

ORDINANCE NO. 1230

AN ORDINANCE AUTHORIZING AND DIRECTING PARTICIPATION BY THE CITY OF FORT MORGAN, COLORADO, IN THE GAS SUPPLY AGREEMENT FOR TOTAL REQUIREMENTS SUPPLY OF THE NATIONAL PUBLIC GAS AGENCY, AND AUTHORIZING AND DIRECTING THE EXECUTION OF THE AGREEMENT

WHEREAS, the City of Fort Morgan, Colorado (the "City"), is a Colorado home rule municipality, duly organized and existing pursuant to Section 6 of Article XX of the Colorado Constitution; and

WHEREAS, the City Council (the "Council") has authority pursuant to the Home Rule Charter and C.R.S. §31-16-101, et seq. to adopt and enforce all ordinances; and

WHEREAS, pursuant to that authority, the City is becoming a member of the National Public Gas Agency ("NPGA"); and

WHEREAS, the Council now desires to enter into a gas supply agreement for total requirements supply with the NPGA.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT MORGAN, COLORADO, as follows:

SECTION 1. The form of the Gas Supply Agreement for Total Requirements Supply and any changes thereto as may be necessary in the opinion of the attorney and the bond counsel for the City of Fort Morgan to effectuate the intentions of the parties or to comply with the provisions of applicable law, are hereby approved.

SECTION 2. The Mayor of the City of Fort Morgan and the Fort Morgan City Clerk are hereby authorized and directed to execute and deliver the Gas Supply Agreement for Total Requirements Supply to the Agency.

SECTION 3. The Board hereby finds and declares it to be in the public interest and in the interest of the customers of the City's gas utility that the City of Fort Morgan becomes a party to the Gas Supply Agreement for Total Requirements Supply with National Public Gas Agency.

SECTION 4. It is hereby ordered and directed that the City of Fort Morgan, acting through its Mayor, execute the Gas Supply Agreement for Total Requirements Supply, a copy of said agreement being attached hereto and made a part hereof.

SECTION 5. The City of Fort Morgan City Council does hereby adopt and approve each of the objectives, terms and conditions set forth in the Gas Supply Agreement for Total Requirements Supply.

SECTION 6. This ordinance shall be in full force and take effect after its passage, approval and publication as provided by law.

SECTION 7. If any section, provision, paragraph, clause or phrase of this Ordinance is held, or decided to be unconstitutional, invalid or enforceable for any reason, such decision shall not affect the constitutionality, validity or enforceability of the remaining portions of this Ordinance.

SECTION 8. All other ordinances or portions thereof inconsistent or conflicting with this Ordinance or any portion hereof are hereby repealed to the extent of such inconsistency or conflict.

SECTION 9. The City Council finds that this Ordinance is necessary for the immediate preservation of the public peace, health and safety of the residents of the City


**INTRODUCED, READ, ADOPTED ON FIRST READING AND ORDERED
PUBLISHED** on the 21st day of May, 2019.



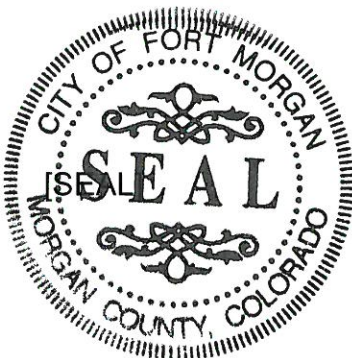
THE CITY COUNCIL OF THE CITY OF FORT
MORGAN, COLORADO


By: Ronald Shaver
Mayor


Attest:


John Brennan
City Clerk

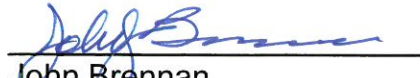
**PASSED, APPROVED AND ADOPTED ON FINAL READING AND ORDERED
PUBLISHED** this 4th day of June 2019.



