



414 Nicollet Mall
Minneapolis, Minnesota 55401

July 17, 2014

--Via Electronic Filing--

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
600 E. Boulevard Ave.
Bismarck, North Dakota 58505

RE: NATURAL GAS INTERRUPTIBLE SERVICE TARIFF MODIFICATIONS
CASE NO. PU-14 - _____

Dear Mr. Nitschke:

Enclosed for filing by Northern States Power Company is a petition for modifications to the Interruptible Service tariffs.

The modifications are primarily intended to reduce the frequency of certain customers receiving service under these tariffs to take unauthorized natural gas during a curtailment period.

Please contact me at paul.lehman@xcelenergy.com or 612-330-7529 if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Enclosures

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

Brian P. Kalk
Randy Christmann
Julie Fedorchak

Chair
Commissioner
Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR MODIFICATIONS TO ITS NATURAL
GAS INTERRUPTIBLE SERVICE TARIFFS

CASE NO. PU-14-_____

PETITION

INTRODUCTION

Pursuant to ND Century Code.49-05-05 Northern States Power Company, doing business as Xcel Energy, submits this proposed modification to its natural gas interruptible service tariffs that reference penalties for taking unauthorized natural gas during a curtailment period. The Company proposes that this miscellaneous tariff change become effective on October 1, 2014, to accommodate the upcoming heating season.

Specifically, we request approval of the following changes to the sections of our tariffs labeled *Additional Charge for Unauthorized Use of Gas During Service Curtailment, Interruption, or Restriction*:

- Increase penalty charge for use of unauthorized gas from \$1.00 per therm to \$5.00 per therm; and
- Stronger language to communicate that payment of a penalty does not give customers license to continue to take unauthorized natural gas.

We also request to add language reflecting telemetry (customer equipment to provide for automatic reading and transmitting of natural gas use data to the Company) requirements under the *Character of Service* section.

GENERAL FILING INFORMATION

Name, Address, and Telephone Number of Utility Attorney

Alison C. Archer
Assistant General Council, Xcel Energy Services, Inc.
414 Nicollet Mall – 5th Floor
Minneapolis, MN 55401
(612) 215-4662

Utility Employee Responsible for Filing

Paul J Lehman
Manager, Regulatory Compliance and Filings
414 Nicollet Mall – 7th Floor
Minneapolis, Minnesota 55401
(612) 330-7529

DESCRIPTION AND PURPOSE OF THE PROPOSED MODIFICATIONS

Background

During the last heating season, the Company experienced an unprecedented number of interruptible service customers failing to curtail their usage when notified of curtailment periods by the Company. This resulted in less than planned for load relief, and generated concern about maintaining system operations for firm customers.

From January through March 2014, about 40 percent of North Dakota interruptible service customers used unauthorized natural gas at least once during called curtailments. Additionally, customers have coined the term “penalty gas option” to refer to the deliberate use of unauthorized natural gas. In other words, these customers are under the mistaken impression that they have an option to take unauthorized natural gas as long as they pay the penalty charge. This assumption disregards the potential impact on other customers when an interruptible customer does not curtail when conditions warrant.

The existing tariff requires interruptible customers to curtail their use of natural gas when a curtailment is called regardless of the economics of switching to alternate fuels or shutting down operations. The penalties for unauthorized use were intended to help ensure interruptible customers curtailed usage when

requested. The penalties were not meant to provide interruptible customers a pricing option during curtailment periods.

The failure to curtail by interruptible customers has the potential to harm system operations to the detriment of all customers. We design our services to meet the peak day demands of our firm shippers. We do not procure firm interstate transportation capacity to serve our interruptible customers. On non-peak days, some interstate capacity is often available for the use of interruptible customers. However, on peak days, all of this capacity is needed by, and reserved for, our firm service customers (it should be noted that interruptible customers enjoy lower costs in return for their agreement to curtail their usage when notified to do so). Consequently, if interruptible customers do not curtail when requested, there may not be enough interstate capacity available to serve those customers who are paying for this capacity (i.e., firm service).

During the 2013-2014 North Dakota heating season we called curtailments in January, February, and March 2014 as shown in Table 1:

Table 1: Number of Days with Curtailments by Priority

<u>Priority</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
1A	6.8	2.0	3.0	11.8
1B	6.8	2.0	3.0	11.8
1E	7.8	2.0	3.0	12.8
2	7.8	2.0	3.0	12.8
3	8.8	4.0	3.0	15.8
4	9.8	6.0	3.0	18.8
5	10.8	6.0	3.0	19.8
6	10.8	6.0	3.0	19.8
7	10.8	6.0	3.0	19.8
8	10.8	6.0	3.0	19.8
9	10.8	6.0	3.0	19.8

During the 2013-2014 heating season, we had 118 interruptible customers in North Dakota. Of these, 47 customers, or about 40 percent, took unauthorized natural gas at least once during a called curtailment. These customers used about 108,000 therms of unauthorized natural gas.

