

ORDINANCE NO. 4601

AN ORDINANCE OF THE CITY OF HASTINGS, NEBRASKA, TO ESTABLISH FAIR AND EQUITABLE RATES FOR THE CONSUMPTION OF NATURAL GAS FROM THE CITY OF HASTINGS, NEBRASKA; TO ESTABLISH THE EFFECTIVE DATE FOR SAID RATES; TO REPEAL ANY ORDINANCES OR OTHER PROVISIONS IN CONFLICT THEREWITH; TO PROVIDE FOR SEVERABILITY OF ANY PHRASE, CLAUSE, OR PART OF THIS ORDINANCE; AND TO PROVIDE FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF HASTINGS, NEBRASKA:

SECTION 1. That Hastings City Code Section 32-402 of the Hastings City Code be and the same is hereby amended as follows:

(See Attached Section 32-402)

SECTION 2. The rates set forth in Section 1 hereinabove shall be effective beginning October 1, 2019.

SECTION 3. Any ordinance passed and approved prior to the passage, approval and publication or posting of this ordinance and in conflict with its provisions is hereby repealed.

SECTION 4. This ordinance shall take effect and be in full force from and after its passage, approval and publication in pamphlet form, said effective date being October 1, 2019, and this ordinance shall thereafter be included in the Hastings City Code book.

SECTION 5. The provisions of this ordinance are separable and the invalidity of any phrase, clause or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

PASSED AND APPROVED this 9th day of September, 2019.

ATTEST:


City Clerk

(SEAL)


Mayor



APPROVED AS TO FORM:



City Attorney

Sec. 32-402. Rate Schedule

As a tariff of rates based on monthly consumption of each consumer of natural gas from the distribution system of the city, the following schedules are hereby established:

GRS-U GAS RESIDENTIAL SERVICE - URBAN

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To single-family residences and individually metered apartments for domestic purposes when all service is supplied through a single meter to each customer.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Residential Service - Urban (GRS-U)

Customer Charge \$4.41 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.354	\$0.502	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.326	\$0.463	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GGU-U GAS GENERAL SERVICE - URBAN

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter usage does not exceed 3,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas General Service - Urban (GGS-U)

Customer Charge \$8.82 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.358	\$0.523	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.341	\$0.458	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GLGS-U GAS LARGE GENERAL SERVICE - URBAN

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter requirement is greater than 3,000 and less than 60,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large General Service - Urban (GLGS-U)

Customer Charge \$44.12 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.386	\$0.456	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.386	\$0.439	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GRS-R GAS RESIDENTIAL SERVICES - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To single-family residences and individually metered apartments for domestic purposes when all service is supplied through a single meter to each customer.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Residential Service - Rural (GRS-R)

Customer Charge \$4.97 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.354	\$0.524	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.326	\$0.464	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GGG-R GAS GENERAL SERVICE - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter requirement does not exceed 3,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas General Service - Rural (GGG-R)

Customer Charge \$9.93 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.419	\$0.529	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.370	\$0.465	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GLGS-R GAS LARGE GENERAL SERVICE - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's maximum winter requirement is greater than 3000 ccf and less than 60,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large General Service - Rural (GLGS-R)

Customer Charge \$49.64 per month plus:

<u>Summer</u>	<u>Winter</u>	
\$0.386	\$0.456	per hundred cubic feet (ccf) for the first 120 ccf used per month.
\$0.386	\$0.439	per ccf for all additional use.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GLV-D GAS LARGE VOLUME - DEMAND

AVAILABLE - Within established rate areas of Hastings Utilities.

APPLICABLE - To any Customer for non-domestic purposes where all service is taken through a single meter at one location, and where the Customer's maximum winter usage is greater than 60,000 ccf per month. This rate is optional.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large Volume - Demand (GLV-D)

Customer Charge \$110.31 per month plus:

 Demand \$0.110 per ccf times the peak winter usage within the past 11 months.

 Commodity \$0.299 per ccf for all usage.

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GLV-I GAS LARGE VOLUME - INTERRUPTIBLE

AVAILABLE - Within established rate areas of Hastings Utilities and to the extent gas under this Schedule is available to Hastings Utilities.