THE CITY COUNCIL OF THE CITY OF
FORT MORGAN, COLORADO


By: Ronald Shaver
Mayor

Attest:


John Brennan
City Clerk

STATE OF COLORADO)
COUNTY OF MORGAN)ss. **CERTIFICATE**
CITY OF FORT MORGAN)

I, John Brennan, the duly appointed, qualified Clerk of the City of Fort Morgan, Colorado, do hereby certify that the foregoing **Ordinance No. 1230** was, as a proposed Ordinance, duly and legally presented to the City Council of the City of Fort Morgan, Colorado, on the 21st day of May 2019. Said ordinance, as proposed, was duly read at length at said meeting, and thereafter the same was, on the 24th day of May, 2019, published in *The Fort Morgan Times*, a daily newspaper of general circulation published and printed in the City of Fort Morgan, Morgan County, Colorado. Said proposed ordinance was again taken up and read a second time, duly and legally, passed, approved and adopted at a regular meeting of the City Council held on the 4th day of June 2019. Within five (5) days after its final passage, said **Ordinance No. 1230** was published in *The Fort Morgan Times*, a daily newspaper of general circulation published and printed in the City of Fort Morgan, Morgan County, Colorado.


John Brennan
City Clerk

NATIONAL PUBLIC GAS AGENCY
GAS SUPPLY AGREEMENT FOR TOTAL REQUIREMENTS SUPPLY

REVISED SCHEDULE OF RATES AND CHARGES

This Revised Schedule of Rates and Charges (the "Rate Schedule") for natural gas supplied to the Participant by NPGA is a part of the Gas Supply Agreement for Total Requirements Supply ("BG") between NPGA and the Participant.

SECTION 1. TERM

- 1.01 This Rate Schedule shall be effective as of April 1, 2019.

SECTION 2. POINT OF DELIVERY AND MONTHLY BILLING QUANTITIES FOR FIRM GAS SUPPLY

- 2.01 The Point of Delivery is the town border station ("TBS") of the Participant on the applicable transportation pipeline.
- 2.02 Monthly Billing Quantity in MMBtu is defined as the total metered quantity at the Point of Delivery for the current month, less the sum of Non-LPP Loads as defined under Section 6 of the Rate Schedule.

SECTION 3. SCHEDULE OF RATES FOR FIRM GAS SUPPLY

- 3.01 Gas supplies under the Rate Schedule will be purchased through the Level Purchase Plan (the "LPP") and rates for this gas shall be referred to as "LPP Rates," as defined in Section 3.02.
- 3.02 LPP Rates are defined as the Actual Cost of Gas, as defined in Section 3.03 by pipeline.
- 3.03 Actual Cost of Gas shall include: purchased gas costs, pipeline fuel losses, storage charges related to supplying gas, interest costs of financing storage, and hedging activity under the LPP. Purchased gas costs shall be computed based on open market value of gas supplies and do not include discounts created by NPGA purchases of prepaid gas supplies. Actual Cost of Gas for purchasers under an agreement other than NPGA's Gas Supply Agreement for Total Requirements Supply ("Non BG Participants") also includes plus \$0.15 per MMBtu for any gas to be charged at NPGA's LPP rate under the agreement.

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

- 3.04 Unless a different LPP Rate is specifically agreed upon in writing between NPGA and all Participants on the same pipeline, the LPP Rate per MMBtu for each pipeline will be as follows:

Northern Natural Gas Company (NNG):	\$4.00
Tallgrass Interstate Gas Transmission, L.L.C. (TIGT)	\$4.00
Southern Star Central Gas Pipeline, Inc. (SSC):	\$4.00
Koch Pipeline Company, L.P. (KPL):	\$4.00
Colorado Interstate Gas Company, L.L.C. (CIG):	\$4.00