REQUESTED CHANGES TO TARIFF

1. *Penalty Increase from \$1.00 to \$5.00 per Therm*

The Company understands the economics behind the decision certain interruptible service customers are making when they choose to take unauthorized natural gas. However, changing the penalty structure to minimize the economic benefit of taking unauthorized gas is needed to help ensure system integrity and rate fairness among customer classes. A sufficiently high penalty will better encourage customers to comply with the curtailment notification. Therefore, we propose changing the \$1.00 per therm rate in the *Additional Charge for Unauthorized Use of Gas During Service Curtailment, Interruption, or Restriction* sections of our tariffs to \$5.00 per therm. This rate is reasonable because it is slightly higher than the peak propane rates and natural gas spot prices experienced last winter.¹ Furthermore, the proposed penalty rate is within the range of penalty rates found in the Midwest.

To provide additional perspective, we have researched the penalty charges in place for other regional distribution companies. Montana Dakota Utility has a \$5.00 per therm penalty in their jurisdictions, including North Dakota. Wisconsin natural gas utilities, including our own Northern States Power-Wisconsin, have a \$2.00 per therm penalty for curtailments when interstate pipeline capacity is not limited and a \$10.00 per therm penalty for curtailments due to capacity limitations on interstate pipelines. MidAmerican has penalty rates of \$6.00 per therm in Illinois. Citizens Gas in Indiana also has a \$6.00 per therm penalty rate.

2. *Stronger Language*

Currently our tariffs states:

“Such payments, however, shall not preclude the Company from shutting off customer’s supply of gas in the event of customer’s failure to curtail, interrupt, or restrict the use thereof when requested by Company to do so.”

The Company proposes to include clearer, stronger language in our tariffs so that there is no confusion regarding the notion that taking unauthorized natural gas is in violation of our tariffs. The proposed language is as follows:

¹ On January 31, 2014, propane prices peaked in Minnesota at the natural gas equivalent of \$3.87 per therm. On March 1, 2014, natural gas spot prices peaked at \$4.60 per therm.

“The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, shutting off the offending customer’s supply of natural gas in the event they fail to curtail, interrupt, or restrict their use when notified by the Company to do so.”

While both versions of this paragraph authorize the Company to take necessary actions in the event a customer fails to curtail when instructed to, the stronger language clarifies that an interruptible customer does not have a “gas penalty option” under this tariff when faced with a curtailment notification. The provision is similar to language found in interruptible service tariffs of other gas utilities across the country.

3. Telemetering

The Company normally uses telemetering equipment for Commercial and Industrial rate classes that utilize at least 500 therms per day to obtain data regarding use of natural gas. Some customers have failed to supply telephone and/or electric service to the telemetering equipment, which renders the equipment incapable of collecting and sending the usage that has occurred. When telemetering equipment is not available under these circumstances, the Company must utilize more expensive means to obtain accurate, timely usage readings.

The typical telemetering device relies on both services in collecting and transmitting the data. Due to the amount of information that is collected, only five days of data can be stored. The telemetering equipment utilizes a non-dedicated phone line to transmit the readings for the previous 24-hour period to the Company’s data collection computers. However, if the process fails, the telemetering equipment continually tries to transmit over the next five days, until the maximum amount of data storage is reached. Once the maximum amount of data storage is reached, the oldest data is overwritten, and only the most recent five days of data is available.

Since it is impractical to manually read the meter every five days in the event that the customer is not adequately providing a telephone line and/or electricity, the alternative is to use cellular technology that does not require a hard wire for telephone service. The cellular equipment would be added to the existing telemetry equipment in order to acquire the meter reading data. In the event that this technology is not workable due to lack of cellular service in the area, a recording instrument that can maintain the meter data for at least 30

days would enable manual meter reads to be taken but would require a laptop computer in order to access the data on-site. For both of these options, the additional costs and time needed to receive the information support additional charges to the customer that does not provide telephone and/or electric service.

If cellular equipment is not a viable option, another option would be to utilize a recording instrument. The Company proposes to charge customers under either set of circumstances in order to allow recovery of the necessary costs incurred to serve these interruptible customers. In particular, the Company proposes the following options, with the commensurate charges:

- Equip customer with cellular meter reading technology, if service is available;
- If cellular service is not available, then install a recording instrument and manually read the recording instrument each month via laptop computer; or
- If a customer refuses the above options and meets size requirements, the customer will be moved to firm service (which does not require telemetering).

4. *Tariffs*

Below is a list of the tariffs we are proposing to change.

North Dakota Gas Rate Book – NDPSC No. 2:

Sheet No. 5-3, revision 5

Sheet No. 5-8, revision 5

Sheet No. 5-4, revision 6

Sheet No. 5-9, revision 5

Sheet No. 5-5, revision 7

Sheet No. 5-10.2, revision 3

Sheet No. 5-6, revision 6

Redlined and clean versions of the proposed tariff sheets have been provided as Attachment A.

IMPACT OF CHANGE

We propose that the tariffs be effective October 1, 2014. This would give us time to update the billing system and communicate the changes to our customers before the heating system, when curtailments normally occur.

This change will not affect the Company's earnings or overall revenue requirements. Penalties collected for unauthorized gas usage are passed back to firm retail natural gas customers through the annual Cost of Gas Rider true-up.

