BID NUMBER PA01106

TO: **CITY OF LONG BEACH**
CITY MANAGER
ATTN: CITY CLERK
333 West Ocean Boulevard, Plaza Level
Long Beach, California 90802

INVITATION TO BID

FURNISH AND DELIVER
LIQUEFIED NATURAL GAS

CONTRACT NO. 29604

1. **COMPLETE CONTRACT:**
This Invitation to Bid, together with THE NOTICE INVITING BIDS, the entire Bid (including Specifications), or any items(s) thereof, the signature page, Instructions to Bidders, General Conditions, Special Conditions, Bid Section, Addendums, and when required, CONTRACTOR'S BOND shall become the Contract upon its acceptance by the City Manager or designee on behalf of the City of Long Beach, Contractor will be provided with a copy of the executed Contract. All materials or services provided by the Contractor shall comply with the City Charter, and all applicable Federal, State and City Laws.

2. **SERVICES TO BE PROVIDED BY THE CONTRACTOR:**
Contractor shall upon acceptance of this bid by the City, furnish the goods and services herein specified according to the terms and conditions set forth herein.

3. **AMOUNT TO BE PAID:**
The City shall pay Contractor for the goods or services as described in the section entitled "PAYMENT" in the Instructions to Bidders.

4. **CHOICE OF ALTERNATE PROVISIONS; OPTIONS; NOTIFICATION:**
When alternative provisions are requested, or options are offered, Contractor will be notified as to which provision, or option, is being accepted at the same time that he is notified that he is the successful Bidder.

5. **DECLARATION OF NON-COLLUSION:**
The undersigned certifies or declares under penalty of perjury that this bid is genuine and not sham or collusive, or made in the interest or on behalf of any person or entity not herein named; that the Bidder has not directly or indirectly induced or solicited any other Bidder to submit a sham bid, or any other person or entity to refrain from bidding, and that the Bidder has not in any manner sought by collusion to secure to himself any advantage over other Bidders.

BIDDER MUST COMPLETE AND SIGN BELOW:
(Signature of Corporate Officers or persons authorized to sign bids and contracts on behalf of the Contractor – refer to page 2 Instructions Concerning Signatures.)

EXECUTED AT: Amarillo (CITY) TX (STATE) **ON THE** 19th **DAY OF** April (MONTH), **20** 06.

COMPANY NAME: Applied LNG Tecnologies **TIN:** [redacted] (FEDERAL TAX IDENTIFICATION NUMBER)

STREET ADDRESS: 8101 W. 34th Avenue **CITY:** Amarillo **STATE:** TX **ZIP:** 79121

PHONE: (806) 359-3327 **FAX:** (806) 354-4998

S/ [signature] (SIGNATURE) Member / Chief Financial OFFICER (TITLE)

J. Mark Mariail (PRINT NAME) mariail@apolloresources.com (EMAIL ADDRESS)

S/ [signature] (SIGNATURE) CHIEF OPERATING OFFICER (TITLE)

STEVE BARTLETT (PRINT NAME) SBARTLETT@ALTLNGUSA.COM (EMAIL ADDRESS)

ALL SIGNATURES MUST BE NOTARIZED FOR ALL COMPANIES LOCATED OUTSIDE THE STATE OF CALIFORNIA.
NO OUT-OF-STATE BID WILL BE CONSIDERED UNLESS A NOTARIAL ACKNOWLEDGMENT IS ATTACHED.
NOTARIES ARE NOT REQUIRED FOR CALIFORNIA BIDDERS.

IN WITNESS WHEREOF the City of Long Beach has caused this contract to be executed as required by law as of the date stated below.

THE CITY OF LONG BEACH

BY [signature] Director of Financial Management 4/21/06 Date

APPROVED AS TO FORM 6/16, 20 06.
ROBERT E. SHANNON
CITY ATTORNEY
[signature] Senior Deputy

Rev 11/03/05

BID NUMBER PA01106

The City of Long Beach is committed to provide maximum opportunities for Disadvantaged, Minority, Women, Long Beach and Other Business Enterprises (DBEs, MBEs, WBEs, LBBEs and OBEs) to compete successfully in supplying our needs for products and services.