APPLICABLE - To any Customer for non-domestic purposes where all service is taken through a single meter at one location, and who has executed an agreement with the City whereby, in a period of curtailment or interruption, the Customer can switch to alternate fuel(s) to maintain operation or curtail all operations requiring the use of natural gas from the City distribution system. Customer must demonstrate the capability to remain off the City system. Customer must remain on the rate a minimum of twelve (12) consecutive months.

MINIMUM USAGE: 10,000 ccf/Month

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large Volume - Interruptible (GLV-I)

Customer Charge \$110.31 per month plus:

	<u>Summer</u>	<u>Winter</u>
Commodity Charge (per ccf for all usage)	\$0.340	\$0.366

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

FAILURE TO INTERRUPT: In the event that customer is unwilling or unable to interrupt all service under this schedule when required by Hastings Utilities, Customer shall be liable for 110 percent of all penalties and charges arising from said failure.

Gas service under this schedule is subject to the General Terms and Conditions of Hastings Utilities.

GITS - GAS INTERRUPTIBLE TRANSPORTATION SERVICE

(1) AVAILABILITY

- (a) This Rate Schedule ("Schedule") is available to any end user ("Customer") with facilities served by Hastings Utilities ("Hastings") who has executed an Agency Agreement with Hastings or purchased natural gas from a qualified third-party supplier and who has had peak monthly usage of greater than 300 MMBtu during any of the previous twelve months.
- (b) Service under this Schedule is subject to all contractual requirements of existing interstate pipeline service agreements that Hastings currently has in place with Tallgrass Interstate Gas Transmission ("TIGT"), Trailblazer Pipeline Company ("Trailblazer"), or their successors or assigns, or any other pipeline and/or supplier(s) with which Hastings enters into a contract. Continuous service may not be available.

(2) APPLICABILITY

- (a) This Schedule shall apply to gas purchased by Customer through an Agency Agreement with Hastings or from a qualified third-party supplier and delivered to the Hastings Town Border Station ("Hastings TBS"), and received, transported, and delivered by Hastings to Customer's premises, when Hastings and Customer have executed an agreement for service under Schedule GITS. All third-party suppliers must hold and utilize TIGT pipeline capacity to effectuate delivery of gas to the Hastings TBS.

- (b) Service under this rate schedule shall be subject to interruption or curtailment in the sole discretion of Hastings.
- (c) All gas delivered hereunder by Hastings shall be thermally balanced by Customer.
- (d) Requests for service will be granted on a "first-come/first-served" capacity and/or contractual available basis.

(3) RATE

(a) Customer Charge & Commodity Charge:

Customer Charge: \$110.31 per billing period per Delivery Point

Plus

Commodity Charge: \$0.601 per MMBtu delivered during each billing period.

- (b) Transfer Fee - Hastings will include on the Customer's invoice a charge equal to 6.5 percent of the gross monthly billing from Customer's natural gas supplier, which shall include all charges associated with delivery of the supply to the Hastings TBS. In the event Customer is unable or unwilling to provide Hastings a copy of its actual invoice to verify pricing, Hastings will bill the Customer on an assumed gas cost based upon the first of the month index price listed in the publication *Platts Gas Daily Price Guide* for the higher of the Northern Natural Gas Company - Demarcation, or the Colorado Interstate Gas Co. Rocky Mountains indices, plus \$1.00/MMBtu.
- (c) Application Fee and Other Charges - In addition to the monthly charges set forth above, Customer shall pay (i) an Application Fee of \$250.00 with each Request for Transportation Service, and (ii) all directly assignable costs related to such service, including, as applicable, the cost of any electronic metering and/or telemetering and any other facilities constructed or installed to provide transportation service and all "Exit Fees" (See General Terms and Conditions).
- (d) Telemetering Facilities and Charges - Subsequent to a request for service, and prior to initiation of service, electronic metering and/or telemetering facilities must be installed and operable in accordance with current policies and practices of Hastings.
- (e) Modernization Charges - In the event the Federal Energy Regulatory Commission (FERC) permits an interstate pipeline to collect through its rates via a surcharge to Hastings, costs related to modernizing the pipeline's facilities and infrastructure to enhance the efficiency and safe operation of the pipeline's system pursuant to the FERC Policy Statement in Docket No. PL15-1-000, Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, Hastings shall pass on all such additional costs to the Customer so Hastings remains revenue neutral.
- (f) Interstate Pipeline Rate Case - In the event an interstate pipeline that serves Hastings files a Rate Case with FERC, and FERC allows the implementation of rates that are different than the incremental pipeline transportation and/or fuel

costs Customer has in effect with Hastings through an Agency Agreement, Hastings reserves the right to adjust those incremental costs to allow recovery from Customer so Hastings remains revenue neutral.