3.05 Pooled Gas Adjustment (PGA)

The PGA is to be applied to all sales of gas under the LPP. The purpose of the PGA is to allow NPGA to collect the difference between the LPP Rate and the Actual Cost of Gas. Whenever the monthly Actual Cost of Gas exceeds the base monthly LPP charge, the amount by which the base is exceeded shall be the PGA and will be applied to all sales made under the LPP. Conversely, if the Actual Cost of Gas is less than the base monthly LPP, the difference shall be charged as a negative PGA and will be applied to all sales made under the LPP. The calculation will be done at the beginning of the month to provide the estimated PGA for monthly invoices to Participants. After all gas cost invoices and information is received, PGAs will be recalculated to provide a final monthly PGA based on final Actual Cost of Gas activity. The resulting true-up may be calculated and billed during the succeeding billing period.

3.06 Member Fee

The Member Fee serves to recover costs associated with the operation of NPGA. A portion of the budgeted fiscal year administrative and general costs, offset by other revenues sources including investment income, management fees and budgeted margin from sales to Non BG Participants, are to be recovered from Participants executing the Gas Supply Agreement for Total Requirements Supply ("BG Participants") as follows ("Member Fee"):

- One half (½) of the Member Fee shall be allocated equally amongst the BG Participants
- One half (½) of the Member Fee shall be allocated based on a three year historical average of BG monthly sales volumes, by BG Participant. The annual period used for historical average calculations is October – September.

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

Annually, NPGA will evaluate its preliminary Fiscal Year change in net position upon closing of NPGA's annual financial records including all year end accruals and Fiscal Year transactions. After evaluation of preliminary Fiscal Year results, NPGA's Board of Directors may at its discretion increase the related Fiscal Year's Member Fee in order to meet cash flow needs, decrease the related Fiscal Year's Member Fee in order to refund amounts paid in excess, or make no changes to the related Fiscal Year's Member Fee. Any change in the related Fiscal Year's Member Fee shall be allocated utilizing the same method described above. The total Fiscal Year Member Fee of \$192,869.00 shall be billed to BG Participants in an amount as follows:

Member Fee per BG Participant as shown on Attachment 1 to this Revised Schedule of Rates and Charges.

3.07 Modification of Rates

The LPP Rate and Member Fee established in the Rate Schedule may be modified from time to time by the NPGA Board of Directors.

SECTION 4. TRANSPORTATION

- 4.01 All transportation costs and charges incurred by NPGA for a Participant shall be passed through and charged to the Participant. Each Participant shall pay NPGA such costs and charges equal to the cost of the transportation of gas over the transportation pipeline(s), as incurred by NPGA for such Participant.
- 4.02 In the event a transportation agreement with a transportation pipeline provides transportation for more than one Participant, the costs and charges incurred by NPGA shall be prorated to each Participant receiving such transportation service on the basis of volume.
- 4.03 Transportation costs and charges shall include, but not be limited to such items as: reservation charges, commodity transport charges, Federal Energy Regulatory Commission (FERC) ordered charges, capacity release revenue credits, storage charges and credits, and any other charges essential to the deliverability of gas.

Date Approved: February 13, 2019

By: 

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Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

- 4.04 Storage credits will be deducted from the Participant's monthly invoice to become included in the Actual Cost of Gas calculation as defined in Section 3.02. The current annual credits in effect for each Participant are:

Alma, Nebraska:	\$17,856
Auburn, Kansas:	\$10,392
Central City, Nebraska:	\$33,072
Superior, Nebraska:	\$11,436
Trinidad, Colorado	\$72,816
Wisner, Nebraska:	\$12,756

SECTION 5. INTEREST ON LATE PAYMENTS

5.01 Interest

Unpaid balances on billings shall accrue interest from the due date until paid at the rate of 1% per month.