The following information is submitted regarding the bidder:

Legal Form of Bidder:

Corporation ☐ State of _____

Partnership ☐ State of _____

General ☐ Limited ☐

Joint Venture ☐

Individual ☐ DBA _____

Limited Liability Company ☑ State of Delaware

Composition of Ownership (more than 51% of ownership of the organization): **OPTIONAL**

Ethnic (Check one):

☐ Black ☐ Asian ☐ Other Non-white

☐ Hispanic ☐ American Indian ☑ Caucasian

Non-ethnic Factors of Ownership (check all that apply):

☑ Male ☐ Yes - Physically Challenged ☑ Under 65

☐ Female ☐ No – Physically Challenged ☐ Over 65

Is the firm certified as a Disadvantaged Business: ☐ Yes ☑ No

Has firm previously been certified as a minority-owned and/or woman-owned business enterprise by any other agency?

☐ Yes ☑ No

Name of certifying agency: _____

INSTRUCTIONS CONCERNING SIGNATURES

Please use the proper notary form, which applies to your type of organization on all bid documents, attachments and bonds requiring a signature by officers of your company.

NOTE: FAILURE TO COMPLY MAY RESULT IN DISQUALIFICATION OF YOUR BID

Contractor shall furnish the City with certificates of insurance and original endorsements providing coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Before any of Contractor's or Subcontractor's employees shall do any work on City's property, Contractor shall furnish the City with the required certificates evidencing that such insurance is being maintained. Such certificates shall specify the date when such insurance expires. Such insurance shall be maintained until after the Work under the Contract has been completed and accepted.

Such insurance as required herein or in any other documents to be considered a part hereof shall not be deemed to limit the Contractor's liability under this contract.

D. Contractor shall defend, indemnify and hold harmless the City, its officials and employees from and against any liability for claims for bodily injury and property damage arising out of negligent acts, omissions or errors of any employee of the Contractor at the Site.

E. Contractor shall list the name and location of the place of business of each subcontractor who will perform work, labor, or services for Contractor, or who specially fabricates and installs a portion of the work or improvement in an amount in excess of one-half of one percent of Contractor's total contract cost. The subcontractor list shall be submitted with contractor's bid.

State of Texas

County of Dallas

On this 20th day of April, 2006, before me, the undersigned notary public, personally appeared J. Mark Ariail, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

Marcella Smith, Notary Public

BID NUMBER PA01106

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of Texas

County of Potter

On 19 April 2006 (DATE) Before me, Pete Davis -- Notary Public (NAME, TITLE OF OFFICER – E.G. "JANE DOE, NOTARY PUBLIC")

Personally appeared Steve Bartlett (NAME(S) OF SIGNER(S))

☑ personally known to me - **OR** - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

P. W. DAVIS
NOTARY PUBLIC,
STATE OF TEXAS
My Commission Expires 07-30-2009

WITNESS my hand and official seal.

SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
- ☑ CORPORATE OFFICER
  Steve Bartlett, Chief Operating Officer
  TITLE(S)
- ☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
- ☐ ATTORNEY-IN-FACT
- ☐ TRUSTEE(S)
- ☐ GUARDIAN/CONSERVATOR
- ☐ OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES):
Applied LNG Technologies USA, LLC

DESCRIPTION OF ATTACHED DOCUMENT

City of Long Beach #PA01106
TITLE OR TYPE OF DOCUMENT

20
NUMBER OF PAGES

19 April 2006
DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

INSTRUCTIONS TO BIDDERS

1. **PREPARATION OF BID:**

The preparation of the bid, including visits to the Site prior to submittal of the bid, shall be at the expense of Bidder. All prices and notations must be typewritten or written in ink. Any markings in pencil shall not form part of the bid and shall be disregarded by the City. Any changes or corrections in the bid must be initialed in ink by the person signing the bid. Bidder shall state brand name or make of each item bid. If not bidding on item as described, the [redacted] and catalog number of the substitute must

City's purchases of goods and services are based on the City's actual needs and requirements. The City is obligated under this contract/purchase order to purchase and pay for only those goods and services that the City needs and requires, and that the City actually orders and receives. Any dollar amount identified as a "not to exceed:" amount in any City document is not a guaranteed payment amount to any contractor or service provider. Furthermore, the City may determine that its needs and requirements may be met by City labor or by a second contractor or service provider, even after an award is made to one contractor

[redacted]

location and quantity delivered shall accompany each fuel delivery. In order to facilitate processing of invoices, each Bill of Lading shall have a unique number, and shall also reference the assigned purchase order release (not the blanket purchase order number that starts BPLB).

