



SCHOOL DISTRICT 69 • SKOKIE / MORTON GROVE

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Date: May 17, 2016

From: Justin Attaway, Business Manager/CSBO

Re: Natural Gas Request for Proposal #1603

Description

A Request for Proposal was published in the Pioneer Press Skokie Review on April 21, 2016, posted on the District website, and mailed to five vendors. A total of four responses were received by the due date of May 6, 2016.

Analysis

Skokie School District 69 has historically been a member of and purchased natural gas through the Intergovernmental Utilities Purchasing Cooperative (IUPC). At the Board meeting on December 15, 2015, the Board of Education authorized the withdrawal from the cooperative to seek more competitive options.

A Request for Proposal was issued seeking a two-year contract with a natural gas supplier that will remain in effect from April 2017 through March 2019. Suppliers were asked to quote four different scenarios: a NYMEX index if the supplier managed gas storage; a NYMEX index if the District managed gas storage; a fixed price if the supplier managed gas storage; and a fixed price if the District managed gas storage. Four suppliers submitted quotes to the District: Constellation, Warrenville, Illinois; Vanguard Energy Services, Naperville, Illinois; Mansfield Power and Gas, Gainesville, Georgia; and CenterPoint Energy, Downers Grove, Illinois.

The two-year cost estimates (based on average annual use of 106,005 therms) are as follows:

Constellation, Warrenville, Illinois

Supplier Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	0.00217
Total per Therm	0.20617
Estimated Cost Over 2 Years	\$43,710.10

Fixed Price	0.32156
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$68,173.94

District Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	0.01416
Total per Therm	0.21816
Estimated Cost Over 2 Years	\$46,252.10

Fixed Price	0.32138
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$68,135.77

Vanguard Energy Services, Naperville, Illinois

Supplier Owns Storage Gas

NYMEX per Therm	0.3140
Quoted Basis	-0.009
Total per Therm	0.305
Estimated Cost Over 2 Years	\$64,663.05

Fixed Price	0.305
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$64,663.05

District Owns Storage Gas

NYMEX per Therm	0.3010
Quoted Basis	0.006
Total per Therm	0.307
Estimated Cost Over 2 Years	\$65,087.07

Fixed Price	0.307
Additional Fees	\$720.00
Estimated Cost Over 2 Years	\$65,807.07

Mansfield Power and Oil, Gainesville, Georgia

Supplier Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	0.0109
Total per Therm	0.2149
Estimated Cost Over 2 Years	\$45,560.95

Fixed Price	0.3133
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$66,422.73

District Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	0.0319
Total per Therm	0.2359
Estimated Cost Over 2 Years	\$50,013.16

Fixed Price	0.3343
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$70,874.94

CenterPoint Energy, Downers Grove, Illinois

Supplier Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	-0.0232
Total per Therm	0.1808
Estimated Cost Over 2 Years	\$38,331.41

Fixed Price	0.307
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$65,087.07

District Owns Storage Gas

NYMEX per Therm	0.2040
Quoted Basis	0.005
Total per Therm	0.209
Estimated Cost Over 2 Years	\$44,310.09

Fixed Price	0.309
Additional Fees	\$0.00
Estimated Cost Over 2 Years	\$65,511.09

Recommendation

It is recommended that the Board of Education award the Natural Gas Bid to CenterPoint Energy, Downers Grove, Illinois, based on being the lowest responsible bidder. District administration is recommending a fixed price with the District owning and managing gas storage. This option provides the Board with the lowest exposure to pricing swings due to market volatility and above-average natural gas usage.

As of May 6, 2016, the estimated value of the award is \$65,511.09 over a two-year period, or \$32,755.55 per year. This represents a 17.5% decrease from the current natural gas contract.

Due to current volatility in the market, CenterPoint Energy is unable to hold this pricing from the due date of the RFP through the Board meeting. Therefore, it is recommended that the Board of Education authorize the Business Manager to enter into a two-year agreement with CenterPoint Energy when market conditions and pricing are favorable for the District.

Bid Documents are on file in the business office for review.