COUNCIL ACTION FORM

SUBJECT: ASSET MANAGEMENT AGREEMENT / PIPELINE SERVICES FOR POWER PLANT CONTRACT RENEWAL

BACKGROUND:

Electric Services has converted both of the Power Plant’s coal fired generators to use natural gas. The Power Plant now typically burns up to 12,000 MMBtu of natural gas daily to generate electricity and consume refuse derived fuel. The City has a contract to supply the Power Plant with natural gas to meet this typical expected daily consumption.

A separate set of contracts is required for a firm to provide its asset management services to manage the City’s natural gas purchases and gas pipeline transportation contracts. The contracted company serves as a bridge between the natural gas commodity already under contract and the delivery services already under contract.

On October 27, 2015, City Council awarded a contract to BP Canada Energy Marketing Corp., Omaha, NE, for AMA/Pipeline Services for the City of Ames in an amount not to exceed $30,000 for the base services. In addition, an amount not to exceed $3,000,000 was authorized for the purchase of additional natural gas plus delivery as needed to manage the day-to-day fuel needs of the Power Plant. Included in the original contract were terms for up to four additional one-year terms. The City has negotiated a contract with BP to have the last renewal end on September 30, 2020 rather than December 31, 2020. This date was selected to avoid a possible change in vendor during the winter season. This is the last renewal period for this contract and a new request for proposals will need to be issued after January 1.

BP has provided two separate renewal agreements, each providing a different service. These are (1) an AMA Transaction Confirmation, and (2) a Transaction Confirmation. Each agreement is attached and is described in further detail below. These contracts are through September 30, 2020, for an amount not to exceed $30,000.

AMA Transaction Confirmation
This agreement outlines the terms and conditions when the actual amount of natural gas burned in a day is less than 12,000 dekatherms. This can typically occur at times when Unit #8 is down for maintenance. For these events, BP will sell or store the excess gas on behalf of the City and credit the City the revenue.

Transaction Confirmation
This agreement outlines the terms and conditions when the actual amount of natural gas burned in a day is greater than 12,000 dekatherms. For these events, BP will
purchase both additional natural gas and additional natural gas transport service on behalf of the City and charge the City for the gas plus its adder. This can typically occur at peak times in the summer when Unit #8 is operated at higher generation levels or when both Unit #7 and Unit #8 are operating at the same time.

**Authorization for Funds to Purchase Additional Natural Gas**

Under the AMA Transaction Confirmation and Transaction Confirmation agreements, services are charged based on the price of the natural gas at the time of purchase plus a fee. It is difficult to predict at this time how much of these services will be required each day. Therefore, staff is requesting that an amount not to exceed $270,000 be approved so that staff, together with BP, can manage the daily gas needs over the next nine months.

For example, on a day when the expected 12,000 dekatherms of natural gas is exceeded under the City’s primary gas supply contract, this $270,000 would be available to purchase additional natural gas under the terms of these agreements to keep the Power Plant’s boilers operating. If the net purchases of additional gas approach this $270,000 amount not-to-exceed limit, staff will return to City Council for additional purchasing approval at that time.

The current contract period includes $300,000 to purchase excess natural gas. In the current year, purchases of additional natural gas have been less than expected. City staff anticipates the proposed contract term will require less funding, which is why $270,000 is proposed for that period. The approved FY 2019/20 operating budget currently includes $16,500,000 for the purchase of natural gas to operate the Power Plant. It should be noted that these contracts will cross two budget years.

**ALTERNATIVES:**

1. a. Approve the renewal of an AMA Transaction Confirmation Agreement and a Transaction Confirmation Agreement with BP Canada Energy Marketing Corp., Omaha, NE, for AMA/Pipeline Services for the City of Ames through September 30, 2020 for an amount not to exceed $30,000.

   b. Authorize an amount not to exceed $270,000 for the purchase of additional natural gas plus delivery as needed to manage the day-to-day fuel needs of the Power Plant through September 30, 2020.