The Supervisor of Operations for the City's Fleet Services Bureau will notify Contractor if other City departments are authorized to buy fuel from this contract. Only departments previously authorized by the Supervisor of Operations will be permitted to buy fuel.

Prior to the start of the Contract, Contractor may contact the Fleet Services Bureau at (562) 570-5457 regarding the required invoicing format. A sample of the Contractor's invoice may be requested by the City prior to the start of service.

Contractor shall be paid per invoice. Incomplete/incorrect invoices shall not be processed until corrected. All Invoices and payments shall be for gross gallons delivered. Any delivery modifications and credits shall be clearly stated on the invoice and shall be explained in the invoice documents.

BOND PROVISIONS: N/A

10. PUBLIC WORK AND PREVAILING WAGES:

In the performance of public work under any Contract, the Contractor shall comply with provisions of Standard Specifications for Public Works Construction, latest edition, and City of Long Beach Amendments thereto. Where labor is required for public work as part of this Contract, Contractor shall pay no less than the prevailing wages set by the Director of the Department of Industrial Relations of the State of California. Copy of wage

Circle appropriate designation: MBE WBE

Ethnic Factors of Ownership: (more than 51%)

Black	( )	American Indian	( )
Hispanic	( )	Other Non-white	( )
Asian	( )	Caucasian	( )

Certified by: _____

Valid thru: _____

causes of action, penalties, proceedings, fines, costs and expenses, including attorney's fees, court costs and expert fees, arising from Contractor's performance or failure to perform in accordance with these specifications, including but not limited to citations incurred as a result of spills. In addition, the City reserves the right to cancel the Contract of any contractor or carrier who, notwithstanding compliance with the procedures stated in the Contract, delivers in a negligent or careless manner or who, under any circumstances, causes a spill while delivering.

Contractor shall have the delivery driver determine the exact tank level before unloading fuel into the tank. The tank level readings shall be taken prior to unloading fuel and after unloading fuel and will be recorded on the delivery receipts. Delivery tickets shall be signed by designated City personnel at time and place of delivery when possible.

Contractor must have a minimum of two years of quality service and on-time delivery of fuel meeting specifications and in the required quantities. Specifically, Contractor must have managed a fuel supply contract that has resulted in deliveries to several locations daily.

Unless provided otherwise in this Contract, Contractor shall have title to and bear risk of any loss of or damage to the items purchased under this Contract until they are delivered.

Liquidated Damages

Time is of the essence in performance of this contract. Liquidated damages will be deducted for Contractor's failure to perform in the amount of $5,000 per day. Non-performance may include, but not be limited to, late deliveries, partial deliveries and deliveries not consistent with these special conditions and the specifications.

Force Majeure

Neither party shall be liable in damages or have the right to terminate this Contract for any delay or default in performance if such delay or default is caused by conditions beyond its control including, but not limited to acts of God, illegality, acts of war and/or any other cause not reasonably foreseeable by the party whose performance is affected.

17. INTER-AGENCY PARTICIPATION:

IF OTHER AGENCIES EXPRESS AN INTEREST IN PARTICIPATING IN THIS BID, WOULD YOU SUPPLY THE SAME ITEMS.

YES ☐ NO ☑

(If yes, any agency electing to participate in this bid will order its own requirements without regard to the City of Long Beach. The City of Long Beach assumes no liability or payment guarantee on any units sold to participating agencies.)

18. AMERICANS WITH DISABILITIES ACT:

Contractor shall have and be allocated the sole responsibility to comply with the Americans with Disabilities Act of 1990 ("ADA") with respect to performance hereunder and contractor shall defend, indemnify and hold the City, its officials and employees harmless from and against any and all claims of failure to comply with or violation of the ADA as said claim relates to this contract.

GENERAL CONDITIONS

1. Acceptance of the offer contained in this Contract is expressly limited to the terms and conditions of such offer as

[redacted]

facsimile: 806-354-4975.

GENERAL CONDITIONS

12. All royalties for patents, or changes for the use of patents, which may be involved in any article to be furnished under this Contract shall be included in the Contract price.

13. In cases where a price subject to escalation has been agreed upon, the price escalation shall be shown as a separate item on the invoice. Unless an escalator clause has been shown as a specific part of this Contract Contractor shall not be entitled to reimbursement for costs incurred due to escalation.

