



Purchasing Department  
Finance Group

November 1, 2016

<b>REQUEST FOR SUPPLY OF NATURAL GAS</b>		
<b>RFP NUMBER</b>	<b>3713</b>	<b>Document length - 17 pages</b>
<b>DEADLINE</b>	<b>2:00 PM</b>	<b>November 23, 2016</b>

Dear Sir/Madam:

The attached request for proposals is for the solicitation of submissions from interested suppliers of Natural Gas to fulfill the City of Norwalk's consumption requirements (approx. 700,000 ccf )

TERM OF AGREEMENT: Up to FIVE and a HALF (5 1/2) years covering January 1, 2017 through December 31, 2021 with terms reviewed on a yearly basis. Alternate contract lengths may be proposed if they afford the City more competitive pricing arrangements. Additionally, supplement agreements may be renewed up to a total of four (4) additional two (2) year terms without re-bidding.

**RFP DOCUMENTS** are available upon receipt of this invitation (if not attached) over the Internet at <http://www.norwalkct.org/bids.aspx>. Adobe Acrobat reader is required to view this document. If you do not have this software you may download it for free from Adobe.

All questions must be submitted in writing to Benjamin Luce, Purchasing Agent, via e-mail to [bluce@norwalkct.org](mailto:bluce@norwalkct.org) or via fax 203.854.7817. The deadline for the submission of questions for this solicitation is 2:00PM, November 17, 2016.

Businesses without fax or Internet access equipment may contact the Purchasing Department at 203-854-7712 for any RFP information.

We would appreciate the courtesy of promptly advising us if you do not intend to respond. To properly maintain our records those firms who do not respond may be removed from our vendor records. If, after review of the bid documents, your firm is interested in performing the services specified, provide the information requested, sign and return the complete document, along with your detailed proposal, to the City of Norwalk Purchasing Department by the due date.

Sincerely,

Benjamin Luce  
Purchasing Agent  
City of Norwalk  
Phone (203) 854-7712  
Fax # (203) 854-7817  
E-Mail – [gfoley@norwalkct.org](mailto:gfoley@norwalkct.org)

## SECTION 1 - RESPONSE FORMS

### SPECIAL NOTES ON RESPONDING

**ADDENDA** information is available over the Internet at <http://www.norwalkct.org/bids.aspx>. Adobe Acrobat reader is required to view this document. If you do not have this software you may download it for free from Adobe. We strongly suggest that you check for any addenda a minimum of forty-eight (48) hours in advance of the proposal deadline.

**SUMMARIES** will be available any time after 5:00 PM on the day of the proposal opening over the Internet at <http://www.norwalkct.org/bids.aspx>. Proposal results will not be provided over the phone.

**AWARD NOTIFICATION** will be issued by mail.

**BUSINESSES WITHOUT FAX EQUIPMENT** or Internet access may contact the Purchasing Department at 203-854-7712 for this information.

### **BID RESPONSES are to be delivered to:**

City of Norwalk  
Purchasing Department, Room 103  
125 East Avenue  
P.O. Box 5125  
Norwalk, CT 06856-5125

All submissions must be labeled “*Sealed Submission for Project, #3713, Supply of Natural Gas, and indicate the submission deadline [time & date] that is listed on the invitation.*”

**1.1 RESPONSE FORM 3713 – Natural Gas**  
**[page 1 of 2]**

<b>Vendor Name -</b>		
<b>Address -</b>		
<b>Phone -</b>	<b>Fax -</b>	<b>Email -</b>
<b>Manager -</b>		<b>Fed ID#</b>

The undersigned hereby declares that he/she or they are thoroughly familiar with the specifications, the various sites, the City's requirements, and the objectives for each element of the project item or service and understands that in signing this proposal all right to plead any misunderstanding regarding the same is waived.

The undersigned further understands and agrees that he will furnish and provide all the necessary material, machinery, implements, tools, labor, services, and other items of whatever nature, and to do and perform all the work necessary under the aforesaid conditions, to carry out the contract and to accept in full compensation therefore the amount of the contract as agreed to by the Contractor and the City.

The Purchasing Agent may extend the bid opening if it appears to be in the City's best interest to do so. If there is a decision to extend it will most likely occur three days prior to the bid due date.

