


AGENDA REPORT

TO: Mayor Pat Humphrey and the Clare City Commission
FROM: Ken Hibel, City Manager 
DATE: July 28, 2010
RE: Commercial Gas Customer Choice Contract – Volunteer Energy

For the Agenda of August 2, 2010

Background. The City has been approached by a representative of Volunteer Energy (VE), an alternative natural gas provider headquartered and incorporated in Ohio and providing commercial services to businesses and municipalities in the states of Ohio, Kentucky, Pennsylvania, and Michigan. We have been offered a Commercial Gas Customer Choice Contract (*copy att'd*) for consideration by this company.

Contrary to other alternative gas providers that continuously contact us offering “fixed” rates in return for a long-term contract agreement (generally two years or longer), this service is month-to-month with the option of terminating at any time. The only consequence of termination is that we would be required to stay with our primary natural gas provider (DTE Energy) for a one-year period without the ability to choosing another alternative provider during that year.

Volunteer Energy completed an analysis (*copy att'd*) of our 2009 natural gas billing indicating that we could have saved \$2,182 (11% savings) last year; a similar four-year analysis (*copy att'd*) reflects we could have saved \$11,113 for the stated period with monthly savings varying from as low as 2% to as much as 34%.

Current Michigan governmental subscribers/customers of VE include Delta Township, City of Lansing, City of East Lansing, Eaton County, City of Manistee, City of St. Johns, City of Lowell, City of Alma, City of Portland, City of Belding, City of Ionia, City of DeWitt, and the City of Mt. Pleasant.

The City Commission is asked to consider granting approval of the proposed contract with Volunteer Energy.

Issues & Questions Specified. Should the City Commission grant approval to enter into a contract agreement with Volunteer Energy?

Alternatives.

1. Grant approval to enter into the proposed agreement.
2. Do not grant approval to enter into the agreement.
3. Set the matter aside for consideration at a later-scheduled commission meeting.

Financial Impact. While it is impossible to predict with any accuracy what, if any, savings the City will garner from this opportunity, past performance indicates that we will realize

savings. If we do not, we simply terminate the contract and go back to the rates we're currently paying DTE.

Recommendations. I recommend that the Clare City Commission grant approval to enter into the proposed agreement with Volunteer Energy by adoption of Resolution 2010-086 (*copy att'd*).

Attachments.

1. Contractual Agreement.
2. One-Year Analysis.
3. Four-Year Analysis.
4. Resolution 2010-086.



Commercial Gas Customer Choice Contract Variable Rate/ No Termination Fee Terms and Conditions

These Terms & Conditions contain important information regarding your natural gas contract with Volunteer Energy Services, Inc. ("VE"). VE is an Ohio corporation licensed by Michigan Public Service Commission and operating under the guidelines set up by Michigan's various natural gas utilities. As a supply customer of VE, your signature on a contract binds you to the terms and conditions contained herein.

- 1. Natural Gas Service** – VE shall supply 100% of the Customer's necessary natural gas supply needs. If the Customer requires assistance with matter regarding delivery of gas, meter reading, billing and other traditional utility functions, they will continue to contact their respective utility. In the event of an emergency or loss of service, the customer should contact their utility. The customer will continue to pay their bills to their gas utility.
- 2. Term** – The term of this contract shall commence when accepted by VE and approved by the Customer's Gas Distribution Company (Utility) and shall continue on a month-by-month basis. Any changes in pricing or term will proceed by no fewer than 30 days advance notice.
- 3. Pricing** – All natural gas supplied to the customer will be billed at a **monthly market rate** that will vary from month to month. Volunteers' supplies will be delivered on a cost per Ccf. Volunteer Energy's supplies will be delivered to your residence or facilities via your current utility's distribution lines. The **monthly market price** will be based upon the lowest market price Volunteer Energy can obtain for natural gas for the month.
- 4. Billing & Payment** – The customer will receive a single bill from the utility, which must be paid according to the payment terms established by the utility.
- 5. Cancellation/Termination** – The Customer may choose to cancel this Contract at any time without penalty. A Customer may change suppliers one time in any 12-month period at no cost to the Customer. A fee of \$10 will be required for each additional change of Supplier within the same 12-month period. The customer may cancel this Contract by written or verbal notice at any time.
- 6. Office Locations and Hours** – Volunteer Energy Services office is located at 790 Windmill Drive, Pickerington, Ohio 43147 and is open from 08:00 AM to 05:00 PM EST, Monday through Friday. VE can be reached toll free at 800-977-VESI or at fax 614-856-3301. Telephone service hours are the same as office hours. VE can be reached online at <http://www.volunteerenergy.com> or via email at sales@volunteerenergy.com. The Customer can contact the Michigan Public Service Commission at 1-800-292-9555 or www.michigan.gov/mpsc.
- 7. Credit** – VE may verify the Customer's credit history with a credit-reporting agency upon the Customer's application for service with VE. Determination of credit worthiness will be made by generally accepted business practices.
- 8. Notices** – Communications that are required or allowed under the terms of this contract will be considered officially delivered when given in person, emailed, faxed, or received two (2) business days after being mailed through the United States Postal Service to one of the addresses provided by either party herein.
- 9. Force Majeure** – For the purpose of this contract, Force Majeure shall include VE's right to cancel this Contract if the State of Michigan, Michigan Public Service Commission or the applicable gas utility makes material changes to the gas choice programs.

