

CITY OF ZACHARY
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

**ORDINANCE PERTAINING TO THE ESTABLISHMENT OF A RATE SCHEDULE FOR
SALES OF NATURAL GAS TO LARGE VOLUME INDUSTRIAL AND FOR OTHER MATTERS
IN CONNECTION THEREWITH**

WHEREAS, the City of Zachary, Louisiana (the "City") is undertaking a marketing program for sales to large volume industrial users of natural gas located in its service area;

NOW THEREFORE, be it hereby ordained by the City Council of the City that a new rate schedule, entitled the Large Volume Industrial User Rate Schedule, shall be adopted, to be effective June 1, 2018, or such later date as the Mayor, the Chief Financial Officer and/or the Chief Administrative Officer shall report to the Board that gas supply sufficient to meet the needs of this marketing program has been acquired, as follows:

1. The City may enter into natural gas sales contracts with large volume industrial users, as defined in this Ordinance, on the following terms:

a) The term shall not be less than one year nor more than five years, including renewal options, and

b) The facilities of the industrial customer must be located in the City's service area or in a Parish contiguous to such area where gas distribution service is not otherwise being provided.

2. Large volume industrial users eligible for service under this Rate Schedule shall be those that will purchase a monthly average of not less than 5,000 MMBtu per day from the City and that elect to enter into a contract with the City for purchases of gas under this Rate Schedule.

3. The contract between the City and the customer pursuant to this Rate Schedule shall be in the form of a North American Energy Standards Board ("NAESB") Base Contract for the Purchase and Sale of Natural Gas, with such Special Conditions and commercial terms set forth in a Transaction Confirmation as shall be established by the Mayor, the Chief Financial Officer and/or the Chief Administrative Officer.

4. The commodity price per MMBtu for service under this Rate Schedule shall be the applicable daily Index price published by *Gas Daily*, a publication of S&P Global Platts, in the chart entitled “Final Daily Price Survey – Platts Locations (\$/MMBtu)” for the applicable flow date of deliveries, under the heading “Louisiana/Southeast”, for Henry Hub, under the column “Index”, less a discount of not greater than 80% of the discount below Index represented by all of the City’s firm gas supply purchases in its gas supply portfolio at the time the NAESB contract with the eligible purchaser under this Rate Schedule is entered into by the City. The City through its Mayor, Chief Financial Officer, and/or Chief Administrative Officer may negotiate lesser discounts with any eligible customer.

5. The City may combine sales service of commodity gas supply under this Rate Schedule with transportation service to the City’s city gate and then across the City’s system so as to provide a delivered service at the industrial customer’s premises. In such circumstances, the delivered price to the customer shall include a transportation service component or components in addition to the price for the commodity gas supply under this Rate Schedule.

6. The City shall serve the customers under this Rate Schedule from its portfolio of long-term, firm natural gas supply contracts. The City shall not be obligated to supply any new eligible customer under this Rate Schedule, or supply any portion of such quantity requested by such customer, if it does not have sufficient long-term, firm gas supplies in its portfolio available to it for sale and delivery to such new customer.

This Ordinance shall be effective upon its adoption for sales service to eligible customers beginning November 1, 2018, or such later date as is described at the beginning of this Ordinance all pursuant to § 2-10 (C) of the Home Rule Charter adopted by the electors for the City of Zachary and state law.

INTRODUCED FOR ADOPTION by the City Council of the City of Zachary as a regular meeting of the said Council held on the 8th day of May, 2018.

ATTEST:

David Amrhein, Mayor

Dana LeJeune - Clerk of the City Council

Francis Nezianya - Mayor Pro Tempore

SUBMITTED FOR FINAL APPROVAL AND ADOPTED by the City Council of the City of Zachary as a regular meeting of the said Council after being duly noticed and publicized public hearing held on the 22nd day of May, 2018, the Ordinance was declared approved and adopted.

David Amrhein, Mayor

Dana LeJeune - Clerk of the City Council

Francis Nezianya - Mayor Pro Tempore