REQUEST FOR PROPOSALS
For
Natural Gas Pipeline Infrastructure and Transportation Services

Stillwater Electric Utilities
A Division of Stillwater Utilities Authority
City of Stillwater, Oklahoma

Dated: August 25, 2014
Proposals Due: October 15, 2014
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1.0 Introduction and Company Information

Stillwater Electric Utility (SEU) is a municipal electric utility located in Stillwater, Oklahoma. SEU is a division of Stillwater Utilities Authority as defined in the City Code and is governed by a Board of Trustees. SEU is required by law to seek proposals for the scope of services defined and made a part of this Request for Proposal (RFP).

SEU is constructing a 56 Megawatt (MW) Reciprocating Engine Power Plant (“Power Plant”) to be located in Stillwater, Oklahoma. Future expansion could increase output to approximately 95 MW. The Power Plant will be natural gas-fired.

SEU has retained Burns & McDonnell Engineering Company, Inc. (BMcD) to act as an independent third party consultant to assist with this RFP. All respondents will interface directly with BMcD for all communications including questions and RFP clarification issues.

2.0 Purpose

The purposes of this RFP are: (1) to identify a natural gas pipeline capable of serving the Power Plant, (2) to initiate negotiations for natural gas transportation services, and (3) to negotiate the construction of new gas infrastructure for the reliable delivery of natural gas supplies to SEU’s Power Plant.

This RFP breaks the request for services into two distinct segments: the Upstream Transportation Service Segment and the Lateral Gas Service Segment. The Upstream Transportation Service Segment will provide for the delivery of gas supplies from various points of receipt on the pipeline’s existing gas transmission network to a to-be-constructed point of interconnect between the existing gas transmission network and the Lateral Gas Service Segment (the “Delivery Point”). The Lateral Gas Service Segment will address the construction of a new gas pipeline lateral from the Delivery Point to the Power Plant site.

2.0.1 Overview of the Request for Proposals

Respondents are invited to provide Proposals for one or both of the two segments as described below. Please refer to the representative map on the following page of the SEU Power Plant site and natural gas pipelines within a fifteen mile radius of the site.

Please note that SEU is NOT soliciting offers for natural gas commodity supply under this RFP. A separate RFP for natural gas commodity supply may be issued by SEU at a later date.
2.0.1.1 Upstream Firm Transportation Service Segment

SEU’s Power Plant site is positioned within fifteen miles of three or more natural gas pipelines. SEU therefore seeks to enter into a firm transportation service agreement with a pipeline company that incorporates a contract path containing various points of receipt on the pipeline company’s existing gas transmission network to the Delivery Point serving the Power Plant.

2.0.1.2 The Lateral Gas Service Segment

SEU’s Power Plant project is green field in nature and will require the engineering, procurement and construction (“EPC”) of new natural gas delivery infrastructure from the Delivery Point on the selected pipeline to SEU’s site. SEU recognizes that it has several options for the ownership and operation of this new lateral (“Lateral”) including, but not limited to, the following:

1. Owned and operated by the pipeline company,
2. Owned and operated by the local distribution company, and
3. Owned by SEU and operated by a third party gas pipeline operations and maintenance service provider.

In addition to meeting the requirements of SEU’s new Power Plant and plans for future generating capacity, SEU desires that the Lateral be sufficiently sized to meet the needs of prospective commercial and industrial natural gas consumers that SEU anticipates will locate new facilities in Stillwater due to the economic development efforts of the City of Stillwater, the Stillwater Chamber of Commerce and others. SEU envisions working with the selected Lateral vendor to establish a base case pipeline size and cost scenario. SEU and the vendor will then work together to determine several incremental pipeline size and cost scenarios that can be compared against the base case scenario.

In order to effectuate deliveries of gas supplies to prospective commercial and industrial consumers, SEU anticipates that the Lateral will be interconnected with the gas distribution system owned by Oklahoma Natural Gas. Coordination with Oklahoma Natural Gas will be required of the selected vendor.

SEU wishes to conduct a net present value analysis comparing each of these identified options for the Lateral Gas Service Segment and, therefore, asks Respondents to provide separate Proposals for the Upstream Firm Transportation Service Segment and the Lateral Gas Service Segment.
3.0 General Terms

SEU is requesting firm transportation service to serve its new Power Plant in Stillwater, Oklahoma. SEU seeks firm transportation services from various points of receipt on the applicable interstate or intrastate natural gas pipeline for the delivery of natural gas supplies to the applicable location defined below under Section 3.0 B.

A. Facilities

Meter Type: New delivery meter (city gate / town border station)
Meter can be briefly interrupted for routine maintenance with advance notice.

B. Location:
Generating Station Site: Latitude 36.160208, Longitude -97.035073; Payne County, Oklahoma
Please provide separate cost estimates and proposals for the segments as described below.
Proposals will be accepted for either segment or both segments at the Respondent’s discretion.