2. Do not renew the agreement and direct staff to seek alternative proposals.

**CITY MANAGER’S RECOMMENDED ACTION:**

These two contracts provide Electric Services with a crucial service that will manage the natural gas needed to operate the power plant and burn refuse derived fuel.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 a & b as stated above.
AMA TRANSACTION CONFIRMATION

CONFIRMATION DATE: November 6, 2019

CONTRACT #: CONTRACT DATE: October 13, 2015

SELLER: BP Canada Energy Marketing Corp. (“Seller”)
BUYER: City of Ames, IA. (“Buyer”)
PHONE #: 402.505.8800 FAX #: 713.323.1633
BUYER: City of Ames, IA
PHONE #: 515.239.5126 FAX #: 

This Transaction Confirmation (the “AMA TC”) is entered into effective as of the Confirmation Date and serves to confirm our understanding of the following transaction between Buyer and Seller. This AMA Transaction shall be governed by the terms and conditions set forth in the Base Contract for Sale and Purchase of Natural Gas referenced above executed by and between Buyer and Seller on October 13, 2015 (the “Base Contract”), and the Asset Management Agreement Addendum dated October 24, 2016 by and between the Buyer and Seller (the “Addendum”). This transaction for the sale and purchase of Gas connected to the Released Capacity described in this Article III of the Addendum has been structured to qualify as an Asset Management Agreement (“AMA”) as defined in FERC Order Nos. 712 et al. and its implementing regulations 18 C.F.R. § 284.8. Accordingly, capacity released hereunder shall conform to the FERC’s definition of an AMA, including the required conditions and delivery obligations shall be non-bidable, pre-arranged releases, and shall be made in a manner consistent with (a) the FERC’s capacity release regulations and (b) the Pipeline’s Tariff.

PERFORMANCE OBLIGATION: Subject to the terms and conditions set forth hereinafter, Seller is obligated under this Contract to sell and deliver to Buyer is obligated to purchase and receive, Firm Swing Gas on a Firm basis and Additional Interruptible Gas on an Interruptible basis, up to a total of 12,000 MMbbl/day at the Primary Delivery Point as such amount is limited by the respective Transportation Agreement. Seller and Buyer further agree that to the extent that any interruption, curtailment, operational flow order or other event(s) not otherwise a result of any action or inaction by Seller impacts transportation services in a manner that prevents Seller from utilizing the complete NNG Primary Transportation Path on any Day, irrespective of whether NNG declares an event of Force Majeure, as a result of such event, Seller shall be relieved of its obligation to sell a corresponding quantity of Gas from Buyer as appropriate. In addition, Seller shall be reimbursed on a monthly invoice for any Demand Charges and Modernization Charges, if any, that actually pays in delivering Gas to the Delivery Point under this AMA TC. Notwithstanding the foregoing, during such periods when the complete NNG Primary Transportation Path is not available, Seller shall use commercially reasonable efforts to meet its Gas sale obligation provided that the Gas price paid to Buyer shall reflect the market from which Seller sells such Gas. Any other provision notwithstanding, Seller shall be responsible for any incremental charges resulting from Seller’s use of Buyer’s primary Firm capacity to sell, buy, deliver and/or receive Gas at points other than the Primary Receipt or Delivery Points under Buyer’s Firm transportation contract(s), and in no event shall Buyer have any claim for profit accruing to Seller resulting from Seller’s use of Buyer’s primary Firm capacity to sell and/or buy Gas outside of this AMA TC.

Gas purchases under this AMA Transaction Confirmation and the Transaction Confirmation between the Buyer and Seller dated November 6, 2019 shall constitute the full Gas requirements for the Buyer’s at the Delivery Point. Buyer shall purchase one hundred percent (100%) of its Gas requirements from Seller except for any Gas purchased by Buyer during a Force Majeure event or as a result of an Event of Default that results in the suspension of performance or the termination of the Addendum and/or this AMA Transaction Confirmation or Transaction Confirmation between the Buyer and Seller dated November 6, 2019. The maximum daily Gas quantity under this AMA Transaction Confirmation shall be 12,000 MMbbl/day.

CONTRACT QUANTITY:
The maximum daily quantity of Gas that Buyer may purchase from Seller on any Day under this AMA TC during the Delivery Period is 12,000 MMbbl/day (“MDQ”). Seller’s Gas delivery obligations to Buyer on any Day are limited by the quantity of Gas that Seller can receive, transport and deliver on the Released Capacity.
• **Firm Swing Gas:** Buyer may nominate on a daily basis a quantity of Gas for Firm delivery at the Delivery Point on any Day up the MDQ for that Day ("Firm Swing Gas"). Buyer’s nomination for Firm Swing Gas must be submitted to Seller on or before 7:30 am central prevailing time on the Business Day prior to the Day on which the Gas shall flow and must designate the quantity of Gas that Buyer requests as Firm Swing Gas at the Delivery Point. In addition, for weekend and holiday periods, Buyer’s nomination must be received on or before 7:30 am central prevailing time on the Day before the weekend or holiday period and volumes must be ratable through the weekend or holiday period.