SECTION 6. NON-LPP LOADS

- 6.01 Non-LPP Loads are identifiable portions of gas requirements for NPGA BG Participants that the Participant desires to exclude from NPGA's Total Requirements Level Purchase Plan. Non-LPP Loads include any Qualified Industrial Load agreements as defined in prior rate schedules. Non-LPP Loads must meet the following criteria:

- a. Minimum annual usage of 5,000 MMBtu,
- b. Designation as Non-LPP loads prior to beginning of the fiscal year, and
- c. Measurable on a daily basis or allocated as defined blocks of monthly gas. If measured, the metering devices must meet the specifications set by NPGA. During the period between November 16 and February 15, the Participant agrees to provide daily gas usage data if required by NPGA operations staff. If allocated, the schedule of volumes designated as program volumes will be pre-determined. Monthly billing summaries will bill the Non-LPP Load volumes first, with the remainder of actual gas consumption billed at the Total Requirements-LPP rates.

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

6.02 NPGA's Non-LPP Load Program

- a. Participation in NPGA's Non-LPP Program requires the Participant to provide NPGA with written notice of their intent. If the Participant wishes to convert a portion of its load from LPP to Non-LPP, the Participant must take delivery of its share of any previously purchased LPP volumes at the LPP Rate.
- b. The minimum term of service under NPGA's Non-LPP Load Program is one year.
- c. Participant will establish a loss adjustment factor for volumes measured downstream of the TBS for purposes of monitoring, scheduling, and billing of Non-LPP Program volumes.
- d. A Participant who elects to operate its own hedging program as described in Section 6 of this Rate Schedule shall be subject to the following terms and conditions:
 - 1) Participant will purchase its total requirements under the Non-LPP Program by providing NPGA with written notice of Participant's intent,
 - 2) Participant is responsible for paying transaction costs upon execution of a transaction and for all financial benefits/costs resulting from the hedging,
 - 3) Participant is required to provide financial assurances as described in Section 6.06,
 - 4) NPGA will not allow hedging that exceeds the projected use of the respective Participant,
 - 5) NPGA staff shall not make proactive recommendations on specific hedging transactions for Participant, nor shall NPGA staff engage in research beyond gathering basic information for the purposes of executing Participant's hedging transaction,
 - 6) All hedging activity must be confirmed by the Participant,
 - 7) NPGA shall provide written confirmation of all terms and conditions, monthly hedging activity, and monthly settlement calculations to the Participant on a timely basis, and

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

- 8) Participants may jointly engage in one or more hedging transactions, but NPGA shall not make any arrangements for the administration of any agreements between Participants regarding such transactions, nor shall NPGA enforce any such agreements between cooperating Participants, nor mediate any disputes between Participants regarding the continuation, termination or liquidation of any hedging transaction.
- 6.03 Rates for Non-LPP Load Program volumes may vary by transportation pipeline and shall be calculated based on Actual Cost of Gas. Rates will be the bid price as mutually agreed upon by NPGA and the Participant. Rates for the volumes of a Participant who is operating its own hedging program in accordance with the terms of Section 6 shall be calculated as the monthly Actual Cost of Gas as defined in Section 3.03 by pipeline, less the hedging activity under the LPP program, plus the monthly settlement results of the Participant's hedging activity.
- 6.04 Monthly billing for Non-LPP Loads shall equal the monthly quantity for Non-LPP Loads as set forth in Paragraph 6.01 above times the charges set forth in Paragraph 6.03 above.
- 6.05 Non-LPP Program agreements shall be created in writing between NPGA and Participant and shall specify the volumes and pricing for Non-LPP Loads between NPGA and Participant.
- 6.06 A Participant who operates its own hedging activity through NPGA will be responsible for all financial assurances required by NPGA. NPGA shall not provide any capital for a Participant who operates its own hedging activity through NPGA. NPGA and the Participant shall mutually agree to the type of financial assurance which Participant shall provide, which assurance may include letters of credit, margin accounts, or other terms mutually agreed to by NPGA and the Participant. NPGA may from time to time require, and Participant shall timely provide, an increased amount of financial assurance as determined by NPGA, in its sole discretion, to be necessary to support the hedging activity. Failure to provide such financial assurance as required may result in termination of one or more hedging transactions applicable to Participant.

