



PUBLIC WORKS SERVICE OPERATIONS

DATE: October 3, 2016
FROM: Jeff Heintz, Director of Service Operations 
ITEM: Approval and Award of Bids for Natural Gas Contract for 2016 - 2017

REQUEST

Approve bids for Natural Gas supplies to the Contractor providing the best price options for the City of Bismarck. Please place this item on the October 11, 2016 City Commission Meeting Agenda.

BACKGROUND INFORMATION

Natural Gas supplies for the City/County Building, Public Works Building and the Event Center are bid competitively for supplies provided to the City limits where they are then transported to the buildings by MDU. The current contract expires October 31, 2016.

RECOMMENDED CITY COMMISSION ACTION

Approve bids and award a contract to Rainbow Gas at fixed price of \$2.70/MMBtu for November 1, 2016 through March 31, 2017 and CIG minus \$0.285/MMBtu April 1, 2017 through June 30, 2017, plus transportation and fuel rate at the time gas is delivered. An option year from July 1, 2017 to June 30, 2018 is available at the indexed rate. It is our recommendation not to exercise that option at this time.

STAFF CONTACT INFORMATION

LaVonne Wohl will be present at the City Commission meeting to respond to questions the Board maybe have regarding this matter. **Contact:** LaVonne Wohl, 355-1700, lwohl@bismarcknd.gov

PROPOSAL

TO The Honorable Board of City Commissioners
Bismarck, ND

Commissioners:

We the undersigned agree to supply natural gas to the City of Bismarck for the City/County Building (221 North Fifth Street), Bismarck Civic Center (Fifth Street & Sweet Avenue), and the Public Works Building (601 South 26th Street):

Base Bid: Firm Delivery

City/County Building, November 1, 2016 to June 30, 2017: Inside FERC FOM CIG Index MINUS \$0.30 Plus WBI Transport & Fuel

Bismarck Event Center, November 1, 2016 to June 30, 2017: Same as above

Public Works Building: November 1, 2016 to June 30, 2017: Same as above

PRIMARY SOURCE: Receipt point on WBI (Varies)

SECONDARY SOURCE: Northern Border - Glen Ullin

Optional Year:

City/County Building, July 1, 2017 to June 30, 2018: Same as above

Bismarck Civic Center, July 1, 2017 to June 30, 2018: Same as above

Public Works Building, July 1, 2017 to June 30, 2018: Same as above

PRIMARY SOURCE: Receipt point on WBI (Varies)

SECONDARY SOURCE: Northern Border - Glen Ullin

SIGNATURE Bill Kickert

PRINTED NAME Bill Kickert PHONE NUMBER 701-403-0550

COMPANY Sequent Energy Management

MAILING ADDRESS 1200 Smith Street, Suite 900
Houston, TX 77002



Sequent Energy Management

September 13, 2016

Honorable Board of City Commissioners
City of Bismarck
221 North Fifth Street, Fourth Floor
Bismarck, ND 58501

Dear Commisioners:

RE: Natural Gas Supply Proposal

Sequent Energy Management (“Sequent”) respectfully submits the following proposal to provide natural gas supply to the City of Bismarck facilities in Bismarck, ND. I look forward to continuing the great work relationship with you all and the City of Bismarck; and I am confident that you will find our proposal competitive and acceptable.

Delivery Point(s): WBI Energy Transmission (“WBI”) Delivery Point 1960 MDU-Bismarck Border
Facilities: City/County Building – 221 N 5th Street
Bismarck Civic Center – 5th Street & Sweet Avenue
Public Works Building – 601 South 26th Street

Service Type: Firm

Sequent shall nominate and balance the City of Bismarck’s gas on MDU at **no additional charge.**

Volume: Full Requirements - 100 % of the City of Bismarck’s daily requirements

Term: November 1, 2016 through June 30, 2017

Price: Inside FERC Gas Market Report First of the Month CIG Index **minus \$0.30** per MMBtu plus WBI transport and fuel. The City of Bismarck may convert the IFERC Index price to a Fixed Price for any month or combination of months subject to Sequent credit approval.

Optional Year

Year 2 Term: July 1, 2017 through June 30, 2018

Year 2 Price: Inside FERC Gas Market Report First of the Month CIG Index **minus \$0.30** per MMBtu plus WBI transport and fuel. The City of Bismarck may convert the IFERC Index price to a Fixed Price for any month or combination of months subject to Sequent credit approval.