• **Additional Interruptible Gas:** Buyer may request on a daily basis an additional Interruptible quantity of Gas in addition to the Firm Swing Gas ("Additional Interruptible Gas"), provided that the total Gas quantity (Firm Swing Gas plus Additional Interruptible Gas) for the Day does not exceed the MDQ. Such a request shall be made after 7:30 AM Central Prevailing Time on the Business Day prior to the flow Day of the Gas, but not later than 5:00 PM Central Prevailing Time on the flow Day of the Gas.; In the event that Buyer makes any requests for Intraday Gas after 7:30 AM Central Prevailing Time on the Business Day prior to the flow Day of the Gas, Buyer understands and acknowledges that Seller shall use commercially reasonable efforts to supply such Interruptible Intraday Gas, but cannot guarantee that such Gas will or can be supplied to Buyer.

**CONTRACT PRICE:**

**Firm Swing Gas:** The Firm Swing Gas Contract Price ("Firm Swing Gas Contract Price") for the periods April-October and November – March for the Delivery Period shall be as follows.

• **April – October:**
The Contract Price in US$ per MMBtu ("$/MMBtu") for Firm Swing Gas ("Firm Swing Gas Contract Price<sub>Apr-Oct</sub>") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in Platt’s Gas Daily under the heading Northern Natural Gas Co. in the column Ventura plus $0.015/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity<sub>NNG</sub>") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges<sub>NNG</sub>") plus Fuel charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Firm Swing Gas Contract Price}_{\text{Apr-Oct}} = \text{NNG Ventura GD} + \$0.015/\text{MMBtu} + \text{Commodity Charges} + \text{Surcharges}_{\text{NNG}} \times [1 - \text{Fuel}] 
\]

• **November – March:**
The Contract Price in US$ per MMBtu ("$/MMBtu") for Firm Swing Gas ("Firm Swing Gas Contract Price<sub>Nov-Mar</sub>") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in Platt’s Gas Daily under the heading Northern Natural Gas Co. in the column Ventura plus $0.05/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity<sub>NNG</sub>") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges<sub>NNG</sub>") plus Fuel charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Firm Swing Gas Contract Price}_{\text{Nov-Mar}} = \text{NNG Ventura GD} + \$0.05/\text{MMBtu} + \text{Commodity Charges} + \text{Surcharges}_{\text{NNG}} \times [1 - \text{Fuel}] 
\]

**Additional Interruptible Gas:** The Contract Price for Additional Interruptible Gas Contract Price for the periods April-October and November – March for the Delivery Period shall be as follows.

• **April – October**
The Contract Price in US$ per MMBtu ("$/MMBtu") for Additional Interruptible Gas ("Additional Interruptible Gas Contract Price<sub>Apr-Oct</sub>") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in Platt’s Gas Daily under the heading Northern Natural Gas Co. in the column Ventura plus $0.20/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity<sub>NNG</sub>") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges<sub>NNG</sub>") plus Fuel Charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Additional Interruptible Gas Contract Price}_{\text{Apr-Oct}} = \text{NNG Ventura GD} + \$0.20/\text{MMBtu} + \text{Commodity Charges} + \text{Surcharges}_{\text{NNG}} \times [1 - \text{Fuel}] 
\]

• **November – March**
The Contract Price in US$ per MMBtu ("$/MMBtu") for Additional Interruptible Gas ("Additional Interruptible Gas Contract Price") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill...
Companies or its successor thereto in Platt's Gas Daily under the heading Northern Natural Gas Co. in the column Ventura plus $0.35/MMBtu plus the Commodity Charge per the NNG Tariff (“Commodity NNG”) for the NNG Market Area plus applicable Surcharges per the NNG Tariff (“Surcharges NNG”) plus Fuel Charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

Additional Interruptible Gas Contract Prices

\[ \text{Nov-Mar} = [\text{NNG Ventura GD} +$0.35/\text{MMBtu} + \text{Commodity Charges} + \text{Surcharges NNG}] \times [1 - \text{Fuel}] \]

**Demand and Modernization Charges.** Buyer shall reimburse Seller for all (i) Demand Charges that Seller actually pays and (ii) all Modernization Charges that Seller actually pays for which recovery is permitted by then applicable FERC order or regulation that Seller actually pays and such payment shall be documented on the applicable monthly invoice.

