

Natural Gas Contract Options

For



Carl Sandburg
College

By

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CONTROLS

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The options being offered are from WPS Energy, now Integrys. They are the same marketer that the college is currently contracted with for Electricity.

Option 1 Market Price – This option offers a large amount of risk since your natural gas unit cost will fluctuate with the changes in the natural gas market. The college is currently using this option with AmerenIP.

Option 2 100% Fixed Cost Contract – This option offers the college the opportunity to lock into a fixed price for a set contract term for 100% of the usage. This offers the least risk, however with the highest end price potential. This strategy is really only effective if the market takes a significant down turn during the summer and then offers an opportunity to lock in.

Option 3 Structured Procurement Strategy – This option will purchase 7% of your total natural gas consumed per year on a monthly basis. The remainder of your gas is then purchased on the SPOT market, at whatever price the daily market is at. It offers a good strategy to void market fluctuations and offers you some futures purchase capability.

Option 4 Statistical Procurement Strategy- This options utilizes statistical models, tools and market expertise that set key targets as to when natural gas should be purchased. This strategy offers a good balance between risk and best price.

Option 5 Market Supply Strategy – This option locks in your monthly natural gas cost only and exposes you to fluctuations in the market on a daily basis. It is a much higher risks strategy and is comparable to Option 1.