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Grant Application in Support of CNG Fueling Station

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CNG

- The Energy Policy Act requires that a significant portion of our Gas and Electric fleet be alternative fuel vehicles
- We comply through the use of CNG, electric hybrid and ethanol powered vehicles
- The CNG technology is being adopted by all of the large engine manufacturers and should be here to stay.
- We currently have 17 CNG powered vehicles in the fleet with an additional 6 units ordered

CNG Effort

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CSU has been involved in the CNG effort for several years. Here are some highlights:

2012

- Energy Services Initiative

  "The objective of this initiative is to install CNG fueling infrastructure within CSU's service territory and to incorporate the appropriate use of CNG fueled vehicles into our fleet. With this initiative, CSU is supporting a nationwide as well as statewide effort to increase the availability of CNG fueling stations and in particular along the Front Range corridor."

- Helps address relatively flat gas sales and spread costs over a larger customer base

CNG History

2013

- East Service Center (ESC) refurbishment of existing time and fast-fill stations
- Concept site design for John Pinkerton Service Center (JPSC) and Leon Young Service Center

2014

- ESC retail sales
  - Third party contractor for maintenance, operations and sales
- Colorado Energy Office (CEO) Grant $500,000
- JPSC Phase 1 Construction
- RFP for JPSC CNG Design/Build
- JPSC storage purchased
  - Meets CSU 20% match for the CEO Grant

Community Support

- Letters of support received from:
  - Colorado Department of Transportation
  - Mountain Metropolitan Transit
  - Colorado Parks and Wildlife
  - Amblicab
  - Academy School District 20
  - Bestway Disposal
  - UPS
  - City of Colorado Springs Fleet
  - El Paso County
- Local press coverage
  - Gazette 11/7/2014
  - Colorado Springs Independent 11/19/2014

CNG at CSU

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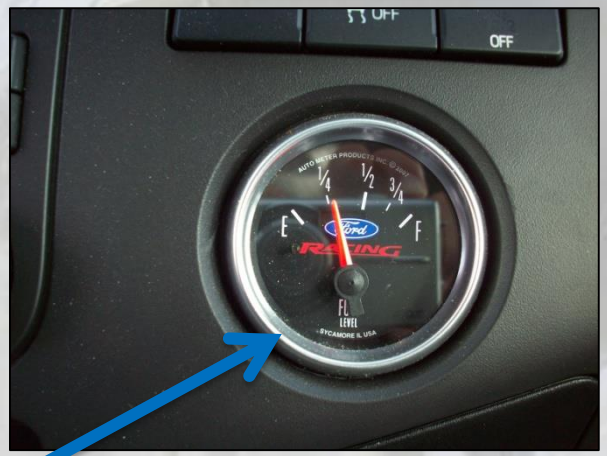

Toggle switch between gasoline and CNG

CNG fuel gauge

National CNG Users

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Source: Kenworth, CMCA Presentation