Mailing Address: 1327 Prairie View Drive
Bismarck, ND 58501

Principal Contact: Bill Kickert
Manager, Commercial & Industrial Sales
701-403-0550

If you have any questions, please do not hesitate to contact me at (701) 403-0550.

Sincerely,



Bill Kickert
Manager, C&I Sales
Sequent Energy Management, L.P.

This term sheet is not intended to create a binding and enforceable contract between the Buyer and Seller and may not be used as the basis for a binding agreement. Rather this Term Sheet evidences a non-binding expression of good faith to endeavor to negotiate a mutually agreeable definitive agreement. All terms are indicative in nature and are subject to further review and approval by Sequent Energy Management including the execution of definitive agreements containing all appropriate provisions. This information is confidential and its disclosure is for the parties of this letter only.

PROPOSAL

TO The Honorable Board of City Commissioners
Bismarck, ND

Commissioners:

We the undersigned agree to supply natural gas to the City of Bismarck for the City/County Building (221 North Fifth Street), Bismarck Civic Center (Fifth Street & Sweet Avenue), and the Public Works Building (601 South 26th Street):

Base Bid:

City/County Building, November 1, 2016 to June 30, 2017: Inside FERC CIG minus \$0.285

Bismarck Event Center, November 1, 2016 to June 30, 2017: Inside FERC CIG minus \$0.285

Public Works Building: November 1, 2016 to June 30, 2017: Inside FERC CIG minus \$0.285
(With option to lock winter month for all facilities)

PRIMARY SOURCE: Sidney Plant

SECONDARY SOURCE: Norse Plant

Optional Year:

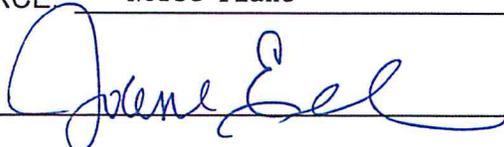
City/County Building, July 1, 2017 to June 30, 2018: Would roll index pricing for year 2

Bismarck Civic Center, July 1, 2017 to June 30, 2018: for all facilities.

Public Works Building, July 1, 2017 to June 30, 2018: _____

PRIMARY SOURCE: Sidney Plant

SECONDARY SOURCE: Norse Plant

SIGNATURE 

PRINTED NAME Jolene Erdman PHONE NUMBER 255-7970

COMPANY Rainbow Gas Company

MAILING ADDRESS 919 South 7th Street, Suite 405 Bismarck, ND 58504



September 13, 2016

Honorable Board of City Commissioners
City of Bismarck

Dear Commissioners,

Rainbow Gas Company appreciates the opportunity to bid the City of Bismarck's natural gas supply for the upcoming term of November 1, 2016 thru June 30, 2017, with an optional year to renew. We will be bidding 100% consumption at the following locations:

City/County Office Building ~ 221 North 5th Street
Bismarck Event Center ~ 5th Street and Sweet Avenue
Public Works Building ~ 601 South 26th Street

Our bid delivers the gas to the MDU/Bismarck Border Station and it is the cities responsibility to contract with MDU to deliver the gas into your facilities. The options would be as follows:

- We bid Inside FERC Gas Market Report CIG Index minus \$0.285/MMBtu starting November 1, 2016 thru June 30, 2017. On top of the gas price will be WBI's alternate firm transportation and fuel rate at the time gas is delivered, which effective November 2016 will be \$0.34488 plus 1.156% fuel.
- We bid a fixed price of \$2.70/MMBtu November 1, 2016 thru March 31, 2017 and CIG minus \$0.285/MMBtu April 1, 2017 thru June 30, 2017. On top of the gas price will be WBI' alternate firm transportation and fuel rate at the time gas is delivered. (Please note, you do not need to lock all five winter months if you choose not to ~ you can pick and choose which months you would like to lock into if you go this route.)
- We would roll the CIG minus \$0.285/MMBtu for the optional year. On top of the gas price would be WBI's alternate firm transportation and fuel rate at the time gas is delivered.

I am enclosing a spreadsheet of the CIG Index for your review. Rainbow Gas agrees to nominate and balance this gas supply on a daily basis, at no additional charge to you as part of our service. We watch the weather closely on a daily basis and change your nomination accordingly. By doing this, it almost always eliminates penalties. We take great pride in our customer service and we are a locally owned ND company headquartered here in Bismarck.

Please remember WBI's fuel changes twice a year, April 1st and October 1st and these are a direct pass-through to what they actually are.

