

**DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87**

A Distribution Delivery Stabilization Mechanism Factor (“DDSMF”) shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all Rate 60, 90, 70 and 92 heating customers. During the remainder of the year, May through November, the monthly bills shall be computed solely on actual consumption.

**DDSM WILL BE CALCULATED USING THE FOLLOWING FORMULA:**

$$\mathbf{DDSM = DDSMF * Actual Dekatherms * Distribution Delivery Charge}$$

An average daily base load will be calculated separately for customers on each rate schedule. The average daily base load will remain the same for the DDSM December-April billing months. DDSM will be billed for 5 billing months.

An Average Monthly Base Load (“AMBL”) for customer on each rate schedule will be calculated by using total dekatherms for two month non-heat usage (August/September) divided by total number customers billed on each rate schedule for the two month period.

$$\mathbf{AMBL = Dekatherms / Number of Customers}$$

To calculate the Average Daily Base Load (“ADBL”), divide the Average Monthly Base Load by the average number of days in the two-month non-heat billing cycle.

$$\mathbf{ADBL = AMBL / Average Number of Days}$$

Base Load (“BL”) is determined by multiplying the ADBL per customer on each rate schedule by the number of days in the billing cycle times the number of customers on each rate schedule during the billing cycle.

$$\mathbf{BL = ADBL * Number of Days in Billing Cycle * Number of Customers in Billing Cycle}$$

The heat load (“HL”) is then determined by subtracting the base load of all customers on each rate schedule from the total dekatherms billed in the billing cycle.

$$\mathbf{HL = Dekatherms Billed in Cycle - BL}$$

A Heating Degree Factor (“HDF”) is then determined by dividing the Normal Degree-Days (“NDD”) for the billing cycle by the Actual Degree-Days (“ADD”) in the billing cycle.

$$\mathbf{HDF = DNN/ADD}$$

The DDSM Consumption (“DDSMC”) is computed by multiplying the Heating Degree Factor times the Heat Load and adding the Base Load to that number.

$$\mathbf{DDSMC = HDF * HL + BL}$$

The DDSM Factor is then calculated by dividing the DDSM Consumption by the total dekatherms billed in the cycle

$$\mathbf{DDSMF = DDSMC/Dekatherms Billed in Cycle}$$

The DDSMF will be recomputed monthly based on North Dakota averages. If the DDSMF is less than 1.0, the customers’ billed amount will be less than the actual billed amount would have been. If the DDSMF is greater than 1.0, the customers’ billed amount will be more than the actual amount would have been. Each customer’s bill is calculated by multiplying the actual dekatherm usage by the DDSMF times the Distribution Delivery Charge set forth in the respective rate schedules in this tariff.