10. Miscellaneous – The terms of this Contract extend to any successors or assignees of either party. Customer may not assign this contract without written consent by VE. This contract represents the entire Contract, and both the Customer and VE must approve any changes or amendments. This contract supersedes any prior Contract between the Customer and VE.

IN NO EVENT SHALL VE BE LIABLE TO THE CUSTOMER OR TO ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THIS CONTRACT. VE'S MAXIMUM AGGREGATE LIABILITY FOR ANY REASON OR CAUSE OF ACTION SHALL BE THE PRICE PAID BY THE CUSTOMER .

**Commercial Natural Gas Supply Contract
Customer's Acceptance Form**

- Small Commercial (500 Mcf or below): I acknowledge that I am the account holder or legally authorized person to execute a contract and legally bind the business in this contract. I understand that by signing this contract, I am switching the gas Supplier for this commercial account to VE. I understand that gas purchased for this commercial account by VE will be delivered through my Local Utility's delivery system. The legally authorized person to execute a contract and legally bind the business in this contract has 30-days after today to cancel this contract for any reason through written or verbal notification to VE.
- Large Commercial (Above 500 Mcf): I acknowledge that I am the account holder or legally authorized person to execute a contract and legally bind the business in this contract. I understand that by signing this Contract, I am switching the gas Supplier for this commercial account to VE. I understand that gas purchased for this commercial account by VE will be delivered through my Local Utility's delivery system. The legally authorized person to execute a contract and legally bind the business in this contract has 14-days after today to cancel this contract for any reason through written or verbal notification to VE.

I affirmatively agree to waive my 14 day right of cancellation provided to me on the contract. I agree to waive the right to cancel and direct VE to enter my enrollment without delay: cust. initial X date X

***There is no termination fee for this contract.**

Customer Name as it appears on utility bill _____ Date _____

 X _____
Account Holder/Authorized Person Signature Print Name Title

Service Address _____

City _____ State _____ Zip _____

Phone X _____ Fax X _____

E-Mail X _____

A Confirmation Letter will be sent via mail, fax, or email to you within 7 days from today.

GAS UTILITY:

Consumers Energy (13 digits) POD NUMBER ONLY

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DTE (12 digits)

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SEMCO (10 digits)

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For Office Use Only

Rate: _____

Agent: _____

VE Rep: _____

Broker ID: _____

Rev. 11/09



Volunteer Energy Services, Inc. - Natural Gas Cost Analysis For:

City of Clare

Meter Locations	202 W 5th St	1175 S Eberhart Ave	207 W 5th St	307 Maple St	305 Maple St	305 Maple St	305 Maple St	305 Maple St	1532 McEwen St	Total CCF Usage
Jly-09	2.0	90.0	21.0	5.0	-	-	11.0	-	-	129.0
Aug-09	2.0	77.0	18.0	4.0	-	-	-	-	-	101.0
Sep-09	14.0	83.0	18.0	5.0	1.0	-	-	-	-	121.0
Oct-09	106.0	96.0	105.0	66.0	14.0	1.0	14.0	1.0	14.0	402.0
Nov-09	409.0	259.0	414.0	490.0	36.0	5.0	47.0	1.0	1.0	1,660.0
Dec-09	676.0	936.0	1,297.0	99.0	34.0	101.0	197.0	1.0	1.0	3,143.0
Jan-10	1,014.0	1,552.0	2,653.0	281.0	147.0	197.0	197.0	1.0	1.0	5,844.0
Feb-10	908.0	1,466.0	1,367.0	2,265.0	1,742.0	113.0	171.0	1.0	1.0	8,032.0
Mar-10	700.0	1,143.0	1,025.0	1,689.0	261.0	70.0	143.0	1.0	1.0	5,031.0
Apr-10	261.0	222.0	365.0	453.0	44.0	9.0	59.0	1.0	1.0	1,413.0
May-10	197.0	164.0	244.0	72.0	17.0	1.0	35.0	1.0	1.0	730.0
Jun-10	2.0	81.0	39.0	14.0	4.0	-	11.0	-	-	151.0