CONCLUSION

The Company proposes these tariff updates because they will promote improved system integrity and help insure interruptible customers comply with the terms of the respective tariffs they are taking service under. They are, therefore, in the public interest. For the reasons stated herein, Xcel Energy respectfully requests that the Commission allow the proposed modifications to go into effect, or if suspended, approve the changes timely to accommodate an effective date of October 1, 2014.

Dated: July 17, 2014

Northern States Power Company

Respectfully submitted by:

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Legislative

Northern States Power Company, a Minnesota corporation
~~and wholly owned subsidiary of Xcel Energy Inc., operating in North Dakota-~~
Minneapolis, Minnesota 55401
NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

PROPOSED

**SMALL INTERRUPTIBLE SERVICE
RATE CODE 404**

Section No. 5
~~4th~~5th Revised Sheet No. 3

~~Cost of Gas Charge per~~ **Determined**
~~Therm~~ **Monthly**

~~determination of COST OF GAS~~

~~Wholesale natural gas costs fluctuate due to market conditions, pipeline delivery and storage cost changes, and seasonal demand variations. The Company's costs of purchasing delivered wholesale natural gas is determined each month as defined in the Cost of Gas Rider.~~

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(Continued on Sheet No. 5-4)

Date Filed: ~~12-15-06~~07-17-14 By: David M. Sparby Effective Date: ~~07-01-07~~
President and CEO of Northern States Power Company, a Minnesota corporation
Case No. ~~PU-06-52514-~~ Order Date: ~~06-13-07~~

NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

SMALL INTERRUPTIBLE SERVICE (Continued)
RATE CODE 404

Section No. 5
~~5th~~6th Revised Sheet No. 4

RATE

Basic Service Charge per Month \$75.00

Distribution Charge per Therm \$0.08800

Cost of Gas Charge per Therm Determined Monthly

DETERMINATION OF COST OF GAS

Wholesale natural gas costs fluctuate due to market conditions, pipeline delivery and storage cost changes, and seasonal demand variations. The Company's costs of purchasing delivered wholesale natural gas is determined each month as defined in the Cost of Gas Rider.

MONTHLY MINIMUM CHARGE

Basic Service Charge.

ADDITIONAL CHARGE FOR USE OF GAS DURING CURTAILMENT

If customer fails to curtail use of gas hereunder when requested to do so by Company, customer shall pay in addition to the appropriate above rates, either an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, or ~~\$1.00~~\$5.00 per Therm of gas used in excess of the volume of gas to which customer is requested to curtail, whichever amount is greater. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, Such payments, however, shall not preclude Company from shutting off the offending customer's supply of natural gas in the event of customer's they failure to curtail, interrupt, or restrict their use thereof when requested notified by Company to do so.

SURCHARGE

In certain communities, bills are subject to the applicable surcharge provided for in the Surcharge Rider.

LATE PAYMENT CHARGE

A 1.0% late payment charge will be added to the unpaid balance on date due.

PRIORITY CLASSIFICATION

Priority 1 shall have first priority. Curtailment shall begin with Priority 8 and progress to Priority 1. Priority classifications are defined in the General Rules and Regulations.

TERM OF AGREEMENT

Service agreement shall be for a term of not less than one year. Upon expiration of term, agreement continues in force until terminated by at least 30 days' written notice by either party.

Date Filed: ~~12-15-06~~07-17-14 By: David M. Sparby Effective Date: ~~07-01-07~~
President and CEO of Northern States Power Company, a Minnesota corporation
Case No. ~~PU-06-52514-~~ Order Date: ~~06-13-07~~

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**LARGE INTERRUPTIBLE SERVICE
RATE CODE 405**

Section No. 5
~~6th~~7th Revised Sheet No. 5

AVAILABILITY

This rate is available on an interruptible basis to a commercial or industrial customer whose maximum hourly requirements are in excess of 10 Therms, whose maximum daily requirements are 2,000 Therms or more, and who will agree:

1. To curtail use of gas whenever requested by Company,
2. To provide and maintain suitable and adequate alternate fuel capable standby facilities, and
3. To have access to sufficient standby alternate fuel for periods of curtailment of the delivery of gas sold hereunder.

If a portion of a customer's gas usage is for processing or manufacturing, and curtailment would not be in violation of applicable codes, then requirements (2) and (3) above shall not apply to that portion. If customer agrees to confine the use of natural gas for specified end uses under this rate to the months of April through October in any calendar year, requirements (2) and (3) above shall not apply. However, any use under this rate is still curtailable at Company's option.

CHARACTER OF SERVICE

Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed. Delivery of gas hereunder shall be subject to curtailment whenever requested by Company, such requests to be made as far in advance as possible.

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Under this rate, the customer is obligated to provide phone and/or electrical service that meets Company telemetry requirements. In the event the customer fails to do so, the Company will take action to ensure that natural gas usage data can be metered and transmitted accurately to the Company's billing system. The Company will either equip the customer with cellular meter reading technology (if service is available) or install a recording instrument that will be read manually each month by the Company using a laptop computer. The Customer will be charged for the costs of installation and monthly service. If neither option is available, the Company will move any interruptible customer meeting size requirements to Commercial Firm Service (which does not require telemetering).