**DELIVERY PERIOD:** Begin – January 1, 2020          End – September 30, 2020

**DELIVERY POINT:** NNG Story City #2 – TBS DRN #79227

**SPECIAL TERMS & CONDITIONS:**

1. **AMA Consideration.** City of Ames shall pay the AMA Consideration to Seller. In the event Seller is the full requirements Gas supplier to the City of Ames, Seller shall waive the AMA Consideration.

2. **Information.** The obligation of Section 4.1 of the AMA Addendum, shall apply to this AMA Transaction. Buyer shall also exercise commercially reasonable efforts to communicate to Seller any events that would have a material effect on Seller’s ability to meet its supply obligation under this AMA TC. Such communications shall be made telephonically, to the extent possible, and will be promptly followed up with written Notice under the Base Contract. Seller shall be responsible for making any resulting nomination changes with the Pipeline/Transporter.

3. **Primary Receipt Point MDQ and Fuel Requirement.** Notwithstanding anything else in this AMA Transaction or the Addendum to the contrary, Seller’s Gas sale and delivery obligations to Buyer with respect to deliveries at the Delivery Point shall be limited by the Gas MDQ for NNG that Seller may receive under Buyer’s Transportation Agreements (such amount being the “Primary Receipt Point MDQ(s)”) and the Fuel requirements.

4. **Transportation Risk.** Notwithstanding anything else in this AMA Transaction or the Addendum to the contrary, Seller’s Gas receipt obligations from Buyer with respect to deliveries at the Primary Delivery Point(s) shall be limited by the aggregate of the individual MDQ of Gas that Seller shall receive at such point(s) under Buyer’s Transportation Agreements (such amounts being the “Individual Delivery Point MDQ(s)”).

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Primary Delivery Points:</th>
<th>Individual Delivery Point MDQ (MMBtu/Day):</th>
</tr>
</thead>
<tbody>
<tr>
<td>NNG</td>
<td>NNG Story City #2 TBS DRN #79227</td>
<td>12,000</td>
</tr>
</tbody>
</table>

To the extent applicable, the Individual Delivery Point MDQ shall be modified to reflect that Seller is only obligated to deliver Gas in an amount equivalent to the Individual Delivery Point MDQs.

5. **Impairment of Released Capacity.** In addition to the Force Majeure provisions set forth in the Contract, the Parties also agree that to the extent any interruption, curtailment, operational flow order or other event(s) not caused by the Seller impacts transportation services that impair the Seller’s ability to utilize the Released Capacity to make deliveries of Gas to the Buyer at the Delivery Points, irrespective of whether the Pipeline declares an event of Force Majeure as a result of such event, Seller shall be relieved from its obligation to deliver Gas to Buyer in an amount equivalent to the amount of Released Capacity impacted by such event. By way of example, to the extent that Seller is unable to receive Gas at any Receipt Point (as defined in the AMA) on any Day utilizing the Released Capacity, the Seller’s Gas delivery obligations shall be reduced for such Day in an equivalent amount.

6. **Individual Receipt Point MDQs.** Notwithstanding anything else in this AMA TC or the Addendum to the contrary, Seller’s Gas delivery obligations to Buyer shall be limited by the individual MDQ that Seller may receive at each Primary Receipt Point.

7. **Imbalances.** Consistent with the Base Contract and the Addendum, each party shall be responsible for all Imbalance Charges related to imbalances caused by its actions, and each party shall utilize commercially reasonable efforts to mitigate, if possible, Gas imbalances, necessarily including efforts to inform the other party of its inability to schedule, take, or deliver quantities of Gas. Seller shall be responsible for managing Gas imbalances with the Pipeline(s) and
Seller’s Alliant Pool, and Buyer agrees to cooperate and assist with such imbalance management activities including, but not limited to the frequent incremental purchase and sale of quantities needed to timely mitigate Gas imbalances caused by either of the Parties.

8. **Buyer Representation.** Buyer represents that any Firms Swing Gas or Interruptible Intraday Gas that it is unable to purchase and receive and for which it seeks to obtain a credit on its monthly invoice, shall be based on an operational issue(s) related to a reduction in its electricity load that prevents Buyer from utilizing such Gas.

