



City of Grand Island

Tuesday, January 22, 2002

Council Session

Item G9

#2002-15 - Approving Gas Facilities Agreement with Kinder Morgan

The natural gas supply for the Burdick Station Power Plant is from the regional gas transmission pipeline system. That transmission system is owned by Kinder Morgan Interstate Gas Transmission L.L.C. (KM), and is the only source of high-pressure transmission gas supply in the Grand Island area. The addition of generating units requires that the natural gas supply facilities at Burdick be modified. Utilities Staff and our consultants, Sargent and Lundy, have discussed and evaluated this matter with Kinder Morgan.

At present, there are three separate gas metering and regulating stations at the plant. All existing piping and equipment is owned by KM. The stations were built over time as generating units were added. KM proposed two approaches to modifying the existing system.

1) Add a fourth gas regulating and metering station for the new units at an estimated price of \$350,000.

KM would own the new station, as it owns the existing stations.

2) Build a new Master Metering Station (MMS), without regulation function, at the plant boundary and at

an estimated cost of \$250,000 and turn the existing on-site piping and regulating stations over to

the City for \$10.00.

The Utilities Department recommends that the City take ownership of the site facilities as proposed in option two.

The regulation function for the new CT's was incorporated into the Fuel Gas Conditioning System Contract for \$30,566. That contract was awarded in September 2001.

Additionally, City ownership of the on-site gas piping reduces the complexity of providing connection to a second transmission line in the future if the City would opt to do so. There is a large, high-pressure line in the region, just south of Hastings.

The Facilities Interconnection Agreement has been reviewed by the Legal Department.

It is the recommendation of the Utilities Department that the Facilities Interconnection Agreement with Kinder Morgan be approved with the expenditure of an estimated \$245,010

for the new MMS and purchase of the on-site KM facilities, from Electric Fund 520 project bond proceeds. See attached RESOLUTION.

Staff Contact: Gary R. Mader

RESOLUTION 2002-15

WHEREAS, the natural gas supply for the Burdick Station Power Plant is from the regional gas transmission pipeline system which is owned by Kinder Morgan Interstate Gas Transmission LLC; and

WHEREAS, in conjunction with the installation of additional generating units at Burdick Station, modifications to the natural gas supply facilities will be required; and

WHEREAS, after discussions between Utilities staff, project consultants, Sargent & Lundy, and Kinder Morgan, it was recommended that a new Master Metering System at the Burdick Station Power Plant boundary be built at an estimated cost of \$250,000, with the City purchasing the existing on-site piping and regulating stations for an additional \$10.00; and

WHEREAS, it is necessary to enter into a Facilities Interconnection Agreement to proceed with such project; and

WHEREAS, the proposed Facilities Interconnection Agreement has been reviewed and approved by the City Attorney's office.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that it is hereby approved to build a Master Metering Station at the Burdick Station Power Plant boundary at an estimated cost of \$250,000, with the existing on-site piping and regulating stations to be turned over to the City for \$10.00 in accordance with the Facilities Interconnection Agreement.

BE IT FURTHER RESOLVED, that the Facilities Interconnection Agreement by and between the City and Kinder Morgan Interstate Gas Transmission LLC, a Colorado limited liability company, is hereby approved; and the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska on January 22, 2002.

RaNae Edwards, City Clerk

Approved as to Form	□	_____
January 17, 2002	□	City Attorney