1. Upstream Firm Transportation Service Segment – New point of interconnect between the lateral gas service segment described below and the existing pipeline. The location of the new point of interconnect (“the Delivery Point”) is to be selected by the pipeline company. The pipeline company will provide transportation services from various points of receipt on its existing pipeline network to the Delivery Point. Under this option it is assumed that the pipeline company will acquire the point of interconnect site and perform all necessary survey work.

2. Lateral Gas Service Segment – A new lateral to be constructed from the Delivery Point described above to the Generating Station Site. A new measurement station is to be located at the Power Plant Site. Under this option it is assumed that the respondent acquire all necessary easements, perform all necessary survey work, and construct the lateral as well as the new measurement station. An easement and adequate space will be provided at the site.

C. Flow and Pressure Information

1. The SEU’s gas facilities receiving natural gas from the pipeline company will be designed to match the Maximum Allowable Operating Pressure (MAOP) of the pipeline company. SEU anticipates providing pressure regulation and odorization downstream of the gas measurement station. SEU requires a minimum flow rate of 805 Mcf per hour to meet the needs of the new Power Plant and its future expansion. Additional flow rate will be required for economic development purposes, however, this quantity will be determined later as described in previously in Section 2.0.1.2. SEU requires a minimum of 200 PSIG of gas pressure at all operating conditions of the lateral available at the boundary of the Power Plant site.
2. **SEU Power Plant Gas Flow Rate and Estimated Operations Data.** Note: Does not include gas flow rate information desired for economic development purposes.

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<thead>
<tr>
<th></th>
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<th>Description</th>
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<tbody>
<tr>
<td>Peak Hourly Flow Rate:</td>
<td>805 Mcfh</td>
<td>Five reciprocating engines including all anticipated auxiliary loads.</td>
</tr>
<tr>
<td>Peak Daily Flow Rate:</td>
<td>19,320 Mcfh</td>
<td>Peak hourly flow rate above sustained for twenty-four (24) hours.</td>
</tr>
<tr>
<td>Minimum Hourly Flow Rate:</td>
<td>64 Mcfh</td>
<td>One engine operating at 40% load.</td>
</tr>
<tr>
<td>Peak Summer Flow Rate:</td>
<td>1,369 Mcfd</td>
<td>Three engines operating for 8.5 hours. Typically operated during July and August. Estimated 532 hours.</td>
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<tr>
<td>Peak Winter Flow Rate:</td>
<td>483 Mcfd</td>
<td>Three engines operating for 1 hour. Typically operated during December. Estimated 22 hours.</td>
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<tr>
<td>Estimated Annual Usage:</td>
<td>483,000 MMBtu</td>
<td>Anticipate 91 days of operation annually. 95 starts and stops. Estimated 1,000 hours annually.</td>
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D. **Delivery Date & Term**

The proposed in-service date of SEU’s new Power Plant is August 1, 2016. The new natural gas infrastructure is to be installed and fully operational on or before April 1, 2016. SEU seeks a firm transportation service agreement with the selected pipeline company. The term and effective date are to be negotiated.
4.0 Instructions to Respondents

A. Overview of Process

The RFP process will include the activities and events as indicated in the schedule shown below. The evaluation of the proposals will be performed by SEU with assistance provided by BMcD. Respondents may be invited to make presentations and/or begin negotiations of final details of their proposal.

SEU RFP Schedule

<table>
<thead>
<tr>
<th>Event</th>
<th>Anticipated Date</th>
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<tbody>
<tr>
<td>Release of RFP</td>
<td>August 25, 2014</td>
</tr>
<tr>
<td>Notice of Intent to Submit Proposal Deadline</td>
<td>September 5, 2014 at 5:00 pm CDST</td>
</tr>
<tr>
<td>Proposal Submittal Deadline</td>
<td>October 15, 2014 at 5:00 pm CDST</td>
</tr>
<tr>
<td>Short List Vendors Selected and Notified</td>
<td>October 31, 2014</td>
</tr>
<tr>
<td>Short List Vendor Presentations Completed</td>
<td>November 15, 2014</td>
</tr>
<tr>
<td>Negotiation of Infrastructure &amp; Service Offerings Completed</td>
<td>December 31, 2014</td>
</tr>
<tr>
<td>Final Vendor Selection</td>
<td>January 15, 2015</td>
</tr>
<tr>
<td>Execution of Infrastructure &amp; Service Agreements Completed</td>
<td>On or before March 13, 2015</td>
</tr>
</tbody>
</table>

B. Response Package

1. Respondents should organize their proposals as described in Section 5.0: Proposal Organization. All applicable information contained in the proposal must be addressed. Questions and other correspondence concerning this RFP should be sent via e-mail to Greg Crow at gcrow@burnsmcd.com.