**A. Proposed Fees - Combined Award – Both City & Board of Education Locations**

	<b>INITIAL TERMS</b>	<b>MARKUP</b>	<b>INDICATIVE BASIS*</b>	<b>INDICATIVE NYMEX*</b>	<b>TOTAL COMMODITY PRICE</b>
<b>1.</b>	<b>1/1/2017 thru 6/30/2018</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf.</b>	<b>. \$ _____/ccf</b>
<b>2.</b>	<b>7/1/2018 thru 6/30/2019</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf.</b>	<b>. \$ _____/ccf</b>
<b>3.</b>	<b>7/1/2019 thru 6/30/2020</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf.</b>	<b>. \$ _____/ccf</b>
<b>4.</b>	<b>7/1/2020 thru 6/30/2021</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf.</b>	<b>. \$ _____/ccf</b>
<b>5.</b>	<b>7/1/2021 thru 6/30/2022</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf</b>	<b>\$ _____/ccf.</b>	<b>. \$ _____/ccf</b>

\*Respondents are reminded to include documentation, with their submission, that supports the monthly weights utilized in the above figures

<b>Submitted by -</b>	<b>-</b>
<b>Authorized Agent of Company (name and title)</b>	<b>Date</b>

The above signatory acknowledges receipt of the following addenda issued during the bidding period and understands that they are a part of the bidding documents (if applicable):

Addendum #		Dated		Addendum #		Dated	
Addendum #		Dated		Addendum #		Dated	

- Continued Next page -

<b>Vendor Name -</b>
----------------------

**B. Proposed Fees - City Locations Only**

	INITIAL TERMS	MARKUP	INDICATIVE BASIS*	INDICATIVE NYMEX*	TOTAL COMMODITY PRICE
1.	1/1/2017 thru 6/30/2018	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
2.	7/1/2018 thru 6/30/2019	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
3.	7/1/2019 thru 6/30/2020	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
4.	7/1/2020 thru 6/30/2021	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
5.	7/1/2021 thru 6/30/2022	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf

\*Respondents are reminded to include documentation, with their submission, that supports the monthly weights utilized in the above figures.

**C. Proposed Fees - Board of Education Locations Only**

	INITIAL TERMS	MARKUP	INDICATIVE BASIS*	INDICATIVE NYMEX*	TOTAL COMMODITY PRICE
1.	1/1/2017 thru 6/30/2018	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
2.	7/1/2018 thru 6/30/2019	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
3.	7/1/2019 thru 6/30/2020	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
4.	7/1/2020 thru 6/30/2021	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf
5.	7/1/2021 thru 6/30/2022	\$ _____/ccf	\$ _____/ccf	\$ _____/ccf.	\$ _____/ccf

\*Respondents are reminded to include documentation, with their submission, that supports the monthly weights utilized in the above figures.

**D. Deduct Payment Agent Services from the scope of required services:**

1.	1/1/2017 thru 6/30/2018	\$ _____/ccf		4.	7/1/2020 thru 6/30/2021	\$ _____/ccf
2.	7/1/2018 thru 6/30/2019	\$ _____/ccf		5.	7/1/2021 thru 6/30/2022	\$ _____/ccf
3.	7/1/2019 thru 6/30/2020	\$ _____/ccf				

<b>Submitted by -</b>	-
<b>Authorized Agent of Company (name and title)</b>	<b>Date</b>

The above signatory acknowledges receipt of the following addenda issued during the bidding period and understands that they are a part of the bidding documents (if applicable):

Addendum #		Dated		Addendum #		Dated	
Addendum #		Dated		Addendum #		Dated	

## **SECTION 2.0 SCOPE OF SERVICES**

### **2.1 INTENT:**

The intent of this Request for Proposal and resulting contract is to obtain proposals from qualified Energy Service Providers (ESP) currently engaged in the natural gas transportation business in Connecticut to provide natural gas service at the lowest possible cost with the highest level of reliability, service and safety. Proposals will be accepted from qualified, licensed, natural gas producers, brokers, or marketers for firm natural gas supplies for the various facilities included under this effort.

The initial terms have been set up to match the City's fiscal year budget time frame of June through July.

#### **2.1.1 Background Information**

The City of Norwalk, Connecticut has a population of approximately 85,000, including fourteen (14) major municipal buildings, two (2) libraries and nineteen (19) school buildings, a sewage treatment plant and additional facilities including police, fire, public works and park facilities.

