

SWC 244 Natural Gas Specifications and Price Calculation

1) Definitions. The following terms shall have the respective meanings in this contract.

“Business Day” shall mean any day other than a Saturday or Sunday, or a holiday as designated by the State of Tennessee’s Department of Human Resources.

“Dekatherm” or **“Dth”** shall mean a unit of heating value equal to one million British thermal units (MMBtu).

“Delivery Point” shall mean the interconnect point or city gate, where the public utility company distributes Gas to the specified facility for a distribution fee.

“Interruptibility Status” shall mean a contractual agreement where a customer allows their service, like natural gas supply, to be temporarily halted in specific situations. This could be due to high demand or operational issues in the supply system, such as peak demand periods or unexpected disruptions.

“Firm” shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure.

“Natural Gas” shall mean a fossil fuel energy source. Natural gas contains many different compounds. The largest component of natural gas is methane, a compound with one carbon atom and four hydrogen atoms. Natural gas also contains smaller amounts of natural gas liquids, which are also hydrocarbon gas liquids, and nonhydrocarbon gases, such as carbon dioxide and water vapor.

“NYMEX Price” shall mean the settlement price on the last trading day for the Henry Hub gas futures contract for the delivery month, as traded on the New York Mercantile Exchange or any successor organization.

“Requirements” refer to the amount of Gas needed to fulfill the demands of an Authorized User.

“Tariff” means the Service Regulations and Rate Schedules of the Natural Gas Company, as filed with, and approved by the Tennessee Regulatory Authority from time to time.

“Transporter(s)” shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Contractor or Authorized User upstream or downstream, respectively, of the Delivery Point.

“Natural Gas Producer” shall mean an entity, such as a company or organization, involved in the exploration, extraction, and production of natural gas from underground reservoirs.

2) Duties and Responsibilities of Authorized User and Contractor:

- A. State Contract. Through this Contract, Contractor shall be responsible for all nominations and gas supply balancing, including all costs and charges associated with such balancing, on the Natural Gas Producer. Contractor shall hold Authorized User harmless from any penalties, fees or other charges associated with imbalances on the Natural Gas Producer's system or the system of any upstream Transporter.
- B. Purchase and Sale of Requirements. Contractor shall sell and deliver, on a Firm basis, and Authorized User agrees to receive and purchase, the Requirements at the Delivery Point. An unexcused failure to deliver Gas, including any failure to deliver for economic reasons, may result in contract cancellation and possible debarment. Contractor shall be responsible for any costs or charges imposed on or associated with the Gas up to and including the Delivery Point. Subject to limitations set forth herein and in Section 2A above, Authorized User shall be responsible for any costs or charges imposed on or associated with the Gas after its receipt at the Delivery Point. Authorized User shall not be responsible for any service fees, costs or charges not specifically set forth in Sections 7 (NYMEX and Spot Differentials) and 8 (Natural Gas Pricing).
- C. Transportation. Contractor shall have the sole responsibility for transporting the Gas to the Delivery Point. Authorized User shall have the sole responsibility for transporting the Gas from the Delivery Point.
- D. Quality and Measurement. All Natural Gas delivered by Contractor to Authorized User shall meet all applicable statutes and regulations including pressure, quality, and heat content requirements set forth in:
- 49 CFR Part 192 - PART 192—TRANSPORTATION OF NATURAL AND OTHER GAS BY PIPELINE: MINIMUM FEDERAL SAFETY STANDARDS;
 - TENNESSEE CODE TITLE 65. PUBLIC UTILITIES AND CARRIERS Chapter 26 Gas Companies & Chapter 28 Pipeline Corporations; and
 - RULES OF TENNESSEE PUBLIC UTILITY COMMISSION CHAPTER 1220-04-05 REGULATIONS FOR GAS COMPANIES
- The unit of quantity measurement for purposes of this Contract shall be one Dth dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Contractor.
- E. Title, Risk of Loss. Title to the Gas shall pass from Contractor to Authorized User at the Delivery Point. Contractor shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Authorized User at the specified Delivery Point. Except as limited by the provisions of Section 2A above, Authorized User shall have responsibility for and assume any liability with respect to said Gas after its delivery to Authorized User at the Delivery Point. Contractor warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Authorized User, free and clear of all liens, encumbrances, and claims.

3) Contractor Shall Provide Billing Services:

Contractor shall pay producer(s) in a timely manner on behalf of the State. After payment, the Contractor shall prepare an invoice for each State account consolidating all appropriate charges including supply and transportation fees. The State will not be responsible for penalties incurred by the Contractor, including late fees to producers and balancing penalties.

