



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1617-87

File ID: K-1617-87

Type: Contract

Status: ATS Review

Version: 1

Reference: Item 12

In Control: City Council

Department: Utilities Department

Cost:

File Created: 01/09/2017

File Name: Contract for Third Party Gas

Final Action:

Title: CONSIDERATION OF AWARDING OF BID 1617-21 AND APPROVAL OF CONTRACT K-1617-87 BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, NORMAN UTILITIES AUTHORITY, NORMAN MUNICIPAL AUTHORITY AND CONSTELLATION NEWENERGY - GAS DIVISION, L.L.C., AT THE LATEST SWING PRICE AS DETERMINED BY THE ONEOK GAS TRANSMISSION (OGT) INDEX FOR PURCHASE OF THIRD PARTY GAS FOR THE CITY OF NORMAN.

Notes: ACTION NEEDED: Acting as the City Council, Norman Utilities Authority, and Norman Municipal Authority, motion to accept or reject all bids meeting specifications; and, if accepted, award the bid to Constellation NewEnergy - Gas Division, L.L.C., as the lowest and best bidder meeting specifications; approve Contract K-1617-87; and authorize the execution thereof.

ACTION TAKEN: _____

Agenda Date: 01/24/2017

Agenda Number: 12

Attachments: Natural Gas Supply Tab, K-1617-87

Project Manager: Steve Hardeman, WRF

Entered by: kseeds@normanok.gov

Effective Date:

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File K-1617-87

Body

BACKGROUND: In a continuing effort to reduce costs, several years ago, the City of Norman researched the possibility of purchasing gas through a third party gas contract. After much investigation a request for proposal was distributed, proposals were received and Contract K-0304-85 was signed with Clearwater Enterprises. After many successful years supplying the natural gas needs for the formerly known Wastewater Treatment Facility the contract was expanded in 2007 to include several other significant gas users of the City. Fleet Management, Water Reclamation and other City of Norman users are currently on the same contract.

DISCUSSION: On September 21st, 2016 request of bids were sent out to all approved third party natural gas vendors listed on the Oklahoma Natural Gas website. Bids prices were provided based on Fixed Price (tied to the New York Mercantile Exchange index), and Swing Price (tied to the Oneok Gas Transmission index). Bids

were opened on October 13th in which Constellation NewEnergy - Gas Division, LLC was the winning lowest bidder for all bid options. Under the contract, gas price we pay will be tied to the Oneoak Gas Transmission ("OGT") Index. This index provides pricing for natural gas in Oklahoma. The contract also contains a provision that allows for an alternative pricing mechanism based on the New York Mercantile Exchange (NYMEX). If a fixed price becomes advantageous at any point during the contract period, the parties can negotiate for a fixed price instead of a price that will vary month to month with the markets.

If approved, Contract K-1617-87 is for one year with the option to renew for two additional years.

RECOMMENDATION: Staff is requesting approval of Contract K-1617-87 allowing the City of Norman, the Norman Utilities Authority, and the Norman Municipal Authority to purchase Third Party Natural Gas from Constellation NewEnergy - Gas Division, L.L.C., at the swing price as determined by the OGT Index.