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THERM ADJUSTMENT

Customer's Therm usage shall equal their Ccf consumption adjusted to reflect 1,000 Btu per cubic foot, a base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

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SUPERCOMPRESSIBILITY ADJUSTMENT

For customers served at 25 PSIG or greater, an adjustment factor or correction device shall be used to correct gas consumption measurements for supercompressibility.

RATE

Basic Service Charge per Month \$275.00

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(Continued on Sheet No. 5-6)

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President and CEO of Northern States Power Company, a Minnesota corporation
Case No. PU-~~06-52514-~~ Order Date: ~~06-13-07~~

LARGE INTERRUPTIBLE SERVICE (Continued)
RATE CODE 405

Section No. 5
~~5th~~6th Revised Sheet No. 6

RATE

Basic Service Charge per Month \$275.00

Distribution Charge per Therm \$0.05120

Cost of Gas Charge per Therm Determined Monthly

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Flexible Distribution Charge

Customers are normally served on the fixed rate but will be placed on the flexible rate if, for pricing reasons, the flexible rate is necessary to compete with a non-gas alternate energy supply/service. Company and customer will agree to a Distribution Charge within the range specified for Rate Code 407, Section 5, Sheet 8. Unless otherwise agreed, a five day notice of price change shall be provided. If Company and customer cannot agree to a flexible distribution charge and customer nonetheless uses gas, then customer shall be charged the maximum allowable flexible distribution charge.

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DETERMINATION OF COST OF GAS

Wholesale natural gas costs fluctuate due to market conditions, pipeline delivery and storage cost changes, and seasonal demand variations. The Company's costs of purchasing delivered wholesale natural gas is determined each month as defined in the Cost of Gas Rider.

ADDITIONAL CHARGE FOR USE OF GAS DURING CURTAILMENT

If customer fails to curtail use of gas hereunder when requested to do so by Company, customer shall pay in addition to the appropriate above rates, either an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, or ~~\$1.00~~\$5.00 per Therm of gas used in excess of the volume of gas to which customer is requested to curtail, whichever amount is greater. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, ~~Such payments, however, shall not preclude Company from shutting off the offending customer's supply of natural gas in the event of customer's they -failure to curtail, interrupt, or restrict their use thereof when requested notified~~ by Company to do so.

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MONTHLY MINIMUM CHARGE

Basic Service Charge.

SURCHARGE

In certain communities, bills are subject to the applicable surcharge provided for in the Surcharge Rider.

LATE PAYMENT CHARGE

A 1.0% late payment charge will be added to the unpaid balance on date due.

(Continued on Sheet No. 5-7)

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Northern States Power Company, a Minnesota corporation
~~and wholly owned subsidiary of Xcel Energy Inc., operating in North Dakota~~
Minneapolis, Minnesota 55401

PROPOSED

NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

LARGE INTERRUPTIBLE SERVICE (Continued)
RATE CODE 405

Section No. 5
~~5th~~6th Revised Sheet No. 6

PRIORITY CLASSIFICATION

Priority 1 shall have first priority. Curtailment shall begin with Priority 8 and progress to Priority 1. Priority classifications are defined in the General Rules and Regulations.

(Continued on Sheet No. 5-7)

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		President and CEO of Northern States Power Company, <u>a Minnesota corporation</u>		
Case No.	PU- 06-52514-		Order Date:	06-13-07

LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
RATE CODE 407

Section No. 5
~~4th~~5th Revised Sheet No. 8

AVAILABILITY

This rate is available on an interruptible basis to a customer who has made arrangements to have gas other than Company system supply delivered to a Company town border station, whose maximum daily requirements are more than 2,000 Therms, and who agrees:

1. To curtail use of gas within one hour after Company notification,
2. To provide and maintain suitable and adequate alternate fuel capable standby facilities, and
3. To have access to sufficient standby alternate fuel for periods of curtailment in the delivery of gas sold hereunder.

If a portion of a customer's gas usage is for processing or manufacturing, and curtailment would not be in violation of applicable codes, then requirements (2) and (3) above shall not apply to that portion. If customer agrees to confine the use of natural gas for specified end uses under this rate to the months of April through October in any calendar year, requirements (2) and (3) above shall not apply. However, any use under this rate is still curtailable at Company's option.

CHARACTER OF SERVICE

Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed. Delivery of gas hereunder shall be subject to curtailment whenever requested by Company. Company may, at its option, take title to transportation gas if necessary to arrange interstate pipeline transportation to Company town border station.

Under this rate, the customer is obligated to provide phone and/or electrical service that meets Company telemetry requirements. In the event the customer fails to do so, the Company will take action to ensure that natural gas usage data can be metered and transmitted accurately to the Company's billing system. The Company will either equip the customer with cellular meter reading technology (if service is available) or install a recording instrument that will be read manually each month by the Company using a laptop computer. The Customer will be charged for the costs of installation and monthly service. If neither option is available, the Company will move any interruptible customer meeting size requirements to Commercial Firm Service (which does not require telemetering).

