



Item: City of Great Falls Request for Proposals – Natural Gas Supply

From: City Manager Greg Doyon

Action Requested: City Commission to consider awarding a natural gas supply contract to the City of Great Falls municipal buildings.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (accept /reject) a proposal from _____ for a period of ____ years for natural gas supply to the City of Great Falls and authorize the city manager to execute the necessary supply agreements.”

2. Mayor calls for a second, discussion, public comment, and calls the vote.

Background: The City’s natural gas supply contract with Energy West Resources expired on June 30, 2013. The contract with Energy West Resources was for a period of three (3) years. Previously the City participated in a natural gas purchasing group which combined multiple organizations to increase purchasing volume and secure the best rate. The purchasing group dissolved to explore better pricing opportunities and billing alternatives that better met their individual needs.

Fiscal Impact: The RFP for natural gas will require the supplier to address imbalances with gas supply and demand.

The final rate for the expired Purchasing Group’s contract with Energy West Resources was \$5.6470 MMbtu (plus distribution charges). In comparison, the current month-to-month rate with Energy West Resources is \$3.079 MMbtu. The City’s adopted FY2014 budget was based on the total expense of last year’s gas supply.

Alternatives: Gas Supply

1. Continue Month-to-Month Supply -- The City could continue receiving its gas supply through Energy West Resources or another supplier, but the pricing rate would change monthly and there would be no certainty.

Recommendation: Seek competitive proposals for gas supply as recommended by Bill Pascoe. The purpose of the competitive bidding process is designed to lock in favorable rates for the City

for a fixed period of time. Stability and known costs are important to the City's financial health for the next several years. Maintain a month-to-month purchasing process for natural gas. Purchasing month to month, however, could subject the City to potentially unpredictable rates making it difficult to budget for natural gas expenses.

Attachments/Exhibits: 1) Natural Gas Request for Proposals

Legal Notice

Request for Proposals - Natural Gas Supply

The City of Great Falls (City) is soliciting firm, fixed price proposals for Natural Gas Supply for a period of one to five years beginning November 1, 2013. Estimated annual consumption by the City is approximately 40,000 to 50,000 MMBtu.

The detailed RFP is available on the City of Great Falls website www.greatfallsmt.net, or from Bill Pascoe, Pascoe Energy Consulting, 104 Country Club Lane, Butte, MT 59701. Questions and inquiries should be directed to Bill Pascoe at pascoeenergy@aol.com or by phone at (406) 494-2075.

Notices of intent to propose should be submitted by **5:00 P.M., October 4, 2013 (MDT)** to pascoeenergy@aol.com. Indicative proposals must be submitted by **5:00 P.M., October 18, 2013 (MDT)** to pascoeenergy@aol.com. Final proposals must be received by **9:00 A.M. (MDT), October 24, 2013**, at City of Great Falls, Civic Center, City Clerk's Office, Room 204, or PO Box 5021 Great Falls, MT 59403.

Publication Dates:

September 22, 2013
September 29, 2013
October 13, 2013

Request for Proposals – Natural Gas Supply

Introduction

The City of Great Falls, Montana (City) is issuing this Request for Proposals (RFP) to secure firm natural gas supplies for the City to be effective November 1, 2013. The City is seeking a multi-year fixed-price contract.

The services requested include natural gas supply and related services. The City will execute a contract for natural gas supply with the successful proposer.

Supply and Transportation Requirements

The City is requesting proposals to meet its full requirements for gas supply. This includes metered volumes and fuel for transportation on the NorthWestern Energy (NWE) gas transmission system (currently 2.46%) and the Energy West Montana (EWMT) gas distribution system (currently 1.12%). The attached Attachment A contains a tabulation of monthly metered volumes for the City for July 2010 through June 2013.

Deliveries must be made into the NWE gas transmission system and nominated to the Great Falls City Gate (Pool 2008). The supplier will work with NWE and EWMT to nominate appropriate volumes of gas to be delivered each day. During “constrained” days and “critical” days on the NWE and/or EWMT gas systems, the supplier may be required to nominate gas based on peak day requirements of the City as determined by EWMT. The peak day requirement (including NWE and EWMT fuel) is currently estimated to be approximately 405 MMbtu.

The supplier will bill the City based on metered monthly volumes. The supplier will be responsible for working with NWE and EWMT to maintain an appropriate balance between metered volumes and nominations. The supplier will be responsible for truing up any imbalances with NWE and EWMT.