[redacted]

MATERIAL, SUPPLIES OR SERVICES **FOB DESTINATION** CITY OF LONG BEACH.

SALES TAX: UNIT AND EXTENSION PRICES STATED HEREIN ARE **NOT** TO INCLUDE SALES TAX EXCEPT WHERE INDICATED.

SUMMARY OF BID ITEMS

Contractor shall pass on to the City of Long Beach the $0.50 per gallon federal tax credit provided to them by 26 USCA Section 4041 as amended by SAFETEA-LU for tax credit to begin October 1, 2006 thru September 31, 2009. This must be shown on the invoice as subtracted from the price as calculated below in method A or B of this section.

Payment to the Contractor by the City of Long Beach shall be based on one of two pricing categories that offers not only the lowest overall net price to the City, but also long-term price stability:

A. Category A: Average Market Center Spot-Gas for PG&E South and Southern California Gas Company indexes for the prior month and divided by 12.104 to get the dollar per gallon. Bidder shall submit copy with bid.

Note: the Market Center Spot-Gas Price comes out the first week of each month in Platt's Inside F.E.R.C. Gas Market Report published by McGraw-Hill Companies Inc. (800) 223-6180. Contractor shall provide the City of Long Beach with the monthly Market Center Spot-Gas average price for LNG from Platt's Inside F.E.R.C. Gas Market Report.

CHARGES		DELIVERIES (2,000 gal minimum per delivery)
Index Average Price* (5.87 + 5.89)/2=5.88/12.104	$	0.4858
** Liquefaction	$	0.4500
** Freight	$	0.4500
** Tax Credit Processing Fee (if applicable)	$	0.1000
** Tax Credit (If applicable)	$	-0.5000
Sales tax 8.25%	$	0.0813
Total Price Per Gallon	$	1.0671

* Estimated average Spot Market price is for analysis only.

SPECIAL CONDITIONS

QUESTIONS: All questions pertaining to this Invitation to Bid must be submitted in writing to the buyer, Peggy L Chambers, at pechamb@longbeach.gov no later than **Thursday April 13, 2006.** Issues that result in an addendum being issued will have an addendum posted on the city's bid management system located at www.longbeach.gov/purchasing.

CONTRACT PERIOD: It is agreed that if the City intends to renew this Contract, the City shall so notify the Contractor 90 days prior to the expiration date. Contractor shall be required to submit any price increases to the City Purchasing Agent for approval at least 60 days prior to expiration of Contract. Said notice shall show item number, price, Contract number, and purchase order number. The City reserves the right to accept or reject any price increase, and to cancel the renewal notice if price increases are not acceptable.

DELIVERY (SPECIAL) SCHEDULE: Delivery shall be made within two (2) business days after receipt of order. Delivery time may be a factor in award.

SHIPPING (SPECIAL) INSTRUCTIONS: Prices quoted shall be F.O.B. destination to designated location(s) within the City of Long Beach. Contractor shall make deliveries upon receipt of orders issued by authorized representatives.

BILLING INSTRUCTIONS: Contractor shall bill the City for each delivery of fuel on a separate invoice. Invoices shall have unique numbers and shall clearly state the delivery date, ship to address, City contract number, PO, and Bill of Lading number. Invoices and the corresponding delivery tickets shall be submitted to the City within 30 days after delivery of fuel to a City site.

Prices quoted shall be per gallon and shall include all delivery, loading and unloading charges to the City of Long Beach, Fleet Services LNG fueling facility located at 2600 Temple Ave. Long Beach, CA 90806. The City reserves the right to add additional locations during the term of the contract, at no additional cost to the City.

All charges on the invoice shall be listed as a separate line item and shall include shipping date, product description, gross amount ordered (in gallons), date ordered, net amount delivered (in gallons), LNG price for the month at the time fuel was delivered, State Excise Tax, Oil Spill fees and Sales Tax.

A copy of the delivery receipt and the invoice shall be mailed or e-mailed to:

Fleet Services
Attn: Supervisor of Operations
2600 Temple Ave
Long Beach, CA 90806
E-mail: frneely@longbeach.gov

Contractor shall pass on to the City of Long Beach the $0.50 per gallon federal tax credit provided to them by 26 USCA Section 4041 as amended by SAFETEA-LU for tax

SPECIAL CONDITIONS

credit to begin October 1, 2006 thru September 31, 2009. This must be shown on the invoice as subtracted from the price as calculated in method A or B of the Bid Section.