### **2.2 SCOPE OF WORK:**

2.2.1 The ESP shall act as agent. Responsibilities include obtaining gas supplies, nominating receipts and deliveries, managing imbalances and prior period adjustments, paying all costs of gas supplies, and transportation and payments of gas through the LDC's lines (see 2.2.5) to delivery points agreed to by both parties.

2.2.2 The ESP shall be responsible to supply gas to all existing meters. In addition, the Contractor is to review and evaluate a list of all facilities to determine which facilities have enough natural gas usage, as determined by the Contractor, to warrant purchase of natural gas.

2.2.3 The ESP is to make recommendations regarding the use of BTU contracts, conversion from gas to oil and oil to gas.

2.2.4 The ESP will be responsible for reviewing meter locations for the purpose of consolidating metering where possible in order to reduce multiple meter fees.

2.2.5 **The ESP is to act as payment agent for the LDC, providing a consolidated, customized bill.** There is to be a single bill for each meter covering total charges through the meter. The history associated with these bills is to be made available to the City in any popular electronic spreadsheet format (e.g. Excel, etc.) when requested.

### **2.3 PRICING:**

Pricing for the City shall be quoted in accordance with the following **three-part** structure: **ALL-INCLUSIVE MARKUP, INDICATIVE BASIS AND INDICATIVE NYMEX**. A quote in each of the categories will be required for each LDC service territory, to be applied equally to all accounts located therein. See the Cost Proposal Pricing Response Form for further information. Any resulting contractual prices shall be the **SUM** of the all-inclusive fixed **MARKUP, locked-in BASIS and NYMEX** prices, the total of which shall be considered the prevailing **COMMODITY** price.

**\*\*\*All prices offered must be stated in \$ per ccf to receive consideration.\*\*\***

## MARKUP

Presented below is a listing of all acceptable MARKUP inclusions. All other add-ons, fees or surcharges of any kind will not be recognized as part of the marketer's binding cost proposal.

The **MARKUP** offered must:

1. be fixed for the contract period(s) outlined on the pricing response form;
2. assume full natural gas requirements, firm delivery, as measured at the customer meter ("burner tip volumes");
3. include the company's profit margin;
4. cover consolidated (i.e. combining the LDC bill with the marketer's bill) and any requested summary billing services;
5. be based on the total estimated account volumes presented in Addendum #1 (forthcoming) per LDC;
6. include all applicable taxes, including the State of Connecticut's Gross Receipts Tax associated with this component. Note that since municipalities and participating agencies are generally exempt from sales and excise taxes, said taxes should not be included as part of any price quote submitted; and be held for a period of sixty (60) days from the proposal due date.

Said **MARKUP** will be added to the **BASIS** and **NYMEX** components that shall be periodically "refreshed" at the request of the City and subsequently "locked in" by and between the City and the awarded vendor at a future date.

## BASIS AND NYMEX

For the purposes of evaluating competing cost proposals, respondents are required to provide indicative BASIS and NYMEX pricing in addition to the MARKUP. Documentation in support of the specific monthly weighting profiles used for both for each LDC (to be furnished as percentages and the number of required contracts) must also be included.

It should be noted that these components may be locked in: on a month-to-month basis, or in such increments that are deemed to be in the best interest of the City, up to the entire sixty (60) month contract duration. Moreover, the **BASIS** component shall: (1) include LDC and interstate pipeline shrinkage and line loss and associated Connecticut Gross Receipt Taxes; and (2) be quoted based on prices in effect as of the close of business on Tuesday, November 22, 2016 for the sixty (60) month period. The **NYMEX** component shall: (1) include the price for the NYMEX futures contracts for the delivery month(s) adjusted to reflect the BTU content of the gas delivered and associated Connecticut Gross Receipts Taxes; and (2) be quoted based on the published settlement prices for Tuesday, November 22, 2016 for the sixty (60) month period.

## 2.4 **PROPOSAL FORMAT**

### 2.4.1 **EXECUTIVE SUMMARY**

Provide a top-level summary of the most important elements of your proposal. Highlight any major value added features, functions, and areas of support that differentiate your service offering from your competitors. (1-2 pages maximum)

Provide a letter that provides an overview of your understanding of this request for proposal.