Pricing and Contract Term

The City is requesting fixed price proposals for the following periods:

- One (1) year – November 1, 2013 thru October 31, 2014
- Two (2) year – November 1, 2013 thru October 31, 2015
- Three (3) year – November 1, 2013 thru October 31, 2016
- Four (4) year – November 1, 2013 thru October 31, 2017
- Five (5) year – November 1, 2013 thru October 31, 2018

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$3.50/mmbtu). Proposals with prices that vary from year-to-year will not be considered (for example, for a 3-year contract the price offered is \$3.30/mmbtu for the first year, \$3.50/mmbtu for the second year and \$3.70/mmbtu for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

Preferred Form of Contract

The City prefers to use the NAESB Base Contract for Sale and Purchase of Natural Gas with the elections indicated in attached Attachment B. Other contracts or contract terms will be considered if provided with proposer's Notice of Intent to Propose.

Billing

Billing will be sent to the City at the address listed below:

CITY OF GREAT FALLS
ATTN: Fiscal Services
PO Box 5021
Great Falls, MT 59403-5021

Billing must be based on metered volumes and, at a minimum, billing must be consolidated so that the City receives a single bill for gas supply for the City each month. Consolidated billing which includes EMWT delivery charges is preferred.

Proposal Evaluation Criteria

All proposals will be evaluated based on ability to best meet the gas supply needs of the City considering price, contract term, credit requirements, reliability of supply and other factors. The City reserves the right to consider any factor deemed relevant to its natural gas supply needs.

Schedule

RFP Released	September 22, 2013
Notice of Intent to Propose	5 pm MDT, October 4, 2013
Indicative Proposals	5 pm MDT, October 18, 2013
Final Proposals	9 am MDT, October 24, 2013
Proposal Award	11:30 am MDT, October 24, 2013

Proposals

Notice of intent to Propose

Proposers should provide a Notice of Intent to Propose by 5 pm MDT on October 4, 2013 to pascoenergy@aol.com.

With this notice, proposers must indicate that they are willing to use the NAESB Base Contract for Sale and Purchase of Natural Gas with the elections shown in attached Attachment B or provide an alternative contract or contract terms for review.

With this notice, proposers must also indicate any requirements for credit and explain the process and timing for completing the credit review process, if necessary.

The City intends to publicly release all price information included in Final Proposals received in response to this RFP when the contract is awarded. Pursuant to MCA §2-6-102, all price information provided may be subject to public inspection. At each bid proposal stage, proposers with concerns about disclosure of confidential proprietary, or trade secret information as identified in MCA §30-14-402, must identify and detail the nature and bases for those concerns when they submit documentation supporting or relating to their proposals. This information must be sufficient to allow the City to consider the request to designate documents as confidential proprietary or trade secret information. If there is a public records request, then Proposers will be required to establish that the information is not subject to public disclosure.

Indicative Proposals

Indicative Proposals must be submitted by 5 pm MDT on October 18, 2013 to pascoenergy@aol.com. Submittal of a timely Indicative Proposal is a prerequisite to submitting a Final Proposal.

An Indicative Proposal must include the following:

Section 1 – Proposer Information

This section must contain a description of the Proposer and include the name of the contact person, complete with pertinent information including address, phone number, fax number and email address.

This section must be signed by a person with authority to offer the proposal to the City on behalf of the Proposer and indicating that the Proposer understands and consents to the terms of the RFP.

Section 2 – Pricing

This section will present indicative pricing for any proposals offered.

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$3.50/mmbtu). Proposals with prices that vary from year-to-year will not be considered (for example, for a 3-year contract the price offered is \$3.30/mmbtu for the first year, \$3.50/mmbtu for the second year and \$3.70/mmbtu for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

Transaction confirmations must be attached for each offer.

Section 3 – Firm Supply

This RFP is seeking firm gas supply. This section must describe the source(s) of gas to be supplied and the Proposer's capabilities for providing a firm supply including any storage and/or upstream pipeline capacity rights.

Section 4 – Operations and Billing

This section must indicate that the proposer acknowledges that its offers are for full requirements supply – metered amounts plus fuel on the NWE and EWMT systems (currently 2.46% and 1.12%, respectively) – and that Proposer understands the requirements to coordinate daily nominations and balancing true ups with NWE and/or EWMT.

This section must also indicate Proposer's ability to provide consolidated billing (based on metered volumes) to the City and indicate whether or not Proposer is offering to include EWMT delivery charges in its consolidated billing.

Final Proposals

Final Proposals must be submitted by 9 am MDT on October 24, 2013 to City of Great Falls, Civic Center, City Clerk's Office, Room 204, or PO Box 5021 Great Falls, MT 59403.

Section 1 – Proposer Information

This section must contain a description of the proposer and include the name of the contact person, complete with pertinent information including address, phone number, fax number and email address.

