



**REPORT TO THE
BUSINESS ADMINISTRATION COMMITTEE**

**RECOMMENDATION TO AWARD A SOLE
SOURCE CONTRACT FOR NATURAL GAS
DELIVERY SERVICE**

FROM WASHINGTON GAS LIGHT

FOR

**RONALD REAGAN WASHINGTON NATIONAL
AIRPORT**

April 2015

Purpose

Staff requests that the Business Administration Committee approve and recommend to the Board of Directors that the Airports Authority enter into a sole source contract with Washington Gas Light (WGL) to provide natural gas delivery services for the natural gas supply needed for the Ronald Reagan Washington National Airport in accordance with rates approved by the Virginia State Corporation Commission for a five-year base period from May 1, 2015 to April 30, 2020, with a five-year option period.

Background

- Current sole source contract with WGL expires April 30, 2015.
- WGL is the local distribution company (LDC) for natural gas in the Arlington area. Ten natural gas LDC's in Virginia serve customers in assigned territories.
- The Virginia State Corporation Commission approves the rates.

Background (Cont)

- Base rates are specified in WGL Rate Schedules and General Service Provisions for Gas Service in Virginia – Virginia State Corporation Commission No. 9.
- Notice of sole source procurement was posted on our website for this solicitation on March 4, 2015, in accordance with Section 2.9.3 of the Airports Authority Contracting Manual.
- Reagan National Airport falls under three rate structures for distribution services:
 - Commercial and Industrial Service (38 percent of usage)
 - Interruptible Delivery Service (57 percent of usage).
 - Developmental Natural Gas Vehicle Service (5 percent of usage)

Discussion

- Proposed contract is for a five-year base period from May 1, 2015 through April 30, 2020, with a five-year option period.
- Base rates remain the same as current rates until WGL applies to the Virginia State Corporation Commission for a rate increase. Current rates were established in October 2011. No imminent date for application by WGL for rate increase.
- Estimated cost for natural gas delivery services for Reagan National during the five-year base term of the contract is \$1.074M. However, if rates increase significantly, staff will inform the committee.

Recommendation

Request the Business Administration Committee approve and recommend to the Board of Directors that the Airports Authority enter into a sole source contract with Washington Gas Light (WGL) for the provision of natural gas delivery service to Ronald Reagan Washington National Airport for a five-year base period from May 1, 2015 to April 30, 2020, with a five-year option period in accordance with rates approved by the Virginia State Corporation Commission.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

Proposed Resolution

Authorizing Award of Sole Source Contract to Washington Gas Light for Natural Gas Delivery Services for both Airports

WHEREAS, Washington Gas Light is the local distribution company for natural gas in the Arlington area;

WHEREAS, The Airports Authority currently purchases natural gas for both Airports from Washington Gas Light in accordance with rates approved by the Virginia State Corporation Commission;

WHEREAS, The Airports Authority's current contract with Washington Gas Light will expire April 30, 2015;

WHEREAS, The Contracting Manual, in paragraph 1.4.1(3)(d), authorizes the award of sole source contracts "when utility services or supplies are available from only one actual, or practicable, source";

WHEREAS, As required by the Contracting Manual, notice of this intended sole source award was published on the Authority's website for the required time period and no statements of capabilities were received; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to award a sole source contract for a five-year base term, with five one-year options to Washington Gas Light for the provision of natural gas delivery services at a cost of \$1.074 million (base term only), consistent with the terms presented to the Business Administration Committee at its April 15, 2015 meeting; and

2. That staff will inform the Committee in the event that rates increase significantly.

*For Consideration by the Business Administration Committee and
Board of Directors on April 15, 2015*

NOTE: Recorded vote is required.