Source: Dillon Transport, CMCA Presentation

Source: UPS, CMCA Presentation

Source: Kenworth, CMCA Presentation

Why Convert to CNG

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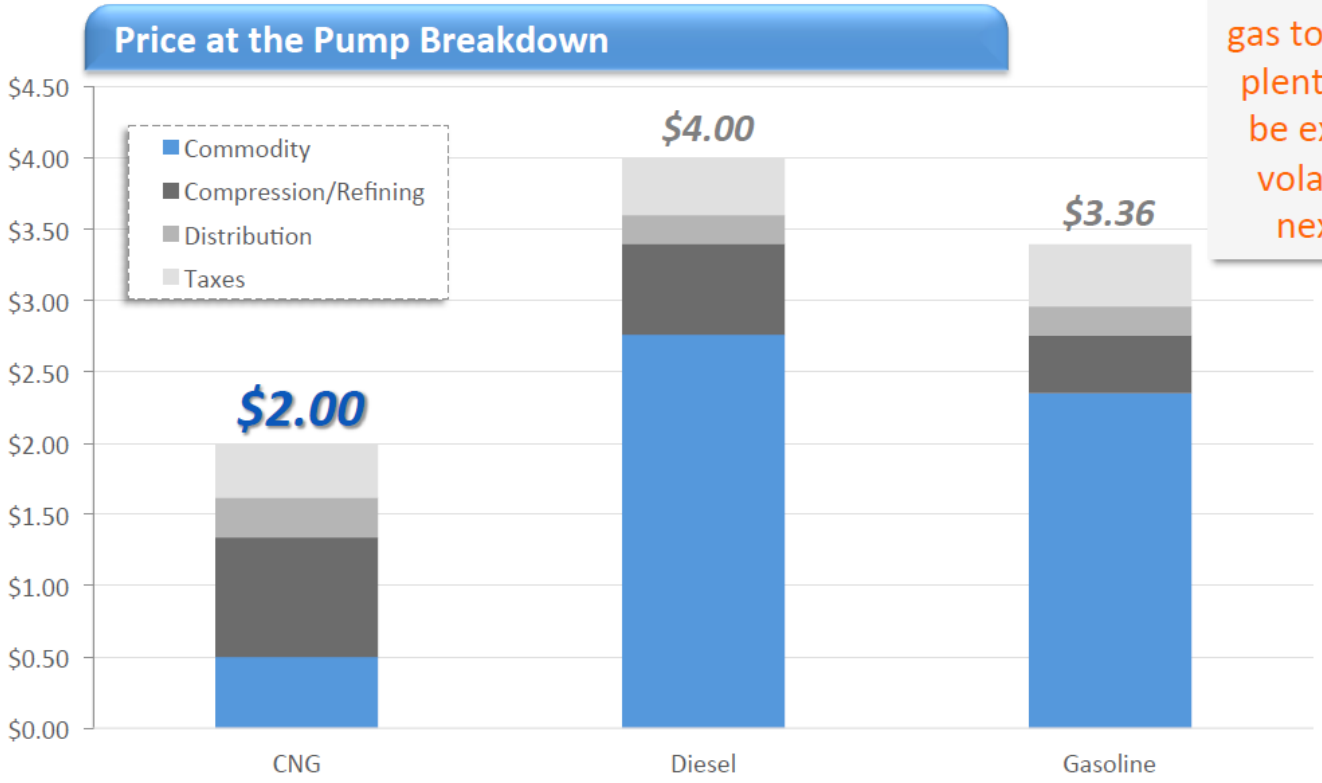
CNG Price vs. Gasoline and Diesel

CNG Commodity Cost Only 25% of Price at the Pump



We expect natural gas to be cheap and plentiful and oil to be expensive and volatile over the next 10 years.

Ward Alternative Energy

Source: Ward Alternative Energy

Why Convert to CNG

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NGV Risk Management
MHC Truck Leasing

