



Kenton County School District | It's about ALL kids.

## Issue Paper

**DATE:**

**9/25/2024**

**AGENDA ITEM (ACTION ITEM):**

**Consider / Approve the approval of the natural gas purchasing agreement with Stand Energy Corporation and Customer Pooling Agreement with Duke Energy.**

**APPLICABLE BOARD POLICY:**

**01.1 Legal Status of the Board**

**HISTORY/BACKGROUND:**

Stand Energy Corporation is a third-party vendor that currently supplies natural gas to four schools in the Kenton County School District (DHHS, SKHS, SVA, River Ridge). These schools use a higher quantity of natural gas that makes use of a third-party supplier more economical than Duke Energy. Taylor Mill Elementary has reached the usage threshold and qualifies for this purchasing program. Duke Energy still provides transport of natural gas supplied by Stand Energy through their infrastructure as part of a Gas Transportation Agreement

**FISCAL/BUDGETARY IMPACT:**

**Determined by market rate for natural gas and amount used per District location.**

**RECOMMENDATION:**

**Approval of the natural gas purchasing agreement with Stand Energy Corporation and Customer Pooling Agreement with Duke Energy.**

**CONTACT PERSON:**

**Brian E. Vanover, Chris Baker**

\_\_\_\_\_  
**Principal/Administrator**

\_\_\_\_\_  
**District Administrator**

\_\_\_\_\_  
**Superintendent**

*Use this form to submit your request to the Superintendent for items to be added to the Board Meeting Agenda*

*Principal – Complete, print, sign and send to your Director. Director – if approved, sign and put in the Superintendent's mailbox*



1077 Celestial St., Suite 110  
Cincinnati, Ohio 45202-1629  
Toll Free (800) 598-2046  
Fax (513) 621-3773



July 11, 2024

The Kenton County School District  
1055 Eaton Drive  
Fort Wright, KY 41017

**Re: Natural Gas Purchase Agreement Addendum**

Reference is made to the Natural Gas Purchase Agreement dated December 1, 2019 between **STAND ENERGY CORPORATION** ("SEC") and **THE KENTON COUNTY SCHOOL DISTRICT** ("Buyer") for the sale of natural gas by SEC to Buyer's facilities located in Kentucky.

**ADDITIONAL LOCATION:** The following location will be added to the Buyer's Natural Gas Purchase Agreement with an individual SEC account number:

Location Name	Location Address	Meter Number	Account Number
Taylor Mill Elementary School	5907 Taylor Mill Rd., Covington, KY 41015	680734	910118483061

Accepted and agreed this 9<sup>th</sup> day of OCTOBER, 2024.

**STAND ENERGY CORPORATION**

**ATTEST**

BY: \_\_\_\_\_

\_\_\_\_\_

TITLE: PRESIDENT

DATE: \_\_\_\_\_

**THE KENTON COUNTY SCHOOL DISTRICT**  
Customer ID # \_\_\_\_\_

**ATTEST**

BY: \_\_\_\_\_

\_\_\_\_\_

TITLE: \_\_\_\_\_ PRINTED NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

**Duke Energy Kentucky, Inc.**  
**Customer Pooling Agreement**

This Agreement shall serve jointly as an application for service with Duke Energy Kentucky, Inc. ("Company") under Tariff Rate IT, Tariff Rate IT/FT, or Tariff Rate FT-L as specified below, and as an amendment to the Gas Transportation Agreement, Duke Energy Kentucky, Inc. Rate IT, currently in effect between Customer and Company. All terms and conditions contained in the Gas Transportation Agreement shall remain in effect unless otherwise specified below.

**Customer Name:** Kenton County Board of Education **Customer Account #:** 91018483061  
**Service Address:** 5907 Taylor Mill Rd. Covington, KY 41015 **Phone #:** 859-462-2350 **Fax #:** \_\_\_\_\_  
**Contact Person:** Chris Baker **Effective Start Date:** \_\_\_\_\_  
**Email:** chris.baker@kenton.kyschools.us

**Interruptible Monthly Balancing Pool – Rate IMBS (Please enter "X" for choice of pool balancing option)**

Participation in a pool includes a general daily balancing obligation and charges based on the carry-over tolerance level selected below.

All Pools	8% monthly carry-over May through November	Throughput charge per currently effective Rate IMBS
	10% monthly carry-over December through April	Tariff Sheet No. 58

Customer and Pool Operator hereby agree that the account identified herein shall be included for supply management purposes within the Pool Operator's management pool (use separate form for each account).

