UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for up to five years to purchase natural gas for the University of Houston.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: The University of Houston seeks approval to delegate authority to the Chancellor to purchase natural gas for the University of Houston. The current natural gas contract expires August 31, 2012.

SUPPORTING DOCUMENTATION: Explanation of the Natural Gas Purchase.

FISCAL NOTE: Natural gas prices are at historic lows and the University expects to negotiate lower rates for a savings over the current contract.

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT: Renu Khator

EXECUTIVE VICE CHANCELLOR: Carl Carlucci

CHANCELLOR: Renu Khator

CONSENT DOCKET – F&A-R135
Explanation for Natural Gas Purchase

The University of Houston seeks approval to delegate authority to the Chancellor to purchase natural gas for the University of Houston campus.

The University of Houston spent about $2 million per year on natural gas in the first two years under the existing three year contract, which ends August 31, 2012. Based on the current low price of natural gas, the University expects to save an additional 30% on the next contract beginning September 1, 2012.

The University’s primary use of natural gas is fuel to feed low-pressure boilers in the University’s Power Plant. The natural gas fired boilers provide steam heat to many campus buildings including classroom buildings, research laboratories, student housing, student health center and animal care facilities. All University facilities that serve student housing, student health center and animal care facilities with steam heating require an uninterruptible natural gas supply.