

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: Natural Gas Supply Agreement between CenterPoint Energy Services, Inc. and the City of Houston

Category #

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Agenda Item#

FROM: (Department or other point of origin):
Finance Department

Origination Date

Agenda Date
May 11, 2016

DIRECTOR'S SIGNATURE:

Kelly Dowe, Finance Director/ Chief Business Officer

Council Districts affected:
All

For additional information contact:

Tantri Emo, Deputy Director Phone: 832-393-9076
Stephanie Emmers 832-393-8082

Date and identification of prior authorizing Council Action:

January 8, 2013, Ordinance #2013-17

RECOMMENDATION: (Summary)

That City Council approves an ordinance to increase the maximum contract amount from \$19,000,000.00 to \$29,000,000.00 for the contract between the City of Houston and CenterPoint Energy Services, Inc. to provide natural gas supply.

Amount of Funding: \$10,000,000.00
Central Service Revolving Fund (1002)
Maximum contract amount of \$29,000,000.00

Finance Department Budget:

SOURCE OF FUNDING: ☐ General Fund ☐ Grant Fund ☐ Enterprise Fund
☒ Other – Central Service Revolving Fund (Fund 1002)

SPECIFIC EXPLANATION:

The Finance Department recommends that City Council approve an ordinance to increase the maximum contract amount from \$19,000,000.00 to \$29,000,000.00 for the contract between the City of Houston and CenterPoint Energy Services, Inc. to provide citywide natural gas supply.

The contract was awarded January 9, 2013 by Ordinance No. 2013-17 for a three year term with two one-year options with an initial maximum contract amount of \$19,000,000.00 representing an estimate for the first three years i.e from 2013-2015 (averaged at \$4.09 per MMBtu).

On September 18, 2015, the Finance Department exercised the first one-year option. On April 29, 2016, the Finance Department exercised the second one-year option. The term now ends on January 15, 2018.

Expenditures as of April 14, 2016 totaled \$18,996,869. The cost of natural gas is currently budgeted at \$6.2 million (based on \$2.70 per MMBtu) in FY2017 for the period July 1, 2016 to June 30, 2017. The anticipated cost from July 1, 2017 to January 31, 2018 is approximately \$3.8 million – for an additional total cost of \$10 million for the balance of the term ending January 15, 2018.

It is recommended to approve increasing the maximum contract amount as stated above to ensure that the vendor continues to provide this vital service and represents an estimate for both one-year options.

cc. Ronald Lewis, City Attorney
Marta Crinejo, Agenda Director

Date
April 20, 2016

Subject Natural Gas Supply Agreement between CenterPoint Energy Services, Inc. and the City of Houston

Originator's Initials

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