Bill of Lading/Delivery Tickets

A. Bill of lading or delivery ticket stating the delivery date, the refinery of origin, the

SPECIAL CONDITIONS

3. Is the nature of your agreement with your source location(s) such that the City of Long Beach will have priority in obtaining LNG fuel in the event of a LNG fuel shortage at the source location? Yes

4. Will you provide on request by the City of Long Beach documentation of all training (hazmat certification, licenses required to transport cargo, in-house training for off and on loading of cargo), safety records (spills, DMV or DOT citations), and maintenance records and certifications on (tanks, trucks, and trailers including any regulatory violations or citations) for all employees and equipment associated with the work under this agreement. Yes

5. Do you have a minimum of two years of on-time delivery where quality service resulted in deliveries to several locations daily? Yes

6. Do you have sufficient equipment to supply prompt on time deliveries and sufficient quantities of LNG Fuel? Yes

7. Please provide a minimum of three references to whom you have provided fuel within the last 12 months (e.g., government/ commercial/ both):

Company: Orange County Transportation Authority
Street Address: 5501 South Main Street, Orange, CA 92863
Contact Person: Wendy Hebein
Phone Number: 714-560-5628

Company: Omnitrans
Street Address: 1700 South Main Street, San Bernardino, CA 92863
Contact Person: Bob Bach
Phone Number: 909-379-7182

Company: City of Los Angeles
Street Address: 419 South Spring Street, Los Angeles, CA 90013
Contact Person: Angela Sherick
Phone Number: 213-978-3780

Contractor's Responsibility

Contractor shall perform all deliveries to City facilities in a safe and professional manner. Contractor's equipment shall be in good working order and all personnel shall be trained in safety measures to preclude accidents endangering City personnel or property. Contractor shall have adequate equipment for delivery of fuel.

Contractor shall be liable for any damage or citations incurred as a result of any spills: Contractor shall defend, indemnify and hold harmless the City, its officials, employees and agents from and against all liability, loss, demands, damage,

be given. Bidder shall also attach specifications and furnish other data to be given. Bidder shall also attach specifications and furnish other data to establish the suitability of the substitute. Bidder shall quote separately on each item. Bidder shall quote his lowest price and best delivery date as no changes are permitted after the bid opening. Cash discounts offered for payment within 14 days or less will not be considered when evaluating bids. No telephonic, telegraphic or fax bids are acceptable.

NOTE: ALL PAGES OF THE INVITATION TO BID MUST BE RETURNED.

2. EXAMINATION OF BID:

Bidder is responsible for examining the Invitation to Bid and submitting its bid complete and in conformance with these instructions.

3. CONDITIONS OF WORK:

Bidder shall carefully examine the Site to become fully informed regarding all existing and expected conditions and matters, which could affect performance, cost or time of the Work.

4. DISCREPANCIES IN BID DOCUMENTS:

If Bidder finds discrepancies in or omissions from the Invitation to Bid, if the intent of the Invitation is not clear, or if provisions of the Specifications restrict Bidder from bidding, he may request in writing that the deficiency(s) be modified. Such request must be received by the City Purchasing Agent at least five (5) working days before bid opening date. Bidders will be notified by Addendum of any approved changes in the Invitation to Bid.

or service provider. An award is not a promise or guarantee of exclusivity.

Bidders are cautioned that comments and statements, whether oral or written, made by City employees regarding the validity of bids, the waiver of deviations from Specifications, the possibility or probability of an award being made to a particular bidder, and other similar matters are NOT binding on the City. Bidders should not order materials, obtain financing or take other actions based on such comments and statements. Only authorization of a contract by the City Council or issuance of a Purchase Order is conclusive and binding on the City with respect to this bid and its resulting contract or Purchase Order. However, prior to authorization by the City Council or issuance of the Purchase Order, bidders may rely on: (1) approval of an "equal" or "substitute" item which will be issued in writing, and (2) written notice of intent to award by the City Council, which is often issued prior to the authorization by the City Council so that a bidder can order materials that have a long lead time.