- (4) MINIMUM MONTHLY BILL - The Customer charge, associated Pipeline charges, Modernization charges and applicable Penalty charges, if any, along with the associated Transfer Fee.
- (5) AGENCY AGREEMENT - Customer may, at Hastings' option, execute an Agency Agreement which provides for Hastings to procure a supply of natural gas and handle certain administrative duties involved with delivering gas to Customer. Customer shall be responsible for all other terms and requirements of this rate schedule.
- (6) RECEIPT AND DELIVERY
 - (a) A Customer who has purchased third-party gas shall be solely responsible for scheduling and securing delivery of said transportation gas to the Hastings TBS, unless otherwise agreed to in writing by Hastings.
 - (b) The Receipt Point shall be the Hastings TBS and the Delivery Point shall be the retail meter at the Customer's facility located within the Hastings distribution service area.
 - (c) A change of either a Receipt or Delivery Point will be treated as new service.
 - (d) All gas delivered to transporting pipeline(s) for transportation and delivery to Hastings, and further transportation hereunder to the Customer, shall at all times conform to the generally applicable quality and delivery condition specification of each receiving transporter's FERC approved pipeline tariff.
 - (e) Ownership of gas transported by Hastings shall at all times remain with the Customer.

(7) CAPACITY CONSTRAINTS

Service under this Schedule is subject to the physical and contractual constraints of Hastings' gas system pertinent to each Delivery Point.

(8) CUSTOMER BALANCING OBLIGATION

- (a) Customer shall have the obligation to Balance, on a daily basis, Receipts of transportation gas scheduled at the Hastings TBS with Deliveries of such gas by Hastings to the Customer's facilities.

The Customer is responsible for keeping informed as to daily Receipts from its supplier of gas so as to enable it to adjust its consumption of gas to ensure that Receipts and Deliveries of gas into and out of Hastings' system will be kept as near to zero as practicable.

- (b) The Customer is permitted to incur a daily Positive or Negative imbalance of up to 10 percent of the quantities received by Hastings on the Customer's behalf, except on Critical Days. Volumes exceeding those amounts will be subject to penalties as described in Section 10 hereinafter.
- (c) Continuous or willful incurring of imbalances that exceed the limits as established herein will constitute grounds for termination of Service under this Schedule. In the event of Termination of Service, immediate settlement of the imbalance will be made under the terms described in Sections 9 and 10 herein.

(9) SETTLEMENT OF IMBALANCES

- (a) On a monthly basis, the Customer will receive an Imbalance Statement from Hastings which will show the quantities scheduled and received by Hastings on behalf of the Customer, deliveries to the Customer's facilities and any imbalance resulting from the over or under-delivery of gas.
- (b) All monthly Positive Imbalances shall be cashed out in accordance with the Monthly Balancing provisions of the FERC approved TIGT pipeline tariff.
- (c) All monthly Negative Imbalances, except those incurred on a Critical Day(s), will be deemed to have been purchased from Hastings at the Applicable Retail Sales Rate.

(10) PENALTIES FOR IMBALANCE

- (a) Customers with an imbalance in excess of the limits permitted under Sections 8(b) will be subject to a penalty to be assessed at the rate of \$1.00 per MMBtu for all MMBtu in excess of the permitted limit plus 110 percent of any pipeline imbalance penalty incurred by Hastings as a result of Customer's imbalance, if any, should the imbalance occur on a Critical Day.
- (b) Customers with a Negative imbalance on any Critical Day will be subject to a penalty charge for each Critical Day a Negative imbalance is incurred. Penalty charges will be assessed under the terms described in paragraph (c) below.
- (c) If Hastings incurs increased gas or transportation costs, or any penalties whatsoever due to a Customer's imbalance, those costs will be passed on to the Customer at 110 percent of cost.

(11) CUSTOMER INTERRUPTION AND CURTAILMENT OBLIGATIONS

Service hereunder is available only to Customers who can and will immediately reduce or cease the taking of gas if curtailment or interruption is called for by Hastings, in its sole discretion. If Customer refuses to reduce or cease the taking of gas at the delivery point(s) as requested and within the notice period, Hastings may, in its sole discretion, bill Customer for service at the greater of the Customer's applicable standard sales service

rate or 110 percent of all supply and penalty costs incurred by Hastings resulting from Customer's non-compliance, or discontinue service to Customer. In the event Hastings must physically disconnect service as a result of Customer's non-compliance, Customer will be charged on a Time and Material basis for all costs incurred by Hastings to discontinue and/or reconnect service.

