

MONTANA-DAKOTA UTILITIES CO.  
A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-15-\_\_\_\_\_

Direct Testimony  
of  
Tamie A. Aberle

1 **Q. Would you please state your name and business address?**

2 A. My name is Tamie A. Aberle, and my business address is 400  
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Director of Regulatory Affairs for Montana-Dakota Utilities  
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. What are your responsibilities as the Director of Regulatory Affairs?**

8 A. I am responsible for the development and implementation of  
9 Company objectives and policies with respect to rate structure, pricing  
10 policies, cost of service studies, fuel cost adjustments, purchased gas cost  
11 adjustments, and gas tracking adjustments in each of the jurisdictions in  
12 which Montana-Dakota operates.

13 **Q. Would you please outline your educational and professional  
14 background?**

15 A. I graduated from Minnesota State University Moorhead in 1982 with  
16 a Bachelor of Science degree in Accounting. I began my career with  
17 Montana-Dakota in 1983 in the Regulatory Affairs Department, holding

1 several positions within the Department before attaining my current  
2 position in 2014.

3 **Q. Have you testified in other proceedings before regulatory bodies?**

4 A. I have previously presented testimony before this Commission, the  
5 Public Service Commissions of Wyoming and Montana, and the Public  
6 Utilities Commissions of Minnesota and South Dakota.

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to discuss the effect of the  
9 proposed revenue requirement, as identified by Mr. Jacobson in his direct  
10 testimony, on each of the Company's natural gas rate classes, including  
11 how the revenue requirement was allocated to the various customer  
12 classes served based on the embedded class cost of service study  
13 sponsored by Ms. Cardwell. I will also discuss the proposed changes in  
14 rate design and tariff conditions, including the Company's proposed Rate  
15 Stabilization Mechanism designated as Rate 89.

16 **Q. What statements and exhibits are you sponsoring in this  
17 proceeding?**

18 A. I am sponsoring Statement P and Exhibit No. \_\_\_ (TAA-1) through  
19 Exhibit No. \_\_\_ (TAA-3). I also sponsor the proposed rate schedules to  
20 be effective on a final basis provided in Appendix B to the Application and  
21 the proposed interim rate schedules appended to the Application for  
22 Interim Rate Relief.

1 **Q. What is the total revenue effect of the proposed gas rate changes?**

2 A. The proposed interim rates will produce additional revenues of  
3 \$4,303,978 or 3.4 percent annually based on the interim level of test  
4 period sales, while the final proposed rates will produce additional  
5 revenues of \$4,301,515 or 3.4 percent annually based on Projected 2015  
6 throughput. The revenue requirement is the same for both the interim and  
7 final rates. The difference noted above is due to rounding in the rate  
8 design process. Exhibit No. \_\_ (TAA-1) represents summaries by rate  
9 classification of the proposed interim and final revenue increase on pages  
10 1 and 2 respectively. The exhibit shows the rate number and a description  
11 along with the revenues calculated under the present and proposed rates.  
12 The amount and percentage increase are also shown for the proposed  
13 revenue increase.

14 **Q. Would you please explain Exhibit No. \_\_\_\_ (TAA-2)?**

15 A. Yes. Exhibit No. \_\_\_\_ (TAA-2) depicts a bill comparison based on  
16 typical monthly consumption levels for an annual period for Residential  
17 customers. As shown in the comparison, the proposed rate structure will  
18 result in an average increase, based on final proposed rates, of  
19 approximately \$3.54 per month for the typical Residential customer using  
20 94 dk on an annual basis.

21 **Q. What is the percentage of the proposed increase by class of**  
22 **customer?**

1     **A.**           The proposed increase to each of the classes is shown in the table  
2           below:

3

4	<b><u>Class</u></b>	<b><u>Increase</u></b>
	<b>Residential</b>	<b>5.8%</b>
5	<b>Firm General</b>	<b>0.0%</b>
	<b>Air Force Delivery</b>	<b>0.0%</b>
6	<b>Small Interruptible</b>	<b>6.8%</b>
	<b>Large Interruptible</b>	<b>0.0%</b>
7	<b>Overall</b>	<b>3.4%</b>

8

9     **Q.**     **What are the objectives underlying the allocation of the increase and**  
10           **the rates proposed to recover the revenue requirement?**

11     **A.**           The embedded class cost of service study and proposed revenue  
12           allocation embody several of the recognized ratemaking objectives by  
13           their effectiveness in yielding the total revenue requirement under the fair-  
14           return standard, fairness of the specific rates in the apportionment of the  
15           total costs of service among the different consumers, and efficiency of the  
16           rate classes. Because current rates yield returns in excess of the  
17           proposed rate of return in this case for many of the schedules, it appeared  
18           that the residential and small interruptible classes were the only classes  
19           that required increases to move these classes towards cost of service.  
20           Combined with the fact that the request in this case was minimal, the

1 Company proposes to move these classes to cost of service at this time.

2 **Q. How are you proposing to collect the allocated increase from the**  
3 **residential and small interruptible classes?**

4 A. First, I am proposing to collect the entire amount of distribution  
5 revenues assigned to the residential class (Rates 60 and 90) through the  
6 Basic Service Charge thereby eliminating the need for a Distribution  
7 Delivery Charge.

8 Most of the other rates now have Basic Service Charges that  
9 collect the appropriate levels. As a result, I propose to assign the  
10 additional revenue requirement for the small interruptible class to the  
11 Distribution Delivery Charge.

12 The rate design calculations supporting the final rate levels are  
13 included in Statement P, Pages 4-9.

14 **Q. Would you please explain the rationale for increasing Basic Service**  
15 **Charges?**

16 A. Yes. Collecting distribution revenues assigned to a class through a  
17 fixed charge provides customers with the correct price signal as  
18 distribution costs are primarily fixed in nature. Recovering fixed costs  
19 through fixed charges also minimizes subsidies within the classes and  
20 minimizes the under-recovery of fixed costs when customers take  
21 measures to conserve energy and more efficiently utilize natural gas.  
22 There are three factors that result in a signification under collection of

1 revenues from the residential class. The first is conservation that results  
2 in lower use. This inequity may be addressed through tracking  
3 mechanisms or more simply by adjusting the rate components to more  
4 closely match costs.

5 The second issue is seasonality. Residential customers use  
6 significantly more gas in the winter than in the summer. And, if a  
7 customer only uses natural gas for space heating, the system is still there  
8 for the customer's use in the summertime but is unused. Having a higher  
9 fixed charge, reflects the fact that even if a customer is not using any  
10 natural gas, the system is still there and available for the customer.

11 The last issue is the variability in recovering fixed costs when  
12 weather is colder or warmer than normal. The Commission recognized  
13 this fact when they authorized the DDSM for Montana-Dakota's residential  
14 and firm general service customers in 2004, authorizing a flat fixed charge  
15 rate for Northern States Power Company's residential natural gas  
16 customers and allowing for an increase to the Company's Basic Service  
17 Charges in the Company's last rate case. If the Basic Service Charges  
18 are cost based, it will minimize the need to have Distribution Delivery  
19 Charges and the Distribution Delivery Stabilization Mechanism (DDSM) as  
20 it will no longer be necessary to adjust a volumetric charge to reflect  
21 variations in weather from the normal weather assumed in the rate case  
22 process.

1 **Q. What are the benefits to Montana-Dakota and to its customers of**  
2 **implementing a single fixed charge component applicable to the**  
3 **Residential Rate Schedules (60 and 90)?**

4 **A.** There are several significant benefits from implementing Montana-  
5 Dakota's fixed residential rate proposal, including:

- 6 1. The proposed mechanism will mitigate the impact of significantly  
7 colder-than-normal weather on customers' bills, without the  
8 application of the DDSM, while also mitigating the impact  
9 warmer than normal weather has on the Company's ability to  
10 recover fixed costs.
- 11 2. The proposed charge reduces fluctuations in Montana-Dakota's  
12 earnings, both up and down, as the result of weather  
13 fluctuations and customers' conservation efforts.
- 14 3. Customers' bills will be more stable as approximately 29 percent  
15 of the total bill will be fixed each month and not dependent on  
16 changes in weather.
- 17 4. Customers will continue to have incentive to conserve as the  
18 Cost of Gas, representing approximately 71 percent of a typical  
19 customer's bill, will continue to be billed on a volumetric basis.
- 20 5. Provides a better match of revenues to the investment made to  
21 serve each residential customer with a typical service line,  
22 meter and regulator at the same average cost. Under a

1 volumetric distribution rate structure, customers using less than  
2 average use are being subsidized by customers using more  
3 than average use. The use of natural gas is not proven to be  
4 dependent on a customer's income. If fixed costs are not  
5 recovered from fixed charges, high use customers subsidize low  
6 use customers regardless of the reason a customer uses less  
7 natural gas than average.

8 6. The fixed rate will address the inequities caused by customers  
9 using natural gas as a backup energy source during peak  
10 periods.

11 **Q. Would you please describe the Rate Stabilization Mechanism**  
12 **designated as Rate 89 and also provided as Exhibit No. \_\_\_\_ (TAA-3)?**

13 **A.** Yes. As discussed by Ms. Kivisto, the Company proposes to  
14 implement a Rate Stabilization Mechanism (RSM) starting in 2016 and  
15 effective for a five year period with a review of the mechanism at the end  
16 of the third year. The initial evaluation under the RSM is proposed to be  
17 the 12-month period ending December 31, 2015. Under the RSM, the  
18 ROE established in this rate case shall be the effective ROE for the five  
19 year period unless modified by the Commission in a specific proceeding  
20 and designated as the Company's Allowed Return on Equity (AROE)  
21 under the RSM. A base level of operating and maintenance expenses,

1 excluding the cost of gas, shall also be established as the Base O&M in  
2 this rate case proceeding.

3 A range of +/- 50 basis points around the AROE will represent an  
4 acceptable range or dead-band of earnings performance. Actual  
5 Company reported ROEs that fall within this dead-band are considered  
6 reasonable and will not trigger any RSM rate changes. In the event the  
7 Company's reported earnings fall below 9.50 percent, a rate adjustment  
8 shall be submitted to provide sufficient revenues to reach the AROE.  
9 However, the O&M expenses, excluding the cost of gas, used to  
10 determine the actual ROE for purposes of calculating a RSM rate  
11 adjustment shall be limited to a five percent increase each year above the  
12 Base O&M Expense established in the rate case. The Company has the  
13 right to request a change in the base O&M level throughout the 5-year  
14 plan.

15 In the event the Company's reported earnings exceed 10.5 percent,  
16 fifty percent of the revenues contributing to the ROE above 10.0 percent  
17 will be returned to customers.

18 Montana-Dakota proposes to file an annual RSM Application at  
19 least 60 days prior to the proposed effective date. The filing will include a  
20 report demonstrating the Company's financial performance for the  
21 previous calendar year and shall be accompanied by detailed  
22 computations, which clearly show the derivation of the relevant amounts, a

1 concise statement of the reasons for any change and copies of any  
2 relevant supporting workpapers.

3 At the time of the true up for the prior calendar year, the Company  
4 shall provide a projected earnings level based on projected rate base and  
5 income statement for the current calendar year. An adjustment may be  
6 made to provide revenues sufficient to meet the AROE on a projected  
7 basis, subject to the O&M adjustment. The projections shall be subject to  
8 the annual true-up described above.

9 Montana-Dakota proposes to allocate the revenue adjustment  
10 authorized each year to the rate classes on an equal percentage basis to  
11 the non-gas rate components applicable under each rate schedule. Any  
12 adjustments shall be set forth as a separate line on customers' bills. The  
13 proposed tariff also includes a provision for force majeure.

14 **Q. What are the benefits of implementing a Rate Stabilization**  
15 **Mechanism?**

16 A. The implementation of a Rate Stabilization mechanism provides a  
17 better means of recognizing changes in system growth, customer usage  
18 and the potential for increased conservation than traditional ratemaking  
19 principles provide. Customers benefit by allowing the Company to share  
20 efficiency savings on a timely basis while eliminating the need for multiple  
21 rate cases resulting in less regulatory costs.

22 **Q. Has the Company made other changes to its gas tariff?**

1 A. Yes. The Company has made a change to the Reconnection Fee  
2 for Seasonal Disconnects. Historically the Company has charged the  
3 Basic Service Charge for each month the seasonal customer was not  
4 taking service as the Reconnection Fee. The Company also incurs costs  
5 for the service call to reconnect the service. The Company proposes to  
6 collect both the Basic Service Charge and a Reconnection Charge from  
7 customers that disconnect on a seasonal basis in order to better reflect  
8 the actual costs of reconnecting service.

9 The Company has made other minor changes which are self-  
10 explanatory. These changes are clearly denoted on the tariff sheets  
11 reflecting the legislative format.

12 **Q. Does this conclude your direct testimony?**

13 A. Yes, it does.



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
9<sup>th</sup> Revised Sheet No. 4  
Canceling 8<sup>th</sup> Revised Sheet No. 4

### RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

**Availability:**

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

**Rate:**

Delivery Service Charge:

\$0.6937 per day

Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

**Minimum Bill:**

Delivery Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

**Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

**General Terms and Conditions:**

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 7  
Canceling 6<sup>th</sup> Revised Sheet No. 7

### AIR FORCE Rate 64

Page 1 of 2

#### Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

#### Rate:

##### Basic Service Charge:

Minot Air Force Base	\$2,000.00 per month
Perimeter Acquisition Radar (PAR) Site	\$175.00 per month

##### Distribution Delivery Charge:

Firm Service	\$0.329 per dk
Interruptible Service	\$0.260 per dk

##### Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

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9<sup>th</sup> Revised Sheet No. 13  
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### FIRM GENERAL GAS SERVICE Rate 70

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#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated under  
500 cubic feet per hour

\$0.67 per day

For customers with meters rated over  
500 cubic feet per hour

\$1.90 per day

Distribution Delivery Charge:

\$0.730 per dk

Cost of Gas:

Determined Monthly- See  
Rate Summary Sheet for  
Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 13.1

Canceling 1<sup>st</sup> Revised Sheet No. 13.1

### FIRM GENERAL GAS SERVICE Rate 70

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#### **Distribution Delivery Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

#### **Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
9<sup>th</sup> Revised Sheet No. 14  
Canceling 8<sup>th</sup> Revised Sheet No. 14

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 4

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

#### Rate:

Basic Service Charge:	\$175.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$1.112 per dk	<u>Minimum</u> \$0.668 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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## State of North Dakota Gas Rate Schedule

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Canceling 4<sup>th</sup> Revised Sheet No. 14.1

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### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

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#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### General Terms and Conditions:

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 60 days prior to the end of the initial term. Absent such termination notice, the agreement shall continue for additional terms of equal length until written notice is given, as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

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## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
10<sup>th</sup> Revised Sheet No. 15  
Canceling 9<sup>th</sup> Revised Sheet No. 15

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

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Page 1 of 2

#### Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

#### Rate:

##### Basic Service Charge:

For customers with meters rated  
under 500 cubic feet per hour

\$0.67 per day

For customers with meters rated  
over 500 cubic feet per hour

\$1.90 per day

##### Distribution Delivery Charge:

\$0.730 per dk

##### Cost of Gas:

Winter- Service rendered October 1 through May 31

Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

Summer- Service rendered June 1 through  
September 30

Determined Monthly-  
See Rate Summary  
Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 15.1

Canceling 1<sup>st</sup> Revised Sheet No. 15.1

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

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#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alternations thereto.

#### General Terms and Conditions:

1. The customer agrees to contract for service under the Optional Seasonal General Gas Service Rate 72 for a minimum of one year.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
8<sup>th</sup> Revised Sheet No. 24.1  
Canceling 7<sup>th</sup> Revised Sheet No. 24.1

### TRANSPORTATION SERVICE Rates 81 and 82

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**Rate:**

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

**Basic Service Charge:**

Rate 81	\$175.00 per month
Rate 82	\$1,000.00 per month

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.668	\$0.297
Minimum Rate per dk	\$0.102	\$0.061
Balancing Charge per dk	\$0.300	\$0.300

**Fuel Charge:**

Applicable to all dk transported to customer located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effect charge.

**Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alternations thereto.

**General Terms and Conditions:**

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).

**Date Filed:** February 6, 2015

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**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Case No.:**



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
6<sup>th</sup> Revised Sheet No. 27  
Canceling 5<sup>th</sup> Revised Sheet No. 27

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 1 of 4

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed 100,000 dk annually as metered at a single delivery point. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

This rate schedule shall not apply for service to U.S. Government installations, which are covered by separate special contracts.

The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

#### Rate:

Basic Service Charge:	\$1,000.00 per month	
Distribution Delivery Charge:	<u>Maximum</u>	<u>Minimum</u>
	\$.718 per dk	\$.297 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

4<sup>th</sup> Revised Sheet No. 27.1

Canceling 3<sup>rd</sup> Revised Sheet No. 27.1

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 2 of 4

#### Rate Stabilization Mechanism

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alternations thereto.

#### General Terms and Conditions:

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 90 days prior to the end of the initial term. Absent execution of such termination notice, the agreement shall continue for additional terms of equal length until written notice is given as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 29  
Canceling Original Sheet No. 29

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 1 of 2

#### Applicability:

This rate schedule represents a Distribution Delivery Stabilization Mechanism (DDSM) and specifies the procedure to be utilized to correct for the over/under collection of distribution delivery charge revenues due to weather fluctuations during the billing period from November 1 through May 1. Service provided under the Company's Firm General Service Rates 70 and 92 shall be subject to decreases or increases under the DDSM.

#### Distribution Delivery Stabilization Mechanism:

A DDSM will be determined for each customer taking service under Firm General Service Rates 70 and 92 beginning with the first billing cycle starting November 1 through the billing cycle ending May 1. The DDSM adjustment will be applied on a real-time basis as a surcharge or credit on all rate schedules to which the DDSM is applicable to the customers' bills issued each month during the weather adjustment period of November 1 through May 1.

#### DDSM Adjustment Calculation:

The DDSM Adjustment shall be determined for each customer taking service under Residential Rates 60 or 90 or Firm General Services Rate 70 or 92. In order to calculate the respective DDSM adjustment, the ratio of the normal HDDs as compared to the actual HDDs will be determined and multiplied by the temperature sensitive consumption per customer per HDD. The resulting product shall be multiplied by the applicable Distribution Delivery Charge rate per dk.

$$DDSM_i = R_i (DDF_i ((NDD-ADD)/ADD))$$

Where:

DDSM <sub>i</sub>	=	Distribution Delivery Stabilization Adjustment
i	=	Customer served under Rate Schedules 70 or 92
R <sub>i</sub>	=	Applicable Distribution Delivery Charge per dk
DDF <sub>i</sub>	=	Temperature sensitive use per customer
NDD	=	Normal degree days for the applicable bill cycle
ADD	=	Actual heating degree days for the applicable bill cycle

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 29.1

Canceling 1<sup>st</sup> Revised Sheet No. 29.1

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 2 of 2

#### Definitions:

Heating Degree Days	-	The deviation between the average daily temperatures and 60 degrees Fahrenheit.
Normal Degree Days	-	The heating degree days based on the 30-year average actual degree days.
Temperature Sensitive Use per Customer	-	Customer's actual use less the base use per customer per day, denoted below, multiplied by days in the billing period. Firm General Service Rate Code 700 = 0.05474 Firm General Service Rate Code 701 = 0.84328 Firm General Service Rate Code 920 = 0.0518 Firm General Service Rate Code 921 = 3.28056
Actual Degree Days	-	The actual degree days reported by the National Weather Service Stations for applicable service areas in North Dakota.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
Original Sheet No. 31

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### RATE STABILIZATION MECHANISM Rate 89

Page 1 of 2

**1. Applicability:**

This rate schedule describes the Company's Rate Stabilization Mechanism (RSM) and applies to the Company's gas sales and transportation service rate schedules.

**2. Initial Evaluation and Term of RSM:**

The Company filed a general rate case Application reflecting a 12-month test year ending December 31, 2015 on February 6, 2015. The initial evaluation under this Rate Schedule will be the 12-month period ending December 31, 2015. The RSM shall remain in effect for a period of five years unless modified by the Commission.

**3. Time and Manner of Filing:**

Montana-Dakota shall file an annual RSM Application at least 60 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a report demonstrating the Company's financial performance and a revised tariff sheet identifying the amount of the adjustment, if applicable.

Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant supporting workpapers.

**4. True Up to Allowed Return on Equity:**

- a. The Company's Allowed Return on Equity (AROE) shall be 10 percent as established in the rate case referenced in Section 2. This AROE shall be the effective ROE for the five year period unless modified by the Commission in a specific proceeding. A range of +/- 50 basis points around the AROE will represent an acceptable range or dead-band of earnings performance. Actual Company reported ROEs that fall within this dead-band are considered reasonable and will not trigger any RSM rate changes.
- b. In the event the Company's reported earnings fall below 9.50 percent ROE, a rate adjustment shall be submitted to provide sufficient revenues to reach a 10 percent ROE subject to the operation and maintenance provision set forth in Paragraph 5.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
Original Sheet No. 31.1

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### RATE STABILIZATION MECHANISM Rate 89

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Page 2 of 2

- c. In the event the Company's reported earnings exceed 10.5 percent, fifty percent of the revenues contributing to the ROE above 10.0 percent will be returned to customers.

**5. Operation and Maintenance Expense Adjustments:**

For purposes of determining the RSM rate applicable under Paragraph 4, Operation and Maintenance Expenses (O&M Expenses) excluding the Cost of Gas shall be limited to a five percent increase each year above the base O&M Expense established in the rate case referenced in Paragraph 2. The Company has the right to request a change in the base O&M level throughout the 5-year plan.