## 2.4.2 CORPORATE PROFILE

- (a) Provide a brief overview of your company including technical and marketplace direction. Describe the organization and business strategy of your company. Please include an organizational chart.
- (b) Provide a statement of qualifications – Company Overview, Key Staff, Capabilities, Prior Experience, Accomplishments and other pertinent qualifications.
- (c) Provide financial information on your company (e.g. annual report, 10-K) and gas – reserve. No award is final until respondents demonstrate contractual performance ability.
- (d) List three accounts, preferably other municipalities, similar in size or complexity and include:
  - Company name, address, contact person and telephone number
  - Products or services and length of service
  - What additional value did you provide to these accounts

## 2.4.3 GAS PURCHASING AND MANAGEMENT QUESTIONS

- (a) Please explain your systems for maintaining up-to-date rate and tariff data and the frequency of reviewing procurement options for each of your clients.
- (b) Please provide your firm’s definition of “creative purchasing” and discuss example in which your firm has participated in such types of purchases in the past. The City is extremely interested in hearing about innovative ways your firm has assisted your clients with exceptional gas purchasing opportunities from time to time.
- (c) Does your firm purchase balancing services from Yankee Gas?

## 2.4.4 SUPPORT SERVICES QUESTIONS

- (a) Provide an implementation plan that details the smooth transition from the City’s current gas purchasing environment to your proposed gas purchasing mechanism. Include the following information:
  - A brief description of the major steps in the implementation process.
  - Any major activity that involves our employees or premises (e.g., surveys 3<sup>rd</sup> party contracts, etc.)
  - Time frames for critical activities and other tasks required of the City.
- (b) Identify the individual(s) within your organization who will act as focal point for the implementation. Include a chart depicting your proposed implementation team.
- (c) Provide an overview of your account team support structure. Indicate the support level offered, the account team members, their responsibilities, and who will be the focal point for problem resolution?

## 2.4.5 PAYMENT AGENT SERVICES

As the designated payment agent for the City, the awarded vendor shall be responsible for making timely and accurate payments to the LDC for all transportation and related charges incurred during the contract period. The City shall reimburse the awarded vendor for all additional charges imposed by the LDC, such as labor and parts, but will not be liable for any

late payment charges imposed by the LDC when account balances are not paid in a timely manner by the vendor. Such charges will be the sole responsibility of the vendor. **It should be noted that while it is currently the intent of the City to have the awarded marketer serve as payment agent for all accounts, payment agency may be negotiable if an attractive offer is made to have the members forgo this service. See the Cost Proposal Pricing Response Form for further information.**

#### **2.4.6 SUMMARY BILLING SERVICES**

If the City should elect summary billing services, the awarded vendor will aggregate multiple accounts/meters onto a single invoice. Backup financial and non-financial information shall be attached to the summary bill for each reflected account/meter in accordance with the format prescribed above.

#### **2.4.7 SAVING REPORTING**

The City is interested in receiving quarterly cost savings statements compared to the purchase of gas solely from Yankee Gas. Respondents shall submit with their proposal an example of a cost savings reporting that is generated for a current customer.

### **2.5 NATURAL GAS PURCHASE CONTRACT**

Please provide include in your proposal a generic gas purchasing contract. The following language will be included in the final gas purchasing agreement for each municipality. If the ESP would like to make exceptions to this language, then they must be included in their response to this proposal.

The ESP shall deliver pipeline quality natural gas to the city gate(s) of the LDC servicing the City facilities listed in the Appendix, for delivery to the addresses and to other facilities if and when they may be added to the contract.”

#### **2.5.1 ADDING OR REMOVING ACCOUNTS**

During the course of this agreement, City facilities (including BOE facilities) may be added or deleted by unilateral modification to the contract by the City and the ESP.

#### **2.5.2 NOMINATIONS - PENALTIES**

2.5.2.1. The ESP shall nominate on behalf of the City monthly gas requirements, based on its best estimates of volumes of natural gas usage. The ESP shall initiate and assist in all transportation agreements with the LDC.

2.5.2.2 Daily nominations are to be adjusted to include LDC’s requirements due to system losses

2.5.2.3 In the event that the ESP nominates an excessive or deficient amount of gas, and Yankee Gas assesses the City with a penalty fee, the ESP is solely responsible for payment of this fee.

2.5.2.4 The ESP shall be responsible for all penalties charged by the LDC to the City. The ESP shall balance the over/under supply on a monthly basis.