If it can be determined with reasonable accuracy that Customer's gas supply is not available at the receipt point in sufficient volume to match Customer's deliveries, Hastings may, in its sole discretion, order Customer to reduce takes at the delivery point(s) to match gas entering at the receipt point. Said amount, if any, shall be the Customer's Curtailment Quantity.

(12) SERVICE REGULATIONS

All other Terms and General Conditions, and regulations applicable to this service shall apply to the extent not inconsistent with this tariff.

(13) ALTERNATIVE FUELS ADJUSTMENT

- (a) In the interest of continuity of service, and at the sole discretion of Hastings, the rates for interruptible transportation service hereinabove may be adjusted down to reflect the cost of alternative fuels and supplies.
- (b) In the case of alternative fuels, Hastings may require from Customer written and verifiable documentation of the end use cost of alternative fuels.
- (c) In no case shall the applicable rates be less than the Minimum Allowable Cost of Hastings.

(14) FIRST RIGHT OF REFUSAL

Customer shall notify Hastings if Customer receives a bona fide offer from a third party to supply natural gas under terms which, in Customer's opinion, are more favorable than those offered by Hastings. Customer further agrees that Hastings shall have the first right of refusal to match the third party offer. Customer shall provide Hastings with a copy of such third party offer or sign an affidavit which identifies the terms and conditions of any such offer. For thirty (30) working days following receipt of such notification, Hastings shall have the right to match such third party offer which would otherwise be accepted by Customer. If Hastings matches such offer, Customer and Hastings shall enter into a contract which contains such terms. Hastings' failure to match such third party offer within thirty (30) working days following receipt of notification shall constitute a waiver of Hastings' right to meet the third party offer.

(15) DEFINITIONS

Critical Day Definition: "Critical Day" shall mean any day, or portion thereof, that a pipeline transporter issues a Directional Notice or Critical Time Operational Flow Order (OFO), or equivalent, or when Hastings shall be curtailed in whole or part by a pipeline

transporter, operational issue, or any similar period of interruption due to limitations or constraints of supply or delivery capacity.

Customer's Daily Transport Limit: The maximum daily transportation amount, in MMBtu, which Customer has contracted with Hastings. Said limit may be used by Customer on any day in which no restriction or curtailment is in effect.

Customer's Curtailment Quantity: The maximum daily transportation amount in MMBtu, if any, which Customer is allowed to use during periods of restriction or curtailment. Said amount must be confirmed by contract, in writing, or by fax with Hastings, prior to usage.

Minimum Allowable Cost: An amount which is less than the fully allocated cost of service but which is greater than the marginal cost of operation of the Hastings Gas System.

(16) RATE TERM

A Customer shall remain on a rate for a minimum of twelve (12) consecutive months, unless determined to be on a non-applicable rate by Hastings or upon mutual consent of Hastings and Customer.

(17) FORCE MAJEURE:

All service under this schedule is subject to interruption under conditions of Force Majeure (See General Terms & Conditions).

(18) GENERAL TERMS AND CONDITIONS

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GFTS - GAS FIRM TRANSPORTATION SERVICE

(1) AVAILABILITY

(a) This Rate Schedule ("Schedule") is available to any end user ("Customer") with facilities served by Hastings Utilities ("Hastings") who has executed an Agency Agreement with Hastings or purchased natural gas from a qualified third-party supplier and who has had peak monthly usage of greater than 300 MMBtu during any of the previous twelve months.

(b) Service under this Schedule is subject to all contractual requirements of existing interstate pipeline service agreements that Hastings currently has in place with Tallgrass Interstate Gas Transmission ("TIGT"), Trailblazer Pipeline Company ("Trailblazer"), or their successors or assigns, or any other pipeline and/or supplier(s) with which Hastings enters into a contract. Continuous service may not be available.