**6. Projected Earnings:**

At the time of the true up for the prior calendar year, the Company shall provide a projected earnings level based on a projected rate base and income statement for the current calendar year. An adjustment may be made to provide revenues sufficient to meet the AROE on a projected basis, subject to the O&M adjustment prescribed in Paragraph 5. The projections shall be subject to the annual true-up prescribed in Paragraph 4.

**7. Allocation of RSM Adjustments:**

The revenue adjustment authorized each year shall be allocated to the rate classes on an equal percentage basis to the non-gas rate components applicable under each rate schedule. Rate credits shall be applied in the same manner under a time period to be determined at the time of filing. Any adjustments shall be set forth as a separate line on customers' bills.

**8. Force Majeure Provision:**

If any cause beyond the reasonable control of the Company, such as natural disaster, orders or acts of civil or military authority, terrorist attacks, or government mandates, which results in a deficiency in distribution revenues which are not readily capable of being addressed in a timely manner under the RSM, the Company may file a general rate case.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
9<sup>th</sup> Revised Sheet No. 32  
Canceling 8<sup>th</sup> Revised Sheet No. 32

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### RESIDENTIAL PROPANE SERVICE Rate 90

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Page 1 of 2

**Availability:**

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

**Rate:**

Delivery Service Charge: \$0.6937 per day

Cost of Gas: Determined Monthly- See Rate  
Summary Sheet for Current Rate

**Minimum Bill:**

Delivery Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

**Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

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Case No.:



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
9<sup>th</sup> Revised Sheet No. 34  
Cancelling 8<sup>th</sup> Revised Sheet No. 34

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### FIRM GENERAL PROPANE SERVICE Rate 92

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Page 1 of 2

**Availability:**

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

**Rate:**

**Basic Service Charge:**

For customers with meters rated  
under 500 cubic feet per hour

\$0.67 per day

For customers with meters rated  
over 500 cubic feet per hour

\$1.90 per day

Distribution Delivery Charge:

\$0.730 per dk

Cost of Gas:

Determined Monthly- See Rate  
Summary Sheet for Current Rate

**Minimum Bill:**

Basic Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of propane as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 34.1

Canceling 1<sup>st</sup> Revised Sheet No. 34.1

### FIRM GENERAL PROPANE SERVICE Rate 92

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Page 2 of 2

#### Distribution Delivery Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment for the Company's earnings in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alternations thereto.

#### General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42  
Canceling 1<sup>st</sup> Revised Sheet No. 42

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.1  
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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.2  
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### GENERAL PROVISIONS Rate 100

Page 3 of 19

#### I. PURPOSE:

These rules are intended to define good practice which can normally be expected, but are not intended to exclude other accepted standards and practices not covered herein. They are intended to ensure adequate service to the public and protect the Company from unreasonable demands.

The Company undertakes to furnish service subject to the rules and regulations of the Public Service Commission of North Dakota and as supplemented by these general provisions, as now in effect or as may hereafter be lawfully established, and in accepting service from the Company, each customer agrees to comply with and be bound by said rules and regulations and the applicable rate schedules.

#### II. DEFINITIONS:

The following terms used in this tariff shall have the following meanings, unless otherwise indicated:

**AGENT** – The party authorized by the transportation service customer to act on that customer's behalf.

**APPLICANT** – A customer requesting Company to provide service.

**COMMISSION** – Public Service Commission of the State of North Dakota.

**COMPANY** – Montana-Dakota Utilities Co.

**COMPANY'S OPERATING CONVENIENCE** – The utilization, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of Company's operations. This does not refer to the customer's convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

**CURTAILMENT** – A reduction of transportation or retail natural gas service deemed necessary by the Company. Also includes any reduction of transportation natural gas service deemed necessary by the Pipeline.

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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2<sup>nd</sup> Revised Sheet No. 42.3  
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### GENERAL PROVISIONS Rate 100

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**CUSTOMER** – Any individual, partnership, corporation, firm, other organization or government agency supplied with service by Company at one location and at one point of delivery unless otherwise expressly in these rules or in a rate schedule.

**DELIVERY POINT** – The point at which customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on customer's premises.

**GAS DAY** – Means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

**INTERRUPTION** – A cessation of transportation or retail natural gas service deemed necessary by Company.

**NOMINATION** – The daily dk volume of natural gas requested by customer for transportation and delivery to customer at the delivery point during a gas day.

**PIPELINE** – The transmission company(s) delivering natural gas into Company's system.

**RATE** – Shall mean and include every compensation, charge, fare, toll, rental and classification, demanded, observed, charged or collected by the Company for any service, product, or commodity, offered by the Company to the public, and any rules, regulations, practices or contracts affecting any such compensation, charge, fare, toll, rental or classification.

**RECEIPT POINT** – The intertie between Company and the interconnecting Pipeline(s) at which point Company assumes custody of the gas being transported.

**SHIPPER** – The party with whom the Pipeline has entered into a service agreement with for transportation services.

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400 N 4<sup>th</sup> Street  
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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 42.4

Canceling 1<sup>st</sup> Revised Sheet No. 42.4

### GENERAL PROVISIONS Rate 100

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#### III. CUSTOMER OBLIGATION:

1. **APPLICATION FOR SERVICE** – A customer desiring gas service must make application to the Company before commencing the use of the Company's service. The Company reserves the right to require a signed application or written contract for service to be furnished. All applications and contracts for service must be made in the legal name of the customer desiring the service. The Company may refuse a customer or terminate service to a customer who fails or refuses to furnish reasonable information requested by the Company for the establishment of a service account. Any person who uses gas service in the absence of application or contract shall be subject to the Company's rates, rules, and regulations and shall be responsible for payment of all service used.

Subject to rates, rules, and regulations, the Company will continue to supply gas service until notified by customer to discontinue the service. The customer will be responsible for payment of all service furnished through the date of discontinuance.

Any customer may be required to make a deposit as required by the Company.

2. **SERVICE AVAILABILITY** – Gas will normally be delivered at standard pressures of four or five ounces, dependent on the service territory where the gas service is being delivered. Delivery of gas service at pressures greater than the standard operating pressure may be available and will require a consultation with the Company to determine availability.
3. **INPUT RATING** – All new customers whose consumption of gas for any purpose will exceed an input of 2,500,000 Btu per hour, metered at a single delivery point, shall consult with the Company and furnish details of estimated hourly input rates for all gas utilization equipment. Where system design capacity permits, such customers may be served on a firm basis. Where system design capacity is limited, and at Company's sole discretion, Company will serve all such new customers on an interruptible basis only. Architects, contractors, heating engineers and installers, and all others should consult with the Company before proceeding to design, erect or redesign such installations for the use of natural gas. This will ensure that such

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.5  
Canceling 1<sup>st</sup> Revised Sheet No. 42.5

### GENERAL PROVISIONS Rate 100

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equipment will conform to the Company's ability to adequately serve such installations with gas.

4. **ACCESS TO CUSTOMER'S PREMISES** – Company representatives, when properly identified, shall have access to customer's premises at all reasonable times for the purpose of reading meters, making repairs, making inspections, removing the Company's property, or for any other purpose incidental to the service.
5. **COMPANY PROPERTY** – The customers shall exercise reasonable diligence in protecting the Company's property on their premises, and shall be liable to the Company in case of loss or damage caused by their negligence or that of their employees.
6. **INTERFERENCE WITH COMPANY PROPERTY** – The customer shall not disconnect, change connections, make connections or otherwise interfere with Company's meters or other property or permit same to be done by other than the Company's authorized employees.
7. **RELOCATED LINES** - Where Company facilities are located on a public or private utility easement and there is a building encroachment(s), over gas facilities (Company-owned main, Company-owned service line or customer-owned service line) the customer shall be charged for line relocation on the basis of actual costs incurred by the Company including any required easements or permits.
8. **NOTIFICATION OF LEAKS** – The customer shall immediately notify the Company of any escape of gas in or about the customer's premises.
9. **TERMINATION OF SERVICE** – All customers are required to notify the Company, to prevent their liability for service used by succeeding tenants, when vacating their premises. Upon receipt of such notice, the Company will read the meter and further liability for service used on the part of the vacating customer will cease.
10. **REPORTING REQUIREMENTS** – Customer shall furnish Company all information as may be required or appropriate to comply with reporting

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.6  
Canceling 1<sup>st</sup> Revised Sheet No. 42.6

### GENERAL PROVISIONS Rate 100

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requirements of duly constituted authorities having jurisdiction over the matter herein.

11. **QUALITY OF GAS** – The gas tendered to the Company shall conform to the applicable quality specifications of the transporting Pipeline's tariff.

#### IV. **LIABILITY**

1. **CONTINUITY OF SERVICE** – The Company will use all reasonable care to provide continuous service but does not assume responsibility for a regular and uninterrupted supply of gas service and will not be liable for any loss, injury, death, or damage resulting from the use of service, or arising from or caused by the interruption or curtailment of the same.
2. **CUSTOMER'S EQUIPMENT** – Neither by inspection or non-rejection, nor in any other way does the Company give any warranty, express or implied, as to the adequacy, safety or other characteristics of any structures, equipment, lines, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties. The customer is responsible for the proper installation and maintenance of all equipment, lines, appliances, or devices on the customer's side of the Delivery Point, and for the natural gas after it passes the Delivery Point. The customer is responsible for inspecting all natural gas house piping, chimneys, flues and appliances on the customer's side of the Delivery Point to ensure all are in working order.
3. **COMPANY EQUIPMENT AND USE OF SERVICE** – The Company will not be liable for any loss, injury, death or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, equipment, lines, or devices on the customer's premises, except loss, injuries, death, or damages resulting from the negligence of the Company.
4. **INDEMNIFICATION** – Customer agrees to indemnify and hold Company harmless from any and all injury, death, loss or damage resulting from customer's negligent or wrongful acts under and during the term of service. Company agrees to indemnify and hold customer harmless from any and all injury, death, loss or damage resulting from Company's negligent or

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Case No.:



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 42.7

Canceling 1<sup>st</sup> Revised Sheet No. 42.7

### GENERAL PROVISIONS Rate 100

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wrongful acts under and during the term of service.

5. **FORCE MAJEURE** – In the event of either party being rendered wholly or in part by force majeure unable to carry out its obligations, then the obligations of the parties hereto, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of customer's gas are destroyed while in Company's possession by an event of force majeure, the obligations of the parties shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to, acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either customer or Company, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the party having the dispute.

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# Montana-Dakota Utilities Co.

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400 N 4<sup>th</sup> Street  
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## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.8  
Canceling 1<sup>st</sup> Revised Sheet No. 42.8

### GENERAL PROVISIONS Rate 100

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The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorization from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this agreement, when any such inability directly or indirectly contributes to or results in either party's inability to perform its obligations.

#### V. GENERAL TERMS AND CONDITIONS:

1. **AGREEMENT** – Upon request of the Company, customer may be required to enter into an agreement for any service.
2. **RATE OPTIONS** – Where more than one rate schedule is available for the same class of service, the Company will assist the customer in selecting the applicable rate schedule(s). The Company is not required to change a customer from one rate schedule to another more often than once in twelve months unless there is a material change in the customer's load which alters the availability and/or applicability of such rate(s), or unless a change becomes necessary as a result of an order issued by the Commission or a court having jurisdiction. The Company will not be required to make any change in a fixed term contract except as provided therein.
3. **RULES FOR APPLICATION OF GAS SERVICE:**
  - (a) Residential gas service is available to any residential customer for domestic purposes only. Residential gas service is defined as service for general domestic household purposes in space occupied as living quarters, designed for occupancy by one family with separate cooking facilities. Typical service would include the following: separately metered units, such as single private residences, single apartments, mobile homes with separate meters and sorority and fraternity houses, and auxiliary buildings on the same premise when used for residential purposes by the residential customer. This is not an all-inclusive list.
  - (b) Nonresidential service is defined as service provided to a business enterprise in space occupied and operated for nonresidential purposes. Typical service would include stores, offices, shops, restaurants, boarding

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.9  
Canceling 1<sup>st</sup> Revised Sheet No. 42.9

### GENERAL PROVISIONS Rate 100

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houses, hotels, service garages, wholesale houses, filling stations, barber shops, beauty salons, master metered apartment houses, common areas of shopping malls or apartments (such as halls or basements), churches, elevators, schools and facilities located away from the home site. This is not an all-inclusive list.

- (c) The definitions above are based upon the supply of service to an entire premise through a single delivery and metering point. Separate supply for the same customer at other points of consumption may be separately metered and billed.
  - (d) If separate metering is not practical for a single unit (one premise) that is using gas for both domestic purposes and for conducting business (or for nonresidential purposes as defined herein), the customer will be billed under the predominate use policy. Under this policy, the customer's combined service is billed under the rate (Residential or Nonresidential) applicable to the type of service which constitutes 50% or more of the customer's total connected load.
  - (e) Other classes of service furnished by the Company shall be defined in applicable rate schedules or in rules and regulations pertaining thereto. Service to customers for which no specific rate schedule is applicable shall be billed on the Nonresidential rates.
4. DISPATCHING – Transportation customers will adhere to gas dispatching policies and procedures established by Company to facilitate transportation service. Company will inform customer of any changes in dispatching policies that may affect transportation services as they occur.
5. RULES COVERING GAS SERVICE TO MANUFACTURED HOMES – The rules and regulation for providing gas service to manufactured homes are in accordance with the Code of Federal Regulations (24CFR Part 3280 – Manufactured Homes Construction and Safety Standards) Subpart G and H which pertain to gas piping and appliance installation. In addition to the above rules, the Company also follows the regulations set forth in the NFPA

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 42.10  
Canceling 3<sup>rd</sup> Revised Sheet No. 42.10

### GENERAL PROVISIONS Rate 100

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501A, Fire Safety Criteria for Manufactured Home Installations, Sites, and Communities.

6. CONSUMER DEPOSITS – The Company will determine whether or not a deposit shall be required of an applicant for gas service in accordance with Commission rules.
- (a) The amount of such deposit shall not exceed one and one-half times the estimated amount of one month's average bill.
  - (b) The Company may accept in lieu of a cash deposit a contract signed by a guarantor, satisfactory to the Company, whereby the payment of a specified sum not to exceed the required cash deposit is guaranteed. The term of such contract shall be indeterminate, but it shall automatically terminate when the customer gives notice of service discontinuance to the Company or a change in location covered by the guarantee agreement of thirty days after written request for termination is made to the utility by the guarantor. However, no agreement shall be terminated without the customer having made satisfactory settlement for any balance, which the customer owes the Company. Upon termination of a guarantee contract, a new contract or a cash deposit may be required by the Company.

A deposit shall earn interest at the rate paid by the Bank of North Dakota on a six-month certificate of deposit as of the first business day of each year. Interest shall be credited to the customer's account annually during the month of December.

Deposits with interest shall be refunded to customers at termination of service provided all billings for service have been paid. Deposits with interest will be refunded to all active customers, after the deposit has been held for twelve months, provided prompt payment record has been established.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.11  
Canceling 1<sup>st</sup> Revised Sheet No. 42.11

### GENERAL PROVISIONS Rate 100

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#### 7. METERING AND MEASUREMENT:

(a) Company will meter the volume of natural gas delivered to customer at the delivery point. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate, in which case the quantity supplied to customer shall be determined by as correct an estimate as it is possible to make, taking into consideration the time of year, the schedule of customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations.

(b) Interruptible sales and transportation service customers agree to provide the cost of the installation of remote data acquisition equipment; as required, to the Company before service is implemented as provided for in the applicable rate schedule

#### 8. MEASUREMENT UNIT FOR BILLING PURPOSES – The measurement unit for billing purposes shall be one (1) decatherm (dk), unless otherwise specified. Billing will be calculated to the nearest one-tenth (1/10) dk. One dk equals 10 therms or 1,000,000 Btu's. Dk's shall be calculated by the application of a thermal factor to the volumes metered. This thermal factor consists of:

(a) An altitude adjustment factor used to convert metered volumes at local sales base pressure to a standard pressure base of 14.73 psia, and

(b) A Btu adjustment factor used to reflect the heating value of the gas delivered.

#### 9. UNIT OF VOLUME FOR MEASUREMENT – The unit of volume for purpose of measurement shall be one (1) cubic foot of gas at either local sales base pressure or 14.73 psia, as appropriate, and at a temperature base of sixty degrees Fahrenheit (60°F). All measurement of natural gas by orifice meter shall be reduced to this standard by computation methods, in accordance with procedures contained in ANSI-API Standard 2530, First Edition, as amended. Where natural gas is measured with positive displacement or turbine meters, correction to local sales base pressure shall be made for

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 42.12  
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### GENERAL PROVISIONS Rate 100

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actual pressure and temperature with factors calculated from Boyle's and Charles' Laws. Where gas is delivered at 20 psig or more, the deviation of the natural gas from Boyle's Law shall be determined by application of Supercompressibility Factors for Natural Gas published by the American Gas Association, Inc., copyright 1955, as amended or superseded. Where gas is measured with electronic correcting instruments at pressures greater than local sales base, supercompressibility will be calculated in the corrector using AGA-3/NX-19, as amended, supercompressibility calculation. For handbilled accounts, application of supercompressibility factors will be waived on monthly-billed volumes of 250 dk or less.

10. PRIORITY OF SERVICE AND ALLOCATION OF CAPACITY – Priority of Service from Highest to Lowest:
- (a) Priority 1 – Firm sales services.
  - (b) Priority 2 – Small interruptible sales and small interruptible transportation service at the maximum rate on a pro rata basis.
  - (c) Priority 3 – Large interruptible sales and large interruptible transportation service at the maximum rate on a pro rata basis.
  - (d) Priority 4 – Small interruptible sales and small interruptible transportation service at less than the maximum rate from the highest rate to the lowest rate on the pro rata basis where equal rates are applicable among customers.
  - (e) Priority 5 – Large interruptible sales and large interruptible transportation service from the highest rate to the lowest rate on a pro rata basis where equal rates are applicable among customers.
  - (f) Priority 6 – Gas scheduled to clear imbalances.

Montana-Dakota shall have the right, in its sole discretion, to deviate from the above schedule when necessary for system operational reasons and if following the above schedule would cause an interruption in service to a customer who is not contributing to an operational problem on Montana-Dakota's system.

Montana-Dakota reserves the right to provide service to customers with lower priority while service to higher priority customers is being curtailed due to

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.13  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.13

### GENERAL PROVISIONS Rate 100

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restrictions at a given delivery or receipt point. When such restrictions are eliminated, Montana-Dakota will reinstate sales and/or transportation of gas according to each customer's original priority.

11. **LATE PAYMENT** – Amounts billed will be considered past due if not paid by the due date shown on the bill. An amount equal to 1 percent per month will be applied to any unpaid balance existing if not paid by the due date, provided however, that such amount shall not apply where a bill is in dispute or a formal complaint is being processed. All payments received will apply to the customer's account prior to calculating the late payment charge. Those payments applied shall satisfy the oldest portion of the bill first.
12. **RETURNED CHECK CHARGE** – A charge of \$40.00 will be collected by the Company for any check for any reason not honored by customer's bank.
13. **TAX CLAUSE** – In addition to the charges provided for in the gas tariffs of the Company, there shall be charged pro rata amounts which, on an annual basis, shall be sufficient to yield to the Company the full amount of any sales, use or excise taxes, whether they be denominated as license taxes, occupation taxes, business taxes, privilege taxes, or otherwise, levied against or imposed upon the Company by any municipality, political subdivision, or other entity, for the privilege of conducting its utility operations therein.

The charges to be added to the customer's service bills under this clause shall be limited to the customers within the corporate limits of the municipality, political subdivision or other entity imposing the tax.

14. **UTILITY CUSTOMER SERVICES:**
  - (a) The following services will be performed at no charge regardless of the time of performance:
    - (1) Fire and explosions calls.
    - (2) Investigate hazardous condition on customer premises, such as gas leaks, odor complaints, combustion gas fumes.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.14  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.14

### GENERAL PROVISIONS Rate 100

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- (3) Maintenance or repair of Company-owned facilities on the customer's premises.
- (b) The following service calls will be performed at no charge during the Company's normal business hours:
- (1) Cut-ins and cut-outs.
  - (2) High bills or inadequate service complaints.
  - (3) Location of underground Company facilities and customer-owned gas service lines for contractors, builders, plumbers, etc.
15. UTILITY SERVICES PERFORMED AFTER NORMAL BUSINESS HOURS – For service requested by customers after the Company's normal business hours and on Saturday, Sunday, or legal holidays, a charge will be made for labor at standard overtime service rates and materials at retail prices.
- Customers requesting service after the Company's normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours.
16. NOTICE TO DISCONTINUE GAS SERVICE – Customers desiring to have their gas service disconnected shall notify the Company during regular business hours, one business day before service is to be disconnected. Such notice shall be by letter, or telephone call to the Company's Customer Service Center. Saturdays, Sundays and legal holidays are not considered business days.
17. RECONNECTION FEE FOR SEASONAL OR TEMPORARY CUSTOMER – A customer who requests reconnection of service, during normal working hours, at a location where same customer discontinued the same service during the preceding 12-month period will be charged a reconnection fee as follows:

Residential - The Basic Service Charge applicable during the period service was not being used as well as a \$30.00 reconnection fee when scheduled reconnection is for a future regular work day or the call to

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 42.15  
Canceling 3<sup>rd</sup> Revised Sheet No. 42.15

### GENERAL PROVISIONS Rate 100

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request reconnection of service for the same (regular) day is received prior to 12:00 p.m. Standard overtime rates will be applied for reconnection of service after normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day and reconnection is requested for that day. The Basic Service Charge applicable during the period service was not being used will be assessed as well.

