



# City of Grand Island

Tuesday, June 28, 2016

Council Session

## Item G-10

**#2016-153 - Approving 2016 Coal Purchase Carryover with Cloud Peak Energy**

Staff Contact: Tim Luchsinger, Stacy Nonhof

# **Council Agenda Memo**

**From:** Timothy G. Luchsinger, Utilities Director  
Stacey Nonhof, Assistant City Attorney

**Meeting Date:** June 28, 2016

**Subject:** 2016 Coal Purchase Carryover

**Presenter(s):** Timothy G. Luchsinger, Utilities Director

## **Background**

On April 28, 2015 the City of Grand Island entered into a contract to purchase 375,000 tons of coal for 2016 for the Platte Generating Station. This year with the abundant supply of natural gas and the amount of wind generation the market price of power fell below what could be produced at the Platte Generating Station. To account for the extended time Platte Generating Station did not run, the contract for the coal supply needed to be extended into 2017.

## **Discussion**

Utility staff contacted Cloud Peak Energy to extend the contract from December 31, 2016 to January 31, 2017 to allow the carryover of two trainloads of coal. The carryover will allow for the flexibility of purchasing power when it is more economical than running Platte Generating Station.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

## **Recommendation**

City Administration recommends that the Council approve the Coal Supply Contract date extension from December 31, 2016 to January 31, 2017 Cloud Peak Energy's Cordero Rojo Mine.

## **Sample Motion**

Move to approve the Coal Supply Contract date extension from December 31, 2016 to January 31, 2017 Cloud Peak Energy's Cordero Rojo Mine.

RESOLUTION 2016-153

WHEREAS, on April 28, 2015 the City of Grand Island entered into a contract with Cloud Peak Energy to purchase 375,000 tons of coal for 2016 for the Platte Generating Station; and

WHEREAS, during 2016 there has been an abundant supply of natural gas and wind generation and the market price of power fell below the cost to produce power at the Platte Generating Station; and

WHEREAS, to account for the extended time Platte Generating Station did not run, the contract for the coal supply needed to be extended into 2017; and

WHEREAS, Utility staff contacted Cloud Peak Energy to extend the contract from December 31, 2016 to January 31, 2017 to allow the carryover of two trainloads of coal and the carryover will allow for the flexibility of purchasing power when it is more economical than running Platte Generating Station.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the coal contract with Cloud Peak Energy is hereby extended to January 31, 2017.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 28, 2016.

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Jeremy L. Jensen, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form	☐ _____
June 24, 2016	☐ City Attorney