2.5.2.5 The ESP guarantees supply. If gas is not available from the ESP, the City effected reserves the right to purchase gas, from other sources. Any additional costs incurred as a result

of such purchases will be charged back to the ESP.

### 2.5.3 BILLING

The awarded vendor will invoice the City separately for each account on a monthly basis. Following award, the City shall specify: the billing address for all accounts; whether independent or summary billing will apply (or both); and if all bills for a given month should be forwarded as a complete set or if they can be issued individually once printed. [Please note that: Marketers should be aware of the fact that in Norwalk, the City, Board of Education, Public Works, Building Management and or Recreation and Parks account are administered by separate departments, and therefore, these “independent” department may make decisions concerning desired billing services for their accounts only.]

Invoices shall be consolidated (i.e. inclusive of both commodity services and charges as provided by the contractor and all charges passed through from the LDC). At a minimum, each invoice must contain the following information:

Contractor’s name, address and phone number

Contractor’s account number

LDC and meter #

Applicable rate or some coding system to identify such

Service location of meter/account (may be a street address or a building name)

Invoice date

Invoice number

Name of participating community/agency; billing address

Billing summary information including: previous balance, payments applied (multiple payments to be listed individually), balance forward, current charges, other adjustments (all adjustments to be listed separately and labeled) and total balance due

Current charges summary including:

*Commodity Services:*

- Statement of billing period
- Statement of contracted city gate price
- Quantity of gas used (in ccf)
- Total \$ due (quantity x price)

*Transportation Services:*

- Statement of billing period
- Pass through of all LDC transportation charges
- Billed peak demand (in ccf’s)

*Other/Miscellaneous Services:*

- Description of service (labor, parts, etc.)
- Total charges due

***Total of All Current Charges***

11. Gas Usage History Summary (for the most recent 12 months), **including** the billing period (not the invoicing period) and the corresponding usage per month in ccf.

All invoices for natural gas consumed by each entity during the July 1<sup>st</sup> through June 30<sup>th</sup>, the Municipal fiscal year period, shall be provided to each entity no later than sixty calendar days

following the end of the fiscal year, to allow the City to reconcile and close out their financial period in a timely and efficient manner.

#### **2.5.4 WARRANTY:**

The ESP must warrant that it has access to sufficient natural gas to discharge its contractual obligation. This warranty is a fundamental consideration for the arrangement contemplated. The Cities included under this RFP are particularly concerned for the security of supply. The ESP must be able to demonstrate its capability to perform and be willing to accept penalties in the event of non-performance.

The City may also consider proposals that guarantee minimum savings over what the regulated utilities= total would have been for the same service.

#### **2.6 QUALITY OF GAS**

The natural gas shall meet all interstate gas pipeline and distribution line standard specifications.

#### **2.7 QUESTIONS:**

All questions regarding this RFP must be in writing and must be post marked on delivered five (5) business days before the deadline date. Answers will be issued as addenda

#### **2.8 MISCELLANEOUS:**

Include any other specific data which may be pertinent which the City should take into consideration when evaluating your proposal.

## **SECTION 3 - GENERAL INFORMATION**

**NOTE: SECTION 3 - GENERAL INFORMATION** contains the City's Standard Terms and Conditions. You are responsible for obtaining a copy prior to bidding. If you do not have a revision dated 08082013, or later on file you may obtain a copy over the Internet at <http://www.norwalkct.org/documentcenter/view/868>. Adobe Acrobat reader is required to view this document. If you do not have this software you may download it for free from Adobe.

## **APPENDICES**

## APPENDIX I

### NATURAL GAS GLOSSARY

**Agency Service:** Arrangement in which a gas buyer gives an agent (the supplier) the right to act on its behalf to arrange or administer pipeline transportation service held by the buyer.

**Balancing:** Equalizing a shipper's receipts of gas into a pipeline with withdrawals. Balancing may be accomplished daily, monthly or seasonally with penalties assessed for excessive transportation imbalance. Before imposing penalties, however, shippers are generally provided notice and an opportunity to remedy the imbalance.

**Basis:** The difference between any reference point for gas prices and another price. Roughly, the basis between two physical locations is equal to the transportation cost.

**British Thermal Unit (Btu):** The quantity of heat required to raise one pound of water (approx 1 pint) one degree Fahrenheit at or near its point of maximum density. A common unit of measurement for gas prices. 1030 Btu's = 1 Cubic Foot.