Non-Residential – The Basic Service Charge applicable during the period while service was not being used. However, the reconnection charge applicable to seasonal business concerns such as irrigation, grain drying and asphalt processing shall be the Basic Service Charge applicable during the period while service was not being used less the Distribution Delivery Charge revenue collected during the period in-service. A reconnection fee of \$30.00 will also apply to reconnections. Standard overtime rates will apply to the reconnection of service occurring after normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day for reconnection that day.

Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a minimum reconnection charge of \$160.00 whenever reinstallation of the required remote data acquisition equipment is necessary.

18. DISCONNECTION OF SERVICE FOR NONPAYMENT OF BILLS – All amounts billed for service are due when rendered and will be considered delinquent if not paid by due date shown on the bill. If any customer shall become delinquent in the payment of amounts billed, such service may be discontinued by the Company under the applicable rules of the Commission. The Company may collect a fee of \$30.00 before restoring gas service, which has been disconnected for nonpayment of service bills during normal business hours. Standard overtime rates will apply for services performed after normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day for reconnection that day.

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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
4<sup>th</sup> Revised Sheet No. 42.16  
Canceling 3<sup>rd</sup> Revised Sheet No. 42.16

### GENERAL PROVISIONS Rate 100

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**19. DISCONNECTION OF SERVICE FOR CAUSES OTHER THAN  
NONPAYMENT OF BILLS – The Company reserves the right to discontinue  
service for any of the following reasons:**

- (a) In the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
- (b) In the event of tampering with the equipment furnished and owned by the Company.
- (c) For violation of or noncompliance with the Company's rules on file with the Commission.
- (d) For failure of the customer to fulfill the contractual obligations imposed as conditions of obtaining service.
- (e) For refusal of reasonable access to property to the agent or employee of the Company for the purpose of inspecting the facilities or for testing, reading, maintaining or removing meters.

The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and any delay on the part of the Company in exercising such rights, or omission of any action permissible hereunder, shall not be deemed a waiver of its rights to exercise same.

Nothing in these regulations shall be construed to prevent discontinuing service without advance notice for reasons of safety, health, cooperation with civil authorities, or fraudulent use, tampering with or destroying Company facilities.

The Company may collect a reconnect fee of \$30.00 before restoring gas service, which has been disconnected for the above causes.

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

4<sup>th</sup> Revised Sheet No. 42.17

Canceling 3<sup>rd</sup> Revised Sheet No. 42.17

### GENERAL PROVISIONS Rate 100

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20. UNAUTHORIZED USE OF SERVICE – Unauthorized use of service is defined as any deliberate interference such as tampering with a Company meter, pressure regulator, registration, connections, equipment, seals, procedures or records that result in a loss of revenue to the Company. Unauthorized service is also defined as reconnection of service that has been terminated, without the Company's consent.

(a) Examples of unauthorized use of service include the following, but are not limited to:

- (1) Bypass piping around meter.
- (2) Bypass piping installed in place of meter.
- (3) Meter reversed.
- (4) Meter index disengaged or removed.
- (5) Service or equipment tampered with or piping connected ahead of meter.
- (6) Tampering with meter or pressure regulator that affects the accurate registration of gas usage.
- (7) Gas being used after service has been discontinued by the Company.
- (8) Gas being used after service has been discontinued by the Company as a result of a new customer turning gas on without the proper connect request.

(b) In the event that there has been unauthorized use of service, customer shall be charged for:

- (1) Time, material and transportation costs used in investigation.
- (2) Estimated charge for non-metered gas.
- (3) On-premise time to correct situation.
- (4) Any damage to Company property.

(c) Customer service so disconnected shall be reconnected after a customer has furnished satisfactory evidence of compliance with Company's rules and conditions of service, and paid all charges as hereinafter set forth in this procedure.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.18  
Cancelling 1<sup>st</sup> Revised Sheet No. 42.18

### GENERAL PROVISIONS Rate 100

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- (1) All delinquent bills, if any.
  - (2) The amount of any Company revenue loss attributable to said tampering.
  - (3) Expenses incurred by the Company in replacing or repairing the meter or other appliance costs incurred in preparation of the bill, plus costs as outlined in number 20.b above.
  - (4) Reconnection fee applicable.
  - (5) A cash deposit, the amount of which will not exceed the maximum amount determined in accordance with Commission Rules.
21. RATE FOR EMPLOYEES – A bill discount may be available for residential use only in a single family unit served by Montana-Dakota to qualifying employees and retirees of MDU Resources and its subsidiaries. The bill shall be computed at applicable rate and amount reduced by 33 1/3 percent.
22. SEE ALSO THE FOLLOWING RATES FOR SPECIAL PROVISIONS:
- Rate 105 – Gas Meter Test Program
  - Rate 119 – Interruptible Gas Service Extension Policy
  - Rate 120 – Firm Gas Service Extension Policy
  - Rate 124 – New Installation, Replacement, Relocation and Repair of Gas Service Lines

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## Tariffs Reflecting Proposed Changes



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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3<sup>rd</sup> Revised Sheet No. 1  
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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 4  
Canceling 6<sup>th</sup> Revised Sheet No. 4

### RESIDENTIAL GAS SERVICE Rate 60

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**Availability:**

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

**Rate:**

Basic <del>Delivery</del> Service Charge:	\$0.49356937 per day
Distribution <del>Delivery</del> Charge:	\$ <del>0.326</del> per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate

**Minimum Bill:**

Basic ~~Delivery~~ Service Charge.

**Payment:**

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

**Cost of Gas:**

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

**~~Distribution-Delivery~~Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment ~~for the effects of weather~~ in accordance with the ~~Distribution-Delivery-Rate~~ Stabilization Mechanism Rate 897 or any amendments or alterations thereto.

**General Terms and Conditions:**

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.: PU-13-803



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
5<sup>th</sup> Revised Sheet No. 7  
Canceling 4<sup>th</sup> Revised Sheet No. 7

### AIR FORCE Rate 64

Page 1 of 2

#### Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

#### Rate:

##### Basic Service Charge:

Minot Air Force Base	\$2,000.00 per month
Perimeter Acquisition Radar (PAR) Site	\$175.00 per month

##### Distribution Delivery Charge:

Firm Service	\$0.329 per dk
Interruptible Service	\$0.260 per dk

##### Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 13.1  
Cancelling Original Sheet No. 13.1

### FIRM GENERAL GAS SERVICE Rate 70

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Page 2 of 2

#### **Distribution Delivery Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

#### **Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 14  
Canceling 6<sup>th</sup> Revised Sheet No. 14

### SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 4

#### Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

#### Rate:

Basic Service Charge:	\$175.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$0.9291.112 per dk	<u>Minimum</u> \$0.4850.668 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

#### Minimum Bill:

Basic Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

4<sup>th</sup> Revised Sheet No. 14.1

Canceling 3<sup>rd</sup> Revised Sheet No. 14.1

### **SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71**

Page 2 of 4

#### **Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 60 days prior to the end of the initial term. Absent such termination notice, the agreement shall continue for additional terms of equal length until written notice is given, as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 15.1  
Canceling Original Sheet No. 15.1

### OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

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Page 2 of 2

#### **Cost of Gas:**

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

#### **Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

1. The customer agrees to contract for service under the Optional Seasonal General Gas Service Rate 72 for a minimum of one year.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
6<sup>th</sup> Revised Sheet No. 24.1  
Canceling 5<sup>th</sup> Revised Sheet No. 24.1

### TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 10

#### Rate:

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

#### Basic Service Charge:

Rate 81	\$175.00 per month
Rate 82	\$1,000.00 per month

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.485668	\$0.297
Minimum Rate per dk	\$0.102	\$0.061
Balancing Charge per dk	\$0.300	\$0.300

#### Fuel Charge:

Applicable to all dk transported to customer located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effect charge.

#### Rate Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### General Terms and Conditions:

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 27.1

Canceling 1<sup>st</sup> Revised Sheet No. 27.1

### LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 2 of 4

#### Rate Stabilization Mechanism

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

1. **PRIORITY OF SERVICE** – Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** – If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the Firm General Gas Service Rate 70 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **AGREEMENT** – Customer will be required to enter into an agreement for service hereunder for a minimum term of 12 months. Written notice of termination by either Company or customer must be given at least 90 days prior to the end of the initial term. Absent execution of such termination notice, the agreement shall continue for additional terms of equal length until written notice is given as provided herein, prior to the end of any subsequent term. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under this rate or another appropriate rate schedule for the customer's operations.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 29

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 1 of 2

#### Applicability:

This rate schedule represents a Distribution Delivery Stabilization Mechanism (DDSM) and specifies the procedure to be utilized to correct for the over/under collection of distribution delivery charge revenues due to weather fluctuations during the billing period from November 1 through May 1. Service provided under the Company's Residential Rates ~~60 and 90~~ and Firm General Service Rates 70 and 92 shall be subject to decreases or increases under the DDSM.

#### Distribution Delivery Stabilization Mechanism:

A DDSM will be determined for each customer taking service under Residential Service Rates ~~60 and 90~~ and Firm General Service Rates 70 and 92 beginning with the first billing cycle starting November 1 through the billing cycle ending May 1. The DDSM adjustment will be applied on a real-time basis as a surcharge or credit on all rate schedules to which the DDSM is applicable to the customers' bills issued each month during the weather adjustment period of November 1 through May 1.

#### DDSM Adjustment Calculation:

The DDSM Adjustment shall be determined for each customer taking service under Residential Rates 60 or 90 or Firm General Services Rate 70 or 92. In order to calculate the respective DDSM adjustment, the ratio of the normal HDDs as compared to the actual HDDs will be determined and multiplied by the temperature sensitive consumption per customer per HDD. The resulting product shall be multiplied by the applicable Distribution Delivery Charge rate per dk.

$$DDSM_i = R_i (DDF_i ((NDD-ADD)/ADD))$$

Where:

DDSM <sub>i</sub>	=	Distribution Delivery Stabilization Adjustment
i	=	Customer served under Rate Schedules <del>60, 70, 90</del> or 92
R <sub>i</sub>	=	Applicable Distribution Delivery Charge per dk
DDF <sub>i</sub>	=	Temperature sensitive use per customer
NDD	=	Normal degree days for the applicable bill cycle
ADD	=	Actual heating degree days for the applicable bill cycle

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Assistant Vice President -  
Regulatory Affairs

Case No.: PU-04-97



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7

1<sup>st</sup> Revised Sheet No. 29.1

Canceling Original Sheet No. 29.1

### DISTRIBUTION DELIVERY STABILIZATION MECHANISM Rate 87

Page 2 of 2

#### Definitions:

Heating Degree Days	-	The deviation between the average daily temperatures and 60 degrees Fahrenheit.
Normal Degree Days	-	The heating degree days based on the 30-year average actual degree days.
Temperature Sensitive Use per Customer	-	Customer's actual use less the base use per customer per day, denoted below, multiplied by days in the billing period. <del>Residential Rate Code 60 = .04474</del> <del>Residential Rate Code 90 = .01233</del> Firm General Service Rate Code 700 = <u>-.041320.05474</u> Firm General Service Rate Code 701 = <u>-.733460.84328</u> Firm General Service Rate Code 920 = <u>-.024250.0518</u> Firm General Service Rate Code 921 = <u>2.920373.28056</u>
Actual Degree Days	-	The actual degree days reported by the National Weather Service Stations for applicable service areas in North Dakota.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 31

### RATE STABILIZATION MECHANISM Rate 89

Page 1 of 2

#### **1. Applicability:**

This rate schedule describes the Company's Rate Stabilization Mechanism (RSM) and applies to the Company's gas sales and transportation service rate schedules.

#### **2. Initial Evaluation and Term of RSM:**

The Company filed a general rate case Application reflecting a 12-month test year ending December 31, 2015 on February 6, 2015. The initial evaluation under this Rate Schedule will be the 12-month period ending December 31, 2015. The RSM shall remain in effect for a period of five years unless modified by the Commission.

#### **3. Time and Manner of Filing:**

Montana-Dakota shall file an annual RSM Application at least 60 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a report demonstrating the Company's financial performance and a revised tariff sheet identifying the amount of the adjustment, if applicable.

Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant supporting workpapers.

#### **4. True Up to Allowed Return on Equity:**

a. The Company's Allowed Return on Equity (AROE) shall be 10 percent as established in the rate case referenced in Section 2. This AROE shall be the effective ROE for the five year period unless modified by the Commission in a specific proceeding. A range of +/- 50 basis points around the AROE will represent an acceptable range or dead-band of earnings performance. Actual Company reported ROEs that fall within this dead-band are considered reasonable and will not trigger any RSM rate changes.

b. In the event the Company's reported earnings fall below 9.50 percent ROE, a rate adjustment shall be submitted to provide sufficient revenues to reach a 10 percent ROE subject to the operation and maintenance provision set forth in Paragraph 5.

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Director - Regulatory Affairs

Case No.:



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 31.1

### RATE STABILIZATION MECHANISM Rate 89

Page 2 of 2

c. In the event the Company's reported earnings exceed 10.5 percent, fifty percent of the revenues contributing to the ROE above 10.0 percent will be returned to customers.

#### **5. Operation and Maintenance Expense Adjustments:**

For purposes of determining the RSM rate applicable under Paragraph 4, Operation and Maintenance Expenses (O&M Expenses) excluding the Cost of Gas shall be limited to a five percent increase each year above the base O&M Expense established in the rate case referenced in Paragraph 2. The Company has the right to request a change in the base O&M level throughout the 5-year plan.

#### **6. Projected Earnings:**

At the time of the true up for the prior calendar year, the Company shall provide a projected earnings level based on a projected rate base and income statement for the current calendar year. An adjustment may be made to provide revenues sufficient to meet the AROE on a projected basis, subject to the O&M adjustment prescribed in Paragraph 5. The projections shall be subject to the annual true-up prescribed in Paragraph 4.

#### **7. Allocation of RSM Adjustments:**

The revenue adjustment authorized each year shall be allocated to the rate classes on an equal percentage basis to the non-gas rate components applicable under each rate schedule. Rate credits shall be applied in the same manner under a time period to be determined at the time of filing. Any adjustments shall be set forth as a separate line on customers' bills.

#### **8. Force Majeure Provision:**

If any cause beyond the reasonable control of the Company, such as natural disaster, orders or acts of civil or military authority, terrorist attacks, or government mandates, which results in a deficiency in distribution revenues which are not readily capable of being addressed in a timely manner under the RSM, the Company may file a general rate case.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
7<sup>th</sup> Revised Sheet No. 32  
Canceling 6<sup>th</sup> Revised Sheet No. 32

### RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 2

#### Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

#### Rate:

~~Basic~~ Delivery Service Charge: \$0.49356937 per day

~~Distribution~~ Delivery Charge: \$0.326 per dk

Cost of Gas: Determined Monthly- See Rate Summary Sheet for Current Rate

#### Minimum Bill:

~~Basic~~ Delivery Service Charge.

#### Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

#### Cost of Gas:

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

#### ~~Distribution Delivery Rate~~ Stabilization Mechanism:

Service under this rate schedule is subject to an adjustment ~~for the effects of weather~~ in accordance with the ~~Distribution Delivery Rate~~ Stabilization Mechanism Rate 897 or any amendments or alterations thereto.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 34.1  
Canceling Original Sheet No. 34.1

### FIRM GENERAL PROPANE SERVICE Rate 92

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Page 2 of 2

#### **Distribution Delivery Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment for the effects of weather in accordance with the Distribution Delivery Stabilization Mechanism Rate 87 or any amendments or alterations thereto.

#### **Rate Stabilization Mechanism:**

Service under this rate schedule is subject to an adjustment in accordance with the Rate Stabilization Mechanism Rate 89 or any amendments or alterations thereto.

#### **General Terms and Conditions:**

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 42  
Canceling Original Sheet No. 42

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 42.1  
Canceling Original Sheet No. 42.1

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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 42.2  
Canceling Original Sheet No. 42.2

### GENERAL PROVISIONS Rate 100

Page 3 of 18

#### I. PURPOSE:

These rules are intended to define good practice which can normally be expected, but are not intended to exclude other accepted standards and practices not covered herein. They are intended to ensure adequate service to the public and protect the Company from unreasonable demands.

The Company undertakes to furnish service subject to the rules and regulations of the Public Service Commission of North Dakota and as supplemented by these general provisions, as now in effect or as may hereafter be lawfully established, and in accepting service from the Company, each customer agrees to comply with and be bound by said rules and regulations and the applicable rate schedules.

#### II. DEFINITIONS:

The following terms used in this tariff shall have the following meanings, unless otherwise indicated:

**AGENT** – The party authorized by the transportation service customer to act on that customer's behalf.

**APPLICANT** – A customer requesting Company to provide service.

**COMMISSION** – Public Service Commission of the State of North Dakota.

**COMPANY** – Montana-Dakota Utilities Co.

**COMPANY'S OPERATING CONVENIENCE** – The utilization, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of Company's operations. This does not refer to the customer's convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules or regulations, or similar requirements of public authorities.

**CURTAILMENT** – A reduction of transportation or retail natural gas service deemed necessary by the Company. Also includes any reduction of transportation natural gas service deemed necessary by the Pipeline.

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Assistant Vice President  
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**Case No.:** PU-04-97



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A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

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**CUSTOMER** – Any individual, partnership, corporation, firm, other organization or government agency supplied with service by Company at one location and at one point of delivery unless otherwise expressly in these rules or in a rate schedule.

**DELIVERY POINT** – The point at which customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on customer's premises.

**GAS DAY** – Means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

**INTERRUPTION** – A cessation of transportation or retail natural gas service deemed necessary by Company.

**NOMINATION** – The daily dk volume of natural gas requested by customer for transportation and delivery to customer at the delivery point during a gas day.

**PIPELINE** – The transmission company(s) delivering natural gas into Company's system.

**RATE** – Shall mean and include every compensation, charge, fare, toll, rental and classification, ~~or any of them~~, demanded, observed, charged or collected by the Company for any service, product, or commodity, offered by the Company to the public, and any rules, regulations, practices or contracts affecting any such compensation, charge, fare, toll, rental or classification.

**RECEIPT POINT** – The intertie between Company and the interconnecting Pipeline(s) at which point Company assumes custody of the gas being transported.

**SHIPPER** – The party with whom the Pipeline has entered into a service agreement with for transportation services.

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#### III. CUSTOMER OBLIGATION:

1. **APPLICATION FOR SERVICE** – A customer desiring gas service must make application to the Company before commencing the use of the Company's service. The Company reserves the right to require a signed application or written contract for service to be furnished. All applications and contracts for service must be made in the legal name of the customer desiring the service. The Company may refuse a customer or terminate service to a customer who fails or refuses to furnish reasonable information requested by the Company for the establishment of a service account. Any customer-person who uses gas service in the absence of application or contract shall be subject to the Company's rates, rules, and regulations and shall be responsible for payment of all service used.

Subject to rates, rules, and regulations, the Company will continue to supply gas service until notified by customer to discontinue the service. The customer will be responsible for payment of all service furnished through the date of discontinuance.

Any customer may be required to make a deposit as required by the Company.

2. **SERVICE AVAILABILITY** – Gas will normally be delivered at standard pressures of four or five ounces, dependent on the service territory where the gas service is being delivered. Delivery of gas service at pressures greater than the standard operating pressure may be available and will require a consultation with the Company to determine availability.

- 2-3. **INPUT RATING** – All new customers whose consumption of gas for any purpose will exceed an input of 2,500,000 Btu per hour, metered at a single delivery point, shall consult with the Company and furnish details of estimated hourly input rates for all gas utilization equipment. Where system design capacity permits, such customers may be served on a firm basis. Where system design capacity is limited, and at Company's sole discretion, Company will serve all such new customers on an interruptible basis only. Architects, contractors, heating engineers and installers, and all others should consult with the Company before proceeding to design, erect or redesign such installations for the use of natural gas. This will ensure that such

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equipment will conform to the Company's ability to adequately serve such installations with gas.

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- 3.4. ACCESS TO CUSTOMER'S PREMISES – Company representatives, when properly identified, shall have access to customer's premises at all reasonable times for the purpose of reading meters, making repairs, making inspections, removing the Company's property, or for any other purpose incidental to the service.
- 4.5. COMPANY PROPERTY – The customers shall exercise reasonable diligence in protecting the Company's property on their premises, and shall be liable to the Company in case of loss or damage caused by their negligence or that of their employees.
- 5.6. INTERFERENCE WITH COMPANY PROPERTY – The customer shall not disconnect, change connections, make connections or otherwise interfere with Company's meters or other property or permit same to be done by other than the Company's authorized employees.
- 6.7. RELOCATED LINES - Where Company facilities are located on a public or private utility easement and there is a building encroachment(s), over gas facilities (Company-owned main, Company-owned service line or customer-owned service line) the customer shall be charged for line relocation on the basis of actual costs incurred by the Company including any required easements or permits.
- 7.8. NOTIFICATION OF LEAKS – The customer shall immediately notify the Company ~~at its office~~ of any escape of gas in or about the customer's premises.
- 8.9. TERMINATION OF SERVICE – All customers are required to notify the Company, to prevent their liability for service used by succeeding tenants, when vacating their premises. Upon receipt of such notice, the Company will read the meter and further liability for service used on the part of the vacating customer will cease.
10. REPORTING REQUIREMENTS – Customer shall furnish Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.

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11. QUALITY OF GAS – The gas tendered to the Company shall conform to the applicable quality specifications of the transporting Pipeline's tariff.