**Pool Operator:** Stand Energy Corporation **Tariff Rate (circle one):** IT IT/FT FT-L

**For IT/FT Service: Contract Demand (Mcf/day):** \_\_\_\_\_

The Contract Demand specified above amends the Gas Transportation Agreement designating the volume of gas which Customer may use each gas day in the event of an operational curtailment. Contract Demand is firm service use and will be billed in accordance with Company's Tariff Rate IT or Tariff Rate FT-L. Transportation service shall continue for a minimum initial term of twelve months. Refer to Tariff Rate IT, Tariff Rate FT-L, and Tariff Rate IMBS for additional provisions, including, but not limited to, limitations on movement between rate schedules and applicable riders and taxes.

Customer and Pool Operator acknowledge that under normal operating conditions membership in a pool shall not obligate Customer's individual account(s) to balancing requirements beyond those that Customer specifically agrees to with Pool Operator. However, during periods of operational curtailment, Customer's failure to respond to curtailment orders will result in Company directly charging Customer for unauthorized usage and/or disconnection of service by Company and other provisions as specified in Customer's Gas Transportation Agreement and applicable tariffs. Customer and Pool Operator understand and agree that all other supply management responsibility shall rest with Pool Operator in accordance with Tariff Rate IMBS. If Customer changes its choice of Pool Operator, Customer is responsible for providing notification of change to former Pool Operator.

**Customer**

Chris Baker **Print Name**

\_\_\_\_\_  
**Signature**

Energy Systems Coordinator **Title**

chris.baker@kenton.kyschools.us **Email Address**

10/9/2024 **Date**

**Pool Operator**

Larry Freeman **Print Name**

\_\_\_\_\_  
**Signature**

Executive V.P. **Title**

lfreeman@standenergy.com **Email Address**

\_\_\_\_\_  
**Date**

**Duke Energy Kentucky, Inc.**

Nisha Prasad **Print Name**

\_\_\_\_\_  
**Signature**

Manager, Citygate Operations **Title**

Nisha.Prasad@duke-energy.com **Email Address**

\_\_\_\_\_  
**Date**

**Please email to:** [GasCommercialOperations@duke-energy.com](mailto:GasCommercialOperations@duke-energy.com) **This Agreement must be received no later than the 20<sup>th</sup> day of the month preceding the Effective Start Date listed above.**

**For internal use only**

**Date Received:** \_\_\_\_\_  
MM DD YY

Form effective date: October, 2023

\_\_\_\_\_  
Duke Energy Kentucky, Inc. Representative

**GAS TRANSPORTATION AGREEMENT  
DUKE ENERGY KENTUCKY, INC. RATE FT-L**

This GAS TRANSPORTATION AGREEMENT (the "Agreement") is entered into and effective as of the first day of \_\_\_\_\_, 2024 (the "Effective Date"), by and between DUKE ENERGY KENTUCKY, INC., a Kentucky corporation with offices at 4580 Olympic Boulevard, Erlanger, Kentucky 41018 ("Duke Energy"), and \_\_\_\_\_, a \_\_\_\_\_ corporation having facilities at \_\_\_\_\_ ("Customer"). Duke Energy and Customer may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH**

WHEREAS, Customer has arranged for the purchase of firm basis natural gas from a third party and for the delivery of such gas to a Duke Energy city-gate receipt point; and

WHEREAS, Customer desires Duke Energy to transport such gas on the Duke Energy gas distribution system on a firm basis; and

WHEREAS, Duke Energy is willing to receive such gas at a Duke Energy city-gate receipt point and transport and deliver such gas to the outlet of Customer's meter (the "Delivery Point"), and Customer is eligible and willing to receive such gas at the Delivery Point, all in accordance with the terms and conditions herein and in Duke Energy's prevailing Rate FT-L, KY. P.S.C. Gas No. 2, Sheet No. 51 (including all associated riders and any successor tariff sheet thereto), a copy of which is attached hereto as Appendix A (the "Governing Tariff").

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

**Article I. Definitions:** The following capitalized words and phrases used in this Agreement shall have the following meanings:

A. "**KY PSC**" shall mean the Kentucky Public Service Commission.

B. "**Service Regulations**" shall mean the set of rules and regulations of Duke Energy for providing gas service as approved by the KY PSC.

C. "**Tariffs**" shall mean documents approved by the KY PSC describing the terms and conditions under which Duke Energy provides natural gas service.

