



City of Grand Island

Tuesday, November 24, 2009

Council Session

Item G5

**#2009-298 - Approving Natural Gas Sales Agreement with
Northwestern Energy for the Wastewater Treatment Plant**

Staff Contact: Steven P. Riehle, Public Works Director

Council Agenda Memo

From: Steven P. Riehle, Public Works Director

Meeting: November 24, 2009

Subject: Approving Natural Gas Sales Agreement with
Northwestern Energy for the Wastewater Treatment Plant

Item #'s: G-5

Presenter(s): Steven P. Riehle, Public Works Director

Background

The City of Grand Island's Wastewater Treatment Plant is served by Northwestern Energy for natural gas.

Northwestern Representatives indicate that the City's Wastewater Treatment Plant is an existing gas customer that entered into an agreement for interruptible natural gas service quite some time ago (probably in the 1980's). The current rates paid by the Wastewater Division are interruptible rates that significantly reduce the cost to purchase natural gas.

Discussion

Northwestern Energy is requesting that the City's Wastewater Treatment Plant sign a new natural gas sales agreement. The agreement with Northwestern is appropriate, as they maintain the natural gas franchise for the City. To summarize, this agreement states that the Wastewater Treatment Plant agrees to retain Northwestern Energy as the natural gas supplier for at least five (5) years and that the plant will not go over 810 therms/day during a curtailment period. There haven't been any curtailments issued in over 10 years. The 810 therms/day allocated to the Wastewater Treatment Plant is adequate to keep the offices warm and equipment buildings above freezing. The forecast for available natural gas is also stable for the future.

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 signing of the agreement, by the Mayor, with Northwestern Energy to provide natural gas for at least five (5) years to the Wastewater Treatment Plant.

Sample Motion

Move to approve the Mayor signing the agreement with Northwestern Energy.

NorthWesternTM Energy

NorthWestern Corporation
d/b/a NorthWestern Energy
P.O. Box 1318
Huron, SD 57350-1318
Telephone: (800) 245-6977
Facsimile: (605) 353-7514
www.northwesternenergy.com

October 14, 2009

WASTEWATER TREATMENT PLANT
PO BOX 1968
GRAND ISLAND NE 68802-1968

Dear Customer

As winter approaches, NorthWestern Energy is updating its interruptible customer information list. According to the company's records, you are served under rate 94E, extended service. Extended Service is defined as service contracted for a period of 5 years or more. In signing the attached agreement, you are agreeing to retain NorthWestern as your natural gas service provider for at least 5 years.

Rate 94E is a contract demand rate. This means that NorthWestern may contact you and require that you limit – or curtail -- your natural gas consumption to no more than your contract demand for a short time period. These requests may be in response to situations such as pipeline constraints or supply interruptions during times of extreme cold weather. Please note, that it has been more than 10 years since NorthWestern has requested curtailment.

If you use a standby or alternate fuel system, this is a good time to make certain that your optional system is in good running order. If your operations have changed and your natural gas contract demand amount needs to be updated, please contact one of the names at the bottom of the letter. NorthWestern Energy will work with you to make the necessary changes to your account.

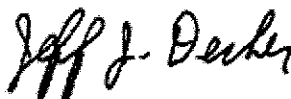
In the event of a service curtailment, NorthWestern will need contact information for your company. Please provide us with the name and phone number of the first and second contact representatives of your company. Note also that during a curtailment, customers may incur substantial penalties for using more natural gas than their contract demand amount. We ask that you have the contact personnel and procedures in place to assist us in the event of a future curtailment.

Please sign and date the enclosed agreement and complete the contact information. Return both items in the postage paid envelope provided. If you have any questions, please contact Jeff Decker or me at the numbers listed below.

Sincerely yours,



Clyde Gross
Manager-Gas Management Services
1-800-347-2991, extension 8203



Jeff Decker
Manager-Financial Services
1-800-347-2991, extension 8315

Enclosures (2)

NORTHWESTERN ENERGY
NATURAL GAS SALES AGREEMENT

CUSTOMER NAME: WASTEWATER TREATMENT PLANT

ADDRESS: S OF KUESTER LAKE, GRAND ISLAND, NE

NorthWestern agrees to deliver and sell natural gas to the Customer, and the Customer agrees to receive and purchase natural gas from NorthWestern according to the following terms:

- (1) The provisions of NorthWestern's Rate No. **94E** and General Terms and Conditions, as approved by the appropriate regulatory authority. A copy of these tariff sheets may be obtained from NorthWestern.
- (2) Customer's firm natural gas requirements are **810**, therms/day. All natural gas delivered by NorthWestern to Customer in excess of such firm gas is interruptible gas. Such interruptible gas shall not be used during periods for which notice of curtailment has been given. Use of unauthorized gas during curtailment is subject to application of appropriate penalty provisions.
- (3) The terms of this Agreement shall be five years, beginning this date, and shall continue for additional one-year terms beyond such initial term unless 90 days' written notice is provided by either party.

Dated this _____ day of _____, 20_____.

CUSTOMER

NORTHWESTERN ENERGY

By _____

By _____

Title _____

Title _____

Account No. **225867-1**

**NorthWestern Energy
Natural Gas Interruption
Contact Information - 2009**

Account Name: WASTEWATER TREATMENT PLANT

Account Number: 225867-1

Contact Person (Please print)

Direct Phone Number

Cell Phone Number

1. John Henderson

308-385-5430

308-390-0603

2. Steve Riehle

308-385-5444, xt. 260

308-379-9236

3. _____

4. _____

RESOLUTION 2009-298

WHEREAS, the City of Grand Island's Wastewater Treatment Plant receives natural gas from Northwestern Energy; and

WHEREAS, Northwestern Energy has requested an agreement be signed stating the City will retain Northwestern Energy as the natural gas provider for at least five (5) years; and

WHEREAS, as Northwestern Energy is the only option for supplying natural gas, it is recommended the agreement be entered into; and

WHEREAS, the agreement provided by Northwestern Energy 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 the Natural Gas Sales Agreement between the City of Grand Island and Northwestern Energy 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, November 24, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk