**INSTRUCTIONS FOR LP GAS-PROPANE**

**PRICE INFORMATION:**

 Prices for propane fuel are to be computed using the “price adjustments” method set forth herein:

The total price of the product delivered to destination shall consist of two components. These components are:

 A) Base Price (DTN Published Prices "Unbranded Averages" for Propane)

 B) Bid Price (Vendor Margin which includes all costs other than those in Base Price above). The margin price **MUST** include all costs, e.g., perc. fees, freight, transportation, etc. associated with providing and the delivery of LP Gas.

**BASE PRICE**:

The base price shall be the "unbranded" average price for propane as reported by an industry daily publication entitled “Data Transmission Network Corporation" (DTN). The "unbranded" average price, for each terminal in South Dakota, as published in the FastRacks report for each fuel, will be the base price. The State of South Dakota reserves the right to use Contract Averages for any sites where unbranded data is insufficient or out of fuel situations occur.

Bidders should use the abbreviations shown below to indicate, in the designated column on the bid pages, which terminal will be used as the source of fuel for each location for which a bid is provided. This will be the determining factor from which the DTN price will be based. DTN is published each day by www.dtnergy.net.

**RC: Rapid City WS: Wolsey YK: Yankton**

Listing for Rapid City will be a statewide average of the daily propane listings from the other sites.

**BID PRICE**

The bid price shall be the margin the bidder quotes above the base price. The bid price shall be firm for the full term of the contract.

Bidders shall indicate only the margin bid price on the pricing schedules provided at the end of this packet. Do not indicate the total price per gallon.

All bid prices are to be expressed as a decimal. For example:

If the bid price is five and three quarters cents per gallon, express as 0.0575. If the bid price is three quarters of a cent per gallon, express as 0.0075. Negative Margins must be bid as a minus number in parentheses. Example (-.0001)

**PRICE ADJUSTMENT**

Base Price – Base price shall be adjusted daily. The adjustments for the day will be made immediately upon receipt of “DTN” and available on the Internet for the State agencies using the contract resulting from this solicitation.

In the event that “DTN” is not published for a period of time or State of South Dakota offices are closed, the "unbranded" average price indicated in the last published edition shall apply until the next published issue is received. The using agencies shall access the Internet for the daily price changes.

Should “DTN” cease publication, change method of publishing prices, or change product designations as currently listed, an agreement may be made by the parties on a new price determination method during the contract period or the contract shall be terminated.

The price will be adjusted in dollars, up or down in an amount equal to the "unbranded" average price change for the product as published by the Data Transmission Network Corporation for each day.

Vendors will be authorized to invoice State accounts the adjusted price for orders received. Orders made before 1:00PM CST are to be billed at that day’s pricing. Orders made after 1:00PM CST, that are not delivered that same day, are to be billed at the next day’s pricing.

If a product ordered is not available, the agency is authorized to buy from a non-contract vendor or wait to be notified by the contractor when the fuel is available to be re-ordered.

If the open market price in the local area covered by a specific contract is $.025 or more cents per gallon under the vendor’s price, a state agency may purchase the less expensive product after first giving the vendor an opportunity to meet the lower price.

Unbranded LP Gas is acceptable but must conform to the current revision of the Gas Processors Association (GPA) Standard 2140.

All orders shall be shipped F.O.B. Destination with all transportation and handling charges paid by the vendor and shall be made within 2 business days from the date of order.

Vendors will submit invoices to the STATE agencies at least once a month.