9. **Failure to Deliver or Receive.**
   
   (a) Damages for failure to deliver or failure to receive Gas shall be treated as provided in the Base Contract.

   (b) Notwithstanding Special Condition 9(a) above, if Buyer’s representation in Special Condition 8 above applies to Buyer’s failure to purchase and receive Firm Swing Gas or Additional Interruptible Gas, Sections 3.2 and 3.3 of the Base Contract shall not apply and Seller shall credit Buyer for such Gas quantities not received on the monthly invoice for the applicable Gas delivery Month based at the following prices.

   **Firm Swing Gas:**
   The credit price in US$ per MMBtu ("$/MMBtu") for Firm Swing Gas for the Delivery Period ("Firm Swing Gas Credit Price") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in Platt's Gas Daily under the heading Northern Natural Gas Co. in the column Ventura minus $0.01/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity_{NNG}") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges_{NNG}") plus Fuel Charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

   **Firm Swing Gas Credit Price = \[NNG Ventura GD - $0.01/MMBtu + \text{Commodity Charges} + \text{Surcharges}_{NNG}] \times [1 - \text{Fuel}]**

   **Additional Interruptible Gas:** The credit price in US$ per MMBtu ("$/MMBtu") for Additional Interruptible Gas ("Additional Interruptible Gas Credit Price") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in Platt's Gas Daily under the heading Northern Natural Gas Co. in the column Ventura minus $0.05/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity_{NNG}") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges_{NNG}") plus Fuel Charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

   **Additional Interruptible Gas Credit Price = \[NNG Ventura GD - $0.05/MMBtu + \text{Commodity Charges} + \text{Surcharges}_{NNG}] \times [1 - \text{Fuel}]**

10. **Defined Terms.** Any capitalized terms set forth herein that are not otherwise defined herein or in the Base Contract shall have the meanings set forth in the AMA Addendum

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**CITY OF AMES, IOWA**

By: ____________________________

Name: __________________________

Title: ____________________________

Date: November 22, 2019

**BP CANADA ENERGY MARKETING CORP.**

By: ____________________________

Name: Alan D Pederson

Title: Attorney-In-Fact

Date: November 13, 2019

Confidential
TRANSACTION CONFIRMATION

CONFIRMATION DATE: November 6, 2019  CONTRACT #: 5507725

CONTRACT DATE: October 13, 2015

SELLER: BP Canada Energy Marketing Corp. ("Seller")
PHONE #: 402.505.8800  FAX #: 713.323.1633

BUYER: City of Ames, IA ("Buyer")
PHONE #: 515.239.5126  FAX #:

This Transaction Confirmation is entered into effective as of the Confirmation Date and serves to confirm our understanding of the following transaction between Buyer and Seller and is governed by the terms and conditions set forth in that certain Base Contract for the Sale and Purchase of Natural Gas dated October 13, 2015 executed by and between Buyer and Seller.

DELIVERY PERIOD: Begin – January 1, 2019  End – September 30, 2020

PERFORMANCE OBLIGATION: Subject to the terms and conditions set forth hereinafter, Seller is obligated under this Contract to sell and deliver and Buyer is obligated to purchase and receive intraday Gas on an Interruptible basis, up to 20,000 MMBtu/Day at the Delivery Point for the Delivery Period.

Gas purchases under this Transaction Confirmation and the AMA Transaction Confirmation dated November 6, 2019 between Buyer and Seller dated November 6, 2019 ("AMA TC") (collectively, the "2019 Transaction Confirmations") shall constitute Buyer’s full Gas requirements at the Delivery Point. Buyer shall purchase one hundred percent (100%) of its Gas requirements, up to 32,000 MMBtu/Day, from Seller under these 2019 Transaction Confirmations except for any Gas purchased by Buyer during a (i) Force Majeure event or as a result of an Event of Default that results in the suspension of performance or the termination of this Transaction Confirmation or (ii) a Force Majeure event or an Event of Default including an Event of Default under the Addendum under the AMA TC that results in the suspension of performance or the termination of the AMA TC.

Seller may use capacity under its transportation agreement with the Northern Natural Gas Company ("Capacity") to deliver up to the MDQ under this Transaction Confirmation to the Delivery Point and Buyer shall pay to Seller Commodity Charges, Fuel Charges, applicable and Surcharges including any Modernization Charges if any, that Seller actually incurs in delivering Gas to the Delivery Point on the Capacity.

