Philadelphia Gas Works

REQUEST FOR PROPOSALS
For
NATURAL GAS STORAGE and FIRM TRANSPORTATION ASSET MANAGEMENT
RFP No. 31543

June 1, 2017 through May 31, 2018

The Philadelphia Gas Works (“PGW”) is requesting proposals for asset management of any one or all of its storages with capacity included for the term of June 1, 2017 through May 31, 2018. The objective of this RFP is to select an asset manager to refill and operate said storages in a more efficient manner for the benefit of PGW’s firm ratepayers, if possible. These storages, specifications for which are attached hereto, interconnect with the two interstate pipelines (Transco and Tetco) that interconnect with the PGW territory.

Responses to this RFP are due no later than 5:00 pm Eastern Time on May 24, 2017. PGW will promptly begin (i) negotiations with selected proposers and (ii) obtaining regulatory approvals (if required by the proposed transaction structure), with the objective of asset management services commencing June 1, 2017. All respondents need to have a signed NAESB agreement with PGW or be willing to execute a NAESB agreement with PGW. All respondents should include any proposed special provisions that amend the NAESB agreement to reflect the proposed transaction.

For your convenience, we will accept the proposal by mail, fax or e-mail. Please address your proposal to:

Philadelphia Gas Works
Attention: Gas Acquisitions
800-4 West Montgomery Avenue
Philadelphia, PA 19122
Facsimile: (215) 684-6602
Email: Nicholas.LaPergola@pgworks.com

Should you have any questions, please contact Nicholas LaPergola at (215) 684-6278 or Akia Ruff at (215) 684-6330.
General Conditions:

1. Each proposal may include separate and distinct proposals for each identified asset and should indicate whether the proposals for storage capacity and/or transportation capacity may be separately considered or only as a package.

2. Each proposal must conform to all of the rules and regulations of the Federal Energy Regulatory Commission and the relevant tariff provisions of the applicable interstate pipeline.

3. Imbalances, penalties, excess injection/withdrawal charges or similar charges incurred during the term of the asset management agreement shall be the sole responsibility of the selected asset manager.

4. The transaction described herein is subject to (i) receipt of required approvals (including, without limitation, from PGW’s Senior Management) and (ii) negotiation and execution of definitive agreements containing all appropriate provisions, including those relating to damages and indemnification.

5. PGW reserves the right, at any time prior to execution of an agreement with the selected proposer, to exercise all or any of the following rights and options, which rights and options PGW may exercise to the extent that PGW, in its sole discretion, deems to be in its best interests:
   - To negotiate unacceptable provisions incorporated within an otherwise acceptable proposal submitted in response to this RFP;
   - To reject any proposal that in the sole discretion of PGW is not in the best interest of PGW;
   - To negotiate with multiple respondents prior to or after proposer notification;
   - To cancel this RFP with or without issuing another RFP; and
   - To request that some or all of the proposers modify their proposals or provide additional information following evaluation by PGW.

6. In accordance with The Philadelphia Code Title 17 Chapter 17-400, persons and entities who wish to provide goods and services to PGW must provide certain information about contributions they have made to elected City officials or candidates for City offices. All Proposers must therefore complete this Attachment and include such completed Attachment with their proposal. Please note that the selected proposer will be required to update such disclosure during the term of its agreement with PGW and for one year thereafter.

7. Any information provided to PGW in connection with this RFP will be subject to disclosure under the Philadelphia Home Rule Charter and/or the Commonwealth Right to Know Act.
Transcontinental Gas Pipeline Supply Specifications

**Storages:**
PGW currently has five storages on the TGPL system, two of these storages are section 7C while the other three storages are part 284G. Attachment “A” describes the type of storage, each storage capacity, each storage ratched injection quantity and ratched withdrawal quantity based on the current pipeline tariff regulations. All associated capacity and demand charges are attached.

**Pricing:**
PGW anticipates receiving a discount to the first of the month index of all natural gas injected into these storages as well as a sharing of any profits accumulated through the selected proposer’s utilization of such assets.

**Firm transportation:**
PGW holds firm long line transportation on the TGPL system which can be included in the asset management agreement if requested. The long line capacity can be prorated along TGPL’s historic telescopic pooling points.

**Credit Worthiness:**
All respondents must submit to a creditworthiness review by PGW.

**Operating Season:**
PGW defines its operating season from November through April. Because PGW requires these storage assets to meet its winter operation needs, it will provide a monthly volume required for its usage for each month. If within any winter month PGW can release a portion of these volumes back to the asset manager in order to enhance the value of the agreement, it will contact the asset manager immediately. Historical winter usage volumes for these storages are detailed in the attached PDF.

**Firm Transportation:**
Up to 10,000 DT of Firm Transportation can be included.
Texas Eastern Transmission Supply Specifications

**Storages:**
PGW currently has three storages on the TETCO system, one of these storages is section 7C while the other two storages are part 284G. An attachment describes the type of storage, each storage capacity, each storage ratcheted injection quantity and ratcheted withdrawal quantity based on the current pipeline tariff regulations. All associated capacity and demand charges are attached.

**Pricing:**
PGW anticipates receiving a discount to the first of the month index of all natural gas injected into these storages as well as a sharing of any profits accumulated through the selected proposer’s utilization of such assets.

**Firm transportation:**
PGW holds firm long line transportation on the TETCO system which can be included in the asset management agreement if requested. The long line capacity can be prorated along TETCO’s historic telescopic pooling points.

**Credit Worthiness:**
All respondents must submit to a creditworthiness review by PGW.

**Operating Season:**
PGW defines its operating season from November through April. Because PGW requires these storage assets to meet its winter operation needs, it will provide a monthly volume required for its usage for each month. If within any winter month PGW can release a portion of these volumes back to the asset manager in order to enhance the value of the agreement, it will contact the asset manager immediately. Historical winter usage volumes for these storages are detailed in the attached PDF.

**Firm Transportation:**
Up to 23,000 DT of Firm transportation can be included.