8. PAYMENT:

Payment terms are NET/30 unless Bidder otherwise quotes. All Cash Discounts shall be taken and computed from the date of delivery or completion and acceptance of the material, or from date of receipt of invoice, whichever occurs last. Invoices must be submitted as specified at the time of shipping authorization. Partial payments may be made by the City on delivery & acceptance of goods and on receipt of goods and on receipt of Contractor's invoice.

In the event the Contract to be awarded hereunder, including specifications and other documents incorporated therein by

SPECIAL CONDITIONS

Demurrage Charges/On-Site Labor

The City shall be entitled to "standing time" at no charge for the purposes of unloading for not more than two hours. If unloading extends beyond two hours due to delays caused by City operations, Contractor may assess demurrage charges. Demurrage charges shall be applied in increments of one-quarter (1/4) hour.

State the demurrage charges in increments of one-quarter hour: $ 25.00 per 1/4 hour.

LNG Fuel Taxes

Prices quoted in this bid shall exclude all applicable Sales or Use taxes, Superfund taxes (if applicable) and State of California Motor Vehicle Fuel taxes. The City of Long Beach is exempt from paying Federal Excise taxes. On request, the City shall furnish to Contractor a Federal exemption certificate. The City shall pay California Sales Tax and California Excise Tax when applicable, each listed as a separate line item on the invoice.

Ordering Procedure and Delivery Time

City of Long Beach Fleet Services Bureau shall place all orders for LNG fuel unless otherwise stipulated. Orders shall be made by phone, e-mail, or facsimile transmission for delivery to any City LNG fuel site. Contractor must provide a phone number, e-mail address and fax number where orders can be placed on a daily basis or as needed. Any delays in delivery shall be communicated immediately to the Fleet Services Bureau Manager or designee as soon as problems are discovered. In the event an order cannot be delivered, Contractor must notify the Fleet Services Bureau Manager or designee and make arrangements to have LNG fuel delivered from another contractor or supplier at the City's current Contract price.

Contractor shall determine a regular delivery schedule with Fleet Services Bureau and shall keep the schedule until such time as Fleet Services Bureau determines a need to change the schedule.

Special or emergency fuel orders shall be delivered within **36 hours** after the order is placed.

Contractor shall notify the fuel management supervisor immediately of a late or interrupted delivery schedule.

Bidder shall indicate below the requested information:

Orders and scheduling handled by phone: 806-679-0975

e-mail: [illegible] and/or

schedule can be obtained from the City Engineer.

Dollar value of participation: $

SPECIAL CONDITIONS

Acceptable Fuel/Timely Performance

Contractor shall deliver fuel meeting the minimum specifications in this Contract. The City will not pay for fuel that does not meet the specifications. If Contractor fails to deliver acceptable fuel in a timely manner, the City may purchase substitute fuel in the open market, and deduct liquidated damages from Contractor's next invoice.

Cover

In the event of non-performance on the part of the Contractor, the City shall have the right to seek reasonable cover. If substitute fuel is purchased, Contractor shall promptly reimburse the City for any excess costs related to such purchase. Furthermore, any delays in the delivery of fuel beyond the delivery time date to be established by Fleet Services Bureau may result in liquidated damages.

The City reserves the right to order fuels from an alternate source when it is in the best interest of the City to do so.

Fuel Samples

Contractor shall submit fuel samples for laboratory analysis anytime the City deems it necessary to ensure fuel delivered to the City meets the required specifications. Contractor shall provide the container(s) for the fuel samples free of charge. The laboratory contracted by the City to do such analysis will pick up the samples from the City sites. The City will pay for laboratory tests; however, Contractor shall reimburse the City for the tests and all costs associated with cleaning the tank and repairing damages to vehicles and equipment as a result of delivering LNG fuel that does not meet these specifications.

Stand-by/Emergency Deliveries

Contractor shall be able to dispatch a fuel delivery to all City of Long Beach sites within four hours after receipt of notification. If necessary, an additional tank wagon must be dispatched after nine hours of notification.

Contractor must provide a name and telephone number of the person who will serve as the 24-hour, seven-day contact.

Name: Jessica Potter
Telephone: 806-679-0975

Contractor shall state the charge for Stand-by/Emergency delivery per hour, portal to portal, including loading and unloading: $ 100.00 /hour.

SPECIAL CONDITIONS

Delivery Trucks/Equipment

Contractor's equipment shall be compatible with City facilities including pumping equipment, if needed, for above ground loading of storage containers. LNG trucks used for City supply must not be used for haulage of fuel other than LNG, unless tanks are cleaned prior to filling with LNG fuel to prevent contamination with other mixture.