C. Deadline and Method for Submitting Proposals

1. All notices of intent to submit a proposal must be received by City of Stillwater City Clerk no later than 5:00 PM Central Daylight Savings Time on September 5, 2014. Notices may be mailed or emailed to the Stillwater City Clerk at:

   Mail: City Clerk
       Attn: Liz Chrz
       PO Box 1449
       Stillwater, OK 74076-1449

   Email: echrz@stillwater.org

Proposals that are submitted without a notice of intent may not be considered.
2. All proposals submitted in response to this RFP must be received by City of Stillwater City Clerk no later than **5:00 PM Central Daylight Savings Time on October 15, 2014**. SEU will not guarantee evaluation of proposals associated with this RFP if submitted after this time.

3. Respondents are required to submit 1 hard copy with original signatures and 1 digital copy (pdf format) of their proposal to the Stillwater City Clerk in an envelope clearly marked “Natural Gas Pipeline Infrastructure and Transportation Services Proposal”. If Respondents are interested in submitting proposals for both segments defined under Section 3.0 B., please submit separate proposals for the Upstream Firm Transportation Service Segment and the Lateral Gas Service Segment.

4. Burns & McDonnell contact information:

   Burns & McDonnell Engineering Co., Inc.
   Attn: Greg Crow
   9400 Ward Parkway
   Kansas City, MO 64114
   Office: 816-823-7852

5.0 Proposal Organization

The proposal shall include an executive summary, proposal limitations, technical description and cost proposal as described below.

A. Executive Summary

   An overview of the proposal and project. Include a map showing the pipeline company’s existing network. Identify those points of receipt available to SEU for consideration. Also identify the pipeline company’s proposed point of interconnect including latitude and longitude coordinates. Specific to the Lateral Gas Service Segment proposal, identify the likely route for the lateral from the point of interconnect to Power Plant Site.

B. Proposal Limitations

   Identify and describe any economic, permitting, operational, rights-of-way, or system conditions that might affect the Respondent’s ability to deliver natural gas supplies as offered.

C. Technical Description

   Respondents are asked to develop separate Term Sheets for the Upstream Firm Transportation Service Segment and the Lateral Gas Service Segment. Within the Term Sheets please include:

   1. Type of transportation service to be provided
   2. Contract term including start date
3. Maximum daily quantity and maximum hourly quantity
4. Delivery point including latitude and longitude
5. Receipt points
6. Maps of existing pipeline system, proposed point of interconnect and proposed route of lateral gas service segment
7. Equipment description or equipment required
8. Pipeline diameter and conditions (MAOP, minimum operating pressure, gas analyses including hydrocarbon dew point temperatures at Power Plant site)

D. Cost Proposal By Segment

1. Reservations and/or demand fees
2. Itemized commodity fees
3. Commodity overrun charges
4. Balancing fees
5. Currently effective fuel charges and lost & unaccounted for charges
6. Any and all other terms
7. A list of all agreements necessary to effectuate transportation service

6.0 Proposal Evaluation and Contract Negotiations

A. Initial Proposal Review

After review of the submitted proposals, SEU or BMcD may request that a Respondent provide additional information or clarification to its original proposal. BMcD will make such requests in writing via email allowing Respondents to respond within 5 business days. Failure to provide the requested information or clarification by the deadline may result in disqualification of the proposal.

B. Short List Development

With the assistance of BMcD, SEU will evaluate all proposals to meet its firm transportation service needs. Proposals will be evaluated based on present value economics, experience, reliability, and other considerations. During the evaluation process, SEU may or may not choose to initiate discussions with one or more Respondents. Discussions with a Respondent shall in no way be construed as commencing contract negotiations.

B. Short List Vendor Presentations

SEU may invite short list vendors to SEU’s offices to give SEU’s staff a formal presentation on the vendor’s proposal.
C. **Negotiation of Infrastructure & Service Offerings**

Following the vendor presentations, SEU may desire to have further discussions with a selected Respondent or Respondents to gain further understanding of the applicable Respondent’s proposal.

D. **Final Vendor Selection and Execution of Infrastructure & Service Agreements**

SEU will contact the Respondent in writing of its interest in commencing contract negotiations. SEU’s commencement of and participation in negotiations shall not be construed as a commitment to execute a contract. If a contract is negotiated, it will not be effective unless and until it is approved by the SUA Trustees and fully executed by all parties.

**7.0 Reservation of Rights**

Nothing contained in this RFP shall be construed to require or obligate SEU to select any proposals or limit the ability of SEU to reject all proposals in its sole and exclusive discretion. SEU further reserves the right to withdraw and terminate this RFP at any time prior to the proposal deadline, selection of a short list or execution of a contract.

All proposals submitted to SEU pursuant to this RFP shall become the exclusive property of SEU and may be used for any reasonable purpose by SEU. SEU and BMcD shall consider materials provided by respondent in response to this RFP to be confidential only if such materials are clearly designated as "Confidential." Respondents should be aware that their proposal, even if marked “Confidential”, may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by SEU. Respondents may be required to justify the requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by an order of an agency or court of competent jurisdiction, SEU may produce the material in response to such order without prior consultation with the respondent.