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

SECTION 7. MODIFICATIONS

- 7.01 This Rate Schedule shall remain effective until modified by the NPGA Board of Directors.

Date Approved: February 13, 2019

By: 

Effective Date of this Revised Schedule of Rates and Charges: April 1, 2019.

Supersedes: Schedule of Rates and Charges dated effective July 1, 2018.

National Public Gas Agency
Revised Schedule of Rates and Charges
Member Fee
Revised Attachment 1

BG Participant	Effective July 1, 2018; Revised February 13, 2019												Before Waiver Total	** February & March Waiver	After Waiver Total
	April	May	June	July	August	September	October	November	December	January	February	March			
Auburn, Nebraska	\$ 671.00	\$ 671.00	\$ 671.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 2,886.00	\$ 27,985.00	\$ (5,770.00)	\$ 22,215.00
Superior, Nebraska	750.00	750.00	750.00	3,224.00	3,224.00	3,224.00	3,224.00	3,224.00	3,224.00	3,224.00	3,224.00	3,227.00	31,269.00	(6,451.00)	24,818.00
Central City, Nebraska	852.00	852.00	852.00	3,667.00	3,667.00	3,667.00	3,667.00	3,667.00	3,667.00	3,667.00	3,667.00	3,666.00	35,558.00	(7,333.00)	28,225.00
Alma, Nebraska	576.00	576.00	576.00	2,479.00	2,479.00	2,479.00	2,479.00	2,479.00	2,479.00	2,479.00	2,479.00	2,483.00	24,043.00	(4,962.00)	19,081.00
Stuart, Nebraska	483.00	483.00	483.00	2,079.00	2,079.00	2,079.00	2,079.00	2,079.00	2,079.00	2,079.00	2,079.00	2,075.00	20,156.00	(4,154.00)	16,002.00
Winer, Nebraska	572.00	572.00	572.00	2,459.00	2,459.00	2,459.00	2,459.00	2,459.00	2,459.00	2,459.00	2,459.00	2,462.00	23,850.00	(4,921.00)	18,929.00
Trinidad, Colorado	2,395.00	2,395.00	2,395.00	10,303.00	10,303.00	10,303.00	10,303.00	10,303.00	10,303.00	10,303.00	10,303.00	10,307.00	99,916.00	(20,610.00)	79,306.00
Lyons, Nebraska	564.00	564.00	564.00	2,428.00	2,428.00	2,428.00	2,428.00	2,428.00	2,428.00	2,428.00	2,428.00	2,426.00	23,542.00	(4,854.00)	18,688.00
Pender, Nebraska	693.00	693.00	693.00	2,982.00	2,982.00	2,982.00	2,982.00	2,982.00	2,982.00	2,982.00	2,982.00	2,982.00	28,917.00	(5,964.00)	22,953.00
Stromsburg, Nebraska	534.00	534.00	534.00	2,295.00	2,295.00	2,295.00	2,295.00	2,295.00	2,295.00	2,295.00	2,295.00	2,297.00	22,259.00	(4,592.00)	17,667.00
Bellefonte, Kansas	816.00	816.00	816.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	34,047.00	(7,022.00)	27,025.00
Total BG Participants	\$ 8,906.00	\$ 8,906.00	\$ 8,906.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,313.00	\$ 38,320.00	\$ 371,542.00	\$ (76,633.00)	\$ 294,909.00

** Based on projected financial results for Fiscal Year 2018-2019, the Board of Directors approved a waiver of the February and March Member Fee at the Board of Directors meeting on February 13, 2019. The resulting Fiscal Year 2018-2019 Member Fee for each Member and the total Fiscal Year 2018-2019 Member Fee charged by NPGA is shown on this Revised Attachment 1. The total Fiscal Year Member Fee per Section 3.06 of the NPGA Revised Schedule of Rates and Charges is reduced from \$371,542.00 to \$294,909.00.