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#### IV. LIABILITY

1. CONTINUITY OF SERVICE – The Company will use all reasonable care to provide continuous service but does not assume responsibility for a regular and uninterrupted supply of gas service and will not be liable for any loss, injury, death, or damage resulting from the use of service, or arising from or caused by the interruption or curtailment of the same.
2. CUSTOMER'S EQUIPMENT – Neither by inspection or non-rejection, nor in any other way does the Company give any warranty, express or implied, as to the adequacy, safety or other characteristics of any structures, equipment, lines, appliances or devices owned, installed or maintained by the customer or leased by the customer from third parties. The customer is responsible for the proper installation and maintenance of all equipment, lines, appliances, or devices on the customer's side of the Delivery Point, and for the natural gas after it passes the Delivery Point. The customer is responsible for inspecting all natural gas house piping, chimneys, flues and appliances on the customer's side of the Delivery Point to ensure all are in working order.
3. COMPANY EQUIPMENT AND USE OF SERVICE – The Company will not be liable for any loss, injury, death or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, equipment, lines, ~~appliances~~ or devices on the customer's premises, except loss, injuries, death, or damages resulting from the negligence of the Company.
4. INDEMNIFICATION – Customer agrees to indemnify and hold Company harmless from any and all injury, death, loss or damage resulting from customer's negligent or wrongful acts under and during the term of service. Company agrees to indemnify and hold customer harmless from any and all injury, death, loss or damage resulting from Company's negligent or wrongful acts under and during the term of service.
5. FORCE MAJEURE – In the event of either party being rendered wholly or in part by force majeure unable to carry out its obligations, then the obligations of the parties hereto, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance by either party, however,

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shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance relieve either party from its obligations to make payments of amounts then due hereunder, nor

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shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of customer's gas are destroyed while in Company's possession by an event of force majeure, the obligations of the parties shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to, acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either customer or Company, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorization from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this agreement, when any such inability directly or indirectly contributes to or results in either party's inability to perform its obligations.

#### V. GENERAL TERMS AND CONDITIONS:

1. AGREEMENT – Upon request of the Company, customer may be required to enter into an agreement for any service.

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2. **RATE OPTIONS** – Where more than one rate schedule is available for the same class of service, the Company will assist the customer in selecting the applicable rate schedule(s). The Company is not required to change a customer from one rate schedule to another more often than once in twelve months unless there is a material change in the customer's load which alters the availability and/or applicability of such rate(s), or unless a change becomes necessary as a result of an order issued by the Commission or a court having jurisdiction. The Company will not be required to make any change in a fixed term contract except as provided therein.
  
3. **RULES FOR APPLICATION OF GAS SERVICE:**
  - (a) Residential gas service is available to any residential customer for domestic purposes only. Residential gas service is defined as service for general domestic household purposes in space occupied as living quarters, designed for occupancy by one family with separate cooking facilities. Typical service would include the following: separately metered units, such as single private residences, single apartments, mobile homes with separate meters and sorority and fraternity houses, and ~~(this is not an all-inclusive list).~~ ~~In addition,~~ auxiliary buildings on the same premise as ~~the living quarters,~~ when used for residential purposes, ~~may be served on by the residential rate customer.~~ This is not an all-inclusive list.
  
  - (b) Nonresidential service is defined as service provided to a business enterprise in space occupied and operated for nonresidential purposes. Typical service would include stores, offices, shops, restaurants, boarding houses, hotels, service garages, wholesale houses, filling stations, barber shops, ~~beauty parlors~~ salons, master metered apartment houses, common areas of shopping malls or apartments (such as halls or basements), churches, elevators, schools and facilities located away from the home site. ~~(This is not an all-inclusive list).~~
  
  - (c) The definitions above are based upon the supply of service to an entire premise through a single delivery and metering point.- Separate supply for the same customer at other points of consumption may be separately metered and billed.

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(d) If separate metering is not practical for a single unit (one premise) that is using gas for both domestic purposes and for conducting business (or for

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nonresidential purposes as defined herein), the customer will be billed under the predominate use policy. Under this policy, the customer's combined service is billed under the rate (Residential or Nonresidential) applicable to the type of service which constitutes 50% or more of the customer's total connected load.

- (e) Other classes of service furnished by the Company shall be defined in applicable rate schedules or in rules and regulations pertaining thereto. Service to customers for which no specific rate schedule is applicable shall be billed on the Nonresidential rates.
4. **DISPATCHING** – Transportation customers will adhere to gas dispatching policies and procedures established by Company to facilitate transportation service. Company will inform customer of any changes in dispatching policies that may affect transportation services as they occur.
5. **RULES COVERING GAS SERVICE TO MANUFACTURED HOMES** – The rules and regulation for providing gas service to manufactured homes are in accordance with the Code of Federal Regulations (24CFR Part 3280 – Manufactured Homes Construction and Safety Standards) Subpart G and H which pertain to gas piping and appliance installation. In addition to the above rules, the Company also follows the regulations set forth in the NFPA 501A, Fire Safety Criteria for Manufactured Home Installations, Sites, and Communities.
6. **CONSUMER DEPOSITS** – The Company will determine whether or not a deposit shall be required of an applicant for gas service in accordance with Commission rules.
- (a) The amount of such deposit shall not exceed one and one-half times the estimated amount of one month's average bill.
- (b) The Company may accept in lieu of a cash deposit a contract signed by a guarantor, satisfactory to the Company, whereby the payment of a specified sum not to exceed the required cash deposit is guaranteed. The term of such contract shall be indeterminate, but it shall automatically terminate when the customer gives notice of service discontinuance to

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the Company or a change in location covered by the guarantee agreement of thirty days after written request for termination is made to the utility by the guarantor. However, no agreement shall be terminated without the customer having made satisfactory settlement for any balance, which the customer owes the Company. Upon termination of a guarantee contract, a new contract or a cash deposit may be required by the Company.

A deposit shall earn interest at the rate paid by the Bank of North Dakota on a six-month certificate of deposit as of the first business day of each year. Interest shall be credited to the customer's account annually during the month of December.

Deposits with interest shall be refunded to customers at termination of service provided all billings for service have been paid. Deposits with interest will be refunded to all active customers, after the deposit has been held for twelve months, provided prompt payment record has been established.

#### 7. METERING AND MEASUREMENT:

(a) Company will meter the volume of natural gas delivered to customer at the delivery point. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate, in which case the quantity supplied to customer shall be determined by as correct an estimate as it is possible to make, taking into consideration the time of year, the schedule of customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations.

(b) Interruptible sales and transportation service customers agree to provide the cost of the installation of remote data acquisition equipment; as required, to the Company before service is implemented as provided for in the applicable rate schedule

#### 8. MEASUREMENT UNIT FOR BILLING PURPOSES – The measurement unit for billing purposes shall be one (1) decatherm (dk), unless otherwise specified. Billing will be calculated to the nearest one-tenth (1/10) dk. One dk equals 10 therms or 1,000,000 Btu's. Dk's shall be calculated by the

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application of a thermal factor to the volumes metered. This thermal factor consists of:

- (a) An altitude adjustment factor used to convert metered volumes at local sales base pressure to a standard pressure base of 14.73 psia, and
- (b) A Btu adjustment factor used to reflect the heating value of the gas delivered.

9. UNIT OF VOLUME FOR MEASUREMENT – The unit of volume for purpose of measurement shall be one (1) cubic foot of gas at either local sales base pressure or 14.73 psia, as appropriate, and at a temperature base of sixty degrees Fahrenheit (60°F). All measurement of natural gas by orifice meter shall be reduced to this standard by computation methods, in accordance with procedures contained in ANSI-API Standard 2530, First Edition, as amended. Where natural gas is measured with positive displacement or turbine meters, correction to local sales base pressure shall be made for actual pressure and temperature with factors calculated from Boyle's and Charles' Laws. Where gas is delivered at 20 psig or more, the deviation of the natural gas from Boyle's Law shall be determined by application of Supercompressibility Factors for Natural Gas published by the American Gas Association, Inc., copyright 1955, as amended or superseded. Where gas is measured with electronic correcting instruments at pressures greater than local sales base, supercompressibility will be calculated in the corrector using AGA-3/NX-19, as amended, supercompressibility calculation. For handbilled accounts, application of supercompressibility factors will be waived on monthly-billed volumes of 250 dk or less.

10. PRIORITY OF SERVICE AND ALLOCATION OF CAPACITY – Priority of Service from Highest to Lowest:
- (a) Priority 1 – Firm sales services.
  - (b) Priority 2 – Small interruptible sales and small interruptible transportation service at the maximum rate on a pro rata basis.
  - (c) Priority 3 – Large interruptible sales and large interruptible transportation service at the maximum rate on a pro rata basis. ~~Priority 3 – Small interruptible sales at less than the maximum rate from the highest rate to~~

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~~the lowest rate on the pro-rata basis where equal rates are applicable  
among customers.~~

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- (d) Priority 4 – Small interruptible sales and small interruptible transportation service at less than the maximum rate from the highest rate to the lowest rate on the pro rata basis where equal rates are applicable among customers. ~~Priority 4 – Large interruptible sales at the maximum rate on a pro-rata basis.~~
- (e) Priority 5 – Small interruptible transportation services from the highest rate to the lowest rate and on a pro-rata basis where equal rates are applicable among customers. ~~Priority 5 – Large interruptible sales and large interruptible transportation service from the highest rate to the lowest rate on a pro rata basis where equal rates are applicable among customers.~~
- (f) Priority 6 – Large interruptible transportation services from the highest rate to the lowest rate and on a pro-rata basis where equal rates are applicable among customers.
- (g) Priority 6Z – Gas scheduled to clear imbalances.

Montana-Dakota shall have the right, in its sole discretion, to deviate from the above schedule when necessary for system operational reasons and if following the above schedule would cause an interruption in service to a customer who is not contributing to an operational problem on Montana-Dakota's system.

Montana-Dakota reserves the right to provide service to customers with lower priority while service to higher priority customers is being curtailed due to restrictions at a given delivery or receipt point. When such restrictions are eliminated, Montana-Dakota will reinstate sales and/or transportation of gas according to each customer's original priority.

11. LATE PAYMENT – Amounts billed will be considered past due if not paid by the due date shown on the bill. An amount equal to 1 percent per month will be applied to any unpaid balance existing if not paid by the due date ~~at the immediate subsequent billing date~~, provided however, that such amount shall not apply where a bill is in dispute or a formal complaint is being processed. All payments received will apply to the customer's account prior to calculating the late payment charge. Those payments applied shall satisfy the oldest portion of the bill first.

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12. RETURNED CHECK CHARGE – A charge of \$1540.00 will be collected by the Company for each any check charged back to the Company by afor any reason not honored by customer's bank.
  
13. TAX CLAUSE – In addition to the charges provided for in the gas tariffs of the Company, there shall be charged pro rata amounts which, on an annual basis, shall be sufficient to yield to the Company the full amount of any sales,

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use or excise taxes, whether they be denominated as license taxes, occupation taxes, business taxes, privilege taxes, or otherwise, levied against or imposed upon the Company by any municipality, political subdivision, or other entity, for the privilege of conducting its utility operations therein.

The charges to be added to the customer's service bills under this clause shall be limited to the customers within the corporate limits of the municipality, political subdivision or other entity imposing the tax.

#### 14. UTILITY CUSTOMER SERVICES:

(a) The following services will be performed at no charge regardless of the time of performance:

- (1) Fire and explosions calls.
- (2) Investigate hazardous condition on customer premises, such as gas leaks, odor complaints, combustion gas fumes.
- (3) Maintenance or repair of Company-owned facilities on the customer's premises.

(b) The following service calls will be performed at no charge during the Company's normal business hours:

- (1) Cut-ins and cut-outs.
- (2) High bills or inadequate service complaints.
- (3) Location of underground Company facilities and customer-owned gas service lines for contractors, builders, plumbers, etc.

#### 15. UTILITY SERVICES PERFORMED AFTER NORMAL BUSINESS HOURS –

For service requested by customers after the Company's normal business hours and on Saturday, Sunday, or legal holidays, a charge will be made for labor at standard overtime service rates and materials at retail prices.

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Effective Date: Service rendered on and after May 1, 2014

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-13-803



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 42.14  
Canceling 1<sup>st</sup> Revised Sheet No. 42.14

### GENERAL PROVISIONS Rate 100

Page 15 of 18

Customers requesting service after the Company's normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours.

16. NOTICE TO DISCONTINUE GAS SERVICE – Customers desiring to have their gas service disconnected shall notify the Company during regular business hours, one business day before service is to be disconnected. Such notice shall be by letter, ~~personal visit~~ or telephone call to the Company's Customer Service Center. Saturdays, Sundays and legal holidays are not considered business days.

17. RECONNECTION FEE FOR SEASONAL OR TEMPORARY CUSTOMER – A customer who requests reconnection of service, during normal working hours, at a location where same customer discontinued the same service during the preceding 12-month period will be charged a reconnection fee as follows:

Residential - The Basic Service Charge applicable during the period \_\_\_\_\_ while service was not being used or a minimum of as well as a \$30.00 reconnection fee when scheduled reconnection is for a future regular work day or the call to request reconnection of service for the same (regular) day is received prior to 12:00 p.m. The minimum will be based on sStandard overtime rates will be applied for reconnection of service after \_normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day and reconnection is requested for that day. The Basic Service Charge applicable during the period service was not being used will be assessed as well.

Non-Residential – The Basic Service Charge applicable during the period while service was not being used. However, the reconnection charge applicable to seasonal business concerns such as irrigation, grain drying and asphalt processing shall be the Basic Service Charge applicable during the period while service was not being used less the Distribution Delivery Charge revenue collected during the period in-service. A reconnection fee minimum of \$30.00 will also apply to reconnections, occurring during normal business hours. The minimum will be based on

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## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7

2<sup>nd</sup> Revised Sheet No. 42.14

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### GENERAL PROVISIONS Rate 100

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Standard overtime rates will apply to the for-reconnection of service occurring after normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day for reconnection that day.

Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a minimum reconnection charge of \$160.00 whenever reinstallation of the required remote data acquisition equipment is necessary.

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**Case No.:** PU-13-803



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

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Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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### GENERAL PROVISIONS Rate 100

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18. DISCONNECTION OF SERVICE FOR NONPAYMENT OF BILLS – All amounts billed for service are due when rendered and will be considered delinquent if not paid by due date shown on the bill. If any customer shall become delinquent in the payment of amounts billed, such service may be discontinued by the Company under the applicable rules of the Commission. The Company may collect a fee of \$230.00 before restoring gas service, which has been disconnected for nonpayment of service bills during normal business hours. Standard overtime rates will apply for services performed after normal business hours when the call to request reconnection of service is received after 12:00 p.m. on a regular work day for reconnection that day.

19. DISCONNECTION OF SERVICE FOR CAUSES OTHER THAN NONPAYMENT OF BILLS – The Company reserves the right to discontinue service for any of the following reasons:

- (a) In the event of customer use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
- (b) In the event of tampering with the equipment furnished and owned by the Company.
- (c) For violation of or noncompliance with the Company's rules on file with the Commission.
- (d) For failure of the customer to fulfill the contractual obligations imposed as conditions of obtaining service.
- (e) For refusal of reasonable access to property to the agent or employee of the Company for the purpose of inspecting the facilities or for testing, reading, maintaining or removing meters.

The right to discontinue service for any of the above reasons may be exercised whenever and as often as such reasons may occur, and any delay on the part of the Company in exercising such rights, or omission of any action permissible hereunder, shall not be deemed a waiver of its rights to exercise same.

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<b>Date Filed:</b>	April 14, 2014	<b>Effective Date:</b>	Service rendered on and after May 1, 2014
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# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 42.16  
Canceling 2<sup>nd</sup> Revised Sheet No. 42.16

### GENERAL PROVISIONS Rate 100

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Nothing in these regulations shall be construed to prevent discontinuing service without advance notice for reasons of safety, health, cooperation with civil authorities, or fraudulent use, tampering with or destroying Company facilities.

The Company may collect a reconnect fee of \$30.00 before restoring gas service, which has been disconnected for the above causes.

20. UNAUTHORIZED USE OF SERVICE – Unauthorized use of service is defined as any deliberate interference such as tampering with a Company meter, pressure regulator, registration, connections, equipment, seals, procedures or records that result in a loss of revenue to the Company. Unauthorized service is also defined as reconnection of service that has been terminated, without the Company's consent.

(a) Examples of unauthorized use of service include the following, but are not limited to:

- (1) Bypass piping around meter.
- (2) Bypass piping installed in place of meter.
- (3) Meter reversed.
- (4) Meter index disengaged or removed.
- (5) Service or equipment tampered with or piping connected ahead of meter.
- (6) Tampering with meter or pressure regulator that affects the accurate registration of gas usage.
- (7) Gas being used after service has been discontinued by the Company.
- (8) Gas being used after service has been discontinued by the Company as a result of a new customer turning gas on without the proper connect request.

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Case No.: PU-13-803



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
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### GENERAL PROVISIONS Rate 100

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- (b) In the event that there has been unauthorized use of service, customer shall be charged for:
- (1) Time, material and transportation costs used in investigation.
  - (2) Estimated charge for non-metered gas.
  - (3) On-premise time to correct situation.
  - (4) Any damage to Company property.
- (c) Customer service so disconnected shall be reconnected after a customer has furnished satisfactory evidence of compliance with Company's rules and conditions of service, and paid all charges as hereinafter set forth in this procedure.
- (1) All delinquent bills, if any.
  - (2) The amount of any Company revenue loss attributable to said tampering.
  - (3) Expenses incurred by the Company in replacing or repairing the meter or other appliance costs incurred in preparation of the bill, plus costs as outlined in number 20.b above.
  - (4) Reconnection fee applicable.
  - (5) A cash deposit, the amount of which will not exceed the maximum amount determined in accordance with Commission Rules.

21. RATE FOR EMPLOYEES – A bill discount may be available for residential use only in a single family unit served by Montana-Dakota to qualifying employees and retirees of MDU Resources and its subsidiaries. The bill shall be computed at applicable rate and amount reduced by 33 1/3 percent.

22. SEE ALSO THE FOLLOWING RATES FOR SPECIAL PROVISIONS:

Rate 105 – Gas Meter Test Program

Rate 119 – Interruptible Gas Service Extension Policy

Rate 120 – Firm Gas Service Extension Policy

Rate 124 – New Installation, Replacement, Relocation and Repair of Gas Service Lines

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Director – Regulatory Affairs

Case No.: PU-13-803

**MONTANA-DAKOTA UTILITIES CO.**  
**REVENUES UNDER CURRENT AND PROPOSED RATES**  
**GAS UTILITY - NORTH DAKOTA**  
*Proposed Final Rates*

Customer Class/Rate	Customers	Projected 2015		Revenue	Total Proposed Revenue	Proposed Revenue Increase	Percent Increase
		Dk	Revenue				
<b>Residential - Rate 60</b>	92,478	8,667,437	\$67,865,050	\$71,797,110	\$3,932,060	5.8%	
<b>Firm General Service - Rate 70</b>	14,551	7,163,947	50,612,589	50,612,589	0	0.0%	
<b>Air Force - Rate 64</b>							
Firm Interruptible	1	32,506	194,243	194,243	0	0.0%	
Total Air Force	2	479,120	2,247,300	2,247,300	0	0.0%	
	3	511,626	2,441,543	2,441,543	0	0.0%	
<b>Small Interruptible</b>							
Sales - Rate 71	135	920,446	4,776,197	4,776,197	0	0.0%	
Transport - Rate 81	73	1,098,432	686,040	686,040	0	0.0%	
Total Small Interruptible	208	2,018,878	5,462,237	5,831,692	369,455	6.8%	
<b>Large Interruptible</b>							
Sales - Rate 85	1	32,084	162,570	162,570	0	0.0%	
Transport - Rate 82	6	4,307,330	1,321,302	1,321,302	0	0.0%	
Total Large Interruptible	7	4,339,414	1,483,872	1,483,872	0	0.0%	
<b>Total North Dakota</b>	107,247	22,701,302	\$127,865,291	\$132,166,806	\$4,301,515	3.4%	

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
ALLOCATION OF REVENUES  
Projected 2015**

RATE CLASS	Billing Determinants 1/				Embedded COS Before Increase 2/			Increase Required @ Overall Return %			
	Customers	Dk	Distribution Revenues	Gas Costs	Total Revenues	Operating Income	Rate Base	Rate Of Return	Income	Revenues	Increase
Residential	92,478	8,667,437	\$19,483,416	\$48,381,634	\$67,865,050	\$2,423,000	\$70,831,000	3.421%	\$2,949,000	\$4,752,598	7.00%
Firm General Service	14,551	7,163,947	10,623,436	39,989,153	50,612,589	2,728,000	32,904,000	8.291%	(230,000)	(370,636)	-0.73%
Air Force											
Firm Interruptible	1	32,506	12,794	181,449	194,243						
Total Air Force	2	479,120	150,671	2,096,629	2,247,300						
Small Interruptible	3	511,626	163,465	2,278,078	2,441,543	62,000	111,000	55.856%	(53,000)	(85,407)	-3.50%
Sales	135	920,446	729,916	4,046,281	4,776,197						
Transportation	73	1,098,432	686,040	0	686,040						
Total Small IT	208	2,018,878	1,415,956	4,046,281	5,462,237	230,000	6,070,000	3.789%	230,000	370,436	6.78%
Large Interruptible											
Sales	1	32,084	21,529	141,041	162,570						
Transportation	6	4,307,330	1,321,302	0	1,321,302						
Total Large IT	7	4,339,414	1,342,831	141,041	1,483,872	436,000	3,513,000	12.411%	(169,000)	(272,537)	-18.37%
MAFB Distribution 3/											
Total North Dakota	107,247	22,701,302	\$33,029,104	\$94,836,187	\$128,321,291	\$6,016,000	\$114,487,000	5.255%	\$2,671,000	\$4,304,412	3.35%

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
ALLOCATION OF REVENUES  
Projected 2015**

RATE CLASS	Target Rate Design			Rate Design Results				
	Increase In Revenue	% Increase	Operating Income	Rate Of Return	Increase In Revenue	Total Revenues	% Incr	Rate Of Return
Residential	\$3,933,564	5.80%	\$4,863,993	6.867%	\$3,932,060	\$71,797,110	5.79%	6.866%
Firm General Service	0	0.00%	2,728,000	8.291%	0	50,612,589	0.00%	8.291%
Air Force	0	0.00%			0	194,243	0.00%	
Firm Interruptible	0	0.00%			0	2,247,300	0.00%	
Total Air Force	0	0.00%	62,000	55.856%	0	2,441,543	0.00%	55.856%
Small Interruptible Sales Transportation Total Small IT	370,436	6.78%	459,876	7.576%	369,455	5,831,692	6.76%	7.566%
Large Interruptible Sales Transportation Total Large IT	0	0.00%	436,000	12.411%	0	1,483,872	0.00%	12.411%
MAFB Distribution	0	0.00%	137,000	12.949%				
Total North Dakota	\$4,304,000	3.35%	\$9,838,869	8.594%	\$4,301,515	\$132,166,806	3.35%	7.586%

Requested Return on Rate Base

Proposed Increase	7.588% 4/	COG
% Increase (Excl Flex)	4,304,000 4/	Projected
Inverse Of Tax Rate	3.385157%	Firm
	62.0555%	Interruptible
		MAFB
		COG
		\$5.582
		4.396
		4.376

1/ Statement M, Page 4.

