

# FOR BOARD ACTION

Agenda Item # 5

Meeting Date: 11/25/08

**SUBJECT:** Addendum to Gas Transportation Agreement  
Minnesota Energy Resources Corporation

**PREPARED BY:** Wally Schlink  
Director of Power Resources

ITEM DESCRIPTION:

The Board has approved and the Mayor has executed a Gas Transportation Agreement with Minnesota Energy Resources Corporation for the transportation of natural gas to the RPU Silver Lake Plant facility. That agreement is for interruptible gas transportation which can be interrupted by the gas company when certain conditions exist.

We also have an agreement in place with Constellation New Energy for 200 Mcf per day of firm transportation to guarantee that the plant facilities can be operated safely even if gas delivery is interrupted. To coordinate the firm delivery of gas we need to execute an addendum to the Minnesota Energy Resources Corporation Agreement to reflect the same arrangement that is in place with Constellation.

Attached are a letter of explanation from Minnesota Energy and a copy of the Addendum.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not applicable

UTILITY BOARD ACTION REQUESTED:

Staff requests that the Board approve and that the Mayor execute an Addendum to the Gas Transportation Agreement with Minnesota Energy Resources Corporation.

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Date



Minnesota Energy Resources Corporation

1412 Howard Street  
Omaha, NE 68102

[www.minnesotaenergyresources.com](http://www.minnesotaenergyresources.com)

October 30, 2008

Rochester Public Utilities  
4000 East Rive Road NE  
Rochester, MN 55906-2813  
Attn: Mr. Rob Dunnette

Re: Firm Transportation on Minnesota Energy Resources

Dear Rob,

Attached you will find two originals of an Addendum for the Election of Firm Transportation on Minnesota Energy Resources. The Addendums have been executed by Minnesota Energy Resources. This Addendum is required due to Constellation NewEnergy, your natural gas commodity supplier agreeing to provide firm service to your facility. In order for Constellation to provide firm service, Minnesota Energy Resources needs to provide firm transportation service.

Please execute an original and forward it to my attention for my files. Please retain the second original for your files.

Please call if you have questions. Minnesota Energy Resources appreciates your business!

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Jimerson". The signature is written over the word "Sincerely," and extends across the line.

Marc Jimerson  
Manager, External Affairs  
402-505-7646 (office)  
402-332-8670 (cell)  
[mcjimerson@minnesotaenergyresources.com](mailto:mcjimerson@minnesotaenergyresources.com)  
1412 Howard Street  
Omaha, NE 68102



ELECTION OF FIRM TRANSPORTATION  
ADDENDUM TO  
GAS TRANSPORTATION AGREEMENT  
(MINNESOTA)

This Addendum is made and entered into as of the November 1, 2008 by and between Minnesota Energy Resources Corporation ("Company"), and ~~Rochester Public Utilities~~ <sup>WDS</sup> *City of Rochester Minnesota,* a *Minnesota Municipal Corporation acting through its Public Utilities Board* Company and Customer have entered into a Gas Transportation Agreement (the "Agreement") and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. Customer agrees to suspend its current Interruptible Gas Transportation service and to convert to transportation service under the "Firm" Transportation Rate Schedule specified below for the Winter Period (November-March) or Periods identified below. During each Winter Period, Company will transport Customer's natural gas supplies on a "Firm" basis on Company's distribution system in accordance with the tariff rules and regulations applicable to Company's Firm Transportation customers in the State of Minnesota. Customers shall pay all applicable Firm Transportation rates, fees, and other charges associated with the Firm Transportation service provided to Customer. At the end of the term of this Addendum as specified below, Customer will revert to its original Interruptible Transportation Service and associated rates, terms, and conditions as set forth in the Agreement.

Customer's Interruptible Transportation Rate Schedule: LVI  
Customer's Applicable Firm Transportation Rate Schedule during the term of this Addendum: LVJ  
Units of Firm: 200 Mcf per Day  
Term of Addendum: November 1, 2008 through March 31, 2009

- 2. As amended by this Addendum, the Agreement is ratified and remains in full force and effect.
- 3. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of the Company's Tariff on file with the Minnesota Public Service Commission, the terms and provisions of the Company's Tariff shall control.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation

By: [Signature]  
Title: Mgr, External Affairs

Rochester Public Utilities

Acct #: 4258760  
By: See attached signature page  
Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**ROCHESTER PUBLIC UTILITIES**

\_\_\_\_\_  
**General Manager**

**CITY OF ROCHESTER**

\_\_\_\_\_  
**Mayor**

Attest:

\_\_\_\_\_  
**City Clerk**

Reviewed By:

\_\_\_\_\_  
**City Attorney**



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an Addendum to the Gas Transportation Agreement with Minnesota Energy Resources Corporation, and request the Mayor and the City Clerk to execute the agreement for

Election of Firm Transportation  
Addendum to Gas Transportation Agreement

The term of the addendum to be November 1, 2008 through March 31, 2009.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25<sup>th</sup> day of November, 2008.

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President

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Secretary