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THERM ADJUSTMENT

Customer's Therm usage shall equal their Ccf consumption i adjusted to reflect 1,000 Btu per cubic foot, a base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SUPERCOMPRESSIBILITY ADJUSTMENT

For customers served at 25 PSIG or greater, an adjustment factor or correction device shall be used to correct gas consumption measurements for supercompressibility.

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(Continued on Sheet No. 5-9)

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President and CEO of Northern States Power Company, a Minnesota corporation
Case No. PU-~~06-52514-~~ Order Date: ~~06-13-07~~

Northern States Power Company, a Minnesota corporation
~~and wholly owned subsidiary of Xcel Energy Inc., operating in North Dakota~~
Minneapolis, Minnesota 55401
NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

PROPOSED

LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
RATE CODE 407

Section No. 5
~~4th~~5th Revised Sheet No. 8

RATE

Basic Service Charge per	\$300.00		
Month			
		<u>Minimum</u>	<u>Maximum</u>
		<u>¢</u>	
Distribution Charge per	\$0.0060		\$0.05120
Therm			

~~Unless otherwise agreed to between customer and Company, five days notice of price change shall be provided.~~

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(Continued on Sheet No. 5-9)

Date Filed:	12-15-06 <u>07-17-14</u>	By: David M. Sparby	Effective Date:	07-01-07
		President and CEO of Northern States Power Company, <u>a Minnesota corporation</u>		
Case No.	PU-06-52514-		Order Date:	06-13-07

LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)
RATE CODE 407

Section No. 5
~~4th~~5th Revised Sheet No. 9

RATE

Basic Service Charge per Month \$300.00

	<u>Minimum</u>	<u>Maximum</u>
<u>Distribution Charge per Therm</u>	<u>\$0.0060</u>	<u>\$0.05120</u>

Unless otherwise agreed to between customer and Company, five days notice of price change shall be provided.

NEGOTIATED RATE PROVISION

In specific cases involving a commercial or industrial customer for whom physical bypass of the Company's gas distribution system is, in the judgment of Company, economically feasible and practical, Company may negotiate customer-specific transportation service contracts which prescribe rates lower than the stated tariff rates shown above. The terms and conditions related to such contracts are as follows:

1. Customer must provide Company with information documenting the availability of bypass and customer's intent to physically bypass the Company's facilities absent service hereunder.
2. Customer shall enter into a contract with Company specifying the nature of the service to be supplied, the rates to be paid, and such other Terms and Conditions of Service as are mutually agreeable but not contrary to any of the specific Terms and Conditions set forth on this tariff.
3. The contract term under this service classification shall be no less than one year. Unless otherwise agreed, upon expiration of term, the Agreement continues in force until terminated by at least 180 days written notice by either party.
4. The rates set forth herein apply only to the transportation of gas by Company. In addition, if Company agrees, customer may purchase gas from Company during any month at the Company's monthly gas demand (if applicable) cost and commodity rate filed under the Purchased Gas Adjustment. The applicable charge shall be based on the customer's class under which customer would take service as a retail customer of Company.

The rate contained in a negotiated service contract will be within the minimum rate of \$0.0022 per Therm and the maximum rate as stated in the interruptible transportation tariff. The rate and contract terms must be sufficient to recover all incremental variable costs that Company incurs to serve the customer plus a reasonable contribution towards fixed costs (at least 10% of the customer's rate). The specific charges for service shall include the operating and maintenance costs associated with all meters, main and service pipe required to serve the customer, all monthly or annual leak, odorant and regulator surveys related to the customer's service and all sales and billing time required to serve the customer's account. Customer will pay all costs related to any construction of new or expanded service. The specific charges for service under this classification shall be stated in the agreement executed with each customer served hereunder.

(Continued on Sheet No. 5-10)

Date Filed:	<u>05-29-09</u> <u>07-17-14</u>	By: David M. Sparby	Effective Date:	<u>06-29-09</u>
		President and CEO of Northern States Power Company, a Minnesota corporation		
Case No.	<u>PU-09-22714-</u>		Order Date:	

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LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)
RATE CODE 407

Section No. 5
~~2nd~~3rd Revised Sheet No. 10.2

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**ADDITIONAL CHARGE FOR UNAUTHORIZED USE OF GAS DURING SERVICE CURTAILMENT,
INTERRUPTION, OR RESTRICTION**

If customer fails to curtail, interrupt, or otherwise restrict use of gas hereunder when requested to do so by Company due to customer's interruption of gas supply upstream from Company's distribution system, customer shall pay, in addition to the appropriate above rates, the higher of (i) ~~\$1.00~~\$5.00 per Therm, or (ii) an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, interrupt, or otherwise restrict service. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, Such payments, however, shall not preclude Company from shutting off the offending customer's supply of natural gas in the event of ~~customer's~~they failure to curtail, interrupt, or restrict their use ~~thereof~~ when ~~requested~~notified by Company to do so.

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CURTAILMENT CONDITIONS

On days when customer has gas available for delivery at the town border station, curtailment may result from capacity limitations on Company's distribution system or other operational consideration.