26,757.0

MicCon Cost per CCF	Gas Cost
\$0.8150	\$105.14
\$0.7900	\$79.79
\$0.7900	\$95.59
\$0.7900	\$317.58
\$0.7980	\$1,324.68
\$0.7980	\$2,508.11
\$0.7800	\$4,558.32
\$0.7800	\$6,264.96
\$0.7550	\$3,798.41
\$0.6900	\$974.97
\$0.6600	\$481.80
\$0.6850	\$103.44

MicCon's Gas Cost \$ 20,613

Volunteer Energy Cost per CCF	Gas Cost	Savings	%
\$0.5480	\$70.69	\$ 34.44	33%
\$0.5480	\$55.35	\$ 24.44	31%
\$0.6990	\$84.58	\$ 11.01	12%
\$0.6990	\$281.00	\$ 36.58	12%
\$0.6920	\$1,148.72	\$ 175.96	13%
\$0.6890	\$2,165.53	\$ 342.59	14%
\$0.7590	\$4,435.60	\$ 122.72	3%
\$0.6990	\$5,614.37	\$ 650.59	10%
\$0.6490	\$3,265.12	\$ 533.29	14%
\$0.5850	\$826.61	\$ 148.37	15%
\$0.5490	\$400.77	\$ 81.03	17%
\$0.5490	\$82.90	\$ 20.54	20%

Volunteer Energy Gas Cost \$ 18,431
Savings \$ 2,182 11%

12 Month Summary



Volunteer Energy Services, Inc. - Natural Gas Cost Analysis For:

City of Clare

Meter Locations	307 W 5th St										Total CCF Usage	
	1172 S	Beaumont Ave	307 W 5th St	307 Maple St	305 Maple St	1532 McKeown St	305 Maple St	305 Maple St	305 Maple St	1532 McKeown St		
Jan-06	1,014.0	1,552.0	2,653.0	281.0	147.0	197.0	5,844.0					
Feb-06	908.0	1,466.0	1,367.0	1,742.0	113.0	171.0	8,032.0					
Mar-06	700.0	1,143.0	1,025.0	1,689.0	261.0	143.0	5,031.0					
Apr-06	261.0	222.0	365.0	453.0	44.0	9.0	1,413.0					
May-06	197.0	164.0	244.0	72.0	17.0	1.0	730.0					
Jun-06	2.0	81.0	39.0	14.0	4.0	-	151.0					
Jul-06	2.0	90.0	21.0	5.0	-	-	129.0					
Aug-06	2.0	77.0	18.0	4.0	-	-	101.0					
Sep-06	14.0	83.0	18.0	5.0	1.0	-	121.0					
Oct-06	106.0	96.0	105.0	66.0	14.0	1.0	402.0					
Nov-06	409.0	259.0	414.0	490.0	36.0	5.0	1,660.0					
Dec-06	676.0	936.0	1,297.0	99.0	34.0	101.0	3,143.0					
Jan-07	1,014.0	1,552.0	2,653.0	281.0	147.0	197.0	5,844.0					
Feb-07	908.0	1,466.0	1,367.0	1,742.0	113.0	171.0	8,032.0					
Mar-07	700.0	1,143.0	1,025.0	1,689.0	261.0	143.0	5,031.0					
Apr-07	261.0	222.0	365.0	453.0	44.0	9.0	1,413.0					
May-07	197.0	164.0	244.0	72.0	17.0	1.0	730.0					
Jun-07	2.0	81.0	39.0	14.0	4.0	-	151.0					
Jul-07	2.0	90.0	21.0	5.0	-	-	129.0					
Aug-07	2.0	77.0	18.0	4.0	-	-	101.0					
Sep-07	14.0	83.0	18.0	5.0	1.0	-	121.0					
Oct-07	106.0	96.0	105.0	66.0	14.0	1.0	402.0					
Nov-07	409.0	259.0	414.0	490.0	36.0	5.0	1,660.0					
Dec-07	676.0	936.0	1,297.0	99.0	34.0	101.0	3,143.0					
Jan-08	1,014.0	1,552.0	2,653.0	281.0	147.0	197.0	5,844.0					
Feb-08	908.0	1,466.0	1,367.0	1,742.0	113.0	171.0	8,032.0					
Mar-08	700.0	1,143.0	1,025.0	1,689.0	261.0	143.0	5,031.0					
Apr-08	261.0	222.0	365.0	453.0	44.0	9.0	1,413.0					
May-08	197.0	164.0	244.0	72.0	17.0	1.0	730.0					
Jun-08	2.0	81.0	39.0	14.0	4.0	-	151.0					
Jul-08	2.0	90.0	21.0	5.0	-	-	129.0					
Aug-08	2.0	77.0	18.0	4.0	-	-	101.0					
Sep-08	14.0	83.0	18.0	5.0	1.0	-	121.0					
Oct-08	106.0	96.0	105.0	66.0	14.0	1.0	402.0					
Nov-08	409.0	259.0	414.0	490.0	36.0	5.0	1,660.0					
Dec-08	676.0	936.0	1,297.0	99.0	34.0	101.0	3,143.0					