4) Quarterly Reports Submitted To The Contract Administrator Summarizing:

- Volumes by Authorized User (State/Local) for the quarter
- Breakdown of prices paid including NYMEX price and Contractor fee
- Use of storage and prices paid
- Penalties incurred and paid by the Contractor, including imbalances and late fees
- Savings over the best available tariff rate for all accounts
- Latest procurement strategy based upon market conditions

5) Contractor shall act as a liaison between the Authorized User and the Gas Producer in the event of curtailments and unscheduled interruptions of supply while ensuring proper notice is given to State's accounts for transition to alternate fuels.

6) Contractor shall verify accuracy of all accounting information at the start of the program, and on a quarterly basis thereafter. Account information includes, but is not limited to:

- Account numbers
- Interruptibility status
- Fiscal contact person
- Facilities contact person and contact information including email, telephone, and fax
- Facility's address

7) NYMEX and Spot Differentials:

The Contractor must be equipped to report NYMEX and spot prices from the Henry Hub in Louisiana on a daily basis to the contract administrator.

8) Natural Gas Pricing:

The monthly price for a dekatherm of natural gas is determined by adding the contracted markup price to the NYMEX monthly settlement price. The contracted markup price is determined by the pipeline being used to supply the gas. The NYMEX monthly settlement price is determined by using the settlement price of the month the natural gas was delivered. For example, if an Authorized User ordered 2,000 dekatherms of natural gas for delivery in January 2023, to obtain the total price for the order, a user would take the January 2023 settlement price of \$4.709 and add it to the contacted markup price of \$0.11 for a total of \$4.819.

At this time, thirteen potential pipelines serving Tennessee utilities have been identified:

1. Tennessee Gas Pipeline (Middle TN)
2. East Tennessee Natural Gas Pipeline (East TN)
3. ANR Pipeline (West TN)
4. Trunkline Pipeline (West TN)
5. Texas Eastern Pipeline (Middle TN)
6. Texas Gas Transmission (TGT)
7. Columbia Gas Transmission (CGT)
8. Tengasco Gas Company (TGC)
9. Southern Natural Gas Company (SNGC)
10. USG Pipeline Company (UPC)
11. Gulf Xpress (GXP)
12. Enbridge Pipelines (AlaTenn)
13. Enable Gas Transmission (EGT)

9) The Following Facilities Have Previously Used SWC 244:

Morgan County Correctional Complex (MCCX-East TN)
 Tennessee Women’s Prison (TDOC-TPW-Middle TN)
 Riverbend Maximum Security Institution (RMSI-Middle TN)
 Deberry Special Needs Facility (DSNF-Middle TN)
 Middle Tennessee Mental Health (MTMHI-Middle TN)
 DIDD Middle TN Regional Office (DIDD-Middle TN)
 Tennessee Dept of Transportation (TDOT, Region 3 Garage-Middle TN)
 Tennessee Correction Academy (TCA-Middle TN)

The following table shows the historical usage of natural gas for the facilities identified in Section 9:

Agency	Oct 2021 - Mar 2022	Apr 2022 - Sep 2022	Total
MCCX	19,017.00	7,150.00	26,167.00
TPW	6,350.50	2,597.40	8,947.90
RMSI	13,780.80	5,524.10	19,304.90
DSNF	18,191.50	8,446.90	26,638.40
MTMHI	18,040.40	15,192.20	33,232.60
DIDD	41,149.20	25,067.30	66,216.50
TDOT	8,705.90	3,016.10	11,722.00
TCA	19,102.00	1,603.00	20,705.00

10) Billing Process:

The State of Tennessee utilizes the Tennessee Department of Environment & Conservation (TDEC) Office of Energy Programs (OEP) Utility Data Management (UDM) platform to process and pay all invoices for natural gas under this contract. Tennessee State Agency users shall create an account in the UDM platform, approve invoices there, and export those invoices to Edison. Agency Users will then send payment to Contractor using a direct entry voucher via Edison.

To create an account in the UDM, the Agency User shall have the Contractor send the Agency User's first invoice to the following address:

Name of Authorized User's Facility / Agency
C/O ECI/FDG
PO BOX 2631
Idaho Falls, ID 83403-2631

Once the TDEC OEP State Facility Utility Management team receives the invoice, they will create a new account for the Agency User. After an account has been created for the Agency User and Contractor, all subsequent invoices shall be sent to the address listed above. In the event the State shall award a new UDM Contractor the address above may be updated to reflect that change. Due to the timeliness needed to make that update, this update shall not be considered an amendment to the contract.