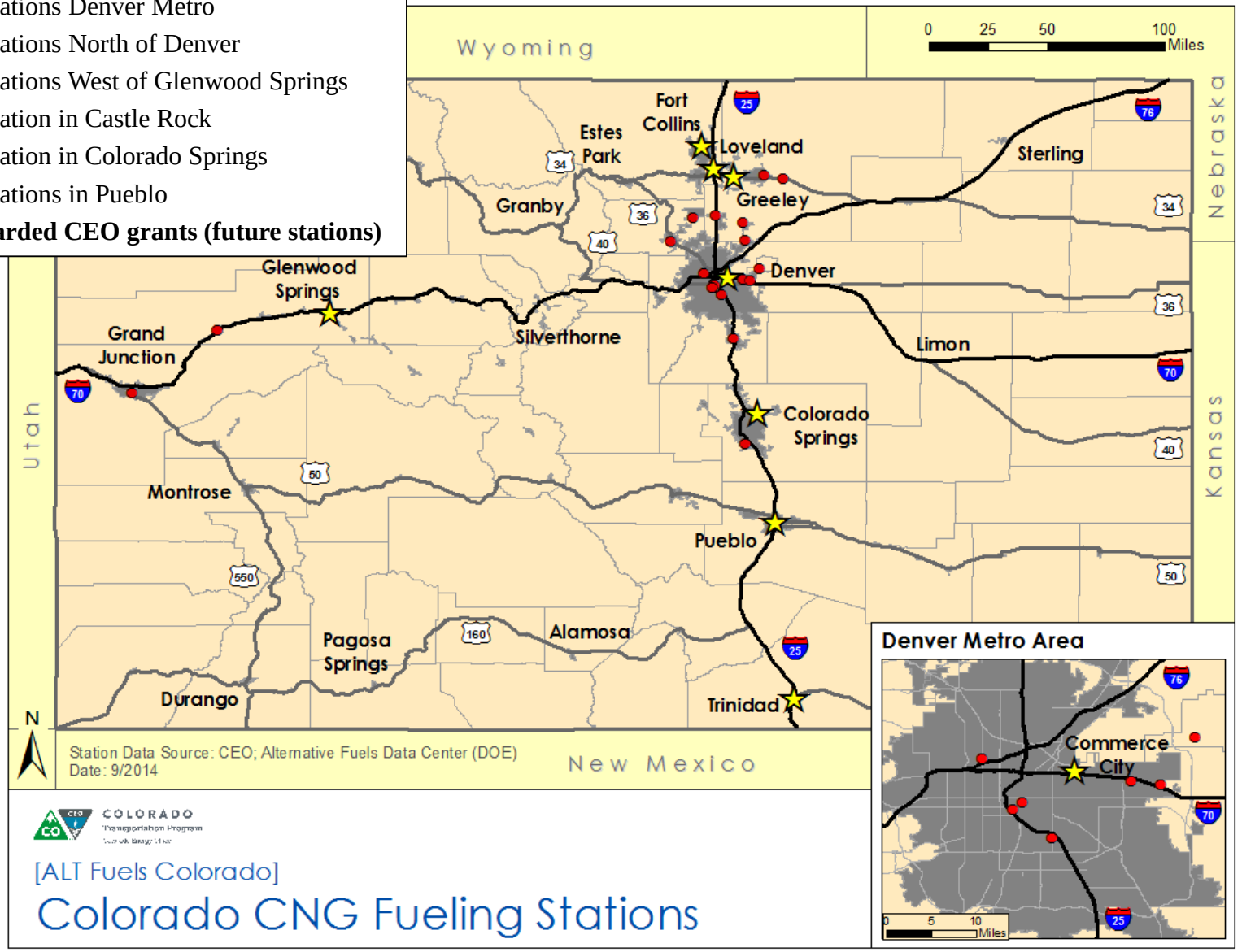
Valley Proteins T800 CNG
North Carolina

- 400hp Cummins ISX12G engines
- Eaton 10-Speed manual transmissions
- 100 DGE tanks
  - 400 mile range on single fueling
- **ROI = $22,000 savings per truck, per year**

Source: MHC Truck Leasing

Why Convert to CNG

- **18 existing public stations**
  - -7 stations Denver Metro
  - -7 stations North of Denver
  - -2 stations West of Glenwood Springs
  - -1 station in Castle Rock
  - -1 station in Colorado Springs
  - -0 stations in Pueblo
- **8 awarded CEO grants (future stations)**



Source: Colorado Energy Office

JPSC Site Design

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- 522 Gasoline Gallon Equivalent (GGE) compressor output per hour
- Storage on site of over 475 GGE
- Open to class 8 vehicles (semi's, busses, etc.)
- Open to the public
- O&M and retail sales managed by private sector