**Burnertip:** The end point at which natural gas is used as a fuel.

**Calendar Month:** A period beginning on the first day of the month and ending on the first day of the next month.

**Cash-Out:** Mechanism that allows shippers to resolve imbalances by selling gas to the pipeline, or purchasing gas from the pipeline.

**Ccf:** One hundred cubic feet. Approximately 1 Ccf= 100,000 Btu= 1 Therm.

**Citygate:** Physical interconnection location where gas is exchanged from an interstate pipeline to a local distribution company (LDC).

**Commodity Charge:** That portion of a natural gas sales or transportation rate based upon the volume actually used or shipped, as opposed to a reservation or demand charge.

**Contractor:** Business receiving an award for supply natural gas resulting from a successful response to this request for bids.

**Creditworthiness:** An evaluation of a shipper's financial accountability. Pipelines may require shippers to submit cash flow or other income statements. In some cases shippers will be asked to guarantee payment, or make prepayments.

**Curtailement:** Reduction of gas deliveries because of shortage of supply or because demand for service exceeds a pipeline's capacity.

**Dekatherm (Dth):** A unit of heating value equal to 10 Therms or one million Btu's (1 MMBtu). Approximately, 1Dth = 1 MMBtu = 1Mcf.

**Delivery:** Satisfying a contract through the tendering and receipt of the actual commodity.

**Demand Charge:** The portion of a gas or transportation charge that reflects a customer's contract requirements. Usually a set monthly fee, based on contract requirements for a peak day.

**Dual Fuel Capacity:** Ability of an energy-burning facility to use more than one kind of fuel, usually gas and oil non-concurrently.

**Effective Additive Unit Cost:** the total annual cost of LDC transportation divided by the total annual consumption in MCF.

**Firm Service:** The highest quality sales or transmission service offered to customers under a filed rate schedule that anticipates no planned interruption. Usually associated with distribution companies that serve high priority end-users.

**Firm Transportation (FT):** Firm transportation is reserved, non-interruptible capacity on an interstate or local pipeline. FT contracts are typically between a pipeline operator and a purchaser for an extended period of time. FT can also be obtained for shorter periods of time by way of a release, whereby the holder of FT can sell or release their capacity to willing buyers under terms and conditions established by the parties. The cost of FT usually includes a demand, or reservation charge.

**Force Majeure:** An "Act of God" or unexpected and disruptive event beyond the control of buyer or seller that interferes with a party's ability to perform under a contract. A force majeure event will typically relieve a party from a contract obligation.

**Hedging:** Taking a temporary futures or options contract position that is commensurate in volume with and the opposite position of a cash position to protect against adverse price moves.

**Imbalance:** Discrepancy between the amount a shipper contracted to use or transport, and actual volumes used or transported. Shippers may be forced to pay an imbalance penalty for variances greater than a certain percentage. Marketers sometimes take responsibility to balance load so their customers can avoid penalties.

**Index Price:** An agreement to buy or sell based upon an average price published in a recognized trade journal.

**Interstate Pipeline:** A pipeline that transports gas across state borders from gas production area to local distribution companies. Interstate pipelines are regulated by the Federal Energy Regulatory Commission (FERC).

**Interruptible Service:** Gas service subject to interruption at the option of the pipeline. Also referred to as "best efforts." Tariffs for interruptible service are cheaper than firm service.

**Interruptible Transportation (IT):** The purchaser of this service obtains short term use of capacity on a pipeline when that pipeline's FT demand is not being fully used by the holders of that capacity. These contracts do not include any demand or pipeline reservation charges.

**LDC:** Local distribution company. Another name for the local gas utility.

**Load Factor:** The ratio of the amount of gas a customer actually takes compared to the

maximum amount the customer is entitled to take under full load conditions. Can be expressed daily, weekly, monthly or annually. Residential customers who only buy gas during cold spells in winter months are low load factor customers. Industries that use gas year-round are high load factor customers.

**Marketer:** A company, other than the pipeline or LDC, that buys and resells gas or brokers gas for a profit. Marketers also perform a variety of related service, including arranging transportation, monitoring deliveries and balancing. An independent marketer is not affiliated with a pipeline, producer or LDC.

**Maximum Daily Quantity (MDQ):** The peak day (24 hour period) usage that the purchaser is entitled to take under Contract. Often, penalties are assessed when the MDQ is exceeded on a given day. This may also be called the peak demand or maximum contract quantity (MCQ).