Monthly Reports

Contractor shall maintain records of monthly fuel volumes delivered to the City and shall provide the City monthly reports of all the purchases, itemized by date delivered, quantity in gallons, type of fuel, the effective price, all taxes and fees. Monthly reports shall be submitted within 10 days following the last day each month.

SPECIFICATIONS

Contractor shall provide "Premium" grade LNG fuel. Premium grade LNG fuel composition must meet the following criteria:

Methane	97% minimum
Other Hydrocarbons	1% maximum
Other Inert Gases	No more than 3% delivered in liquid form
Ethane	1% maximum
Water	500 ppm maximum
Carbon Dioxide	3000 ppm maximum
Mercury	20 ppm maximum
Density	40 psig maximum

Estimated LNG Usage

Total LNG usage is estimated to be 400,000 gallons per year and may vary with the replacement of the City's fleet. There is no guarantee that this total will be reached or not exceeded. Contractor agrees to supply LNG fuel at the unit prices quoted in accordance with actual requirements throughout the Contract period.

BID SECTION

WE ARE PLEASED TO SUBMIT THIS BID IN ACCORDANCE WITH THE CITY OF LONG BEACH INVITATION TO BID, SPECIFICATIONS AND TERMS AND CONDITIONS TO FURNISH AND DELIVER THE FOLLOWING EQUIPMENT

2. No charges for taxes, transportation, boxing, packaging crating or returnable containers will be allowed and paid by the City unless separately stated hereon. All sales, use excise or similar taxes to be paid by the City must be itemized separately hereon and on invoices. The City is exempt from payment of Federal Excise Tax under Certificate No. 95-73 0502K and none shall be charged to the City.

Council of the City appropriating the necessary funds for such payment by the City in each fiscal year during the

BID SECTION

B. CATEGORY B: Fixed price per gallon for the duration of the Contract.

State the total net fixed price per gallon you will charge the City:

CHARGES		DELIVERIES (2,000 gal minimum per delivery)
Set Price Per Gal	$	N/A
**	$	N/A
**	$	N/A
**	$	N/A
**	$	N/A
Sales tax 8.25%	$	N/A
Total Price/Gal	$	N/A

** Must specify what charges, or write N/A if none

Note: Bidder may submit a bid response for either Category A or Category B individually, or for both categories. **The bidder may not submit identical prices in Category A and Category B**. The City has the option of choosing the pricing for either Category A or Category B which may not necessarily be the lower price between categories, but should be the lowest price compared to other bids in the same category submitted by all.

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Inside FERC's Gas Market Report

April 2006

Prices of Spot Gas Delivered to Pipelines, April 1 (per MMBtu)

	Range	Index	Volume	Deals
ANR Pipeline Co.				
Louisiana	$6.91 to $7.08	$7.06	196	32
Oklahoma	$5.73 to $6.04	$5.83	139	27
CenterPoint Energy Gas Transmission Co.				
East	$5.66 to $6.18	$5.89	476	58
Colorado Interstate Gas Co.				
Rocky Mountains	$5.51 to $5.65	$5.58	375	69
Columbia Gas Transmission Corp.				
Appalachia	$7.51 to $7.66	$7.61	606	101
Columbia Gulf Transmission Co.				
Louisiana	$7.15 to $7.20	$7.18	171	19
Dominion Transmission Inc.				
Appalachia	$7.59 to $7.64	$7.61	669	94
El Paso Natural Gas Co.				
Permian Basin	$5.62 to $5.92	$5.70	1,318	154
San Juan Basin	$5.45 to $5.83	$5.57	603	84
Florida Gas Transmission Co.				
Zone 1	$7.01 to $7.21	$7.12	38	5
Zone 2	$7.21 to $7.28	$7.24	25	6
Zone 3	$7.33 to $7.35	$7.34	N.A.	N.A.
Kern River Gas Transmission Co.				
Wyoming	$5.40 to $5.83	$5.57	1,434	219
Oneok Gas Transportation LLC				
Oklahoma	$5.77 to $5.81	$5.79	N.A.	N.A.
Panhandle Eastern Pipe Line Co.				
Texas, Oklahoma (mainline)	$5.72 to $6.40	$5.81	400	68
Questar Pipeline Co.				
Rocky Mountains	$5.25 to $5.45	$5.32	N.A.	N.A.
Southern Natural Gas Co.				
Louisiana	$6.89 to $7.31	$7.21	110	15
Southern Star Central Gas Pipeline Inc.				
Texas, Oklahoma, Kansas	$5.68 to $6.02	$5.82	58	12
Tennessee Gas Pipeline Co.				
Louisiana, 500 leg	$7.11 to $7.30	$7.15	215	31
Louisiana, 800 leg	$7.09 to $7.34	$7.12	158	24
Texas, zone 0	$6.80 to $6.98	$6.86	122	26
Texas Eastern Transmission Corp.				
East Louisiana zone	$7.05 to $7.17	$7.13	N.A.	N.A.
West Louisiana zone	$7.01 to $7.08	$7.03	81	17
East Texas zone	$6.53 to $6.65	$6.57	30	9
South Texas zone	$6.62 to $6.73	$6.64	257	39
Texas Gas Transmission Corp.				
Zone 1	$6.98 to $7.05	$7.03	97	11