**Article II. Governing Tariff:**

A. Service under this Agreement shall be in accordance with the Governing Tariff. Except as otherwise provided herein, the terms and conditions and other provisions of the Governing Tariff shall control all aspects of this Agreement. Customer acknowledges and agrees that the terms and conditions of the Governing Tariff and any other applicable Tariff may be changed from time to time by valid order of the KY PSC or other governmental authority



having jurisdiction over such service. Customer agrees that any such changes will supersede any inconsistent terms and conditions in the existing Tariffs and this Agreement and will apply to this Agreement as of the effective date of the order by the KY PSC or other governmental authority with jurisdiction approving such changes.

B. Service is for Customer's use only and under no circumstances may Customer or Customer's agent or any other individual, association or corporation install meters for the purpose of reselling or otherwise disposing of service supplied Customer.

**Article III. Continuity of Service:** Duke Energy shall make reasonable provision to supply satisfactory and continuous service, but does not guarantee a constant or uninterrupted supply of gas and shall not be liable for any damage or claim of damage attributable to any interruption caused by unavoidable accident or casualty, extraordinary action of the elements, action of any governmental authority, litigation, or by any cause which Duke Energy could not have reasonably foreseen and made provision against. A Rate FT-L customer shall be subject to the curtailment of service provisions set forth in the Governing Tariff.

**Article IV. Notice:**

A. Each Party shall designate a representative for the receipt of any notices required under this Agreement (other than an interruption notice), which may be changed from time to time. All such notices shall be in writing and delivered by U.S. mail, personal delivery, facsimile or email. Notices shall be effective upon receipt or such later date specified in the notice.

B. Any interruption notice provided under this Agreement may occur, at Duke Energy's option, verbally in person or by phone, in writing, or electronically, including through the use of Duke Energy's automated calling system. Customer shall be responsible for designating personnel to be contacted in the event of a curtailment. When designating such personnel, Customer shall provide contact information that allows Duke Energy to give notice any time, day or night, and any day of the year including all holidays. Customer also shall be responsible for providing Duke Energy with timely updates to the personnel to be contacted, including change of phone numbers, from time to time throughout the term of this Agreement.

**Article V. Suppliers/Pool Operators:**

A. Customer shall choose a supplier/pool operator (a "Pool Operator") to perform certain of its obligations under this Agreement and shall provide Duke Energy with a customer pooling agreement authorizing the Pool Operator to act on Customer's behalf. Customer's authorized Pool Operator shall have available to it supply management/pooling options and shall perform in the same manner as Customer and abide by Duke Energy's policies, whether enumerated in this Agreement, the Governing Tariff, Duke Energy's pooling and balancing tariff (Rate IMBS) or Duke Energy's Service Regulations.

B. Customer or Pool Operator shall nominate, and Duke Energy shall confirm, daily delivery of necessary quantities of natural gas to the city gate receipt point. Duke Energy shall not be liable for under-deliveries, over-deliveries, imbalances, or other conditions caused by Customer's Pool Operator which result in Customer having to purchase higher priced gas or

incur other increased incremental costs. Customer shall be subject to such balancing requirements, thermal conversion adjustments and unaccounted for allowance requirements as defined under the Governing Tariff and associated balancing rates and riders.

C. Notice of changes in Duke Energy's Tariffs or Service Regulations shall be directed to Customer. Duke Energy also will attempt to inform Customer's Pool Operator of such changes but will be under no obligation to do so.

D. Customer shall be liable for any penalty or loss incurred by Duke Energy as a result of the actions of its Pool Operator. Customer acknowledges this liability and agrees to indemnify, defend and hold Duke Energy harmless with respect this liability.

**Article VI. Billing:** Customer's net monthly bill shall be computed in accordance with the following:

A. Administration Charge Per Month - A monthly administrative charge shall be billed in accordance with the Governing Tariff.

B. Transportation Throughput Charge - Transportation service provided under this Agreement shall be billed in accordance with the Governing Tariff. Gas volumes shall be measured by the meter at Customer's facilities. In the event of equipment malfunction, gas volumes shall be calculated based on usage records for such facilities. Customer agrees to accept such gas volumes for billing purposes.

C. Rate IMBS Throughput Charge - A charge for gas balancing service shall be billed in accordance with Rate IMBS, Interruptible Monthly Balancing Service, KY. P.S.C. Gas No. 2, Sheet No. 58.

D. Other Charges - Any other applicable charges as set forth in Governing Tariff shall be billed in accordance with the Governing Tariff.

E. Unauthorized Usage - If Customer uses gas in excess of the quantity nominated and delivered, Customer shall be responsible for the penalties charged to Duke Energy for such unauthorized usage. In addition, Duke Energy shall be entitled to any other remedies available under the Governing Tariff.