Our supply points will be as follows:

Primary: Sidney Plant
Secondary: Tioga Plant
McKenzie Plant
Belfield Plant
Robinson Lake Plant
Ray Plant
Springbrook Plant
Little Missouri Dome
Red Wing Plant
Pine Unit
Big Horn Plant
Bowdoin East
Bowdoin West
Cady Creek
NBPL Glen Ullin
Hiland Plant
Norse Plant
Landeck Plant
Lignite Plant
CIG Elk Basin
Soda Creek
Marmarth Plant
Baker Area Mainline
West Short Pine Hills
WBI Aggregate Storage

If you have any questions regarding this bid, please feel free to give me a call anytime at 255-7970. We appreciate your business and look forward to serving you in the upcoming year.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jolene Erdman". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Jolene Erdman
President

Platts

CIG-Index/Inside F.E.R.C's Gas Market Report

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
JAN	\$1.75	\$2.15	\$8.63	\$2.26	\$3.14	\$5.09	\$5.59	\$8.84	\$4.17	\$5.98	\$4.35	\$5.54	\$3.79	\$2.98	\$3.22	\$4.34	\$3.06	\$1.90
FEB	\$1.61	\$2.34	\$6.31	\$1.70	\$3.20	\$5.12	\$5.47	\$6.65	\$6.41	\$7.09	\$2.98	\$5.32	\$4.09	\$2.51	\$3.17	\$4.93	\$2.63	\$1.99
MAR	\$1.49	\$2.31	\$4.72	\$1.85	\$5.01	\$4.40	\$5.28	\$6.14	\$6.17	\$7.81	\$2.47	\$4.56	\$3.60	\$2.37	\$3.23	\$5.11	\$2.61	\$1.49
APR	\$1.53	\$2.65	\$4.49	\$2.71	\$3.21	\$4.17	\$6.28	\$5.58	\$3.49	\$7.81	\$2.31	\$3.57	\$3.97	\$1.84	\$3.73	\$4.24	\$2.25	\$1.51
MAY	\$1.98	\$2.61	\$3.91	\$2.18	\$3.85	\$4.94	\$6.12	\$5.61	\$4.59	\$8.94	\$2.30	\$3.67	\$3.97	\$1.75	\$3.84	\$4.36	\$2.20	\$1.74
JUN	\$1.93	\$3.62	\$2.43	\$1.56	\$4.87	\$5.61	\$5.48	\$4.77	\$3.22	\$8.68	\$2.48	\$3.59	\$3.99	\$2.26	\$3.87	\$4.13	\$2.54	\$1.75
JUL	\$1.97	\$3.86	\$1.75	\$1.20	\$4.61	\$5.27	\$6.19	\$4.98	\$3.33	\$8.89	\$2.65	\$4.07	\$3.96	\$2.44	\$3.43	\$4.28	\$2.56	\$2.44
AUG	\$2.16	\$3.04	\$2.03	\$1.59	\$3.95	\$5.28	\$5.96	\$5.77	\$3.43	\$7.03	\$2.97	\$3.77	\$4.08	\$2.81	\$3.30	\$3.58	\$2.58	\$2.43
SEP	\$2.52	\$3.36	\$1.98	\$1.09	\$4.31	\$4.50	\$7.84	\$4.92	\$2.13	\$1.78	\$2.39	\$2.66	\$3.70	\$2.39	\$3.25	\$3.73	\$2.42	\$2.53
OCT	\$2.35	\$4.19	\$1.05	\$1.20	\$4.01	\$4.42	\$9.87	\$2.66	\$1.11	\$3.41	\$3.36	\$3.39	\$3.56	\$2.72	\$3.29	\$3.65	\$2.36	
NOV	\$2.83	\$4.31	\$2.54	\$2.96	\$3.87	\$6.98	\$10.75	\$5.99	\$3.61	\$2.78	\$4.32	\$2.88	\$3.41	\$3.35	\$3.54	\$3.37	\$1.94	
DEC	\$2.04	\$5.95	\$2.13	\$3.33	\$4.44	\$6.20	\$8.61	\$5.63	\$6.02	\$4.63	\$4.20	\$3.99	\$3.33	\$3.54	\$3.58	\$4.33	\$2.15	
Aver.	\$2.01	\$3.37	\$3.50	\$1.97	\$4.04	\$5.17	\$6.95	\$5.63	\$3.97	\$6.24	\$3.07	\$3.92	\$3.79	\$2.58	\$3.45	\$4.17	\$2.44	