CONTRACT QUANTITY

Contract Quantity = 0 - 20,000 MMBtu/Day

Maximum Daily Quantity ("MDQ") = 20,000/Day

- **Interruptible Gas.** Buyer may request on a quantity of Interruptible Gas ("Interruptible Gas") up to the MDQ. Such a request shall be made on or before 7:30 am central prevailing time on the Business Day prior to the flow Day of the Gas. However, in the event that Buyer makes any requests for Interruptible Gas after 7:30 am central prevailing time on the Business Day prior to the flow Day of the Gas, Buyer understands and acknowledges that Seller shall use commercially reasonable efforts to supply such Interruptible Gas, but shall not guarantee that such Gas shall be supplied to Buyer.
CONTRACT PRICE:

During all delivery Periods, in the event that Seller actually pays any Modernization Charges for Gas delivered to Buyer for which recovery is permitted by then applicable FERC order or regulation that Seller actually pays shall be reimbursed as a deduction on the applicable monthly invoice.

**Interruptible Gas:** The Interruptible Gas Contract Price for the periods April-October and November - March for the Delivery Period shall be as follows.

- **April – October**
  
The Contract Price in US$ per MMBtu ("$/MMBtu") for Interruptible Gas ("Interruptible Gas Contract Price<sub>Apr-Oct</sub>") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in *Platt’s Gas Daily* under the heading Northern Natural Gas Co. in the column Ventura, plus $0.20/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity<sub>NNG</sub>") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges<sub>NNG</sub>") plus Fuel charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Interruptible Gas Contract Price}_{\text{Apr-Oct}} = \left[ \text{NNG Ventura GD} +$0.20/\text{MMBtu} \right. \\
\left. + \text{Commodity Charges} + \text{Surcharges}_{\text{NNG}} \right] \times \left[ 1 - \text{Fuel} \right]
\]

- **November – March**
  
The Contract Price in US$ per MMBtu ("$/MMBtu") for Interruptible Gas ("Interruptible Gas Contract Price") shall be the Northern Ventura Daily Index ("NNG Ventura GD") published by the McGraw-Hill Companies or its successor thereto in *Platt’s Gas Daily* under the heading Northern Natural Gas Co. in the column Ventura, Iowa plus $0.35/MMBtu plus the Commodity Charge per the NNG Tariff ("Commodity<sub>NNG</sub>") for the NNG Market Area plus applicable Surcharges per the NNG Tariff ("Surcharges<sub>NNG</sub>") plus Fuel charges per the NNG Tariff (" for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Interruptible Gas Contract Price}_{\text{Nov-Mar}} = \left[ \text{NNG Ventura GD} +$0.35/\text{MMBtu} \right. \\
\left. + \text{Commodity Charges} + \text{Surcharges}_{\text{NNG}} \right] \times \left[ 1 - \text{Fuel} \right]
\]

**DELIVERY POINT:** NNG Story City # 2 DRN# 79227

**SPECIAL TERMS & CONDITIONS:**

1. **Capacity Not Available.** In addition to the Force Majeure provisions set forth in the Contract, the Parties also agree that to the extent any interruption, curtailment, operational flow order or other event(s) impacts transportation services that may impair the Seller’s ability to utilize the Capacity, to make Gas deliveries to the Buyer at the Delivery Point, irrespective of whether NNG declares an event of Force Majeure as a result of such event, Seller shall be relieved from its obligation to deliver Gas to Buyer in an amount equivalent to the amount of Capacity impacted by such event. By way of example, to the extent that Seller is unable to deliver Gas to Buyer at, the Delivery Point, on any Day utilizing its Capacity, the Seller’s Gas delivery obligations shall be reduced for such Day in an equivalent amount.

2. **Buyer Representation.** Buyer represents that any Interruptible Gas that it is unable to purchase and receive and for which it seeks to obtain a credit on its monthly invoice, shall be based on an operational issue(s) related to a reduction in its electricity load that prevents Buyer from utilizing such Gas.

3. **Failure to Deliver or Receive.**
   
   (a) Damages for failure to deliver or failure to receive Gas shall be treated as provided in Sections 3.2 and 3.3 of the Base Contract.