(2) APPLICABILITY

- (a) This Schedule shall apply to gas purchased by Customer through an Agency Agreement with Hastings or from a qualified third-party supplier and delivered to the Hastings Town Border Station ("Hastings TBS"), and received, transported, and delivered by Hastings to Customer's premises, when Hastings and Customer have executed an agreement for service under Schedule GFTS. All third-party suppliers must hold and utilize TIGT pipeline capacity to effectuate delivery of gas to the Hastings TBS.
- (b) Service under this rate schedule shall not be subject to interruption or curtailment except for operational emergencies, Force Majeure conditions, issuance of an Operational Flow Order (OFO), or the equivalent, by a transporting pipeline, or failure of Customer to secure adequate supplies of gas, as outlined in Section 11 hereinafter.
- (c) All gas delivered hereunder by Hastings shall be thermally balanced by Customer.
- (d) Requests for service will be granted on a "first-come/first-served" capacity and/or contractually available basis.

3) RATE

(a) Customer Charge & Commodity Charge:

Customer Charge: \$110.31 per billing period per Delivery Point

Plus

Demand Charge: \$3.86 per MMBtu times the peak daily winter usage within the past 24 months. If actual usage data is not available, the Utility Department may estimate peak day values.

Plus

Commodity Charge: \$0.601 per MMBtu delivered during each billing period.

- (b) Transfer Fee - Hastings will include on the Customer's invoice a charge equal to 6.5 percent of the gross monthly billing from Customer's natural gas supplier, which shall include all charges associated with delivery of the supply to the Hastings TBS. In the event Customer is unable or unwilling to provide Hastings a copy of its actual invoice to verify pricing, Hastings will bill the Customer on an assumed gas cost based upon the first of the month index price listed in the publication *Platts Gas Daily Price Guide* for the higher of the Northern Natural Gas Company - Demarcation, or the Colorado Interstate Gas Co. Rocky Mountains indices, plus \$1.00/MMBtu.
- (c) Application Fee and Other Charges - In addition to the monthly charges set forth above, Customer shall pay (i) an Application Fee of \$250.00 with each Request for Transportation service, and (ii) all directly assignable costs related to such service, including, as applicable, the cost of any electronic metering and/or

telemetering and any other facilities constructed or installed to provide transportation service and all "Exit Fees" (See General Terms and Conditions).

- (d) Telemetering Facilities and Charges - Subsequent to a request for service, and prior to initiation of service, electronic metering and/or telemetering facilities must be installed and operable in accordance with current policies and practices of Hastings.
 - (e) Modernization Charges - In the event the Federal Energy Regulatory Commission (FERC) permits an interstate pipeline to collect through its rates via a surcharge to Hastings, costs related to modernizing the pipeline's facilities and infrastructure to enhance the efficiency and safe operation of the pipeline's system pursuant to the FERC Policy Statement in Docket No. PL15-1-000, Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, Hastings shall pass on all such additional costs to the Customer so Hastings remains revenue neutral.
 - (f) Interstate Pipeline Rate Case - In the event an interstate pipeline that serves Hastings files a Rate Case with FERC, and FERC allows the implementation of rates that are different than the incremental pipeline transportation and/or fuel costs Customer has in effect with Hastings through an Agency Agreement, Hastings reserves the right to adjust those incremental costs to allow recovery from Customer so Hastings remains revenue neutral.
- (4) **MINIMUM MONTHLY BILL** - The Customer charge, associated Pipeline charges, Modernization charges and applicable Penalty charges, if any, along with the associated Transfer Fee.
- (5) **AGENCY AGREEMENT** - Customer may, at Hastings' option, execute an Agency Agreement which provides for Hastings to procure a supply of natural gas and handle certain administrative duties involved with delivering gas to Customer. Customer shall be responsible for all other terms and requirements of this rate schedule.
- (6) **RECEIPT AND DELIVERY**
- (a) A Customer who has purchased third-party gas shall be solely responsible for scheduling and securing delivery of said transportation gas to the Hastings TBS , unless otherwise agreed to in writing by Hastings.
 - (b) The Receipt Point shall be the Hastings TBS and the Delivery Point shall be the retail meter at the Customer's facility located within the Hastings distribution service area.
 - (c) A change of either a Receipt or Delivery Point will be treated as new service.
 - (d) All gas delivered to transporting pipeline(s) for transportation and delivery to Hastings , and further transportation hereunder to the Customer, shall at all times conform to the generally applicable quality and delivery condition specification of each receiving transporter's FERC approved pipeline tariff.

- (e) Ownership of gas transported by Hastings shall at all times remain with the Customer.