This section must be signed by a person with authority to offer the proposal to the City on behalf of the proposer and must indicate that the Final Proposal incorporates information from the Indicative Proposal without changes except for the final binding prices.

Section 2 – Pricing

This section will present final pricing for any proposals offered. Final prices must remain open until 11:30 am MDT on October 24, 2013.

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$3.50/mmbtu). Proposals with prices that vary from year-to-year will not be considered (for example, for a 3-year contract the price offered is \$3.30/mmbtu for the first year, \$3.50/mmbtu for the second year and \$3.70/mmbtu for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

Transaction confirmations must be attached for each offer. The confirmations must be unchanged from those included in the Indicative Proposal except for prices.

Proposal Award

The winning Proposer will be selected and notified by 11:30 am on October 24, 2013. Contracts and transaction confirmations will be executed by the City at that time. If the City is unable to meet this time line, the winning proposer will be provided with an opportunity to refresh its proposal pricing.

RFP Terms and Conditions

The RFP shall not constitute a commitment to purchase supply from any entity submitting a response to this RFP. The City retains the right to reject any and all proposals.

The City reserves the unilateral right to waive any technical or formal requirements contained in the RFP.

Confidentiality

The City intends to publicly release all price information included in Final Proposals received in response to this RFP when the contract is awarded. Pursuant to MCA §2-6-102, all price information provided may be subject to public inspection. At each bid proposal stage, proposers with concerns about disclosure of confidential proprietary, or trade secret information as identified in MCA §30-14-402, must identify and detail the nature and bases for those concerns when they submit documentation supporting or relating to their proposals. This information must be sufficient to allow the City to consider the request to designate documents as confidential proprietary or trade secret information. If there is a public records request, then Proposers will be required to establish that the information is not subject to public disclosure.

Additional Information or Clarifications

Requests for clarifications or additional information concerning this RFP can be directed to Bill Pascoe, Pascoe Energy Consulting at (406) 494-2075 or pascoeenergy@aol.com.

City of Great Falls Natural Gas Consumption (MMBtu)

	July	August	September	October	November	December	January	February	March	April	May	June	Total
2010-2011	2,061.2	1,434.4	1,150.8	1,139.8	2,755.0	6,534.6	7,577.9	6,832.6	7,472.1	5,954.1	3,635.2	2,081.0	48,628.7
2011-2012	2,399.5	1,413.9	1,046.5	1,081.4	3,557.5	6,196.6	6,995.1	6,836.7	5,967.1	4,426.3	2,521.3	1,608.9	44,050.8
2012-2013	1,662.7	801.1	963.1	1,084.0	3,388.2	5,337.8	7,243.1	6,285.1	5,477.7	4,859.3	3,442.3	1,482.8	42,027.2
3-year Avg	2,041.1	1,216.5	1,053.5	1,101.7	3,233.6	6,023.0	7,272.0	6,651.5	6,305.6	5,079.9	3,199.6	1,724.2	44,902.2

Notes:

1. Volumes shown are metered amounts and do not include fuel on NorthWestern Energy or Energy West Montana.
2. Volumes shown include City of Great Falls and the City's Waste Water Treatment Plant operated by Veolia Water North America.

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date:

The parties to this Base Contract are the following:

_____ and _____

Duns Number: _____
 Contract Number: _____
 U.S. Federal Tax ID Number: _____

Duns Number: _____
 Contract Number: _____
 U.S. Federal Tax ID Number: _____

Notices:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Confirmations:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Invoices and Payments:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure	<input type="checkbox"/> Oral (default) <input checked="" type="checkbox"/> Written	Section 7.2 Payment Date	<input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> ____ Day of Month following Month of delivery
Section 2.5 Confirm Deadline	<input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> ____ Business Days after receipt	Section 7.2 Method of Payment	<input checked="" type="checkbox"/> Wire transfer (default) <input checked="" type="checkbox"/> Automated Clearinghouse Credit (ACH) <input checked="" type="checkbox"/> Check
Section 2.6 Confirming Party	<input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer	Section 7.7 Netting	<input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>			
Section 2.26 Spot Price Publication	<input checked="" type="checkbox"/> Gas Dally Midpoint (default) <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs	<input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.5 Choice Of Law	Montana
		Section 14.10 Confidentiality	<input type="checkbox"/> Confidentiality applies (default) <input checked="" type="checkbox"/> Confidentiality does not apply
Special Provisions Number of sheets attached: One Page (1)			
Addendum(s): _____			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

By _____
 Name:
 Title:

By _____
 Name:
 Title: