



# City of Grand Island

Tuesday, July 12, 2022

Council Session

## Item G-7

**#2022-171 - Approving 2023-2025 Coal Purchase**

Staff Contact: Tim Luchsinger, Stacy Nonhof

# Council Agenda Memo

**From:** Timothy G. Luchsinger, Utilities Director  
Stacy Nonhof, Interim City Attorney

**Meeting Date:** July 12, 2022

**Subject:** Approving 2023-2025 Coal Purchase

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

## Background

On June 12, 2012, per Resolution 2012-143, the City of Grand Island entered into an agreement with Western Fuels Association for soliciting the purchase of coal for the Platte Generating Station. This agreement provides for Western Fuels to obtain pricing of coal for the Platte Generating Station as part of their larger coal solicitations for their members. Western Fuels recently went out for bids that included the purchase of all coal requirements for Platte Generating Station that is needed for 2023 through 2025.

Bids were evaluated on heat content of the bid coal, total delivered price including freight cost, and value of the sulfur and mineral content of the bid coal:

Heat Content – the heat content of Powder River Basin Coals can vary as much as 15%.

Freight Costs – are included in the evaluation to determine a total delivered cost at Platte Generating Station.

Sulfur Content – in order to operate a coal fired power plant, environmental regulations require a plant to hold “Emissions Allowances” for regulated sulfur emissions. The allowances are regularly bought and sold by utilities as economic conditions warrant. EPA administers the markets. The price of controlling sulfur dioxides in the burning of coal is a factor in the evaluation.

Mercury Content – to meet the Mercury Air Toxic emissions regulations, Platte Generating Station uses powder activated carbon to remove mercury from the flue gas. The cost to control mercury in the burning of coal is a factor in the evaluation.

Minerals – Coal contains trace minerals that effect the ash properties when burning coal. Some minerals require more cleaning of the boiler increasing maintenance cost. The cost of maintenance in the burning of coal is a factor in the evaluation.

## **Discussion**

Western Fuels has provided the separately attached confidential analysis of the bids received. The Utilities Department concurs with the Western Fuels Association recommendation that the 2023-25 Coal Supply Contract be awarded to the low compliant bidder, Peabody Coal Sales, Caballo Mine.

## **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 for 2023 -2025 with Peabody Coal Sales, Caballo Mine.

## **Sample Motion**

Move to approve the Coal Supply Contract for 2023 - 2025 with Peabody Coal Sales, Caballo Mine.

RESOLUTION 2022-171

WHEREAS, per Resolution 2012-143, the City of Grand Island entered into an agreement with Wester Fuels Association for soliciting the purchase of coal for the Platte Generating Station; and

WHEREAS, Western Fuels Association reviewed and evaluated the bids for compliance with the specifications and for delivered cost; and

WHEREAS, Peabody Coal Sales from the Caballo Mine, submitted bids in accordance with the terms of the advertisement of bids and the contract specifications and all other statutory requirements contained therein.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of Peabody Coal Sales from the Caballo Mine, is approved as the lowest responsive bid submitted and that the Mayor is hereby authorized and directed to execute such contract on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, July 12, 2022.

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Roger G. Steele, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form    ☒ \_\_\_\_\_  
July 11, 2022            ☒ City Attorney