TERM OF AGREEMENT

Service agreement shall be for a term of not less than one year. Upon expiration of term, agreement continues in force until terminated by at least 30 days written notice by either party.

COMPANY OBLIGATION TO SERVE

Upon termination of this service Company's obligation to provide service under any other rate schedule shall be consistent with the obligation to serve other new customers. Rules and regulations defining Company's obligation are set out in Section 6 of this rate book.

ADDITIONAL FACILITIES

The cost of any new facilities required to provide service under this rate shall be borne by the customer.

RECEIPT GAS QUALITY

The gas to be delivered to Company by customer shall be of merchantable quality and shall meet the minimum quality standards established by the interstate pipeline company serving the community in which customer is located. Company may refuse to accept delivery of gas that does not meet this quality standard.

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Date Filed: 11-02-0407-17-14 By: ~~Kent T. Larson~~David M. Sparby Effective Date: 07-01-05
~~Vice President of Jurisdictional Relations~~President and CEO of Northern States Power Company, a Minnesota
corporation

Case No. PU-400-04-57814- Order Date: 06-01-05

Non-Legislative

**SMALL INTERRUPTIBLE SERVICE
RATE CODE 404**

Section No. 5
5th Revised Sheet No. 3

AVAILABILITY

This rate is available on an interruptible basis to a commercial or industrial customer whose maximum hourly requirements are in excess of 10 Therms, whose maximum daily requirements are less than 2,000 Therms, and who will agree:

1. To curtail use of gas whenever requested by Company,
2. To provide and maintain suitable and adequate alternate fuel capable standby facilities, and
3. To have access to sufficient standby alternate fuel for periods of curtailment of the delivery of gas sold hereunder.

If a portion of a customer's gas usage is for processing or manufacturing, and curtailment would not be in violation of applicable codes, then requirements (2) and (3) above shall not apply to that portion. If customer agrees to confine the use of natural gas for specified end uses under this rate to the months of April through October in any calendar year, requirements (2) and (3) above shall not apply. However, any use under this rate is still curtailable at Company's option.

CHARACTER OF SERVICE

Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed. Delivery of gas hereunder shall be subject to curtailment whenever requested by Company, such requests to be made as far in advance as possible.

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Under this rate, the customer is obligated to provide phone and/or electrical service that meets Company telemetry requirements. In the event the customer fails to do so, the Company will take action to ensure that natural gas usage data can be metered and transmitted accurately to the Company's billing system. The Company will either equip the customer with cellular meter reading technology (if service is available) or install a recording instrument that will be read manually each month by the Company using a laptop computer. The Customer will be charged for the costs of installation and monthly service. If neither option is available, the Company will move any interruptible customer meeting size requirements to Commercial Firm Service (which does not require telemetering).

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THERM ADJUSTMENT

Customer's Therm usage shall equal their Ccf consumption adjusted to reflect 1,000 Btu per cubic foot, a base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SUPERCOMPRESSIBILITY ADJUSTMENT

For customers served at 25 PSIG or greater, an adjustment factor or correction device shall be used to correct gas consumption measurements for supercompressibility.

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(Continued on Sheet No. 5-4)

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NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

SMALL INTERRUPTIBLE SERVICE (Continued)
RATE CODE 404

Section No. 5
6th Revised Sheet No. 4

RATE

Basic Service Charge per Month \$75.00
Distribution Charge per Therm \$0.08800
Cost of Gas Charge per Therm Determined Monthly

DETERMINATION OF COST OF GAS

Wholesale natural gas costs fluctuate due to market conditions, pipeline delivery and storage cost changes, and seasonal demand variations. The Company's costs of purchasing delivered wholesale natural gas is determined each month as defined in the Cost of Gas Rider.

MONTHLY MINIMUM CHARGE

Basic Service Charge.

ADDITIONAL CHARGE FOR USE OF GAS DURING CURTAILMENT

If customer fails to curtail use of gas hereunder when requested to do so by Company, customer shall pay in addition to the appropriate above rates, either an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, or \$5.00 per Therm of gas used in excess of the volume of gas to which customer is requested to curtail, whichever amount is greater. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, shutting off the offending customer's supply of natural gas in the event they fail to curtail, interrupt, or restrict their use when notified by Company to do so.

SURCHARGE

In certain communities, bills are subject to the applicable surcharge provided for in the Surcharge Rider.

LATE PAYMENT CHARGE

A 1.0% late payment charge will be added to the unpaid balance on date due.

PRIORITY CLASSIFICATION

Priority 1 shall have first priority. Curtailment shall begin with Priority 8 and progress to Priority 1. Priority classifications are defined in the General Rules and Regulations.

TERM OF AGREEMENT

Service agreement shall be for a term of not less than one year. Upon expiration of term, agreement continues in force until terminated by at least 30 days' written notice by either party.