(7) CAPACITY CONSTRAINTS

Service under this Schedule is subject to the physical and contractual constraints of Hastings' gas system pertinent to each Delivery Point.

(8) CUSTOMER BALANCING OBLIGATION

- (a) Customer shall have the obligation to Balance, on a daily basis, Receipts of transportation gas scheduled at the Hastings TBS with Deliveries of such gas by Hastings to the Customer's facilities.

The Customer is responsible for keeping informed as to daily Receipts from its supplier of gas so as to enable it to adjust its consumption of gas to ensure that Receipts and Deliveries of gas into and out of Hastings' system will be kept as near to zero as practicable.

- (b) The Customer is permitted to incur a daily Positive or Negative imbalance of up to 10 percent of the quantities received by Hastings on the Customer's behalf, except on Critical Days. Volumes exceeding those amounts will be subject to penalties as described in Section 10 hereinafter.
- (c) Continuous or willful incurring of imbalances that exceed the limits as established herein will constitute grounds for termination of Service under this Schedule. In the event of Termination of Service, immediate settlement of the imbalance will be made under the terms described in Sections 9 and 10 herein.

(9) SETTLEMENT OF IMBALANCES

- (a) On a monthly basis, the Customer will receive an Imbalance Statement from Hastings which will show the quantities scheduled and received by Hastings on behalf of the Customer, deliveries to the Customer's facilities and any imbalance resulting from the over or under-delivery of gas.
- (b) All monthly Positive Imbalances shall be cashed out in accordance with the Monthly Balancing provisions of the FERC approved TIGT pipeline tariff.
- (c) All monthly Negative Imbalances, except those incurred on a Critical Day(s), will be deemed to have been purchased from Hastings at the Applicable Retail Sales Rate.

(10) PENALTIES FOR IMBALANCE

- (a) Customers with an imbalance in excess of the limits permitted under Sections 8(b) will be subject to a penalty to be assessed at the rate of \$1.00 per MMBtu for all MMBtu in excess of the permitted limit plus 110 percent of any pipeline

imbalance penalty incurred by Hastings as a result of Customer's imbalance, if any, should the imbalance occur on a Critical Day.

- (b) Customers with a Negative imbalance on any Critical Day will be subject to a penalty charge for each Critical Day a Negative imbalance is incurred. Penalty charges will be assessed under the terms described in paragraph (c) below.
- (c) If Hastings incurs increased gas or transportation costs or any penalties whatsoever due to a Customer's imbalance, those costs will be passed on to the Customer at 110 percent of cost.

(11) CUSTOMER INTERRUPTION AND CURTAILMENT OBLIGATIONS

If it can be determined with reasonable accuracy that Customer's gas supply is not available at the receipt point in sufficient volume to match Customer's deliveries, Hastings may, in its sole discretion, order Customer to reduce takes at the delivery point(s) to match gas entering at the receipt point.

If Customer refuses to reduce or cease the taking of gas at the delivery point(s) as requested and within the notice period, Hastings may, in its sole discretion, bill Customer for service at the greater of the Customer's applicable standard sales service rate or 110 percent of all supply and penalty costs incurred by Hastings resulting from Customer's non-compliance, or physically discontinue service to Customer. In the event Hastings must physically disconnect service as a result of Customer's non-compliance, Customer will be charged on a Time and Material basis for all costs incurred by Hastings to discontinue and/or reconnect service.

In the event that a transporting pipeline issues an Operational Flow Order (OFO), or the equivalent, Hastings may, at its sole discretion, reduce or suspend total deliveries of transportation gas to Customer during the duration, or any portion thereof, that an OFO is in existence. Said amount, if any, shall be the Customer's Curtailment Quantity.

If all or a portion of transportation service is suspended to a Customer, Hastings may attempt to continue serving the Customer's full requirements but Customer will pay Hastings the higher of Customer's standard sales service rate or the actual incremental cost, plus 10 percent, of any replacement supply obtained to serve Customer.

In the event that an OFO results in supply or operational restrictions that limits or threatens Hastings' ability to serve its entire system load, Hastings may order Customer to reduce or eliminate the taking of natural gas at the delivery point(s) during the duration of an OFO. If a Customer fails to adjust takes to the ordered level, Hastings may continue to serve the Customer and shall invoice consumption at a rate of 110 percent of all associated costs, including but not limited to pipeline penalties, supplier variance/penalty costs and incremental replacement supply costs, or may physically discontinue service to Customer.