**Mcf: One thousand cubic feet.** The average domestic user consumes 100-200 Mcf annually. Very roughly, 1 Mcf = 1,003 MMBtu = 1 Delcatherm (Dth).

**MMBtu: One million British Thermal Units.** (The letter M denotes a thousand. Two M's represents a thousand thousand, or one million.) Roughly, 1 MMBtu = 1 Mcf

**Nomination:** A shipper's offer to move gas on a pipeline during a given period. Most nominations are made on a daily basis, although midday and hourly nominations are possible on some systems.

**New York Mercantile Exchange (NYMEX):** World's largest energy futures exchange, site of natural gas futures and options trading.

**Reservation Charge or Fee:** A charge paid to reserve firm transportation capacity on a pipeline. In straight Fixed Variable rate design, it covers the pipeline's fixed costs. Also referred to as a demand charge.

**Service Territory:** Physical area served by a utility.

**Settlement Price:** The final price posted for a day's trading, based on the closing range, by a NYMEX settlement committee.

**Shoulder Months:** Normally defined as spring and fall months when gas demand is lowest.

**Spot Market:** A market characterized by short-term, typically interruptible or best efforts contracts for specified volumes of gas. The bulk of the natural gas Spot market trades on a monthly basis.

**Standby Service:** A service that involves a pipeline or local distribution company guaranteeing to fill in with gas supplies in the event a transportation customer's other supplies are inadequate or not available.

**Tariff:** Compilation of all the effective rate schedules for a company, along with general terms and conditions of service.

**Therm:** Unit of heating value equivalent to 100,000 Btu's. Roughly, 1.03 therm = 1 Ccf.

**Unbundling:** This is a method in which the total gas service is separated into its various components (i.e., the gas commodity and transportation service) and permits the purchaser to separately buy components from different sellers.

**Wellhead Cost of Gas:** the price of natural gas at the point where it is produced prior to entering an interstate pipeline.

## APPENDIX II

### CONSUMPTION HISTORY

Prior 12 months consumption

Location	Address	Account #	Prior 12 months usage (ccf)
<b>Norwalk Schools</b>			
Norwalk High School	55 County Road	553-210-0710000457863	1810.06
Norwalk High School	55 County Road	711-650-0850000465663	168344.67
Nathan Hale Middle School	176 Strawberry Hill Avenue	939-550-0260000505947	10168.41
Nathan Hale Middle School	176 Strawberry Hill Avenue	939-550-0260000496062	10038.18
Brien McMahon High School	300 Highland Avenue	039-370-0690000537875	108814.50
Brien McMahon High School	300 Highland Avenue	037-110-0530000545067	9211.85
West Rocks Middle School	95 West Rocks Road	531-070-0680000496085	49637.85
West Rocks Middle School	95 West Rocks Road	486-120-0740000424757	3885.91
Kendall Elementary School	57 Fallow Street	534-020-0110000487853	25999.70
Kendall Elementary School	57 Fallow Street	337-800-0640000574428	6653.50
Columbus Magnet Middle School	46 Concord Street	281-320-0440000457862	11777.49
Columbus Magnet Middle School	46 Concord Street	046-660-0560000482702	676.30
Brookside Elementary School	382 Highland Avenue	489-520-0310000529366	33016.53
Briggs High School	350 Main Street	863-605-0100000457920	52926.46
Briggs High School	350 Main Street	106-620-0650000370421	3356.73
Briggs High School	350 Main Street	610-700-0560000505412	1677.79
Marvin Elementary School	15 Calf Pasture Road	077-030-0470000515348	20936.65
<b>City of Norwalk</b>			
Department of Health	137-139 East Avenue	158-830-0340000505716	0.00
Norwalk Fire Department	121 Connecticut Avenue	125-926-0630000529462	4106.10
Norwalk Police Department	One Monroe Street	745-600-0310000545301	43161.94
Norwalk Housing Authority	24 Monroe Street	630-100-0710000386825	5793.79
Norwalk Transit District	275 Wilson Avenue	144-070-0340000537707	65631.30
South Norwalk Fire Station	23 Meadow Street	901-810-0440000521834	1806.08
Nathaniel Ely Day Care Center	11 Ingalls Avenue	733-900-0880000379750	31901.89
		Total	671333.68