



CITY COUNCIL ITEM SUMMARY

MEETING DATE:	July 6, 2023
SUBCATEGORY:	Contracts/Agreements
DEPARTMENT NAME:	Gas Department
AGENDA ITEM TITLE:	Natural Gas Service Contract, SK America, Inc.
DEPARTMENT SUMMARY RECOMMENDATION:	<p>SK Battery America, Inc., a vehicle battery manufacturer located in Kingston, will be a natural gas user with consumption totaling approximately 11,000 decatherms per day by 2030.</p> <p>A Gas Service Agreement has been negotiated with SK Battery America, Inc. outlining the terms of the gas service. The Gas System anticipates improvements totaling approximately \$10 million will be necessary to serve this volume. Under the terms of the Agreement, SK America, Inc. has agreed to pay a minimum monthly bill for its gas usage for seven years or until the City has recouped its capital outlay from the sale profits, whichever occurs first. The Gas System anticipates the capital outlay to be recouped or returned on investment within five years, depending on the actual cost of gas. The agreement has been executed by SK Battery and accepted by the City Attorney's Office. It is recommended for approval.</p>
LEGAL:	Reviewed by Archer & Lovell