(12) SERVICE REGULATIONS

All other Terms and General Conditions, and regulations applicable to this service shall apply to the extent not inconsistent with this tariff.

(13) ALTERNATIVE FUELS ADJUSTMENT

- (a) In the interest of continuity of service, and at the sole discretion of Hastings, the rates for firm transportation service hereinabove may be adjusted down to reflect the cost of alternative fuels and supplies.
- (b) In the case of alternative fuels, Hastings may require from Customer written and verifiable documentation of the end use cost of alternative fuels.
- (c) In no case shall the applicable rates be less than the Minimum Allowable Cost of Hastings.

(14) FIRST RIGHT OF REFUSAL

Customer shall notify Hastings if Customer receives a bona fide offer from a third party to supply natural gas under terms which, in Customer's opinion, are more favorable than those offered by Hastings. Customer further agrees that Hastings shall have the first right of refusal to match the third party offer. Customer shall provide Hastings with a copy of such third party offer or sign an affidavit which identifies the terms and conditions of any such offer. For thirty (30) working days following receipt of such notification, Hastings shall have the right to match such third party offer which would otherwise be accepted by Customer. If Hastings matches such offer, Customer and Hastings shall enter into a contract which contains such terms. Hastings' failure to match such third party offer within thirty (30) working days following receipt of notification shall constitute a waiver of Hastings' right to meet the third party offer.

(15) DEFINITIONS

Critical Day Definition: "Critical Day" shall mean any day, or portion thereof, that a pipeline transporter issues a Directional Notice or Critical Time Operational Flow Order (OFO), or the equivalent, or when Hastings shall be curtailed in whole or part by a pipeline transporter, or any similar period of interruption due to limitations or constraints of supply or delivery capacity.

Customer's Daily Transport Limit: The maximum daily transportation amount, in MMBtu, which Customer has contracted with Hastings. Said limit may be used by Customer on any day in which no restriction or curtailment is in effect.

Customer's Curtailment Quantity: The maximum daily transportation amount in MMBtu, if any, which Customer is allowed to use during periods of restriction or curtailment. Said amount must be confirmed by contract, in writing, or by fax with Hastings, prior to usage.

Minimum Allowable Cost: An amount which is less than the fully allocated cost of service but which is greater than the marginal cost of operation of the Hastings Gas System.

(16) RATE TERM

A Customer shall remain on a rate for a minimum of twelve (12) consecutive months, unless determined to be on a non-applicable rate by Hastings or upon mutual consent of Hastings and Customer.

(17) FORCE MAJEURE:

All service under this schedule is subject to interruption under conditions of Force Majeure (See General Terms & Conditions).

(18) GENERAL TERMS AND CONDITIONS

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

GENERAL TERMS AND CONDITIONS

All purchases of natural gas from Hastings Utilities are subject to the following General Terms and Conditions.

ADVANTAGEOUS RATE: To the extent that more than one rate may be available for a given Customer usage, it shall be the responsibility of the Customer to choose the rate which may be best for the Customer. The Utility will attempt to provide as much information as possible in helping the Customer determine which rate may be most advantageous.

BILLING DUE DATE: All bills are due and payable upon receipt. Bills are delinquent fifteen (15) days after the date of billing and shall be subject to all applicable penalties and other charges.

BTU ADJUSTMENT: All retail gas sales are subject to a monthly Btu adjustment based upon the average monthly Btu content of the purchased and produced gas. The adjustment shall be calculated as follows:

$$\text{Btu Adjusted Sales} = \text{Metered ccf Sales} * (\text{Average Btu Content}) / 945 \text{ Btu}$$

CHANGING RATES -- TERM OF CONTRACT: In the event that a Customer chooses to change to another available rate classification, the Customer must remain on the new rate for a period of not less than one year. If Customer does not remain on Schedule GITS or GFTS for 36 consecutive months, Hastings may bill Customer for any unamortized cost of electronic metering and/or telemetering facilities.