MicCon Cost per CCF Gas Cost

\$1.1385	\$6,653.45
\$1.0950	\$8,795.04
\$0.9950	\$5,005.85
\$0.8950	\$1,264.64
\$0.8950	\$653.35
\$0.8500	\$128.35
\$0.8500	\$109.65
\$0.8500	\$85.85
\$0.8500	\$102.85
\$0.7500	\$301.50
\$0.7500	\$1,245.00
\$0.7500	\$2,357.25
\$0.7500	\$4,383.00
\$0.6750	\$5,421.60
\$0.7500	\$3,773.25
\$0.8000	\$1,130.40
\$0.8490	\$619.77
\$0.8490	\$128.20
\$0.8490	\$109.52
\$0.8000	\$80.80
\$0.8000	\$96.80
\$0.7500	\$301.50
\$0.7500	\$1,245.00
\$0.7500	\$2,357.25
\$0.7000	\$4,090.80
\$0.7000	\$5,622.40
\$0.8490	\$4,271.32
\$1.0050	\$1,420.07
\$1.0050	\$733.65
\$1.0050	\$151.76
\$1.0761	\$138.82
\$1.0790	\$108.98
\$1.1360	\$137.46
\$1.1360	\$456.67
\$0.9800	\$1,626.80
\$0.8500	\$2,671.55



Volunteer Energy Cost per CCF Gas Cost

\$0.7978	\$4,662.34
\$0.7678	\$6,166.97
\$0.7680	\$3,863.81
\$0.8223	\$1,161.91
\$0.8198	\$598.45
\$0.6925	\$104.57
\$0.7247	\$93.49
\$0.7400	\$74.74
\$0.7900	\$95.59
\$0.6300	\$253.26
\$0.7350	\$1,220.10
\$0.7350	\$2,310.11
\$0.7350	\$4,295.34
\$0.6615	\$5,313.17
\$0.7350	\$3,697.79
\$0.7700	\$1,088.01
\$0.8320	\$607.36
\$0.8210	\$123.97
\$0.8320	\$107.33
\$0.7500	\$75.75
\$0.7490	\$90.63
\$0.6990	\$281.00
\$0.7350	\$1,220.10
\$0.7350	\$2,310.11
\$0.6860	\$4,008.98
\$0.6860	\$5,509.95
\$0.7990	\$4,019.77
\$0.9490	\$1,340.94
\$0.9850	\$719.05
\$0.9850	\$148.74
\$1.0546	\$136.04
\$1.0574	\$106.80
\$0.9990	\$120.88
\$1.0990	\$441.80
\$0.9500	\$1,577.00
\$0.8330	\$2,618.12

Savings %

\$ 1,991.11	30%
\$ 2,628.07	30%
\$ 1,142.04	23%
\$ 102.73	8%
\$ 54.90	8%
\$ 23.78	19%
\$ 16.16	15%
\$ 11.11	13%
\$ 7.26	7%
\$ 48.24	16%
\$ 24.90	2%
\$ 47.15	2%
\$ 87.66	2%
\$ 108.43	2%
\$ 75.47	2%
\$ 42.39	4%
\$ 12.41	2%
\$ 4.23	3%
\$ 2.19	2%
\$ 5.05	6%
\$ 6.17	6%
\$ 20.50	7%
\$ 24.90	2%
\$ 47.15	2%
\$ 81.82	2%
\$ 112.45	2%
\$ 251.55	6%
\$ 79.13	6%
\$ 14.60	2%
\$ 3.02	2%
\$ 2.77	2%
\$ 1.218	2%
\$ 16.58	12%
\$ 14.87	3%
\$ 49.80	3%
\$ 53.43	2%