2/ Statement O.

3/ Recorded as Other Revenues

4/ Statement L, Page 3.

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE RECONCILIATION  
 RESIDENTIAL GAS SERVICE - RATES 60 & 90  
 Projected 2015**

	<u>Billing Units</u>	<u>Current</u>		<u>Proposed</u>	
		<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
<b><u>Residential Rates 60 &amp; 90</u></b>					
Basic Service Charge (600 & 900)	92,478 Cust	\$0.4935	\$16,657,831	\$0.6937	\$23,415,476
Distribution Charge	8,667,437 dk	0.326	2,825,584	0.000	0
Cost of Gas	8,667,437 dk	5.582	<u>48,381,633</u>	5.582	<u>48,381,633</u>
Total Revenue Rates 60 & 90			\$67,865,048	\$71,797,109	

Total Distribution Revenues Per Design	\$23,415,476
Target Distribution Revenues	<u>23,416,979</u>
Difference	<u><u>(\$1,503)</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
RESIDENTIAL GAS SERVICE - RATES 60 & 90  
Projected 2015**

Current Non-Gas Revenues	\$19,483,415
Proposed Revenue Increase	<u>3,933,564</u>
Total Revenue Requirement	\$23,416,979
Less:	
Proposed Base Rate Revenues	23,415,476
Remaining Revenues To Be Collected	<u>1,503</u>
Total Rates 60 & 90 (Res) Consumption	8,667,437
Base Distribution Charge	\$0.000
Fixed Rate Charge	\$0.69370

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SMALL INTERRUPTIBLE - RATE 71  
Projected 2015**

	<u>Billing Units</u>	<u>Current</u>		<u>Proposed</u>	
		Rate	Amount	Rate	Amount
<b>Basic Service Charge</b>					
Rate 71 Sales	135 Cust	\$175.00	\$283,500	\$175.00	\$283,500
Rate 81 Transport	<u>73 Cust</u>	175.00	<u>153,300</u>	175.00	<u>153,300</u>
<b>Subtotal</b>	208		436,800		\$436,800
<b>Distribution Delivery</b>					
Rate 71 Sales	920,446 dk	\$0.485	446,416	\$0.668	614,858
Rate 81 Transport	1,098,432 dk	0.485	532,740	\$0.668	733,753
<b>Cost of Gas</b>	920,446 dk	4.396	<u>4,046,281</u>	4.396	<u>4,046,281</u>
<b>Total Revenue</b>			5,462,237		5,831,692
<b>Total Small Interruptible Revenues</b>			\$1,785,411		
<b>Target Revenues</b>			<u>1,786,392</u>		
<b>Difference</b>			<u><u>(\$981)</u></u>		

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
PROPOSED RATE DESIGN  
SMALL INTERRUPTIBLE SERVICE - RATE 71  
Projected 2015**

Small Interruptible Revenue Requirement	\$1,415,956
Less: Flexed Contracts	0
Proposed Revenue Increase	<u>370,436</u>
Proposed Revenue Requirement	1,786,392
Less:	
Basic Service Charge Revenue	<u>436,800</u>
Remaining Revenues To Be Collected	\$1,349,592
Total Throughput Rates 71 & 81 (Excluding Flexed Contracts)	2,018,878
Commodity Charge	\$0.668

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**REVENUE RECONCILIATION**  
**SMALL INTERRUPTIBLE SERVICE - RATES 71 & 81**  
**Projected 2015**

<b>Small Interruptible Sales</b>	
Base Rate Revenues	\$283,500
Energy Revenues	614,858
Cost of Gas	4,046,281
<b>Total Sales Revenues</b>	<b>\$4,944,639</b>
<b>Small Interruptible Transportation</b>	
Base Rate Revenues	\$153,300
Transportation Revenues @ Ceiling	733,753
Transportation Revenue - Flexed	0
Base Rate Revenues - Flexed	0
<b>Total Transportation Revenue</b>	<b>\$887,053</b>
<b>Total Small Interruptible Revenues Per Design</b>	<b>\$5,831,692</b>
<b>Total Small Interruptible Target Revenues</b>	<b><u>5,832,673</u></b>
<b>Difference</b>	<b><u><u>(\$981)</u></u></b>

**Montana-Dakota Utilities Co.  
North Dakota Margin Sharing  
Interruptible Sales Rates**

**Authorized PU-399-94-352**

	<u>Rate 71</u>	<u>Rate 85</u>
Ceiling Rate	\$3.500	\$3.290
Base Cost of Gas	2.548	2.548
Effective Margin	0.952	0.742
Floor Rate	\$3.056	\$2.869
Base Cost of Gas	2.548	2.548
Effective Margin	0.508	0.321
Margin Shared	\$0.444	\$0.421

**Distribution Delivery Charges Only**

	<u>Rate 71</u>	<u>Rate 85</u>
Proposed Floor	\$0.668	\$0.297
Margin Shared	0.444	0.421
Effective Ceiling Rate	\$1.112	\$0.718

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**REVENUES UNDER CURRENT AND PROPOSED RATES - INTERIM**  
*Proposed Interim Rates*

Customer Class/Rate	Projected 2015		Revenues	Total Proposed Revenue	Proposed Revenue Increase	Percent Increase
	Customers	Dk				
<b>Residential - Rate 60</b>	92,478	8,667,437	\$67,865,050	\$70,499,792	\$2,634,742	3.9%
<b>Firm General Service - Rate 70</b>	14,551	7,163,947	50,612,589	52,049,196	1,436,607	2.8%
<b>Air Force - Rate 64</b>						
Firm	1	32,506	194,243	195,973	1,730	
Interruptible	2	479,120	2,247,300	2,267,675	20,375	
Total Air Force	3	511,626	2,441,543	2,463,648	22,105	0.9%
<b>Small Interruptible</b>						
Sales - Rate 71	135	920,446	4,776,197	4,874,904	98,707	2.1%
Transportation - Rate 81	73	1,098,432	686,040	778,813	92,773	13.5%
Total Small IT	208	2,018,878	5,462,237	5,653,717	191,480	3.5%
<b>Large Interruptible</b>						
Sales - Rate 85	1	32,084	162,570	165,481	2,911	1.8%
Transportation - Rate 82	6	4,307,330	1,321,302	1,337,435	16,133	1.2%
Total Large IT	7	4,339,414	1,483,872	1,502,916	19,044	1.3%
<b>Total North Dakota</b>	107,247	22,701,302	\$127,865,291	\$132,169,269	\$4,303,978	3.4%

**MONTANA-DAKOTA UTILITIES CO.  
REVENUES UNDER CURRENT AND PROPOSED RATES  
GAS UTILITY - NORTH DAKOTA  
Proposed Final Rates**

Customer Class/Rate	Projected 2015		Revenue	Total Proposed Revenue	Proposed Revenue Increase	Percent Increase
	Customers	Dk				
<b>Residential - Rate 60</b>	92,478	8,667,437	\$67,865,050	\$71,797,110	\$3,932,060	5.8%
<b>Firm General Service - Rate 70</b>	14,551	7,163,947	50,612,589	50,612,589	0	0.0%
<b>Air Force - Rate 64</b>						
Firm	1	32,506	194,243	194,243	0	0.0%
Interruptible	2	479,120	2,247,300	2,247,300	0	0.0%
Total Air Force	3	511,626	2,441,543	2,441,543	0	0.0%
<b>Small Interruptible</b>						
Sales - Rate 71	135	920,446	4,776,197			0.0%
Transport - Rate 81	73	1,098,432	686,040			0.0%
Total Small Interruptible	208	2,018,878	5,462,237	5,831,692	369,455	6.8%
<b>Large Interruptible</b>						
Sales - Rate 85	1	32,084	162,570			
Transport - Rate 82	6	4,307,330	1,321,302			
Total Large Interruptible	7	4,339,414	1,483,872	1,483,872	0	0.0%
<b>Total North Dakota</b>	107,247	22,701,302	\$127,865,291	\$132,166,806	\$4,301,515	3.4%

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 RATE 60 BILL COMPARISON  
 RESIDENTIAL GAS SERVICE**

Month	Dk	Present Rate	Proposed Rate	Amount of Increase	% Increase
January	17	\$115.73	\$116.40	\$0.67	0.58%
February	17	114.25	114.32	0.07	0.06%
March	12	86.19	88.49	2.30	2.67%
April	9	67.98	71.05	3.07	4.52%
May	5	44.84	49.41	4.57	10.19%
June	2	26.62	31.98	5.36	20.14%
July	2	27.11	32.67	5.56	20.51%
August	2	27.11	32.67	5.56	20.51%
September	2	26.62	31.98	5.36	20.14%
October	4	38.93	43.83	4.90	12.59%
November	10	73.89	76.63	2.74	3.71%
December	12	86.19	88.49	2.30	2.67%
<b>Total</b>	<b>94</b>	<b>\$735.46</b>	<b>\$777.92</b>	<b>\$42.46</b>	<b>5.77%</b>

Average Increase per Month \$3.54

RATE 60	Current 1/	Proposed 2/
Basic Delivery Charge	\$0.4935	\$0.6937
Distribution Delivery	\$0.326	\$0.000
Cost of Gas	5.582	\$5.582

1/ Rate effective May 1, 2014  
 2/ Includes projected cost of gas.



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

Case No. PU-15-\_\_\_\_  
Exhibit No. \_\_\_\_\_ (TAA-3)  
Page 1 of 2

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 31

### RATE STABILIZATION MECHANISM Rate 89

Page 1 of 2

**1. Applicability:**

This rate schedule describes the Company's Rate Stabilization Mechanism (RSM) and applies to the Company's gas sales and transportation service rate schedules.

**2. Initial Evaluation and Term of RSM:**

The Company filed a general rate case Application reflecting a 12-month test year ending December 31, 2015 on February 6, 2015. The initial evaluation under this Rate Schedule will be the 12-month period ending December 31, 2015. The RSM shall remain in effect for a period of five years unless modified by the Commission.

**3. Time and Manner of Filing:**

Montana-Dakota shall file an annual RSM Application at least 60 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a report demonstrating the Company's financial performance and a revised tariff sheet identifying the amount of the adjustment, if applicable.

Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant supporting workpapers.

**4. True Up to Allowed Return on Equity:**

- a. The Company's Allowed Return on Equity (AROE) shall be 10 percent as established in the rate case referenced in Section 2. This AROE shall be the effective ROE for the five year period unless modified by the Commission in a specific proceeding. A range of +/- 50 basis points around the AROE will represent an acceptable range or dead-band of earnings performance. Actual Company reported ROEs that fall within this dead-band are considered reasonable and will not trigger any RSM rate changes.
- b. In the event the Company's reported earnings fall below 9.50 percent ROE, a rate adjustment shall be submitted to provide sufficient revenues to reach a 10 percent ROE subject to the operation and maintenance provision set forth in Paragraph 5.

Date Filed: February 6, 2015

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.:



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

Case No. PU-15-\_\_\_\_\_  
Exhibit No. \_\_\_\_\_ (TAA-3)  
Page 2 of 2

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
Original Sheet No. 31.1

### RATE STABILIZATION MECHANISM Rate 89

Page 2 of 2

- c. In the event the Company's reported earnings exceed 10.5 percent, fifty percent of the revenues contributing to the ROE above 10.0 percent will be returned to customers.

#### 5. Operation and Maintenance Expense Adjustments:

For purposes of determining the RSM rate applicable under Paragraph 4, Operation and Maintenance Expenses (O&M Expenses) excluding the Cost of Gas shall be limited to a five percent increase each year above the base O&M Expense established in the rate case referenced in Paragraph 2. The Company has the right to request a change in the base O&M level throughout the 5-year plan.

#### 6. Projected Earnings:

At the time of the true up for the prior calendar year, the Company shall provide a projected earnings level based on a projected rate base and income statement for the current calendar year. An adjustment may be made to provide revenues sufficient to meet the AROE on a projected basis, subject to the O&M adjustment prescribed in Paragraph 5. The projections shall be subject to the annual true-up prescribed in Paragraph 4.

#### 7. Allocation of RSM Adjustments:

The revenue adjustment authorized each year shall be allocated to the rate classes on an equal percentage basis to the non-gas rate components applicable under each rate schedule. Rate credits shall be applied in the same manner under a time period to be determined at the time of filing. Any adjustments shall be set forth as a separate line on customers' bills.

#### 8. Force Majeure Provision:

If any cause beyond the reasonable control of the Company, such as natural disaster, orders or acts of civil or military authority, terrorist attacks, or government mandates, which results in a deficiency in distribution revenues which are not readily capable of being addressed in a timely manner under the RSM, the Company may file a general rate case.

Date Filed: February 6, 2015

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.:

MONTANA-DAKOTA UTILITIES CO.  
A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-15-90

Tamie A. Aberle Adopted Testimony of Sara J. Cardwell

1 **Q. Would you please state your name and business address?**

2 A. My name is Tamie A. Aberle, and my business address is 400  
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Director of Regulatory Affairs for Montana-Dakota Utilities  
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. Are you the same Tamie A. Aberle who prefiled direct testimony in**  
8 **this case regarding the effect of the proposed revenue requirement,**  
9 **as identified by Mr. Jacobson in his direct testimony, on each of the**  
10 **Company's natural gas rate classes and the proposed changes in**  
11 **rate design and tariff conditions, including the Company's proposed**  
12 **Rate Stabilization Mechanism designated as Rate 89?**

13 A. Yes I am.

14 **Q. What is the purpose of this testimony you are now filing in this**  
15 **proceeding?**

16 A. I am adopting the testimony originally filed by Sara J. Cardwell on  
17 February 6, 2015 in this proceeding regarding the Projected 2014 and

1 2015 sales and transportation revenues and the results of the embedded  
2 class cost of service study.

3 **Q. Is the testimony identical to the testimony submitted by Ms. Cardwell**  
4 **on February 6, 2015?**

5 A. Yes it is.

6 **Q. What statements and exhibits are you sponsoring in this**  
7 **proceeding?**

8 A. I am sponsoring Page 2 of Statement G, Pages 3 through 7 of  
9 Statement M and Statement O.

10 **Q. Would you please explain how the Projected 2014 and 2015 sales**  
11 **and transportation service revenues were developed?**

12 A. Yes. The starting point for developing the projected billing  
13 determinants and revenues was the normalized sales and transportation  
14 service billing determinants set forth on Statement G, page 2. The firm  
15 sales under the residential, firm general service and air force rate classes  
16 as recorded for the twelve months ended December 31, 2013 were  
17 adjusted to reflect normal weather based on regression models for each  
18 class of service. The direct or linear relationship between a respective  
19 service class' gas use (a dependent variable) and actual heating degree  
20 days (an independent variable) allows Montana-Dakota to calculate a use  
21 per customer that reflects this relationship on a go forward basis.

22 The statistical functions used by the Company in its regression  
23 models, based on a 36-month time frame for actual sales and degree

1 days, provided a baseload use (or constant) per customer, as well as a  
2 dekatherm use per degree day. The normalized volumes for the twelve  
3 months ended December 31, 2013, were developed by applying the actual  
4 customer levels and normal degree days for each month of 2013 to this  
5 baseload and use per degree day. The normalized use per customer was  
6 then applied to the projected customer levels to derive projected volumes.  
7 The Projected 2014 number of customers and dk for the firm classes was  
8 based on the actual average customers for the year and the normalized  
9 actual dk for the year. Customer projections for 2014 and 2015 for the  
10 non-firm classes are based on the actual average customers for the 12  
11 months ended October 2014. The 2015 customer projections for the  
12 residential and small firm general classes were determined based on  
13 applying growth factor to the actual 2014 consumption.

14 **Q. What are the effective growth factors?**

15 A. For the residential customer class and small general service class,  
16 the historical growth factor used was 3.2 percent for residential and 4.92  
17 percent for small general service to develop the 2014 and 2015 estimated  
18 customers and usage. However, after updating 2014 values to actuals,  
19 the growth factor between 2014 and 2015 for residential was 3.4 percent  
20 and for the small general service class, the growth factor was 6.72  
21 percent. The large firm general service class is estimated to remain flat  
22 from year end 2014 customer counts and dk.

23 **Q. What was the basis for the projected interruptible service volumes?**

1 A. Separate regression models were run for interruptible customers by  
2 location. If a customer was determined to be non-heat sensitive, due to  
3 the customer's operating characteristics, volumes were determined for  
4 each individual customer based on a review of monthly historical usage  
5 over the last three to four years and current operating conditions. Grain  
6 drying customers served under the interruptible service rates were  
7 excluded because of the margin sharing adjustment that provides a credit  
8 to all other customers through the PGA mechanism at 90 percent of actual  
9 margins received from grain drying customers on an annual basis as  
10 authorized in Case No. PU-13-803.

11 **Q. Please explain the calculation of revenues shown on Statement M,**  
12 **Page 4.**

13 A. The actual 2014 billing units for the residential, and small and large  
14 general firm classes and the actual normalized 2014 Dk were used in the  
15 development of the 2014 revenues by applying the current rates to the  
16 billing units and Dk. A similar process was applied to the projected 2015  
17 billing units to derive the values. For the interruptible classes, the Dk was  
18 calculated based on a 3 or 4 year average or the results of the regression  
19 analyses for the heat sensitive customers. To the resulting Dk and  
20 number of customers, the existing rates were applied in order to develop  
21 the resulting revenues shown on Page 4 of Statement M.

22 **Q. Would you please explain the embedded class cost of service study**  
23 **contained in Statement O?**

1 A. Statement O contains a summary of the results of the embedded  
2 class cost of service study by the major rate classifications, Residential,  
3 Small Firm General, Large Firm General, Air Force Delivery (Rate 64),  
4 Small Interruptible Sales and Transportation, Large Interruptible Sales and  
5 Transportation and the Minot Air Force Base Distribution. Statement O,  
6 pages 1 through 4 provides a report entitled "Cost of Service by  
7 Component." This report shows the total dollars and unit cost required  
8 under each rate if the Pro Forma rate of return of 7.588 percent were to be  
9 earned for the demand, energy and customer cost components of each  
10 rate schedule.

11 Statement O, pages 5 through 24, is a report of the rate base,  
12 income statement and Pro Forma adjustments as allocated to each rate  
13 schedule. The allocator factors are provided in Statement O, Pages 25  
14 through 36.

15 The embedded class cost of service study is based on the  
16 projected natural gas operations results for the 12 months ended  
17 December 31, 2015 as sponsored by Mr. Jacobson.

18 **Q. What were the results of the embedded class cost of service study?**

19 A. The overall North Dakota natural gas rate of return based on  
20 projected 2015 results is 5.255 percent. The returns by customer class  
21 are as shown below:

<b>Customer Class</b>	<b>ROR</b>
Residential Service	3.421%
Small Firm General Service	8.512%
Large Firm General Service	8.170%
Air Force Delivery Service	55.856%
Small Interruptible Sales & Transportation	3.789%
Large Interruptible Sales & Transportation	12.411%

1    **Q.    How did you determine what costs should be assigned to each class**  
2                    **of customers?**

3    **A.            The starting point was classifying the functionalized costs by**  
4                    **FERC account for all rate base and income statement items as demand,**  
5                    **energy or customer related based on the component of service being**  
6                    **provided. Demand-related costs are costs that vary with the demand**  
7                    **imposed by the customer, energy-related costs are costs that vary with the**  
8                    **amount of natural gas used by the customer and customer-related costs**  
9                    **are fixed costs driven by the number of customers served.**

10                    **Next the plant, expense and revenue items that were identified as**  
11                    **directly related to a specific class of customers were directly assigned to**  
12                    **the appropriate class. Finally, the remaining costs were allocated using**  
13                    **the various allocation factors shown in Statement O, pages 25-36, on the**  
14                    **basis of cost responsibility.**

15    **Q.    Would you please provide an overview of the allocation process**

1 including the rationale underlying the choice of allocation factors?

2 A. Yes. I will start with the plant in service items from the Gas Utility  
3 Plant in Service, Statement C starting on Statement O, Page 5. The  
4 allocation of distribution plant serves as the basis for allocating many of  
5 the rate base items.

