PURPOSE OF PRESENTATION: Staff would like to inform the Board of Education that a price lock-in agreement was executed on March 15, 2018, to supply Natural Gas to Frederick County Public Schools (FCPS) for 36 months, effective June 1, 2018 through May 31, 2021.

BACKGROUND/SUMMARY: FCPS issued a two-step solicitation: to prequalify licensed third-party vendors to supply natural gas to all the schools and buildings that utilize this fuel; and then to issue a request for price quotes. Bid packages were opened on October 27, 2017, and were received from:

- Direct Energy Business Marketing, LLC (Iselin, NJ)
- UGI Energy Services, LLC (Wyomissing, PA)
- WGL Energy Services, Inc. (Vienna, VA)

Pre-qualification requirements included: licensing by the Maryland Public Service Commission; a company’s capacity to supply gas on a firm, non-interruptible basis; financial stability; the ability to provide a performance bond. UGI was not pre-qualified due to their exceptions for supplying a performance bond and other financial limitations.

Prices were requested on March 15, 2018, for 12, 24 and 36 months as indicated below:

<table>
<thead>
<tr>
<th>TERM</th>
<th>DIRECT ENERGY BUSINESS MARKETING, LLC</th>
<th>WGL ENERGY SERVICES, INC</th>
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</thead>
<tbody>
<tr>
<td>12 MONTH</td>
<td>$0.4411</td>
<td>$0.4040</td>
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<tr>
<td>24 MONTH</td>
<td>$0.4253</td>
<td>$0.3974</td>
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<tr>
<td>36 MONTH</td>
<td>$0.4154</td>
<td>$0.3951</td>
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</tbody>
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The 36 month term price received from WGL Energy Services, Inc. was the most advantageous to FCPS at $.3951 per therm. The price lock represents a savings from the current rate of $.462 for 49 accounts and will yield an estimated $96,857 annual savings.
based on the 2017 usage of 1,447,788 therms.

FCPS retains the right to extend this contract for an additional two years.

The authority for staff to lock-in utility rates was granted by the Board of Education in 2006. This procurement procedure is consistent with that used for electricity supply and is utilized by Frederick County Government and Frederick Community College.

**PRESENTER(S) & TITLE(S):**
Billie Laughland, Purchasing Agent
Charles Dalphon, Energy and Utilities Coordinator

**SUBMITTED BY:**
Stephen P. Starmer, C.P.M., CSBA, Purchasing Manager
Leslie R. Pellegrino, Chief Financial Officer