Jan-09	1,014.0	1,552.0		2,653.0	281.0	147.0	197.0	5,844.0
Feb-09	908.0	1,466.0	1,367.0	2,265.0	1,742.0	113.0	171.0	8,032.0
Mar-09	700.0	1,143.0	1,025.0	1,689.0	261.0	70.0	143.0	5,031.0
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Jun-09	2.0	81.0	39.0	14.0	4.0	-	11.0	151.0
July-09	2.0	90.0	21.0	5.0	-	-	11.0	129.0
Aug-09	2.0	77.0	18.0	4.0	-	-	-	101.0
Sep-09	14.0	83.0	18.0	5.0	1.0	-	-	121.0
Oct-09	106.0	96.0	105.0	66.0	14.0	1.0	14.0	402.0
Nov-09	409.0	259.0	414.0	490.0	36.0	5.0	47.0	1,650.0
Dec-09	676.0		936.0	1,297.0	99.0	34.0	101.0	3,143.0
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May-10	197.0	164.0	244.0	72.0	17.0	1.0	35.0	730.0
Jun-10	2.0	81.0	39.0	14.0	4.0	-	11.0	151.0

128,229.0

\$0.7900	\$4,616.76
\$0.7500	\$6,024.00
\$0.7000	\$3,521.70
\$0.7500	\$1,059.75
\$0.7900	\$576.70
\$0.8150	\$123.07
\$0.8150	\$105.14
\$0.7900	\$79.79
\$0.7900	\$95.59
\$0.7900	\$317.58
\$0.7980	\$1,324.68
\$0.7980	\$2,508.11
\$0.7800	\$4,558.32
\$0.7800	\$6,264.96
\$0.7550	\$3,798.41
\$0.6900	\$974.97
\$0.6600	\$481.80
\$0.6850	\$103.44

\$ 104,315

MichCom Gas
Cost

\$ 20,353

\$0.7500	\$4,383.00
\$0.6900	\$5,542.08
\$0.6870	\$2,953.20
\$0.5990	\$846.39
\$0.5490	\$400.77
\$0.5350	\$80.79
\$0.5480	\$70.69
\$0.5480	\$55.35
\$0.6990	\$84.58
\$0.6990	\$281.00
\$0.6920	\$1,148.72
\$0.6890	\$2,165.53
\$0.7590	\$4,435.60
\$0.6990	\$5,614.37
\$0.6490	\$3,265.12
\$0.5850	\$826.61
\$0.5490	\$400.77
\$0.5490	\$82.90

\$ 93,201

Volunteer
Energy Gas
Cost

\$ 18,012

\$	233.76	5%
\$	481.92	8%
\$	568.50	16%
\$	213.36	20%
\$	175.93	31%
\$	42.28	34%
\$	34.44	33%
\$	24.44	31%
\$	11.01	12%
\$	36.58	12%
\$	175.96	13%
\$	342.59	14%
\$	122.72	3%
\$	650.59	10%
\$	533.29	14%
\$	148.37	15%
\$	81.03	17%
\$	20.54	20%

\$ 11,113 11%

Savings

\$ 2,341 12%

Analysis assumes same use per month per year.

2009

Summary

RESOLUTION 2010-086

A RESOLUTION OF THE CLARE CITY GRANTING APPROVAL TO ENTER INTO A COMMERCIAL GAS CUSTOMER CHOICE CONTRACT WITH VOLUNTEER ENERGY.

WHEREAS, the City has been offered an opportunity to enter into a commercial gas customer choice contract to designate Volunteer Energy as its natural gas provider; and

WHEREAS, the City has reviewed said contractual proposal and deemed that approval of said agreement has demonstrated cost-savings potential for the City.

NOW THEREFORE BE IT RESOLVED THAT the City Commission of the City of Clare hereby grants approval for the City of Clare to enter into a Commercial Gas Customer Choice Contract with Volunteer Energy, the terms and stipulations of said contractual agreement as outlined therein.

BE IF FURTHER RESOLVED THAT the City Commission designates its City Manager as its official signatory on any and all documents related to the approval and/or termination of said contract agreement.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 2nd day of August 2010.

Diane Schmidt, City Clerk