10 times the compressor output as our ESC site

JPSC Site Design

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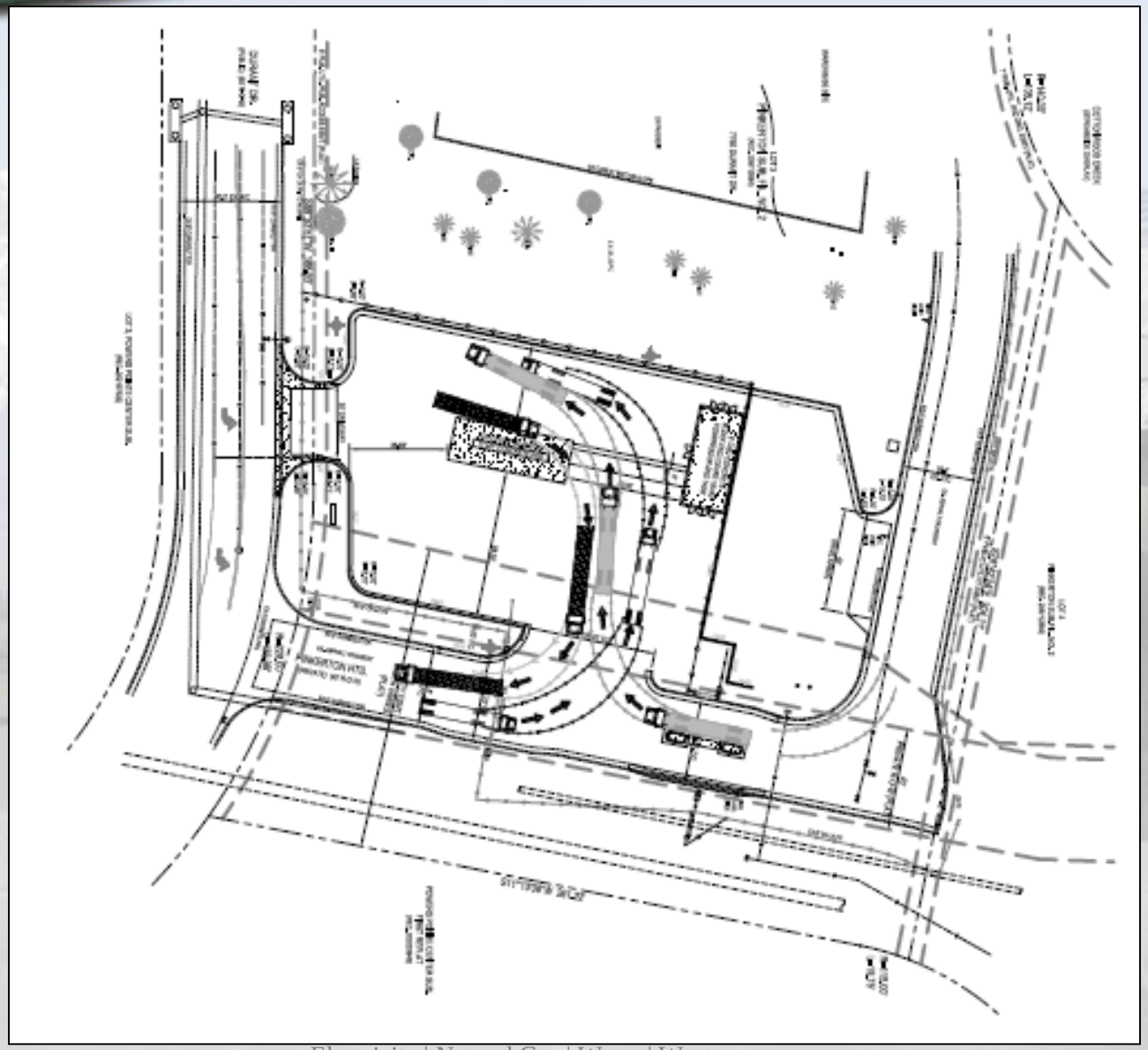

JPSC Budget

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- RFP for Design/Build $1,600,000
  - Approximately $100,000 credit for storage purchased in 2014
- $500,000 Grant received from Colorado Energy Office
  - Equipment only (80/20 Match)
  - Storage tanks $155,000 (our 20% match)
- Colorado Department of Local Affairs (DOLA) Grant Application
  - Due April 1, 2015
  - Applying for $402,412
  - 50/50 Match for construction
  - Award decision in September, 2015
  - Must have City Council approval to apply

Recommendation

- Approve Resolution authorizing CSU to apply for the DOLA Grant in the amount of $402,412 and execute a grant agreement if awarded funds.