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**LARGE INTERRUPTIBLE SERVICE
RATE CODE 405**

Section No. 5
7th Revised Sheet No. 5

AVAILABILITY

This rate is available on an interruptible basis to a commercial or industrial customer whose maximum hourly requirements are in excess of 10 Therms, whose maximum daily requirements are 2,000 Therms or more, and who will agree:

1. To curtail use of gas whenever requested by Company,
2. To provide and maintain suitable and adequate alternate fuel capable standby facilities, and
3. To have access to sufficient standby alternate fuel for periods of curtailment of the delivery of gas sold hereunder.

If a portion of a customer's gas usage is for processing or manufacturing, and curtailment would not be in violation of applicable codes, then requirements (2) and (3) above shall not apply to that portion. If customer agrees to confine the use of natural gas for specified end uses under this rate to the months of April through October in any calendar year, requirements (2) and (3) above shall not apply. However, any use under this rate is still curtailable at Company's option.

CHARACTER OF SERVICE

Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed. Delivery of gas hereunder shall be subject to curtailment whenever requested by Company, such requests to be made as far in advance as possible.

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Under this rate, the customer is obligated to provide phone and/or electrical service that meets Company telemetry requirements. In the event the customer fails to do so, the Company will take action to ensure that natural gas usage data can be metered and transmitted accurately to the Company's billing system. The Company will either equip the customer with cellular meter reading technology (if service is available) or install a recording instrument that will be read manually each month by the Company using a laptop computer. The Customer will be charged for the costs of installation and monthly service. If neither option is available, the Company will move any interruptible customer meeting size requirements to Commercial Firm Service (which does not require telemetering).

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THERM ADJUSTMENT

Customer's Therm usage shall equal their Ccf consumption adjusted to reflect 1,000 Btu per cubic foot, a base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SUPERCOMPRESSIBILITY ADJUSTMENT

For customers served at 25 PSIG or greater, an adjustment factor or correction device shall be used to correct gas consumption measurements for supercompressibility.

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(Continued on Sheet No. 5-6)

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NORTH DAKOTA GAS RATE BOOK - NDPSC NO. 2

LARGE INTERRUPTIBLE SERVICE (Continued)
RATE CODE 405

Section No. 5
6th Revised Sheet No. 6

RATE

Basic Service Charge per Month	\$275.00
Distribution Charge per Therm	\$0.05120
Cost of Gas Charge per Therm	Determined Monthly

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Flexible Distribution Charge

Customers are normally served on the fixed rate but will be placed on the flexible rate if, for pricing reasons, the flexible rate is necessary to compete with a non-gas alternate energy supply/service. Company and customer will agree to a Distribution Charge within the range specified for Rate Code 407, Section 5, Sheet 8. Unless otherwise agreed, a five day notice of price change shall be provided. If Company and customer cannot agree to a flexible distribution charge and customer nonetheless uses gas, then customer shall be charged the maximum allowable flexible distribution charge.

DETERMINATION OF COST OF GAS

Wholesale natural gas costs fluctuate due to market conditions, pipeline delivery and storage cost changes, and seasonal demand variations. The Company's costs of purchasing delivered wholesale natural gas is determined each month as defined in the Cost of Gas Rider.

ADDITIONAL CHARGE FOR USE OF GAS DURING CURTAILMENT

If customer fails to curtail use of gas hereunder when requested to do so by Company, customer shall pay in addition to the appropriate above rates, either an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, or \$5.00 per Therm of gas used in excess of the volume of gas to which customer is requested to curtail, whichever amount is greater. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, shutting off the offending customer's supply of natural gas in the event they fail to curtail, interrupt, or restrict their use when notified by Company to do so.

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MONTHLY MINIMUM CHARGE

Basic Service Charge.

SURCHARGE

In certain communities, bills are subject to the applicable surcharge provided for in the Surcharge Rider.

LATE PAYMENT CHARGE

A 1.0% late payment charge will be added to the unpaid balance on date due.

PRIORITY CLASSIFICATION

Priority 1 shall have first priority. Curtailment shall begin with Priority 8 and progress to Priority 1. Priority classifications are defined in the General Rules and Regulations.

(Continued on Sheet No. 5-7)

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LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
RATE CODE 407

Section No. 5
5th Revised Sheet No. 8

AVAILABILITY

This rate is available on an interruptible basis to a customer who has made arrangements to have gas other than Company system supply delivered to a Company town border station, whose maximum daily requirements are more than 2,000 Therms, and who agrees:

1. To curtail use of gas within one hour after Company notification,
2. To provide and maintain suitable and adequate alternate fuel capable standby facilities, and
3. To have access to sufficient standby alternate fuel for periods of curtailment in the delivery of gas sold hereunder.

If a portion of a customer's gas usage is for processing or manufacturing, and curtailment would not be in violation of applicable codes, then requirements (2) and (3) above shall not apply to that portion. If customer agrees to confine the use of natural gas for specified end uses under this rate to the months of April through October in any calendar year, requirements (2) and (3) above shall not apply. However, any use under this rate is still curtailable at Company's option.

CHARACTER OF SERVICE

Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed. Delivery of gas hereunder shall be subject to curtailment whenever requested by Company. Company may, at its option, take title to transportation gas if necessary to arrange interstate pipeline transportation to Company town border station.

