

March 15, 2001

01-064

AUTHORIZATION TO FURTHER INCREASE
EXPENDITURE LEVEL OF IGI RESOURCES CONTRACT
FOR NATURAL GAS

PREPARED BY: Roger Cardinal, Manager, Procurement & Risk Services

FINANCIAL
RESPONSIBILITY: Steve Sivage, Director, Physical Plant

APPROVED BY: Randy McEwen, Vice President, Administrative Services
Dan Moriarty, President

REPORT: At the August 27, 1997 meeting, the Board authorized the award of a natural gas contract to IGI Resources for an estimated expenditure of \$200,000 for a one-year term through April 30, 1998 (#98-021). This contract was the result of a formal Request for Proposals process completed by the Willamette Valley Gas Users Group (WVG), comprised of Oregon State University, University of Oregon, Portland State University, Portland Community College and Lane Community College, to collectively purchase natural gas transportation and service. The contract contained the option for additional one-year term extensions through April 30, 2006.

At the May 21, 1998 meeting, the Board authorized the first one-year term extension of this contract (#98-136). At the April 15, 1999 meeting, the Board authorized all of the remaining annual extensions of the term through April 30, 2006, for estimated annual expenditures of up to \$260,000 (#99-102). At the February 15, 2001 meeting, due to energy costs rising dramatically, the Board authorized increasing the annual expenditure level to \$425,000 (#01-050).

At a recent meeting of the WVG in Corvallis, it became apparent to PCC that natural gas pricing will become even more costly in the months ahead due to substantial reductions in hydro generation because of the low water situation. It causes increased natural gas usage to compensate.

For this reason, it has been determined that a further increase of \$150,000, up to \$575,000 annually, in the authorized expenditure level is needed from the Board.

RECOMMENDATION: That the Board of Directors authorize further increasing the annual expenditure level of the IGI Resources contract for natural gas acquisition to \$575,000 through April 30, 2006. All expenditures for these services will be from general funds.

Director Anderson moved to approve Resolutions 01-059 through 01-068 on consent agenda; it passed unanimously.