



Legislation Text

File #: 21-0331R, **Version:** 1

RESOLUTION AUTHORIZING AGREEMENT WITH ME GLOBAL, INC. FOR GAS TRANSPORTATION SERVICES.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement with ME Global, Inc., a copy of which is attached hereto as Exhibit A, pursuant to which the City would transport a maximum level of natural gas owned by ME Global from its delivery point in the City's gas system to ME Global's designated delivery at a cost per thousand cubic feet to ME Global determined by the volume transported and the rates set forth in the agreement, payable to the Gas Fund 520, Department 500 (Public Works and Utilities), Division 1900 (Director's Office), Revenue Account 4827 (Gas - Interruptible Transport).

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize a renewed and updated agreement with ME Global, Inc. to transport natural gas owned by them for their use in their Duluth facilities from the point where it is delivered into the City's natural gas distribution system to the point where it leaves the City's system and enters ME Global's facilities. This agreement continues a relationship with ME Global that the City has had with them since 2016 with only minor modifications.

By virtue of federal law, if a gas customer wishes to do so, they have the right to themselves purchase natural gas on the open market and to have it transported by means of existing pipelines from the wellhead or storage facilities to the point where the pipeline used delivers gas to the City's gas distribution facilities. And they have the right to require the City to accept that gas and deliver it to the customer's facilities upon payment of the reasonable costs thereof. This is what ME Global is doing.

This agreement sets forth the terms and conditions of the City for accepting and transporting the gas. In essence, the City will transport all of the gas anticipated to be needed by ME, up to an amount which result in threatening the capacity available to other users. ME Global will in turn pay the City on a cost-per-unit basis.