



Public Works Service Operations Department

DATE: April 20, 2020

FROM: Jeff Heintz, Service Operations Director

ITEM: Award of bid for natural gas contract for 2020-21

REQUEST

Approve the bid for natural gas for the City of Bismarck.

Please place this item on the 4/28/2020 City Commission meeting agenda.

BACKGROUND INFORMATION

Natural gas supplies for the City/County Building, Public Works Building, and the Event Center are bid competitively for supplies provided for the City limits where they are then transported to the buildings by MDU. Bids were opened on Wednesday, April 15, 2020. Rainbow Gas Company was the sole bidder. After review of the bid tab and last year's pricing, I recommend to accept the bid and award the contract to Rainbow Gas Company as per the bid tab.

RECOMMENDED CITY COMMISSION ACTION

Approve the natural gas bid tab and award the contract to Rainbow Gas Company as follows: The price of the gas commodity for September 1, 2020 thru October 31, 2020 and April 1, 2021 thru August 31, 2021 will be inside FERC CIG Index minus \$0.30/MMBtu and November 1, 2020 thru March 31, 2021 will be a fixed price of \$2.05/MMBtu. In addition, on top of the gas price will be WBI's actual firm transportation rate plus fuel in percentage on WBI's pipeline at the time gas is delivered, which currently is \$0.36866 and 1.837% fuel per MMBtu.

STAFF CONTACT INFORMATION

Jeff Heintz | Service Operations Director, 355-1700 or jheintz@bismarcknd.gov

BID TABULATION - Natural Gas
CITY OF BISMARCK PUBLIC WORKS
Bids Opened April 15, 2020

Base Bid September 1, 2020 to August 31, 2021	Rainbow Gas Company
Fixed Price	
Sliding CIG Basis	Inside FERC CIG minus \$0.30/MMBtu*
Combination	Inside FERC CIG minus \$0.30/MMBtu*
Sliding CIG Index balance of term	\$2.05/MMBtu 11-1-2020 - 03-31-21. Balance of months @CIG minus \$0.30/MMBtu.*
Optional Year September 1, 2021 to August 31, 2022	
Fixed Price	
Sliding CIG Basis	Inside FERC CIG minus \$0.30/MMBtu*
Combination	Fixed pricing can be negotiated for 2020-21 winter at a later date. *

*On top of the gas price will be WBI Energy's alternate firm and fuel charges at the time gas is delivered.



NATURAL GAS SALES AGREEMENT

DATE: April 20, 2020

SELLER:

Rainbow Gas Company
919 S 7th 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 5th Street
Bismarck Event Center ~ 315 S 5th Street
Public Works Building ~ 601 S 26th 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 contract begins September 1, 2020 and ends August 31, 2021. (The buyer and seller reserve the right for an additional optional year, if agreed upon by both parties)

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, 2020 thru October 31, 2020 and April 1, 2021 thru August 31, 2021 will be at Inside FERC Gas Market Report's Colorado Interstate Gas (CIG) Index minus \$0.30 per MMBtu and November 1, 2020 thru March 31, 2021 will be a fixed price of \$2.05/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 \$0.36866 and 1.837% 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 (15th) 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 25th, whichever is later.

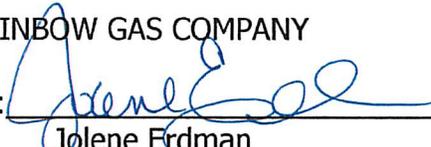
CONDITION OF SALE:

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: April 20, 2020

BUYER:

BISMARCK CITY ADMINISTRATION

By: _____
Steve Bakken

Its: President of Board of City Commissioners

Date: April 28, 2020