Under this rate, the customer is obligated to provide phone and/or electrical service that meets Company telemetry requirements. In the event the customer fails to do so, the Company will take action to ensure that natural gas usage data can be metered and transmitted accurately to the Company's billing system. The Company will either equip the customer with cellular meter reading technology (if service is available) or install a recording instrument that will be read manually each month by the Company using a laptop computer. The Customer will be charged for the costs of installation and monthly service. If neither option is available, the Company will move any interruptible customer meeting size requirements to Commercial Firm Service (which does not require telemetering).

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THERM ADJUSTMENT

Customer's Therm usage shall equal their Ccf consumption i adjusted to reflect 1,000 Btu per cubic foot, a base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SUPERCOMPRESSIBILITY ADJUSTMENT

For customers served at 25 PSIG or greater, an adjustment factor or correction device shall be used to correct gas consumption measurements for supercompressibility.

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(Continued on Sheet No. 5-9)

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LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)
RATE CODE 407

Section No. 5
5th Revised Sheet No. 9

RATE

Basic Service Charge per Month \$300.00

	<u>Minimum</u>	<u>Maximum</u>
Distribution Charge per Therm	\$0.0060	\$0.05120

Unless otherwise agreed to between customer and Company, five days notice of price change shall be provided.

NEGOTIATED RATE PROVISION

In specific cases involving a commercial or industrial customer for whom physical bypass of the Company's gas distribution system is, in the judgment of Company, economically feasible and practical, Company may negotiate customer-specific transportation service contracts which prescribe rates lower than the stated tariff rates shown above. The terms and conditions related to such contracts are as follows:

1. Customer must provide Company with information documenting the availability of bypass and customer's intent to physically bypass the Company's facilities absent service hereunder.
2. Customer shall enter into a contract with Company specifying the nature of the service to be supplied, the rates to be paid, and such other Terms and Conditions of Service as are mutually agreeable but not contrary to any of the specific Terms and Conditions set forth on this tariff.
3. The contract term under this service classification shall be no less than one year. Unless otherwise agreed, upon expiration of term, the Agreement continues in force until terminated by at least 180 days written notice by either party.
4. The rates set forth herein apply only to the transportation of gas by Company. In addition, if Company agrees, customer may purchase gas from Company during any month at the Company's monthly gas demand (if applicable) cost and commodity rate filed under the Purchased Gas Adjustment. The applicable charge shall be based on the customer's class under which customer would take service as a retail customer of Company.

The rate contained in a negotiated service contract will be within the minimum rate of \$0.0022 per Therm and the maximum rate as stated in the interruptible transportation tariff. The rate and contract terms must be sufficient to recover all incremental variable costs that Company incurs to serve the customer plus a reasonable contribution towards fixed costs (at least 10% of the customer's rate). The specific charges for service shall include the operating and maintenance costs associated with all meters, main and service pipe required to serve the customer, all monthly or annual leak, odorant and regulator surveys related to the customer's service and all sales and billing time required to serve the customer's account. Customer will pay all costs related to any construction of new or expanded service. The specific charges for service under this classification shall be stated in the agreement executed with each customer served hereunder.

(Continued on Sheet No. 5-10)

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LARGE COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)
RATE CODE 407

Section No. 5
3rd Revised Sheet No. 10.2

**ADDITIONAL CHARGE FOR UNAUTHORIZED USE OF GAS DURING SERVICE CURTAILMENT,
INTERRUPTION, OR RESTRICTION**

If customer fails to curtail, interrupt, or otherwise restrict use of gas hereunder when requested to do so by Company due to customer's interruption of gas supply upstream from Company's distribution system, customer shall pay, in addition to the appropriate above rates, the higher of (i) \$5.00 per Therm, or (ii) an amount equal to any payment Company is required to make to its pipeline supplier under the terms of its town border contract as a result of such failure to curtail, interrupt, or otherwise restrict service. The payment of a penalty does not, under any circumstances, give the customer a contractual option to take unauthorized natural gas. Nor does such payment exclude or limit any other remedies available to the Company, including, but not limited to, shutting off the offending customer's supply of natural gas in the event they fail to curtail, interrupt, or restrict their use when notified by Company to do so.

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CURTAILMENT CONDITIONS

On days when customer has gas available for delivery at the town border station, curtailment may result from capacity limitations on Company's distribution system or other operational consideration.

TERM OF AGREEMENT

Service agreement shall be for a term of not less than one year. Upon expiration of term, agreement continues in force until terminated by at least 30 days written notice by either party.

COMPANY OBLIGATION TO SERVE

Upon termination of this service Company's obligation to provide service under any other rate schedule shall be consistent with the obligation to serve other new customers. Rules and regulations defining Company's obligation are set out in Section 6 of this rate book.

ADDITIONAL FACILITIES

The cost of any new facilities required to provide service under this rate shall be borne by the customer.

RECEIPT GAS QUALITY

The gas to be delivered to Company by customer shall be of merchantable quality and shall meet the minimum quality standards established by the interstate pipeline company serving the community in which customer is located. Company may refuse to accept delivery of gas that does not meet this quality standard.

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