

## SUMMARY OF RESOLUTION

Authorization to Enter into Agreements with Hess Corporation, Compass Energy, and EQT Energy, LLC d/b/a Equitable Energy for the Purchase of Natural Gas

Port Authority of Allegheny County (Authority) spends approximately \$2.9 million annually on the purchase of natural gas. Pennsylvania permits the purchase of natural gas from either local utilities or private suppliers. In some situations, it is less expensive to purchase natural gas from a local utility; however, there are circumstances when purchasing from a private supplier could result in significant savings to the Authority.

The purchase of natural gas differs from most other purchases due to the volatility of the marketplace. For example, a supplier can only hold its price for a period of a couple of hours, making it impossible for the Authority to, through an agreement, lock in a long-term price.

In order to determine which firms may be interested in providing natural gas to the Authority, a public notice was issued and all known suppliers were contacted. Three firms submitted proposals and all three firms were determined to be capable of providing natural gas.

Negotiations were initiated on agreements. This resolution requests authorization to enter into these agreements, for up to a five-year period, and to lock in pricing at a later time when it is most advantageous to the Authority. The Authority will also maintain the ability to qualify additional interested suppliers throughout the duration of the five-year term. Additional suppliers will not be afforded a contracting opportunity exceeding the original five-year qualification term.

Accordingly, this resolution seeks permission to enter into agreements with several suppliers, in a form acceptable to counsel, without specific pricing. The agreements would outline the terms and conditions, and identify the process for locking in a price at a later date. At a point in time when pricing appears to be attractive, the Authority staff would be authorized to seek and receive quotes from the suppliers under agreements and lock in a price within two hours following receipt.

## RESOLUTION

**WHEREAS**, Port Authority of Allegheny County (Authority) uses approximately 165,000 Dth of natural gas annually in its day-to-day operations; and

**WHEREAS**, Pennsylvania permits natural gas customers to purchase natural gas from either a public utility or a private supplier; and

**WHEREAS**, the purchase of natural gas from a private supplier may result in a savings to the Authority depending on market prices at any given time; and

**WHEREAS**, in order to secure private suppliers, the Authority requested proposals from firms interested in providing natural gas to the Authority; and

**WHEREAS**, three proposals were received from Hess Corporation, Compass Energy and EQT Energy, LLC d/b/a Equitable Energy (Suppliers), all of which have been determined to be qualified to meet the natural gas requirements of the Authority; and

**WHEREAS**, negotiations are underway with Suppliers in an effort to come to an agreement, subject to approval by counsel, on the terms and conditions for supplying natural gas; and

**WHEREAS**, these agreements will include all necessary terms and conditions for providing natural gas, exclusive of pricing. Additionally, the Authority will have the ability to qualify additional interested suppliers throughout the authorized period of the agreements (not to exceed the five-year period); and

**WHEREAS**, the natural gas marketplace is very volatile and suppliers can only hold prices firm for a few hours; and

**WHEREAS**, the Authority wishes to have the flexibility to purchase natural gas from Suppliers based on the lowest price solicited and received from Suppliers.

**NOW, THEREFORE BE IT RESOLVED**, that the chief executive officer and/or chief financial officer be, and they hereby are, authorized to enter into agreements with Suppliers, in a form acceptable to counsel, for a five-year term and, following execution of the agreements, to request quotes from Suppliers to provide natural gas at times favorable to the Authority, to lock in the lowest price received from Suppliers if the prices are determined to be in the Authority's best interest, and as needed, to purchase natural gas from Suppliers.