SUMMARY STATEMENT

ITEM NO. PATCO-13-017

SUBJECT: Authorization to Establish a “Large User” Account with South Jersey Gas for the Delivery of Natural Gas

COMMITTEE: Operations & Maintenance

COMMITTEE MEETING DATE: June 5, 2013

BOARD ACTION DATE: June 19, 2013

PROPOSAL: That the Board authorizes staff to enter into an Agreement with South Jersey Gas for the delivery of natural gas for the Lindenwold Shop Complex.

Amount: Not to exceed $110,000 per year based on current default pricing provided by South Jersey Gas and as regulated by the NJ State Board of Public Utilities. The cost for South Jersey Gas will be offset by a reduction in the procurement of heating oil used to heat the Lindenwold Administration Building.

Contractor: South Jersey Gas

PURPOSE: To establish a “large user” account with South Jersey Gas for the delivery of natural gas to the Lindenwold Shop Complex, with purchase of gas through the default supplier at default pricing.

BACKGROUND: The Lindenwold Shop Complex includes 3 main buildings: the Vehicle Maintenance Shop, the Administration Building, and the Annex Building (currently under construction). South Jersey Gas currently supplies natural gas to the Vehicle Maintenance Building. Once the Annex Building is completed, it too will be supplied by South Jersey Gas.

The Administration Building is the only building currently utilizing heating oil to provide heat for the building. PATCO is in the process of converting one of its two boilers to natural gas. When all three buildings are utilizing natural gas, PATCO will be considered a “Large User” and will qualify for a much discounted delivery rate for natural gas. The contract with South Jersey Gas is solely for delivery of natural gas. PATCO has the ability to shop for more competitive pricing of the commodity of natural gas at any time.
SUMMARY STATEMENT
O&M 6/5/13

Authorization to Establish a “Large User” Account with South Jersey Gas for the Delivery of Natural Gas

Staff is recommending that PATCO be permitted to contract with South Jersey Gas to heat the Lindenwold Shop Complex. Converting to natural gas could result in PATCO saving approximately $92,000 a year compared to heating oil cost, at current default energy commodity prices. In addition to savings over heating oil, burning natural gas will require less boiler maintenance as well as emitting less greenhouse gases. There are no capital costs for establishing an account with South Jersey Gas.

SUMMARY:

Amount: Not to exceed $110,000 per year based on current default pricing provided by South Jersey Gas and as regulated by the NJ State Board of Public Utilities.

Source of Funds: PATCO Operating Budget
Capital Project #: N/A
Operating Budget: PATCO – Heating Fuel – Purpose Code 23302
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: N/A
RESOLUTION

RESOLVED: That the Board authorizes staff to enter into an Agreement with South Jersey Gas for the delivery of natural gas for the Lindenwold Shop Complex.

RESOLVED: The Chair, Vice Chair and the President must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and President and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of PATCO, along with the President. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, then the President shall execute such document(s) on behalf of PATCO.

SUMMARY:

Amount: Not to exceed $110,000 per year based on current default pricing provide by South Jersey Gas and as regulated by the NJ State Board of Public Utilities.

Source of Funds: PATCO Operating Budget

Capital Project #: N/A

Operating Budget: PATCO – Heating Fuel – Purpose Code 23302

Master Plan Status: N/A

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