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Market Center Spot Gas Prices, April 1 (per MMBtu)

	Range	Index	Volume	Deals
Northeast				
Texas Eastern, zone M-3	$7.69 to $7.77	$7.71	598	86
Transco, zone 6 N.Y.	$7.74 to $7.78	$7.76	214	34
Transco, zone 6 non-N.Y.	$7.65 to $7.75	$7.72	134	27
Algonquin city-gates	$7.73 to $7.77	$7.73	N.A.	N.A.
Tennessee, zone 6 delivered	$7.69 to $7.78	$7.72	90	10
Niagara	$7.18 to $7.52	$7.25	86	21
Upper Midwest				
Chicago city-gates	$6.30 to $6.78	$6.57	477	77
Consumers Energy city-gate	$7.08 to $7.19	$7.15	293	36
Mich Con city-gate	$7.01 to $7.19	$7.13	145	33
ANR Pipeline, ML 7	$7.02 to $7.41	$7.28	33	8
Dawn, Ontario	$6.84 to $7.18	$7.11	1,026	112
South Louisiana				
Henry Hub	$7.23 to $7.28	$7.25	253	23
East Texas				
Houston Ship Channel	$6.70 to $6.90	$6.82*	N.A.	N.A.
Katy	$6.80 to $6.80	$6.80	N.A.	N.A.
West Texas				
Waha	$5.73 to $5.96	$5.79	825	96
Rockies/Northwest				
Cheyenne Hub	$5.80 to $5.89	$5.84	51	10
TCPL Alberta, AECO-C#	$6.28 to $6.61	$6.44	798	155
Stanfield, Ore.	$5.88 to $5.88	$5.88	N.A.	N.A.
California				
PG&E Malin, Ore.	$5.83 to $6.04	$5.89	445	49
PG&E city-gate	$6.21 to $6.38	$6.26	401	52
PG&E South	$5.74 to $6.05	$5.87	57	17
Southern California Gas Co.	$5.79 to $6.15	$5.89	914	103
National Average		**$6.54**		

All prices U.S.$/MMBtu except TCPL Alberta, AECO-C, which is Canadian$/GJ (gigajoule). All volumes in (000) MMBtu/day.

Beginning in August 2004, Platts began providing volume and transaction information for monthly price points that fall within tier 1 (points with volumes of at least 100,000 MMBtu/day and at least 10 trades) and tier 2 (points with volumes of 25,000 to 99,999 MMBtu/day and at least five trades). Volumes and transactions are not reported for points in tier 3 (points with volumes below 25,000 MMBtu/day and/or fewer than five trades) because those points by definition are locations with marginal levels of trading reported.

For the top two tiers, Platts relies on its established index methodology based on consummated deals. For the third tier, where few or, in some cases, no transactions are being done, Platts may assess prices using factors —including differentials to other locations, trading in the daily market during bidweek, physical bid/ask spreads, derivatives trading and other information—other than or in addition to actual transactions. Those points where Platts has used an assessment process are marked with an asterisk (*). If insufficient market information is available at a point, Platts will not publish a price (N.A.).

Information on tier rankings since April 2003 is available at www.platts.com. Click on the Natural Gas tab, on Methodology & Specifications and on Liquidity in North American Monthly Gas Markets.

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