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*NEWS RELEASE*

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**KENNEDY SCHOOL OF GOVERNMENT RECOGNIZES  
DEPARTMENT OF GENERAL SERVICES' ENERGY PROGRAM  
FOR SAVING MILLIONS IN ENERGY COSTS**

**Sacramento**—The Department of General Services' (DGS) Natural Gas Services program, which has saved the State of California millions of dollars in costs while providing energy for hundreds of publicly-owned buildings, today was named a finalist in Harvard University's John F. Kennedy School of Government "Innovations in American Government" awards competition.

"This innovative government program, encouraged by Governor Davis, is a cost-effective approach to acquiring natural gas supplies and services for state and local government agencies," said DGS Director Barry D. Keene. "I personally drive a compressed natural gas vehicle. The program has proven itself to be a real winner for both California taxpayers and government agencies."

Since 1996, DGS' unique approach to managing energy price volatility by purchasing natural gas using a combination of regular market-index prices and financial risk management strategies including price ceilings, floors, and fixed-price blocks has saved more than \$15 million in energy costs. The Natural Gas Services program uses a mix of different gas purchasing strategies to spread the risks of price shifts. This innovative portfolio-based buying strategy protects government agencies from market extremes, while streamlining the bid process down to less than one hour from bid to award while staying within the framework of good public procurement practices.

"This program protects the budgets of government agencies from energy market extremes, enabling a consistent level of services," said DGS Natural Gas Services manager Marshall Clark. "Prior to our current buying strategy, natural gas was purchased at prices that could fluctuate by as much as 50 to 100 percent putting quite a strain on energy budgets."

The Innovations in American Government Awards award competition is sponsored by the Ford Foundation, and administered by Harvard University in partnership with the Council for Excellence in Government. The awards bring public recognition to the quality and responsiveness of American government and help foster the replication of programs that work. Winners will be announced October 12, 2000.