6 Turning now to the distribution plant investment; each distribution  
7 plant account is analyzed and allocated based on the cause for the  
8 investment. Distribution mains, services and meters represent  
9 approximately 75 percent of the total gross distribution investment and  
10 therefore the allocation of these three accounts drives the allocation of the  
11 remaining distribution investment. The investment in distribution mains  
12 has been assigned 75 percent to the demand component and 25 percent  
13 to the customer component. The amount classified as demand related  
14 was allocated to each rate class based on the design day demand  
15 attributed to each class and the amount classified as customer related  
16 was allocated to each rate class based on the average number of  
17 customers in each rate class.

18 The investment in services, service regulators and meters is  
19 related solely to a customer connection and therefore classified as  
20 customer related. Service regulators and meters were allocated to the  
21 rate classes based on Factor 9 which represents a meter weight for each  
22 customer class. The meter weights were derived by comparing the  
23 installed cost per meter for each rate class to the cost necessary to serve

1 residential customers with the residential class weighted as one. The  
2 remainder of the rate base items is self explanatory with the allocation  
3 factor noted for each line item.

4 **Q. Can you elaborate on why the investment in distribution mains was**  
5 **assigned 75 percent to the demand component and 25 percent to the**  
6 **customer component?**

7 A. If all customer classes had equal but minimal gas service needs,  
8 the Company would install a system comprised of only two inch mains.  
9 Seeing that two inch mains would be the minimal size of a system, it is  
10 appropriate to assign a portion of the main costs to the customer  
11 component to reflect the system design the Company would employ if all  
12 customers were to use little or no gas. In actuality a two inch main system  
13 would comprise about <sup>62</sup>~~50~~ percent of the total cost of the system that the  
14 Company does have in place. To reflect customer needs, or demands on  
15 the system, the Company installs larger mains when customers use more  
16 gas than can be served from a two inch main system. The larger mains  
17 comprise approximately <sup>38</sup>~~50~~ percent of the Company's system costs.

18 **Q. Would you please continue your discussion of the embedded class**  
19 **cost of service study with an explanation of the income statement**  
20 **items in the study?**

21 A. The allocation of the income statement items starts on Statement  
22 O, Page 13 with the allocation of revenues. As shown, sales and  
23 transportation service revenues are directly assigned based on the

1 revenues produced by each rate class. The other revenues are allocated  
2 based on the source of the revenue item. Each item is shown along with  
3 the allocation factor applied.

4 Operation and maintenance expenses consisting of cost of  
5 purchased gas, production, distribution customer accounts, customer  
6 service and information, sales and administrative and general expenses  
7 are shown starting in Statement O, Page 13 as well. The cost of  
8 purchased gas is directly assigned to each class based on the gas costs  
9 included in the Pro Forma revenues. The cost of purchased gas is  
10 recovered through the gas cost tracking adjustment and is not recovered  
11 through the rates that will be established in this rate case. The remaining  
12 operation and maintenance expenses are allocated based on cost  
13 causation and typically follow the plant investment previously described in  
14 the rate base section. The remainder of the income statement reflects the  
15 allocation of depreciation expense, taxes other than income and income  
16 taxes as denoted by each line item.

17 **Q. Can you please explain the rate class labeled as Minot Air Force**  
18 **Distribution found on Statement O?**

19 **A.** The Minot Air Force Distribution rate class represents the cost of  
20 service associated with the Minot Air Force Distribution system Montana-  
21 Dakota purchased in 2008. The costs associated with Montana-Dakota's  
22 ownership of this system are recovered under a contract with the Minot Air  
23 Force Base and set forth on the Air Force Distribution System Rate 65

1 rate schedule authorized by the North Dakota Public Service Commission  
2 in Case No. PU-06-470. Montana-Dakota has included an updated cost of  
3 service analysis in this case to demonstrate that other customers are not  
4 subsidizing this investment under the currently effective contract rate  
5 applicable to the Minot Air Force Distribution system.

6 **Q. For what purpose has the embedded class cost of service study**  
7 **been used?**

8 A. The study results have been used to guide the allocation of the  
9 revenue requirement to the various classes as well as the rate designs  
10 applicable to each customer class.

11 **Q. Does this conclude your direct testimony?**

12 A. Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Rate Reporting Class	Per Books @ Current Rates 1/		Normalized	
	Billing Units	Dk Revenue	Billing Units	Dk Revenue
<b>Sales</b>				
Residential				
Residential	85,942	8,494,252	85,942	8,050,764
Propane	273	\$171,529	273	19,104
Total Residential	<u>86,215</u>	<u>8,514,962</u>	<u>86,215</u>	<u>8,069,868</u>
Air Force				
Firm	1	36,289	1	33,956
Interruptible	2	490,821	2	470,870
Total Air Force	<u>3</u>	<u>527,110</u>	<u>3</u>	<u>504,826</u>
Firm General				
Firm General	13,255	6,961,237	13,255	6,487,490
Seasonal	15	16,500	15	16,500
Propane	71	27,558	71	25,963
Total Firm General	<u>13,341</u>	<u>7,005,295</u>	<u>13,341</u>	<u>6,529,953</u>
Interruptible				
Small Interruptible	161	927,594	128	741,109
Large Interruptible	1	44,053	1	34,339
Total Interruptible	<u>162</u>	<u>971,647</u>	<u>129</u>	<u>775,448</u>
<b>Total Sales</b>	<u>99,721</u>	<u>17,019,014</u>	<u>99,688</u>	<u>15,880,095</u>
Transportation				
Small Interruptible	73	1,149,982	73	1,079,230
Large Interruptible	7	5,078,376	7	5,102,300
Total Transportation	<u>80</u>	<u>6,228,358</u>	<u>80</u>	<u>6,181,530</u>
<b>Total Sales &amp; Transportation</b>	<u>99,801</u>	<u>23,247,372</u>	<u>99,768</u>	<u>22,061,625</u>
				<u>\$115,876,733</u>
				<u>\$63,044,432</u>
				<u>\$162,042</u>
				<u>63,206,474</u>
				<u>202,813</u>
				<u>2,209,054</u>
				<u>2,411,867</u>
				<u>45,902,842</u>
				<u>112,306</u>
				<u>183,936</u>
				<u>46,199,084</u>
				<u>3,886,153</u>
				<u>173,155</u>
				<u>4,059,308</u>
				<u>\$115,876,733</u>
				<u>676,727</u>
				<u>1,403,902</u>
				<u>\$2,080,629</u>
				<u>\$117,957,362</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. COG effective November 2014 with average 2015 projected commodity charges.

**MONTANA-DAKOTA UTILITIES CO.  
SALES AND TRANSPORTATION REVENUE  
GAS UTILITY - NORTH DAKOTA  
TWELVE MONTHS ENDING DECEMBER 31, 2013  
PROJECTED 2014-2015**

	Per Books		Projected 2014		Projected 2015	
	Dk	Revenue	Dk	Revenue	Dk	Revenue
<b>Sales</b>						
Residential	8,514,962	\$55,994,829	8,433,346	\$65,936,434	8,667,437	\$67,865,050
Firm General	7,005,295	41,126,530	7,097,159	50,031,090	7,163,947	50,612,591
Air Force	527,110	1,940,821	511,626	2,441,543	511,626	2,441,543
Small Interruptible	927,594	4,408,068	760,446	3,991,037	920,446	4,776,197
Large Interruptible	44,053	201,064	32,084	162,570	32,084	162,570
Unbilled Revenue		3,997,791				
<b>Total Sales</b>	<b>17,019,014</b>	<b>\$107,669,103</b>	<b>16,834,661</b>	<b>\$122,562,674</b>	<b>17,295,540</b>	<b>\$125,857,951</b>
<b>Transportation</b>						
Small Interruptible	1,149,982	\$624,311	1,098,432	\$686,040	1,098,432	\$686,040
Large Interruptible	5,078,376	1,373,091	5,257,408	1,414,439	4,307,330	1,321,302
Unbilled Revenue		37,091				
<b>Total Transportation</b>	<b>6,228,358</b>	<b>\$2,034,493</b>	<b>6,355,840</b>	<b>\$2,100,479</b>	<b>5,405,762</b>	<b>\$2,007,342</b>
<b>Total Throughput</b>	<b>23,247,372</b>	<b>\$109,703,596</b>	<b>23,190,501</b>	<b>\$124,663,153</b>	<b>22,701,302</b>	<b>\$127,865,293</b>

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Rate Reporting Class	Projected 2014		Projected 2015	
	Billing Units	Dk	Billing Units	Dk
<b>Sales</b>				
Residential				
Residential	89,176	8,411,972	92,205	8,646,063
Propane	273	21,374	273	21,374
<b>Total Residential</b>	<u>89,449</u>	<u>8,433,346</u>	<u>92,478</u>	<u>8,667,437</u>
Revenue		\$65,760,981		\$67,689,597
		\$175,453		175,453
		<u>65,936,434</u>		<u>67,865,050</u>
Air Force				
Firm	1	32,506	1	32,506
Interruptible	2	479,120	2	479,120
<b>Total Air Force</b>	<u>3</u>	<u>511,626</u>	<u>3</u>	<u>511,626</u>
Revenue		194,243		194,243
		2,247,300		2,247,300
		<u>2,441,543</u>		<u>2,441,543</u>
Firm General				
Firm General	13,809	7,050,598	14,463	7,117,386
Seasonal	15	17,109	15	17,109
Propane	73	29,452	73	29,452
<b>Total Firm General</b>	<u>13,897</u>	<u>7,097,159</u>	<u>14,551</u>	<u>7,163,947</u>
Revenue		49,708,043		50,289,544
		116,151		116,151
		206,896		206,896
		<u>50,031,090</u>		<u>50,612,591</u>
Interruptible				
Small Interruptible	133	760,446	135	920,446
Large Interruptible	1	32,084	1	32,084
<b>Total Interruptible</b>	<u>134</u>	<u>792,530</u>	<u>136</u>	<u>952,530</u>
Revenue		3,991,037		4,776,197
		162,570		162,570
		<u>4,153,607</u>		<u>4,938,767</u>
<b>Total Sales</b>	<u>103,483</u>	<u>16,834,661</u>	<u>107,168</u>	<u>17,295,540</u>
Revenue		\$122,562,674		\$125,857,951
Transportation				
Small Interruptible	73	1,098,432	73	1,098,432
Large Interruptible	7	5,257,408	6	4,307,330
<b>Total Transportation</b>	<u>80</u>	<u>6,355,840</u>	<u>79</u>	<u>5,405,762</u>
Revenue		686,040		686,040
		1,414,439		1,321,302
		<u>\$2,100,479</u>		<u>\$2,007,342</u>
<b>Total Sales &amp; Transportation</b>	<u>103,563</u>	<u>23,190,501</u>	<u>107,247</u>	<u>22,701,302</u>
Revenue		\$124,663,153		\$127,865,293

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. COG effective November 2014 with average 2015 projected commodity charges.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES - NORMALIZED  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Revenue Reporting Class	Normalized 2013 @ Current Rates				Total Revenue 1/
	Customers	Dk	Distribution Revenue	Cost of Gas	
<b>Sales</b>					
Residential	86,215	8,069,868	\$18,160,470	\$45,046,004	\$63,206,474
Air Force	3	504,826	161,798	2,250,069	2,411,867
Firm General	13,341	6,529,953	9,748,886	36,450,198	46,199,084
Small Interruptible	128	741,109	628,238	3,257,915	3,886,153
Large Interruptible	1	34,339	22,199	150,956	173,155
<b>Total Sales</b>	<b>99,688</b>	<b>15,880,095</b>	<b>\$28,721,591</b>	<b>\$87,155,142</b>	<b>\$115,876,733</b>
<b>Transportation</b>					
Small Interruptible	73	1,079,230	\$676,727		\$676,727
Large Interruptible	7	5,102,300	1,403,902		1,403,902
<b>Total Transportation</b>	<b>80</b>	<b>6,181,530</b>	<b>\$2,080,629</b>		<b>\$2,080,629</b>
<b>Total Sales &amp; Transportation</b>	<b>99,768</b>	<b>22,061,625</b>	<b>\$30,802,220</b>	<b>\$87,155,142</b>	<b>\$117,957,362</b>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.  
2/ Excludes grain drying sales.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES - PROJECTED 2014**

Revenue Reporting Class	Projected 2014				Total Revenue 1/
	Customers	Dk	Distribution Revenue	Cost of Gas	
<b>Sales</b>					
Residential	89,449	8,433,346	\$18,861,496	\$47,074,938	\$65,936,434
Air Force	3	511,626	163,465	2,278,078	2,441,543
Firm General	13,897	7,097,159	10,414,747	39,616,343	50,031,090
Small Interruptible 2/	133	760,446	648,116	3,342,921	3,991,037
Large Interruptible	1	32,084	21,529	141,041	162,570
<b>Total Sales</b>	<u>103,483</u>	<u>16,834,661</u>	<u>\$30,109,353</u>	<u>\$92,453,321</u>	<u>\$122,562,674</u>
<b>Transportation</b>					
Small Interruptible	73	1,098,432	\$686,040		\$686,040
Large Interruptible	7	5,257,408	1,414,439		1,414,439
<b>Total Transportation</b>	<u>80</u>	<u>6,355,840</u>	<u>\$2,100,479</u>		<u>\$2,100,479</u>
<b>Total Sales &amp; Transportation</b>	<u>103,563</u>	<u>23,190,501</u>	<u>\$32,209,832</u>	<u>\$92,453,321</u>	<u>\$124,663,153</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.

2/ Excludes grain drying sales.

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
SUMMARY OF REVENUES - PROJECTED 2015**

Revenue Reporting Class	Projected 2015				Total Revenue 1/
	Customers	Dk	Distribution Revenue	Cost of Gas	
<b>Sales</b>					
Residential	92,478	8,667,437	\$19,483,416	\$48,381,634	\$67,865,050
Air Force	3	511,626	163,465	2,278,078	2,441,543
Firm General	14,551	7,163,947	10,623,438	39,989,153	50,612,591
Small Interruptible 2/	135	920,446	729,916	4,046,281	4,776,197
Large Interruptible	1	32,084	21,529	141,041	162,570
<b>Total Sales</b>	<u>107,168</u>	<u>17,295,540</u>	<u>\$31,021,764</u>	<u>\$94,836,187</u>	<u>\$125,857,951</u>
<b>Transportation</b>					
Small Interruptible	73	1,098,432	\$686,040		\$686,040
Large Interruptible	6	4,307,330	1,321,302		1,321,302
<b>Total Transportation</b>	<u>79</u>	<u>5,405,762</u>	<u>\$2,007,342</u>		<u>\$2,007,342</u>
<b>Total Sales &amp; Transportation</b>	<u>107,247</u>	<u>22,701,302</u>	<u>\$33,029,106</u>	<u>\$94,836,187</u>	<u>\$127,865,293</u>

1/ Rates effective with service rendered on and after 5/1/2014, Docket No. PU-13-803. Cost of gas reflects 2015 projected commodity charges applied to the cost of gas effective November 2014.

2/ Excludes grain drying sales.

**MONTANA-DAKOTA UTILITIES CO.  
 GAS UTILITY - NORTH DAKOTA  
 Embedded Class Cost of Service Study  
 Cost of Service by Component  
 Projected 2015**

	Residential				Total Residential
	Total North Dakota	Demand	Energy	Customer	
Projected Rate Base	114,487	28,374	20	42,437	70,831
Operating Income for Proposed Return	8,687	2,153	2	3,217	5,372
Projected Operating Income	6,016	(1,542)	1,601	2,364	2,423
Increase in Operating Income	2,671	3,695	(1,599)	853	2,949
Related Taxes for Increase					
Federal Income	1,633	2,260	(978)	522	1,804
Total Increase in Revenue	4,304	5,955	(2,577)	1,375	4,753
Projected Revenue Before Increase	131,559	13,404	38,811	17,546	69,761
Total Cost of Service Required from Rates:	132,625	18,354	36,231	18,033	72,618
Less Projected Cost of Gas	94,834	12,399	35,980	0	48,379
Net Distribution Cost of Service	37,713	5,955	251	18,033	24,239
Return on Rate Base Before Increase	5.255%				3.421%

Projected Billing Units	107,247	92,478
Bills	1,286,964	1,109,736
Dk	22,701,302	8,667,437

Unit Cost of Service		
Energy cost per Dk		\$0.03
Demand cost per Dk	\$0.690	
Customer Cost Per Month		\$16.25
Cust and Demand cost per month		\$21.62

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Cost of Service by Component**  
**Projected 2016**

	Small Firm General			Total Small Firm			Large Firm General			Total Large Firm
	Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer	General
Projected Rate Base	7,025	12	4,606	11,643	15,611	14	5,636			21,261
Operating Income for Proposed Return	533	1	350	884	1,185	1	428			1,614
Projected Operating Income	(385)	873	503	991	(851)	2,242	346			1,737
Increase in Operating Income	918	(872)	(153)	(107)	2,036	(2,241)	82			(123)
Related Taxes for Increase										
Federal Income	561	(533)	(94)	(66)	1,245	(1,370)	50			(75)
Total Increase in Revenue	1,479	(1,405)	(247)	(173)	3,281	(3,611)	132			(198)
Projected Revenue Before Increase	3,318	9,610	2,668	15,596	7,093	26,000	2,916			36,009
Total Cost of Service Required from Rates:	4,549	8,204	2,312	15,065	9,822	22,387	2,967			35,176
Less Projected Cost of Gas	3,070	8,144	0	11,214	6,541	22,233	0			28,774
Net Distribution Cost of Service	1,479	60	2,312	3,851	3,281	154	2,967			6,402
Return on Rate Base Before Increase										8.170%

Projected Billing Units	10,463	4,088
Bills	125,556	49,056
Dk	2,008,794	5,155,153
Unit Cost of Service		
Energy cost per Dk	\$0.03	\$0.03
Demand cost per Dk	\$0.740	\$0.640
Customer Cost Per Month	\$18.41	\$60.48
Cust and Demand cost per month		

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Cost of Service by Component  
Projected 2016**

	Air Force Delivery		Total Air Force Delivery		Small Interruptible			Total Small Interruptible
	Demand	Energy	Customer	Delivery	Demand	Energy	Customer	
Projected Rate Base	62	0	49	111	7,250	0	(1,180)	6,070
Operating Income for Proposed Return	5	0	4	9	550	0	(90)	460
Projected Operating Income	(18)	74	6	62	(392)	575	47	230
Increase in Operating Income	23	(74)	(2)	(53)	942	(575)	(137)	230
Related Taxes for Increase								
Federal Income	14	(45)	(1)	(32)	576	(352)	(84)	140
Total Increase in Revenue	37	(119)	(3)	(85)	1,518	(927)	(221)	370
Projected Revenue Before Increase	197	2,217	28	2,442	611	4,672	447	5,730
Total Cost of Service Required from Rates:	234	2,098	25	2,357	1,872	3,744	216	5,832
Less Projected Cost of Gas	197	2,082	0	2,279	354	3,694	0	4,048
Net Distribution Cost of Service	37	16	25	78	1,518	50	216	1,784
Return on Rate Base Before Increase	<hr/>							
	55.856%				3.789%			

Projected Billing Units	3	208
Bills	36	2,496
Dk	511,626	2,018,878
Unit Cost of Service		
Energy cost per Dk	\$0.03	\$0.02
Demand cost per Dk		\$0.750
Customer Cost Per Month	\$694.44	\$86.54
Cust and Demand cost per month		

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**Embedded Class Cost of Service Study**  
**Cost of Service by Component**  
**Projected 2015**

	Large Interruptible			Total Large Interruptible	Minot Air Force Base Distribution			Total MAFB Distribution
	Demand	Energy	Customer		Demand	Energy	Customer	
Projected Rate Base	3,175	0	338	3,513	695	0	363	1,058
Operating Income for Proposed Return	241	0	26	267	53	0	28	81
Projected Operating Income	(260)	724	(28)	436	(123)	0	260	137
Increase in Operating Income	501	(724)	54	(169)	176	0	(232)	(56)
Related Taxes for Increase								
Federal Income	306	(443)	33	(104)	108	0	(142)	(34)
Total Increase in Revenue	807	(1,167)	87	(273)	284	0	(374)	(90)
Projected Revenue Before Increase	80	1,393	85	1,558	5	0	458	463
Total Cost of Service Required from Rates:	819	225	167	1,211	284	0	82	366
Less Projected Cost of Gas	12	128	0	140	0	0	0	0
Net Distribution Cost of Service	807	97	167	1,071	284	0	82	366
Return on Rate Base Before Increase				12.411%				12.949%

Projected Billing Units  
Bills 7  
Dk 84

Unit Cost of Service  
Energy cost per Dk \$0.02  
Demand cost per Dk  
Customer Cost Per Month \$1,988.10  
Cust and Demand cost per month \$30,500.00

MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Twelve Months Ended December 31, 2013  
Projected 2015