**Article VII. Warranty of Title:** Customer, either on its own or acting through its designated supplier, warrants that it shall have good title to all gas delivered to Duke Energy for transportation under this Agreement and that such gas will be free and clear of all liens, encumbrances and claims whatsoever. Customer shall indemnify, defend and hold Duke Energy harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of a breach of such warranty.

**Article VIII. Force Majeure:** Neither of the Parties hereto shall be liable in damages to the other for any act, omission, or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, gas curtailment imposed by

interstate or intrastate pipelines, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming force majeure and which by the exercise of due diligence such Party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the Party claiming force majeure. Such causes or contingencies affecting the performance hereunder by either Party shall not relieve such Party of liability in the event of its concurring negligence or its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve Customer from its obligation to make payments of amounts then due hereunder.

**Article IX. Delivery Pressure:** Duke Energy shall use reasonable efforts to deliver gas under this Agreement at Duke Energy's standard four (4) ounce pressure, unless otherwise agreed to in a separate pressure agreement. The Parties agree that in times of emergency, high demand delivery, or during periods of construction and maintenance, the delivery pressure may fall below such standard pressure. Nothing herein shall be construed as implying a warranty by Duke Energy as to gas pressure.

**Article X. Metering:**

A. Meters and regulating equipment shall be owned and installed by Duke Energy at the Delivery Point. Duke Energy shall have the right of access to meters and measuring equipment at all times.

B. Customer agrees to install and maintain 110v electric service at Customer's sole cost and effort at a location approximately twenty (20) feet from the location of Duke Energy's gas meter(s). All electric service installed by Customer under this Agreement shall be suitable for use with Duke Energy's Automatic Meter Reading (AMR) equipment. Customer shall maintain and install adequate protection for the electric service so that Duke Energy may receive continuous and dependable information on such metering equipment. Customer shall be responsible for the monthly charges for such electric service or other necessary equipment or utilities.

C. Duke Energy reserves the right to change its metering from time to time for maintenance purposes and also to add remote meter reading devices or other equipment as it may desire for monitoring and measuring the Customer's gas usage.

**Article XI. Term of Agreement:** The primary term of this Agreement shall be one (1) year from the Effective Date; provided, however, that in the event this Agreement replaces an existing agreement between Duke Energy and Customer for service under the Governing Tariff, the primary term of this Agreement shall be thirty (30) days. Following expiration of the primary term, this Agreement shall continue unless canceled by either Party upon thirty (30) days written notice.

**Article XII. Regulatory Authority:**

A. This Agreement is subject to the jurisdiction and authority of the KY PSC and any other governmental authority having jurisdiction and to the rules, orders and regulations of such governmental authorities. Nothing herein contained shall be construed as divesting, or attempting to divest, any governmental authority of any of its rights, jurisdiction, powers or authority conferred by law. Except as specifically provided herein, nothing in this Agreement shall be construed so as to alter, modify or change conditions of normal gas deliveries pursuant to other Tariffs, contracts or curtailment priorities as are from time to time imposed upon Duke Energy's customers pursuant to regulatory orders, laws, requirements or sanctions. All service provided hereunder shall be subject to Duke Energy's Service Regulations for gas service as on file with the KY PSC.

B. This Agreement shall be contingent upon the receipt of such regulatory approvals or authorizations as may be required. The Parties agree to cooperate to obtain all required approvals or authorizations.

**Article XIII. Taxes:** Any state or local sales or use tax or any utility gross receipts license tax imposed by any state or local government agency or instrumentality within Kentucky shall be paid by Customer. Nothing contained herein shall be construed as imposing any obligation on Duke Energy with respect to any tax imposed on Customer after title and possession of the gas shall have passed to Customer or Customer's designee.

**Article XV. Successors and Assigns:** This Agreement shall be binding on, and inure to the benefit of, the successors and assigns of Duke Energy and Customer. This Agreement shall supersede and cancel previous gas service agreements except (a) existing pressure gas service agreements and (b) any obligations incurred by Customer to make payment for services received but not yet paid for under an existing gas service agreement.

**Article XV. Applicable Law:** This Agreement shall be governed by the laws of the Commonwealth of Kentucky regardless of choice of law principles in Kentucky or any other state.

**Article XVI. Counterparts:** This Agreement may be executed by the Parties in one or more counterparts, all of which when taken together, shall constitute one and the same instrument, and may be delivered by facsimile, email or other electronic means.

*[Remainder of page intentionally left blank]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of the date set forth above.

**DUKE ENERGY KENTUCKY, INC.**

By: \_\_\_\_\_

By: Nisha Prasad  
Print name here

Title: Manager, Citygate Operations

Date: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_  
Print name here

Title: \_\_\_\_\_

Date: \_\_\_\_\_