next 500	0.33400	0.17291	0.02245	(0.09359)	0.43577	0.00068	0.02463	0.27547	0.73655
Next 2,400	0.24100	0.17291	0.02245	(0.09359)	0.34277	0.00068	0.02463	0.27547	0.64355
Over 3,000	0.11915	0.17291	0.02245	(0.09359)	0.22092	0.00068	0.02463	0.27547	0.52170
GN-50 — Core Natural Gas Service for Motor Vehicles									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm									
Summer (June - September)	\$ 0.06764	\$ 0.15860	\$ 0.00000	\$ (0.09359)	\$ 0.13265	\$ 0.00068	\$ 0.02463	\$ 0.27547	\$ 0.43343
Winter (October - May)	0.06764	0.15860	0.02774	(0.09359)	0.16039	0.00068	0.02463	0.27547	0.46117
GN-60 — Core Internal Combustion Engine Gas Service									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm									
Summer (May - October)	\$ 0.25113	\$ 0.15860	\$ 0.00000	\$ (0.09359)	\$ 0.31614	\$ 0.00068	\$ 0.02463	\$ 0.27547	\$ 0.61692
Winter (November - April)	0.25113	0.15860	0.02501	(0.09359)	0.34115	0.00068	0.02463	0.27547	0.64193
GN-66 — Core Small Electric Power Generation Gas Service									
Basic Service Charge	\$ 25.00								\$ 25.00
Cost per Therm									
Summer (June - September)	\$ 0.08413	\$ 0.17291	\$ 0.00000	\$ (0.09359)	\$ 0.16345	\$ 0.00068	\$ 0.02463	\$ 0.27547	\$ 0.43960
Winter (October - May)	0.08413	0.17291	0.02245	(0.09359)	0.18590	0.00068	0.02463	0.27547	0.46205
GN-70 — Noncore General Gas Transportation Service									
Basic Service Charge	\$ 100.00								\$ 100.00
Cost per Therm									
Summer (June - September)	\$ 0.11915				\$ 0.11915	\$ 0.00068	\$ 0.02463		\$ 0.14446
Winter (October - May)	0.11915				0.11915	0.00068	0.02463		0.14446

Advice Letter No. 824 Issued by John P. Hester Date Filed August 1, 2009
 Decision No. _____ Senior Vice President Effective August 7, 2009
 Resolution No. _____

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

Canceling _____ Revised _____ Cal. P.U.C. Sheet No. 6793-G
 _____ Revised _____ Cal. P.U.C. Sheet No. 5863-G

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.

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. 811
 Decision No. 08-11-048

Issued by
 John P. Hester
 Senior Vice President

Date Filed December 8, 2008
 Effective January 1, 2009
 Resolution No. _____

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

Canceling _____ Revised _____ Cal. P.U.C. Sheet No. 6794-G
Revised _____ Cal. P.U.C. Sheet No. 5864-G

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. 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. 811
Decision No. 08-11-048

Issued by
John P. Hester
Senior Vice President

Date Filed December 8, 2008
Effective January 1, 2009
Resolution No. _____

MEMORANDUM

DEPARTMENT OF PUBLIC WORKS
County of Placer

TO: Honorable Board of Supervisors

FROM: Ken Grehm, Director

DATE: August 13, 2009

SUBJECT: **Fiscal Impact Statement**
Purchase of Natural Gas: RQ050029, Southwest Gas

Sufficient funding has been budgeted in the amount of \$170,000 in Fleet Services FY2009/10 budget.