EXIT FEES: Any customer that is receiving or has received natural gas service from Hastings Utilities, and desires to receive natural gas supply and/or service from any third party other than Hastings Utilities, shall send written notification of their desire by certified mail or hand delivery to: Manager of Utilities, Hastings Utilities, P.O. Box 289, Hastings, NE., 68902-0289, not less than ninety (90) days prior to the desired date of receiving third party supply and/or service. Within thirty (30) days after receipt of said notification, Hastings Utilities shall advise Customer as to whether they qualify to receive third party supply and/or service. If Customer does qualify

to receive third party supply and/or service, such notification shall include an "Exit Fee" payment obligation due and payable to Hastings Utilities as a result of said modification of service. Customer shall be obligated to pay these charges in full, or make acceptable payment arrangements, not less than thirty (30) days prior to the date Customer desires to begin receiving third party supply and/or service.

"Exit Fees" shall include all costs, charges or obligations previously contracted for or otherwise incurred by Hastings Utilities on behalf of Customer prior to Hastings' receipt of written notice from Customer. "Exit Fees" shall include a pro rata share of all short and long term gas supply and pipeline charges, capital improvements, gas supply realignment costs and any other costs or charges which will continue to be incurred by Hastings Utilities as a result of Customer receiving service and/or supply from a third party. Said fees may be waived in whole or in part on a case by case basis at the sole discretion of Hastings Utilities.

FORCE MAJEURE: In the event that Hastings Utilities is rendered unable to carry out its obligations under this Agreement, either in whole or in part, by reason of force majeure, it is agreed that Hastings Utilities shall give notice and provide the full particulars of such force majeure in writing or by telegraph to the affected Customer(s) as soon as possible after the occurrence of the causes relied upon. The obligations of Hastings Utilities hereto, to the extent that they are affected by a condition of force majeure, shall be suspended during the period of such force majeure condition.

The term "Force Majeure" as employed herein shall mean acts of God, strikes, facility maintenance, lockouts or other industrial disturbances, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, tornadoes, storms, floods, washouts, arrest and restraint of rulers and peoples, necessity for compliance with any court order, law ordinance or resolution promulgated by a governmental authority having jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, sudden partial or sudden entire failure of wells, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of Hastings Utilities, and which by the exercise of due diligence Hastings Utilities is unable to overcome; however, the exercise of due diligence shall not require settlement of strikes or labor disputes against the better judgment of Hastings Utilities.

SEASONS: Unless otherwise noted, the following definitions shall apply:

Summer: Summer rate(s) shall apply to the billing months of June through September.

Winter: Winter rate(s) shall apply to the billing months of October through May.

PURCHASE GAS ADJUSTMENT (PGA)

All retail gas sales are subject to the application of a "Purchase Gas Adjustment" (PGA). Said adjustment shall be made when deemed appropriate by Hastings Utilities and shall be determined as follows:

Purchased and produced gas costs shall be calculated for each month, summer and winter seasons, or as otherwise deemed appropriate by Hastings Utilities, to reflect changes in the cost

of gas above the Base Cost. For these purposes, the "Cost of Gas" shall mean the total cost, including all transportation, demand, commodity, fuel and other supply related charges. Said calculations and adjustments shall be made and become effective with the first billing of each month, season or as Hastings Utilities otherwise deems necessary to fully recover additional gas supply costs. Costs for the subsequent period shall reflect the cost(s) as may be reasonably anticipated, plus or minus any corrective adjustments from the previous period.

The Base Gas Supply Costs for the tariffs presently in effect are \$2.702 and \$3.111 per mcf for the summer and winter seasons, respectively.

ALLOCATION OF SEASONAL COSTS: Costs incurred because of winter season usage may be charged to winter season sales, irrespective of the month or season in which the costs are due and payable. The example, the demand charges associated with No-Notice Service may be received on a monthly basis, however, the pro rata share of those costs shall be included in the winter season cost of gas calculations. The pro ration shall be based upon the firm summer/winter peak day demands.

PURCHASE GAS ADJUSTMENT CALCULATIONS: The actual or estimated production costs, including any corrective adjustments from the previous period, shall be the basis for the PGA. The Base Gas Supply Cost shall then be subtracted from this number and the result multiplied by the Loss/Conversion ratio. The PGA adjustment shall be multiplied times the appropriate monthly customer usage to determine the monthly billing adjustment.

EXAMPLES OF CALCULATION:

Actual Gas Cost(s) for the Period:	\$3.211	per mcf
Base Gas Cost:	<u>3.111</u>	per mcf
Difference	\$0.100	per mcf
Loss/Conversion Adjustment	0.100	mcf
PGA Adjustment:	\$0.0100	per ccf of sales