



# Public Works Service Operations Department

**DATE:** 6/8/2021

**FROM:** Jeff Heintz, Public Works Service Operations Director

**ITEM:** Approval of natural gas contract for 2021-2022 option year

**REQUEST:**

Approve the contract with Rainbow Gas Company for natural gas for the 2021-2022 option year.

Please place this item on the 6/22/2021 City Commission meeting agenda.

**BACKGROUND INFORMATION:**

On April 28, 2020, the City Commission awarded the natural gas contract for the City/County Building, Public Works Building, and the Event Center to Rainbow Gas Company from September 1, 2020 to August 31, 2021, and approved the optional year from September 1, 2021 to August 31, 2022 as follows: Inside FERC Gas Market Report's Colorado Interstate Gas (CIG) Index minus \$0.25/MMBtu for September 1, 2021 thru October 31, 2021 and April 1, 2022 thru August 31, 2022, and a fixed price of \$3.06/MMBtu for November 1, 2021 thru March 31, 2022. On top of the gas price will be WBI's actual firm transportation rate plus fuel in % on WBI's pipeline at the time gas is delivered, which currently is \$0.36573 and 1.796% fuel/MMBtu.

**RECOMMENDED CITY COMMISSION ACTION:**

Approve the natural gas optional year contract with Rainbow Gas Company as follows: The price of the gas commodity for September 1, 2021 thru October 31, 2021 and April



1, 2021 thru August 31, 2022 will be inside FERC CIG Index minus \$0.25/MMBtu and a fixed price of \$3.06/MMBtu for November 1, 2021 thru March 31, 2022. On top of the gas price will be WBI's actual firm transportation rate at the time gas is delivered which currently is \$.36573 plus 1.796% fuel/MMBtu.

**STAFF CONTACT INFORMATION:**

Jeff Heintz | Public Works Service Operation Director, 355-1700 or [jheintz@bismarcknd.gov](mailto:jheintz@bismarcknd.gov)



## **NATURAL GAS SALES AGREEMENT**

DATE: June 7, 2021

### **SELLER:**

Rainbow Gas Company  
919 S 7<sup>th</sup> St, Ste 405  
Bismarck, ND 58504 5835

### **BUYER:**

Bismarck City Administration  
PO Box 5503  
Bismarck, ND 58506 5503

Buyer and Seller have agreed as to the following terms and conditions for the sale of natural gas to the City of Bismarck, North Dakota for the following locations:

City/County Office Building ~ 221 North 5<sup>th</sup> Street  
Bismarck Event Center ~ 315 S 5<sup>th</sup> Street  
Public Works Building ~ 601 S 26<sup>th</sup> Street

**VOLUME:** Buyer shall take and Seller shall exert its best efforts to deliver hereunder 100% of Buyer's daily natural gas requirements at its location in Bismarck.

**TERM:** This is a one year agreement starting September 1, 2021 thru August 31, 2022.

**POINT OF DELIVERY:** The point of delivery will be at the interconnection between WBI Energy Transmission (WBI) and Montana Dakota Utilities (MDU) in Bismarck.

**PRICE:** The price of the gas commodity from September 1, 2021 thru October 31, 2021 and April 1, 2022 thru August 31, 2022 will be at Inside FERC Gas Market Report's Colorado Interstate Gas (CIG) Index minus \$0.25 per MMBtu and November 1, 2021 thru March 31, 2022 will be a fixed price of \$3.06/MMBtu.

**TRANSPORTATION:** In addition to the price of the gas as determined under this Agreement, the Buyer agrees to pay WBI's actual Firm Transportation rate plus fuel in % on WBI's pipeline at the time gas is delivered, which currently is \$0.36573 and 1.796% fuel per MMBtu.

**OTHER PROVISIONS:** Rainbow Gas agrees to handle the nominating and balancing of your gas on MDU at no additional charge and as a part of our service.

**PAYMENT:** Seller shall, from the information provided by Transporter(s), calculate a statement showing the amount of payment due Seller by Buyer for each month and provide Buyer a copy of same on or before the (15<sup>th</sup>) fifteenth day of the month following the month in which deliveries were made. Buyer shall pay for gas delivered and purchased hereunder within (10) days after Buyer's receipt of Seller's statement or by the 25<sup>th</sup>, whichever is later.

**CONDITION OF SALE:**

1. This Agreement may not be assigned without prior written consent of the other party.
2. If either party is rendered unable by force majeure to carry out its obligations as described hereunder, other than the obligation to make money payments when due, then the party's obligations affected by the force majeure shall be suspended during, but no longer than the continuance thereof. The term "force majeure" shall mean as here employed an act of God, fire, storm, explosion, failure of third party transporters to deliver or accept gas, failure of gas supply and any other cause not reasonably within the control of the party claiming suspension.
3. Advise any disagreement with any provision of this Agreement prior to initial delivery of gas or we will consider this Agreement binding as to all terms and conditions as set forth herein.
4. In the event transportation rates increase or decrease on WBI, these rates will be passed on to the Buyer at what they actually are.
5. Confidentiality: The terms of this Agreement, including but not limited to, the price paid for gas, term, volumes and all other material terms of this contract shall be kept confidential by the parties hereto, except where information is required to be disclosed under open record or open meeting or other North Dakota law.
6. Governing Law: This Agreement is governed by and shall be construed in accordance with the laws of the State of North Dakota (without giving effect to that State's conflict-of-laws or choice-of-laws provisions), and any dispute in relation to it shall be subject to the exclusive jurisdiction of the courts in Bismarck, North Dakota.

By their signatures, as they appear below, Buyer and Seller hereby accept and agree to the terms and conditions of this Agreement.

**SELLER:**

RAINBOW GAS COMPANY

By:   
Jolene Erdman

Its: President

Date: June 7, 2021

**BUYER:**

CITY OF BISMARCK

By: \_\_\_\_\_  
Steve Bakken

Its: President of the Board of City Commissioners

Date: June 22, 2021