

Executive Summary
Prepared for the Board of Trustees Meeting
March 11, 2008

Texas Railroad Commission
TRCC Propane Initiative Program

Purpose of Report

Provide the D.I.S.D. Board of Trustees with information concerning the status of the Texas Railroad Commission's Propane Initiative Programs in which DISD will collect funds to promote the use of propane vehicles to reduce emissions in Denton County & the DFW non-attainment area .

Objectives

- Review DISD's Current Alternative Fuel Program
 - DISD has the 4th largest Propane Bus Fleet in the State of Texas (77 buses)
 - DISD engaged/initiated Alternative Fuel Program in 1995
 - Bus Fleet Profile – 77 Propane, 36 Bio-diesel, 31 – Unleaded
 - DISD Bus Fleet is currently 80% Green
 - 2007 Bond Funds will purchase 44+ propane buses by Summer 2008
 - Fall 2008 – District Bus Fleet will be 95% - 100% green
 - “We practice what we teach!”
- Profile Texas Railroad Commission Propane Initiative Programs
 - TRCC Propane Tax Credit Program 2006-2009
 - DISD qualifies for a 50¢ per gallon tax credit for each gallon of propane purchased from October 1, 2006 to September 30, 2009.
 - DISD usage of LPG/Propane per year = 298,844 gallons
 - 298,844 gal. x 50¢ per gal. = \$149,422.00
 - Estimated Propane Credit Total - \$600,000.00+ (2006-09)
 - TRCC anticipates the program will carry over to 2012-13
 - Total estimated return to DISD = \$1,200,000.00+
 - TRCC Propane Vehicle Initiative Program
 - Encourage the replacement of older vehicles & equipment with propane powered units meeting or exceeding the EPA's 2008 Emissions Standards.
 - Reduce NOx emissions in Texas non-attainment & near non-attainment counties.
 - TRCC is buying emissions
 - DISD will be paid \$6,000 to \$24,000 to retire non-compliant vehicles
 - Grant amount based on type fuel of old equipment & annual mileage
 - Minimum estimated return on replacement of buses (44 units x \$6,000 per unit = \$264,000.00)
 - Program is authorized through 2010

Operational Impact

Conversion of the district's bus fleet to propane will promote clean air and reduce fuel & operations costs. Current DISD average fuel costs per gallon as of 03/06/08:

- Unleaded - \$2.28 per gal.
- Diesel - \$2.64 per gal.
- Propane - \$1.61 per gal.

Establishing propane as DISD's primary fuel will reduce cost per gallon to "\$1.01" (based on current cost) during the life of the TRCC Propane Tax Credit Program. Additionally, at today's fuel prices, the district would save \$1.27 to \$1.63 per gallon by using propane as our primary fuel. Estimated savings to date with this scenario:

- Unleaded – 125,500 gallons x \$1.27 = \$159,385.00
- Diesel – 76,500 gallons x \$1.63 = \$124,695.00
- **Estimated Cost Reduction** **\$284,080.00**

Results

DISD could receive up to \$1,500,000.00+ in TRCC Propane Fuel Initiative Reimbursements as a result of the two programs currently in force and an additional \$284,000.00 from reductions in fuel costs. Potential benefit to DISD would be approximately \$1,800,000.00. This circumstance would not be in place if DISD had not taken the initiative in promoting its Alternative Fuel Program in 1995. Funds recouped for our alternative fuel program can be redirected to further promote academic programming, augment the district's fleet, and reduce M&O costs.

For more information:

TRCC Web site: www.propane.tx.gov

Phone (800) 64-CLEAR

Other Options

NA