Rate Base-Projected Gas Plant in Service	Allocation Factor	Total				Residential				Firm General-Meter < 500 cubic feet				Total Small	
		North Dakota		South Dakota		Demand		Energy		Demand		Energy		Customer	Firm General
		North Dakota	South Dakota	Demand	Energy	Customer	Residential	Demand	Energy	Customer	Firm General				
Production Plant	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land	13	105	36	0	0	0	58	9	0	2	11	0	0	0	0
Rights of Way	13	796	274	0	166	440	68	0	19	87	0	0	0	0	0
Structures & Improvements	40	205	73	0	44	117	18	0	5	23	0	0	0	0	0
Direct		52	0	0	0	0	0	0	0	0	0	0	0	0	0
Mains - \$102,326-Directly Assigned \$2,489	2	58,089	27,534	0	0	27,534	6,817	0	0	6,817	0	0	0	0	0
Demand Related 75%	8	19,366	0	0	16,700	16,700	0	0	1,869	0	0	0	0	0	0
Customer Related 25%	Direct	1,987	0	0	0	0	0	0	0	0	0	0	0	0	0
Directly Assigned Demand Related 75%	Direct	622	0	0	0	0	0	0	0	0	0	0	0	0	0
Heskett Pipeline - \$22,372	2	16,779	7,951	0	0	7,951	1,969	0	0	1,969	0	0	0	0	0
Demand Related 75%	8	5,593	0	0	4,823	4,823	0	0	546	0	0	0	0	0	0
Customer Related 25%	40	2,179	774	0	470	1,244	192	0	53	245	0	0	0	0	0
Direct	Direct	163	0	0	0	0	0	0	0	0	0	0	0	0	0
Mess. & Reg. Equip. - City Gate	13	9,486	3,261	0	1,977	5,238	807	0	224	1,031	0	0	0	0	0
Direct	Direct	72	0	0	0	0	0	0	0	0	0	0	0	0	0
Services	37	37,375	0	0	29,795	29,795	0	0	4,821	4,821	0	0	0	0	0
Direct	Direct	99	0	0	0	0	0	0	0	0	0	0	0	0	0
Meters	9	25,720	0	0	16,244	16,244	0	0	2,205	2,205	0	0	0	0	0
Direct	Direct	53	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Regulators	9	3,215	0	0	2,030	2,030	0	0	276	276	0	0	0	0	0
Direct	Direct	15	0	0	0	0	0	0	0	0	0	0	0	0	0
Ind. Mess. & Reg. Station Equipment	40	286	101	0	62	163	25	0	7	32	0	0	0	0	0
Direct	Direct	181	0	0	0	0	0	0	0	0	0	0	0	0	0
Property on Customer Premise	13	115	39	0	24	63	10	0	3	13	0	0	0	0	0
Catholic Protection & Other Equipment	40	1,082	385	0	233	618	95	0	26	121	0	0	0	0	0
Direct	Direct	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution Plant - Includes Heskett		183,507	40,428	0	72,590	113,018	10,010	0	10,076	20,086	0	0	0	0	0
Distribution Plant Excluding Direct Assignments		180,382	40,428	0	72,590	113,018	10,010	0	10,076	20,086	0	0	0	0	0
General Plant	38	11,343	2,542	0	4,566	7,108	629	0	634	1,263	0	0	0	0	0
Direct	Direct	378	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Plant - General	15	3,863	779	0	1,624	2,403	193	0	228	421	0	0	0	0	0
Common Plant	15	13,201	2,661	0	5,552	8,213	659	0	781	1,440	0	0	0	0	0
Intangible Common (Excluding CC&B)	15	4,817	971	0	2,028	2,997	240	0	285	525	0	0	0	0	0
Intangible Common (CC&B)	4	7,330	0	0	6,322	6,322	0	0	715	715	0	0	0	0	0
Acquisition Adjustment	15	97	20	0	41	61	5	0	6	11	0	0	0	0	0
<b>Total Gas Plant in Service including Heskett</b>		<b>224,538</b>	<b>47,401</b>	<b>0</b>	<b>92,721</b>	<b>140,122</b>	<b>11,736</b>	<b>0</b>	<b>12,725</b>	<b>24,461</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Twelve Months Ended December 31, 2013  
Projected 2015

	Allocation Factor	Firm General > 500 cubic feet						Total Large			Air Force Delivery			Total Air Force Delivery	
		North Dakota	Demand	Energy	Customer	Customer	Firm General	Demand	Energy	Customer	Demand	Energy	Customer		
<b>Rate Base-Projected</b>															
Gas Plant in Service															
Production Plant															
Land	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rights of Way	13	105	20	0	0	1	0	21	0	0	0	0	0	0	0
Structures & Improvements	13	796	151	0	0	7	0	158	0	0	0	0	0	0	0
Direct	40	205	40	0	0	2	0	42	0	0	0	0	0	0	0
Mains - \$102,326-Directly Assigned \$2,489	Direct	52	0	0	0	0	0	0	13	0	0	4	0	17	0
Demand Related 75%	2	58,099	15,154	0	0	0	0	15,154	0	0	0	0	0	0	0
Customer Related 25%	8	18,368	0	0	0	738	0	738	0	0	0	0	0	0	0
Directly Assigned Demand Related 75%	Direct	1,867	0	0	0	0	0	0	0	0	0	0	0	0	0
Directly Assigned Customer Related 25%	Direct	622	0	0	0	0	0	0	0	0	0	0	0	0	0
Heskett Pipeline - \$22,372															
Demand Related 75%	2	16,779	4,377	0	0	0	0	4,377	0	0	0	0	0	0	0
Customer Related 25%	8	5,593	0	0	0	213	0	213	0	0	0	0	0	0	0
Meas. & Reg. Equip. - General	40	2,179	428	0	0	21	0	447	0	0	0	0	0	0	0
Direct	Direct	163	0	0	0	0	0	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - City Gate	13	9,466	1,794	0	0	87	0	1,881	0	0	0	0	0	0	0
Direct	Direct	72	0	0	0	0	0	0	54	0	0	18	0	72	0
Services	37	37,375	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct	Direct	99	0	0	0	0	0	0	0	0	0	0	0	0	0
Meters	9	25,720	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct	Direct	53	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Regulators	9	3,215	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct	Direct	15	0	0	0	0	0	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	40	286	56	0	0	3	0	59	0	0	0	0	0	0	0
Direct	Direct	181	0	0	0	0	0	0	19	0	0	6	0	25	0
Property on Customer Premise	13	115	22	0	0	1	0	23	0	0	0	0	0	0	0
Catholic Protection & Other Equipment	40	1,082	212	0	0	10	0	222	0	0	0	0	0	0	0
Direct	Direct	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution Plant - Includes Heskett		183,507	22,252	0	0	10,357	0	32,609	86	0	0	71	0	157	0
Distribution Plant Excluding Direct Assignments		180,382	22,252	0	0	10,357	0	32,609	0	0	0	43	0	43	0
General Plant	38	11,343	1,399	0	0	651	0	2,050	0	0	0	3	0	3	0
Direct	Direct	378	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Plant - General	15	3,863	429	0	0	243	0	672	2	0	0	2	0	4	0
Common Plant	15	13,201	1,484	0	0	831	0	2,285	7	0	0	6	0	13	0
Intangible Common (Excluding CC&B)	15	4,817	534	0	0	303	0	837	3	0	0	2	0	5	0
Intangible Common (CC&B)	4	7,330	0	0	0	279	0	279	0	0	0	0	0	0	0
Acquisition Adjustment	15	97	11	0	0	6	0	17	0	0	0	0	0	0	0
<b>Total Gas Plant in Service including Heskett</b>		<b>224,536</b>	<b>26,089</b>	<b>0</b>	<b>12,670</b>	<b>0</b>	<b>0</b>	<b>38,759</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>84</b>	<b>0</b>	<b>182</b>	<b>0</b>

MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Twelve Months Ended December 31, 2013  
Projected 2015

Rate Base-Projected Gas Plant in Service	Allocation Factor	Total				Small Interruptible				Large Interruptible				Total Large Interruptible	
		North Dakota		Total		Demand		Customer		Demand		Customer			
		North Dakota	Total	Demand	Customer	Demand	Customer	Demand	Customer	Demand	Customer				
Production Plant															
Land	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rights of Way	13	105	9	0	0	0	0	0	0	9	4	0	0	1	5
Structures & Improvements	13	796	70	0	0	0	0	0	0	70	29	0	0	5	34
Direct	40	205	19	0	0	0	0	0	0	19	4	0	0	0	4
Mains - \$102,328-Directly Assigned \$2,489	Direct	52	0	0	0	0	0	0	0	0	26	0	0	9	35
Demand Related 75%	2	58,099	7,030	0	0	0	0	0	0	7,030	1,564	0	0	0	1,564
Customer Related 25%	8	19,366	0	0	0	38	0	0	0	38	0	0	0	1	1
Directly Assigned Demand Related 75%	Direct	1,867	0	0	0	0	0	0	0	0	1,361	0	0	0	1,361
Directly Assigned Customer Related 25%	Direct	622	0	0	0	0	0	0	0	0	0	0	0	453	453
Heskett Pipeline - \$22,372															
Demand Related 75%	2	16,779	2,030	0	0	0	0	0	0	2,030	452	0	0	0	452
Customer Related 25%	8	5,593	0	0	0	11	0	0	0	11	0	0	0	0	0
Meas. & Reg. Equip. - General	40	2,179	198	0	0	1	199	0	0	199	44	0	0	0	44
Direct	Direct	163	8	0	0	3	11	0	0	11	114	0	0	38	152
Meas. & Reg. Equip. - City Gate	13	9,466	832	0	0	4	836	0	0	836	346	0	0	54	400
Direct	Direct	72	0	0	0	0	0	0	0	0	0	0	0	0	0
Services	37	37,375	0	0	0	262	262	0	0	262	0	0	0	8	8
Direct	Direct	99	0	0	0	0	0	0	0	0	0	0	0	0	0
Meters	9	25,720	0	0	0	1,103	1,103	0	0	1,103	0	0	0	99	99
Direct	Direct	53	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Regulators	9	3,215	0	0	0	138	138	0	0	138	0	0	0	12	12
Direct	Direct	15	0	0	0	0	0	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	40	296	26	0	0	0	26	0	0	26	6	0	0	0	6
Direct	Direct	181	0	0	0	0	0	0	0	0	117	0	0	39	156
Property on Customer Premise	13	115	10	0	0	10	10	0	0	10	4	0	0	1	5
Catholic Protection & Other Equipment	40	1,082	98	0	0	1	99	0	0	99	22	0	0	0	22
Direct	Direct	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution Plant - Includes Heskett		183,507	10,330	0	0	1,561	11,891	0	0	11,891	4,094	0	0	720	4,813
Distribution Plant Excluding Direct Assignments		180,382	10,322	0	0	1,558	11,880	0	0	11,880	2,475	0	0	181	2,656
General Plant	38	11,343	649	0	0	98	747	0	0	747	158	0	0	11	167
Direct	Direct	378	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Plant - General	15	3,863	199	0	0	37	236	0	0	236	87	0	0	17	104
Common Plant	15	13,201	690	0	0	127	807	0	0	807	298	0	0	59	357
Intangible Common (Excluding CC&B)	15	4,817	248	0	0	46	294	0	0	294	109	0	0	22	131
Intangible Common (CC&B)	4	7,330	0	0	0	14	14	0	0	14	0	0	0	0	0
Acquisition Adjustment	15	97	5	0	0	1	6	0	0	6	2	0	0	0	2
Total Gas Plant in Service including Heskett		224,536	12,111	0	0	1,884	13,995	0	0	13,995	4,746	0	0	829	5,574

MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
Embedded Class Cost of Service Study  
Twelve Months Ended December 31, 2013  
Projected 2015

Rate Base-Projected Gas Plant in Service	Allocation Factor	Total North Dakota	Mirof Air Force Base Distribution			Total Mirof Air Force
			Demand	Energy	Customer	
Production Plant						
Land	3	0	0	0	0	0
Rights of Way	13	105	1	0	0	1
Structures & Improvements	13	796	5	0	2	7
Direct	40	205	0	0	0	0
Mains - \$102,326-Directly Assigned \$2,489	Direct	52	0	0	0	0
Demand Related 75%	2	58,099	0	0	0	0
Customer Related 25%	8	19,366	0	0	0	0
Directly Assigned Demand Related 75%	Direct	1,867	506	0	0	506
Directly Assigned Customer Related 25%	Direct	622	0	0	189	169
Heskett Pipeline - \$22,372						
Demand Related 75%	2	16,779	0	0	0	0
Customer Related 25%	8	5,593	0	0	0	0
Meas. & Reg. Equip. - General	40	2,179	0	0	0	0
Direct	Direct	163	0	0	0	0
Meas. & Reg. Equip. - City Gate	13	9,466	80	0	20	80
Direct	Direct	72	0	0	0	0
Services	37	37,375	0	0	0	0
Direct	Direct	99	0	0	98	99
Meters	9	25,720	0	0	0	0
Direct	Direct	53	0	0	53	53
Service Regulators	9	3,215	0	0	0	0
Direct	Direct	15	0	0	15	15
Ind. Meas. & Reg. Station Equipment	40	286	0	0	0	0
Direct	Direct	181	0	0	0	0
Property on Customer Premise	13	115	1	0	0	1
Catholic Protection & Other Equipment	40	1,082	0	0	0	0
Direct	Direct	2	1	0	1	2
Distribution Plant - includes Heskett		183,507	574	0	359	933
Distribution Plant Excluding Direct Assignments		180,382	67	0	23	90
General Plant	38	11,343	4	0	1	5
Direct	Direct	378	283	0	94	378
Intangible Plant - General	15	3,863	14	0	9	23
Common Plant	15	13,201	47	0	29	76
Intangible Common (Excluding CC&B)	15	4,917	17	0	11	28
Intangible Common (CC&B)	4	7,330	0	0	0	0
Acquisition Adjustment	15	97	0	0	0	0
Total Gas Plant in Service including Heskett		224,536	939	0	503	1,443

MONTANA-DAKOTA UTILITIES CO.  
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Allocation Factor	Total North Dakota		Residential			Firm General-Meter < 500 cubic feet			Total Small Firm General	
	North Dakota	Total	Demand	Energy	Customer	Demand	Energy	Customer	Firm General	Total Small Firm General
Less: Accumulated Depreciation										
Production Plant	3	0	0	0	0	0	0	0	0	0
Distribution Plant	13	69	24	0	14	38	6	0	2	8
Rights of Way	23	165	47	0	28	75	12	0	3	15
Structures & Improvements	40	30,835	10,960	0	6,647	17,607	2,714	0	752	3,466
Mains	Direct	28	0	0	0	0	0	0	0	0
Heskett - \$465	2	349	166	0	0	166	41	0	0	41
Demand Related 75%	8	116	0	0	101	101	0	0	11	11
Customer Related 25%	19	577	191	0	116	307	47	0	13	60
Meas. & Reg. Equip. - General	18	500	170	0	104	274	42	0	12	54
Meas. & Reg. Equip. - City Gate	37	25,785	0	0	20,556	20,556	0	0	3,326	3,326
Services	Direct	21	0	0	0	0	0	0	0	0
Meters	5	9,004	0	0	5,683	5,683	0	0	772	772
Service Regulators	Direct	7	0	0	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	9	1,254	0	0	761	761	0	0	108	108
Property on Customer Premise	Direct	1	0	0	0	0	0	0	0	0
Catholic Protection & Other Equipment	21	259	56	0	34	90	14	0	4	18
Distribution Plant	13	125	42	0	26	68	11	0	3	14
General Plant	13	927	318	0	194	512	79	0	22	101
Direct	38	70,020	11,974	0	34,294	46,268	2,966	0	5,028	7,994
Intangible Plant - General	Direct	3,257	730	0	1,311	2,041	181	0	182	363
Common Plant	15	98	150	0	314	464	37	0	0	0
Intangible Plant - Common	15	745	831	0	1,735	2,566	206	0	44	81
Acquisition Adjustment	15	4,124	751	0	1,586	2,318	186	0	244	450
Less: Total Accumulated Reserve for Depreciation	4	3,728	13	0	27	757	3	0	220	406
Net Gas Plant in Service including Heskett	15	878	13	0	757	40	0	0	86	86
Additions	15	63	13	0	27	40	3	0	4	7
Materials & Supplies	15	82,913	14,449	0	40,006	54,455	3,578	0	5,808	9,387
Fuel Stocks	10	141,623	32,952	0	52,715	85,667	8,157	0	6,917	15,074
Prepayments	15	2,463	496	0	1,036	1,532	123	0	146	269
Gain on Sale of Williston Office	25	46	0	20	0	20	0	12	0	12
Total Additions	24	188	40	0	76	116	10	0	11	21
Total Before Deductions	24	823	145	0	232	377	36	0	30	66
Deductions	24	(335)	(78)	0	(124)	(202)	(19)	0	(16)	(35)
Accumulated Deferred Income Tax	24	2,985	603	20	1,220	1,843	150	12	171	333
Accumulated Investment Tax Credit	24	144,808	33,555	20	53,935	87,510	8,307	12	7,088	15,407
Customer Advances For Construction	24	(21,390)	(4,977)	0	(7,961)	(12,938)	(1,232)	0	(1,045)	(2,277)
Total Deductions	Direct	0	0	0	0	0	0	0	0	0
Total Rate Base	Direct	(6,731)	(204)	0	(3,537)	(3,741)	(50)	0	(1,437)	(1,487)
	Direct	(30,121)	(5,181)	0	(11,499)	(16,879)	(1,282)	0	(2,482)	(3,764)
		114,487	28,374	20	42,437	70,831	7,025	12	4,606	11,943

**MONTANA-DAKOTA UTILITIES CO.**  
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Allocation Factor	Firm General > 500 cubic feet				Total Large				Air Force Delivery				
	North Dakota	Demand	Energy	Customer	Firm General	Demand	Energy	Customer	Energy	Demand	Energy	Customer	Total Air Force Delivery
3	0	0	0	0	0	0	0	0	0	0	0	0	0
13	69	13	0	1	14	0	0	0	0	0	0	0	0
23	165	26	0	1	27	8	0	3	0	0	0	0	11
40	30,835	6,032	0	294	6,326	0	0	0	0	0	0	0	0
Direct	26	0	0	0	0	0	0	0	0	0	0	0	0
2	349	91	0	0	91	0	0	0	0	0	0	0	0
8	116	0	0	4	4	0	0	0	0	0	0	0	0
18	577	105	0	5	110	0	0	0	0	0	0	0	0
19	500	94	0	5	99	3	0	1	4	0	0	0	0
37	25,785	0	0	1,717	1,717	0	0	0	0	0	0	0	0
Direct	21	0	0	0	0	0	0	0	0	0	0	0	0
5	9,004	0	0	2,110	2,110	0	0	13	0	0	0	0	13
Direct	7	0	0	0	0	0	0	0	0	0	0	0	0
9	1,254	0	0	294	294	0	0	2	0	0	0	0	2
Direct	1	0	0	0	0	0	0	0	0	0	0	0	0
21	259	31	0	2	33	11	0	3	0	0	0	0	14
13	125	24	0	1	25	0	0	1	0	0	0	0	25
13	927	176	0	9	185	0	0	0	0	0	0	0	0
	70,020	6,592	0	4,443	11,035	22	0	22	0	0	0	0	44
38	3,257	402	0	187	589	0	0	1	0	0	0	0	1
Direct	98	0	0	0	0	0	0	0	0	0	0	0	0
15	745	83	0	47	130	0	0	0	0	0	0	0	0
15	4,124	457	0	260	717	2	0	2	0	0	0	0	4
15	3,728	414	0	235	649	2	0	2	0	0	0	0	4
4	878	0	0	33	33	0	0	0	0	0	0	0	0
15	63	7	0	4	11	0	0	0	0	0	0	0	0
	82,813	7,955	0	5,209	13,164	28	0	27	0	0	0	0	53
	141,623	18,134	0	7,461	25,595	72	0	57	0	0	0	0	129
15	2,463	273	0	155	428	1	0	1	0	0	0	0	2
10	46	0	14	0	14	0	0	0	0	0	0	0	0
25	188	22	0	11	33	0	0	0	0	0	0	0	0
24	623	80	0	33	113	0	0	0	0	0	0	0	0
24	(335)	(43)	0	(18)	(61)	0	0	0	0	0	0	0	0
	2,985	332	14	181	527	1	0	1	0	0	0	0	2
	144,608	18,466	14	7,642	26,122	73	0	58	0	0	0	0	131
24	(21,390)	(2,739)	0	(1,127)	(3,866)	(11)	0	(9)	0	0	0	0	(20)
24	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct	(8,731)	(116)	0	(879)	(985)	0	0	0	0	0	0	0	0
	(90,121)	(2,865)	0	(2,008)	(4,861)	(11)	0	(9)	0	0	0	0	(20)
	114,487	15,611	14	5,636	21,261	62	0	49	0	0	0	0	111

Less: Accumulated Depreciation

Less: Total Accumulated Reserve for Depreciation  
Net Gas Plant in Service including Heskett