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(b) Notwithstanding Special Condition 3(a) above, if Buyer’s representation in Special Condition 2 above applies to Buyer’s failure to purchase and receive Interruptible Gas, Section 3.2 of the Base Contract shall not apply and Seller shall credit Buyer for such Gas quantities not received on the monthly invoice for the applicable Gas delivery Month based at the following prices.

- **Interruptible Gas requested on or before 7:30 am central prevailing time on the Business Day prior to the flow Day of the Gas (“On or Before 7:30 am Interruptible Gas”):**
  
The credit price in US$ per MMBtu (“$/MMBtu”) for On or Before 7:30 am Interruptible Gas not received by Buyer (“Gas Credit PriceOn or Before 7:30 am”) shall be the Northern Ventura Daily Index (“NNG Ventura GD”) published by the McGraw-Hill Companies or its successor thereto in *Platts Gas Daily* under the heading Northern Natural Gas Co. in the column Ventura, Iowa minus $0.10/MMBtu plus the Commodity Charge per the NNG Tariff (“CommodityNNG”) for the NNG Market Area plus applicable Surcharges per the NNG Tariff (“SurchargesNNG”) plus Fuel charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Gas Credit Price}_{\text{On or Before 7:30 am}} = [\text{NNG Ventura GD} - $0.10/\text{MMBtu} + \text{Commodity Charges} + \text{SurchargesNNG}] \times [1 - \text{Fuel}]
\]

- **Interruptible Gas requested after 7:30 am central prevailing time on the Business Day prior to the flow Day of the Gas (“Post 7:30 am Interruptible Gas”):**
  
The credit price in US$ per MMBtu (“$/MMBtu”) for Post 7:30 am Interruptible Gas not received by Buyer (“Gas Credit PriceAfter 7:30 am”) shall be the Northern Ventura Daily Index (“NNG Ventura GD”) published by the McGraw-Hill Companies or its successor thereto in *Platts Gas Daily* under the heading Northern Natural Gas Co. in the column Ventura, Iowa minus $0.20/MMBtu plus the Commodity Charge per the NNG Tariff (“CommodityNNG”) for the NNG Market Area plus applicable Surcharges per the NNG Tariff (“SurchargesNNG”) plus Fuel charges per the NNG Tariff for NNG Market Area unless the Buyer and Seller agree otherwise in writing.

\[
\text{Gas Credit Price}_{\text{On or Before 7:30 am}} = [\text{NNG Ventura GD} - $0.10/\text{MMBtu} + \text{Commodity Charges} + \text{SurchargesNNG}] \times [1 - \text{Fuel}]
\]

4. **Definitions.** Any capitalized terms set forth herein that are not otherwise defined herein shall be as defined in the Base Contract.

“*Capacity*” shall have the meaning set forth in the Performance Obligation of this Transaction Confirmation.

“Commodity Charges” shall mean all commodity charges, ACA surcharges, GRI surcharges and other tariff charges assessed by a Pipeline pursuant to the FERC-approved tariff or governing documents of such Pipeline as a result of the actual transportation of Gas.

“FERC” means the Federal Energy Regulatory Commission.

“*Fuel*” means the quantity of Gas consumed by a Pipeline in transporting Gas and includes any provision by such Pipeline for lost and unaccounted for Gas, as determined in accordance with the approved tariff or governing documents of such Pipeline.

“Modernization Charges” shall mean any Pipeline charges whether recovered in a or Commodity Charge for the cost recovery related to modernizing Pipeline facilities and infrastructure to enhance the efficiency and safe operation of the Pipeline systems including but not limited to reduction of greenhouse gases, as set forth by FERC in Docket No. PL15-1-000 Cost Recovery Mechanisms for Modernization of Natural Gas Facilities or any other FERC proceeding or pipeline tariff.
“NNG” means Northern Natural Gas Company.

“NNG Tariff” means ANR’s FERC Gas Tariff, Fourth Revised Volume No. 1, as approved by the FERC and as may be amended from time to time.

“Pipeline” means NNG pipeline.

“Surcharges” shall mean all surcharges including Modernization Charges, if any, assessed by a Pipeline pursuant to the FERC-approved tariff or governing documents of such Pipeline as a result of the actual transportation of Gas.

[Signature page follows.]
By: 
Name: 
Title: 
Date: November 6, 2019

By: 
Name: Alan Pederson 
Title: Attorney-in-Fact 
Date: November 13, 2019

[Transaction Confirmation dated December 6, 2017]