Additions

Materials & Supplies

Fuel Stocks

Prepayments

Unamortized Loss on Debt

Gain on Sale of Williston Office

Total Additions

Total Before Deductions

Deductions

Accumulated Deferred Income Tax

Accumulated Investment Tax Credit

Customer Advances For Construction

Total Deductions

Total Rate Base

**MONTANA-DAKOTA UTILITIES CO.**  
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Allocation Factor	Total North Dakota		Small Interruption		Large Interruption		Total Large	
	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy
Less: Accumulated Depreciation								
Production Plant	3	0	0	0	0	0	0	0
Distribution Plant								
Rights of Way	13	69	6	0	0	6	3	0
Structures & Improvements	23	165	12	0	0	12	19	0
Mains	40	30,835	2,798	0	15	2,813	623	0
Direct		28	0	0	0	0	0	0
Heskett - \$465								
Demand Related 75%	2	349	42	0	0	42	9	0
Customer Related 25%	8	118	0	0	0	0	0	0
Meas. & Reg. Equip. - General	18	577	51	0	1	52	39	0
Meas. & Reg. Equip. - City Gate	19	500	44	0	0	44	18	0
Services	37	25,785	0	0	181	181	0	0
Direct		21	0	0	0	0	0	0
Meters	5	9,004	0	0	396	396	0	0
Direct		7	0	0	0	0	0	0
Service Regulators	9	1,254	0	0	54	54	0	0
Direct		1	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	259	14	0	0	14	68	0
Property on Customer Premise	13	125	11	0	0	11	5	0
Catholic Protection & Other Equipment	13	927	82	0	0	82	34	0
Distribution Plant								
General Plant	38	3,257	186	0	637	3,697	818	0
Direct		98	0	0	28	214	45	0
Intangible Plant - General	15	745	38	0	7	45	17	0
Common Plant	15	4,124	212	0	40	252	93	0
Intangible Plant - Common	15	3,728	192	0	36	228	84	0
Intangible Plant - Common-CC&B	4	878	0	0	2	2	0	0
Acquisition Adjustment	15	63	3	0	1	4	1	0
Less: Total Accumulated Reserve for Depreciation		82,913	3,691	0	751	4,442	1,058	0
Net Gas Plant in Service including Heskett		141,623	8,420	0	1,133	9,553	3,688	0
Additions								
Materials & Supplies	15	2,463	127	0	24	151	56	0
Fuel Stocks	10	46	0	0	0	0	0	0
Prepayments	25	188	10	0	2	12	4	0
Unamortized Loss on Debt	24	623	37	0	5	42	16	0
Gain on Sale of Williston Office	24	(335)	(20)	0	(3)	(23)	(9)	0
Total Additions		2,985	154	0	28	182	67	0
Total Before Deductions		144,608	8,574	0	1,161	9,735	3,755	0
Deductions								
Accumulated Deferred Income Tax	24	(21,390)	(1,272)	0	(171)	(1,443)	(557)	0
Accumulated Investment Tax Credit	24	0	0	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	(52)	0	(2,170)	(2,222)	(23)	0
Total Deductions		(30,121)	(1,324)	0	(2,341)	(3,665)	(580)	0
Total Rate Base		114,487	7,250	0	(1,180)	6,070	3,175	0

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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
Less: Accumulated Depreciation						
Production Plant	3	0	0	0	0	0
Distribution Plant						
Rights of Way	13	69	0	0	0	0
Structures & Improvements	23	165	0	0	0	0
Mains	40	30,835	0	0	0	0
Direct		26	19	0	7	26
Heskett - \$465						
Demand Related 75%	2	349	0	0	0	0
Customer Related 25%	8	118	0	0	0	0
Meas. & Reg. Equip. - General	18	577	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	500	3	0	1	4
Services	37	25,765	0	0	0	0
Direct		21	0	0	21	21
Meters	5	9,004	0	0	0	0
Direct		7	0	0	7	7
Service Regulators	9	1,254	0	0	0	0
Direct		1	0	0	1	1
Ind. Meas. & Reg. Station Equipment	21	259	0	0	0	0
Property on Customer Premise	13	125	1	0	0	1
Catholic Protection & Other Equipment	13	927	6	0	2	8
Distribution Plant		70,020	29	0	39	68
General Plant	38	3,257	1	0	0	1
Direct		96	73	0	25	98
Intangible Plant - General	15	745	3	0	2	5
Common Plant	15	4,124	15	0	9	24
Intangible Plant - Common	15	3,728	13	0	8	21
Intangible Plant - Common-CC&B	4	878	0	0	0	0
Acquisition Adjustment	15	63	0	0	0	0
Less: Total Accumulated Reserve for Depreciation		82,913	134	0	83	217
Net Gas Plant in Service including Heskett		141,623	805	0	420	1,226
Additions						
Materials & Supplies	15	2,463	9	0	5	14
Fuel Stocks	10	46	0	0	0	0
Prepayments	25	188	1	0	0	1
Unamortized Loss on Debt	24	623	4	0	2	6
Gain on Sale of Williston Office	24	(335)	(2)	0	(1)	(3)
Total Additions		2,985	12	0	6	18
Total Before Deductions		144,608	817	0	426	1,244
Deductions						
Accumulated Deferred Income Tax	24	(21,390)	(122)	0	(63)	(185)
Accumulated Investment Tax Credit	24	0	0	0	0	0
Customer Advances For Construction	Direct	(8,731)	0	0	0	0
Total Deductions		(30,121)	(122)	0	(63)	(185)
Total Rate Base		114,487	695	0	363	1,058

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Allocation Factor	Total		Residential		Firm General-Meter < 500 cubic feet		Total Small	
	North Dakota	Demand	Energy	Customer	Demand	Energy	Customer	Firm General
<b>Income Statement</b>								
<b>Gas Operating Revenues</b>								
<b>Retail Sales &amp; Transportation</b>								
Residential								
Firm General								
Air Force Delivery								
Small Interruptible								
Large Interruptible								
Total Sales & Transportation Revenues	127,865	12,399	38,808	16,658	3,070	9,609	2,559	15,238
Other Operating Revenue								
Miscellaneous								
Reconnect Fees	6	19	0	16	0	0	2	2
Minot Maintenance Fee Rate 65	Direct	456	0	0	0	0	0	0
NSF Check Fees & Other	6	7	0	6	0	0	1	1
Miscellaneous	24	(2)	0	(2)	0	0	0	0
Rent From Gas Property	24	614	143	229	35	0	30	65
Other Gas Revenues	31	267	33	136	8	1	18	27
Miscellaneous	Direct	1,741	825	0	0	204	0	204
Heskett Pipeline Revenue - \$2321	8	580	0	500	0	0	57	57
Demand Related 75%	24	11	3	3	1	0	1	2
Customer Related 25%		3,684	1,005	888	248	1	109	358
Transport and Penalty Revenue - Net		3,238	1,005	888	248	1	109	358
Total Other Operating Revenue	26	0	0	0	0	0	0	0
Unbilled Revenue		131,559	13,404	38,811	17,546	9,610	2,668	15,598
Total Operating Revenues	Direct	94,834	12,399	35,980	0	48,379	0	11,214
Operation & Maintenance Expenses	3	119	0	60	0	14	0	14
Cost of Purchased Gas								
Other Gas Supply Expenses								
Distribution Expenses								
Operation								
Load Dispatch	1	130	0	48	0	12	0	12
Mains and Services	22	2,113	495	837	48	0	121	244
Measuring Stations - General	18	80	26	16	42	7	2	9
Measuring Stations - Industrial	21	111	24	15	39	6	2	8
Measuring Stations - City Gate	19	8	3	2	5	1	0	1
Meters & House Regulators	16	555	0	350	0	0	47	47
Customer Installations	5	701	0	443	443	0	60	60
Other Gas Distribution	27	2,266	334	29	1,015	84	7	232
Rents	27	126	19	2	77	5	8	13
Supervision & Engineering	27	1,566	231	20	699	58	5	161
Direct-Minot AFB Distribution System	Direct	18	0	0	0	0	0	0
Total Operation Expense		7,674	1,132	99	3,433	284	24	479

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Allocation Factor	Total North Dakota	Firm General > 500 cubic feet			Total Large			Air Force Delivery			Total Air Force Delivery	
		Demand	Energy	Customer	Firm General	Demand	Energy	Customer	Demand	Energy		Customer
<b>Income Statement</b>												
Gas Operating Revenues												
Retail Sales & Transportation												
Residential												
Firm General	67,865	0	0	0	0	0	0	0	0	0	0	0
Air Force Delivery	50,612	6,541	25,998	2,835	35,374							0
Small Interruptible	2,442	0	0	0	0	197	2,217	28	2,442	0	0	0
Large Interruptible	5,462	0	0	0	0	0	0	0	0	0	0	0
	1,484	0	0	0	0	0	0	0	0	0	0	0
<b>Total Sales &amp; Transportation Revenues</b>	<b>127,865</b>	<b>6,541</b>	<b>25,998</b>	<b>2,835</b>	<b>35,374</b>	<b>197</b>	<b>2,217</b>	<b>28</b>	<b>2,442</b>	<b>0</b>	<b>0</b>	<b>2,442</b>
Other Operating Revenues												
Miscellaneous												
Reconnect Fees	6	19	0	0	1	1	0	0	0	0	0	0
Minor Maintenance Fee Rate 65	Direct	456	0	0	0	0	0	0	0	0	0	0
NSF Check Fees & Other	6	7	0	0	0	0	0	0	0	0	0	0
Miscellaneous	24	(2)	0	0	0	0	0	0	0	0	0	0
Rent From Gas Property	24	614	79	0	32	111	0	0	0	0	0	0
Other Gas Revenues												
Miscellaneous	31	287	18	2	25	45	0	0	0	0	0	0
Heatket Pipeline Revenue - \$2321	Direct	1,741	454	0	0	454	0	0	0	0	0	0
Demand Related 75%	8	580	0	0	22	22	0	0	0	0	0	0
Customer Related 25%	24	11	1	0	1	2	0	0	0	0	0	0
<b>Transport and Penalty Revenue - Net</b>												
Total Other Operating Revenue		3,684	552	2	81	635	0	0	0	0	0	0
		3,238	552	2	81	635	0	0	0	0	0	0
	26	0	0	0	0	0	0	0	0	0	0	0
<b>Unbilled Revenue</b>												
Total Operating Revenues		131,559	7,093	26,000	2,916	36,008	197	2,217	28	2,442	0	2,442
Operation & Maintenance Expenses												
Cost of Purchased Gas	Direct	94,834	6,541	22,233	0	28,774	197	2,082	0	2,279	0	2,279
	3	119	0	35	0	35	0	4	0	4	0	4
Other Gas Supply Expenses												
Distribution Expenses												
Operation												
Load Dispatch	1	130	0	30	0	30	0	3	0	3	0	3
Mains and Services	22	2,113	273	0	58	331	0	0	0	0	0	0
Measuring Stations - General	18	80	15	0	1	16	0	0	0	0	0	0
Measuring Stations - Industrial	21	111	13	0	1	14	5	0	1	6	0	6
Measuring Stations - City Gate	19	8	2	0	0	2	0	0	0	0	0	0
Meters & House Regulators	16	555	0	0	130	130	0	0	1	130	0	130
Customer Installations	5	701	0	0	164	164	0	0	1	164	0	164
Other Gas Distribution	27	2,266	185	18	216	419	3	2	2	419	7	426
Rents	27	126	10	1	12	23	0	0	0	23	0	23
Supervision & Engineering	27	1,566	128	13	149	290	2	1	1	290	4	294
Direct - Minot AFB Distribution System	Direct	18	0	0	0	0	0	0	0	0	0	0
<b>Total Operation Expense</b>		<b>7,674</b>	<b>626</b>	<b>62</b>	<b>731</b>	<b>1,419</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>22</b>



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	Allocation Factor	Minot Air Force Base Distribution			Total Minot Air Force
		North Dakota	Demand	Energy	
<b>Income Statement</b>					
<b>Gas Operating Revenues</b>					
Retail Sales & Transportation					
Residential					
Firm General	Direct	67,865	0	0	0
Air Force Delivery	Direct	50,812	0	0	0
Small Interruptible	Direct	2,442	0	0	0
Large Interruptible	Direct	5,482	0	0	0
Total Sales & Transportation Revenues	Direct	1,484	0	0	0
Other Operating Revenue		127,865	0	0	0
Miscellaneous					
Reconnect Fees	6	19	0	0	0
Minot Maintenance Fee Rate 65	Direct	456	0	0	456
NSF Check Fees & Other	6	7	0	0	0
Miscellaneous	24	(2)	0	0	0
Rent From Gas Property	24	614	3	0	2
Other Gas Revenues					
Miscellaneous	31	287	2	0	0
Heskest Pipeline Revenue - \$2321	Direct	1,741	0	0	0
Demand Related 75%	2	580	0	0	0
Customer Related 25%	8	11	0	0	0
Transport and Penalty Revenue - Net	24	3,684	5	0	458
Total Other Operating Revenue		3,238	5	0	2
Unbilled Revenue	26	0	0	0	0
Total Operating Revenues		131,559	5	0	458
Operation & Maintenance Expenses	Direct	94,834	0	0	0
Cost of Purchased Gas					
Other Gas Supply Expenses	3	119	0	0	0
Distribution Expenses					
Operation					
Load Dispatch	1	130	0	0	0
Mains and Services	22	2,113	9	0	5
Measuring Stations - General	18	80	0	0	0
Measuring Stations - Industrial	21	111	0	0	0
Measuring Stations - City Gate	19	8	0	0	0
Meters & House Regulators	16	555	0	0	1
Customer Installations	5	701	0	0	0
Other Gas Distribution	27	2,266	16	0	4
Rents	27	126	1	0	0
Supervision & Engineering	27	1,566	11	0	3
Direct -Minot AFB Distribution System	Direct	18	18	0	0
Total Operation Expense		7,674	55	0	13
Total Operating Expense					63

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Allocation Factor	Total			Residential			Firm General-Meter < 500 cubic feet			Total Small	
	North Dakota	Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer	Firm General
Maintenance											
Structures & Improvements	13	12	5	0	8	1	0	0	0	0	1
Mains	13	331	114	0	183	28	0	0	0	8	36
Measuring Stations - General	18	60	20	0	32	5	0	0	0	1	6
Measuring Stations - Industrial	21	46	9	0	15	2	0	0	0	1	3
Measuring Stations - City Gate	19	1	1	0	0	0	0	0	0	0	0
Services	5	194	0	0	123	0	0	0	0	17	17
Meters & House Regulators	16	380	0	0	239	0	0	0	0	33	33
Other Equipment	26	261	37	0	115	9	0	15	24	15	24
Supervision & Engineering	28	321	46	0	182	11	0	18	29	18	29
Direct -Minot AFB Distribution System	Direct	26	0	0	0	0	0	0	0	0	0
Total Maintenance Expense		1,932	232	0	703	58	0	93	149	0	149
Total Distribution Expenses		9,306	1,364	99	4,136	340	24	572	936	5	936
Customer Accounts	4	53	0	0	46	0	0	5	5	0	5
Meter Reading	5	230	0	0	145	0	0	20	20	0	20
Customer Records & Collection	4	1,902	0	0	1,640	0	0	186	186	0	186
Uncollectible Accounts	6	269	0	0	233	0	0	26	26	0	26
Miscellaneous Customer Accounts	4	224	0	0	193	0	0	22	22	0	22
Customer Service & Information	4	200	0	0	172	0	0	20	20	0	20
Sales Expenses	4	117	0	0	102	0	0	11	11	0	11
Administration & General Expenses	30	7,628	1,118	81	3,389	279	20	469	768	0	768
Total Gas O&M Expenses		114,983	14,882	36,220	10,056	3,689	8,202	1,331	13,222	0	13,222
O&M Excl. Cost of Gas and A&G		12,421	1,365	159	6,667	340	38	862	1,240	0	1,240
O&M Excl. Cost of Gas		20,049	2,483	240	10,056	619	58	1,331	2,008	0	2,008
Depreciation Expense											
Production Plant	3	0	0	0	0	0	0	0	0	0	0
Distribution Plant											
Rights of Way	13	11	5	0	7	1	0	0	1	0	1
Structures & Improvements	23	5	1	0	1	0	0	0	0	0	0
Mains	40	1,649	566	0	941	145	0	40	185	0	185
Direct -Minot AFB Distribution System	Direct	14	0	0	0	0	0	0	0	0	0
Heskett Pipeline - \$465	Direct	349	166	0	166	41	0	0	41	0	41
Demand Related 75%	8	116	0	0	101	0	0	11	11	0	11
Customer Related 25%	18	77	26	0	41	6	0	2	8	0	8
Meas. & Reg. Equip. - General	19	268	90	0	146	23	0	6	29	0	29
Meas. & Reg. Equip. - City Gate	17	2,149	0	0	1,713	0	0	277	277	0	277
Services	Direct	6	0	0	0	0	0	0	0	0	0
Direct -Minot AFB Distribution System	5	748	0	0	473	0	0	64	64	0	64
Meters	Direct	2	0	0	0	0	0	0	0	0	0
Direct -Minot AFB Distribution System	20	51	0	0	33	0	0	4	4	0	4
Service Regulators	21	11	2	0	1	1	0	0	1	0	1
Ind. Meas. & Reg. Station Equipment	13	101	34	0	55	9	0	2	11	0	11
Catholic Protection & Other Equipment											
Total Distribution Plant		5,557	910	0	2,771	226	0	406	632	0	632

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Allocation Factor	Total		Firm General > 500 cubic feet				Air Force Delivery				Total Air Force Delivery	
	North Dakota	Total	Demand	Energy	Customer	Total Large Firm General	Demand	Energy	Customer			
Maintenance												
Structures & Improvements	13	12	2	0	0	0	2	0	0	0	0	0
Mains	13	331	63	0	3	66	0	0	0	0	0	0
Measuring Stations - General	18	60	11	0	1	12	0	0	0	0	0	0
Measuring Stations - Industrial	21	46	6	0	0	6	2	0	1	3	0	0
Measuring Stations - City Gate	19	1	0	0	0	0	0	0	0	0	0	0
Services	5	194	0	0	45	45	0	0	0	0	0	0
Meters & House Regulators	16	380	0	0	89	89	0	0	1	1	0	0
Other Equipment	28	261	20	0	34	54	0	0	0	0	0	0
Supervision & Engineering	28	321	25	0	42	67	1	0	1	2	0	0
Direct -Minot AFB Distribution System	Direct	26	0	0	0	0	0	0	0	0	0	0
Total Maintenance Expense		1,832	127	0	214	341	3	0	3	6	0	6
Total Distribution Expenses		9,306	753	62	945	1,760	13	6	9	28	0	28
Customer Accounts	4	53	0	0	2	2	0	0	0	0	0	0
Meter Reading	5	230	0	0	54	54	0	0	0	0	0	0
Customer Records & Collection	4	1,902	0	0	72	72	0	0	0	0	0	0
Uncollectible Accounts	6	269	0	0	10	10	0	0	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	9	9	0	0	0	0	0	0
Customer Service & Information	4	200	0	0	8	8	0	0	0	0	0	0
Sales Expenses	4	117	0	0	4	4	0	0	0	0	0	0
Administration & General Expenses	30	7,828	617	51	775	1,443	11	5	7	23	0	23
Total Gas O&M Expenses		114,883	7,911	22,381	1,879	32,171	221	2,097	16	2,334	0	2,334
O&M Excl. Cost of Gas and A&G		12,421	753	97	1,104	1,954	13	10	9	32	0	32
O&M Excl. Cost of Gas		20,049	1,370	148	1,879	3,397	24	15	16	55	0	55
Depreciation Expense												
Production Plant	3	0	0	0	0	0	0	0	0	0	0	0
Distribution Plant												
Rights of Way	13	11	2	0	0	2	0	0	0	0	0	0
Structures & Improvements	23	5	1	0	1	2	0	0	0	0	0	0
Mains	40	1,649	323	0	16	339	0	0	0	0	0	0
Direct -Minot AFB Distribution System	Direct	14	0	0	0	0	0	0	0	0	0	0
Heskett Pipeline - \$485	Direct											
Demand Related 75%	2	349	91	0	0	91	0	0	0	0	0	0
Customer Related 25%	8	116	0	0	4	4	0	0	0	0	0	0
Mess. & Reg. Equip. - General	18	77	14	0	1	15	0	0	0	0	0	0
Mess. & Reg. Equip. - City Gate	19	268	50	0	2	52	2	0	1	3	0	3
Services	17	2,149	0	0	143	143	0	0	0	0	0	0
Direct -Minot AFB Distribution System	Direct	6	0	0	0	0	0	0	0	0	0	0
Meters	5	748	0	0	175	175	0	0	1	1	0	1
Direct -Minot AFB Distribution System	Direct	2	0	0	0	0	0	0	0	0	0	0
Service Regulators	20	51	0	0	12	12	0	0	0	0	0	0
Ind. Mess. & Reg. Station Equipment	21	11	1	0	0	1	0	0	0	0	0	0
Catholic Protection & Other Equipment	13	101	19	0	1	20	0	0	0	0	0	0
Total Distribution Plant		5,557	501	0	355	856	2	0	2	4	0	4

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Allocation Factor	Total			Small Interruptible			Total Small			Large Interruptible			Total Large
	North Dakota	Demand	Energy	Customer	Energy	Customer	Interruptible	Demand	Energy	Customer	Demand	Energy	
Maintenance													
Structures & Improvements													
Mains	13	12	1	0	0	0	1	0	0	0	0	0	0
Measuring Stations - General	13	331	29	0	0	0	29	0	0	0	12	0	2
Measuring Stations - Industrial	18	60	5	0	0	0	5	0	0	0	4	0	1
Measuring Stations - City Gate	21	46	3	0	0	0	3	0	0	0	12	0	4
Services	19	1	0	0	0	0	0	0	0	0	0	0	0
Meters & House Regulators	5	194	0	0	0	0	0	0	0	0	0	0	0
Other Equipment	16	380	0	0	0	0	0	0	0	0	0	0	0
Supervision & Engineering	28	261	9	0	0	0	16	0	0	0	7	0	2
Direct -Minot AFB Distribution System	28	321	12	0	0	0	15	0	0	0	9	0	9
Direct		26	0	0	0	0	7	0	0	0	19	0	3
Total Maintenance Expense		1,632	59	0	0	0	96	0	0	0	44	0	14
Total Distribution Expenses		9,306	347	24	159	37	530	224	52	62	223	114	757
Customer Accounts	4	53	0	0	0	0	0	0	0	0	0	0	0
Meter Reading	5	230	0	0	0	0	10	0	0	0	0	0	1
Customer Records & Collection	4	1,902	0	0	0	0	4	0	0	0	0	0	0
Uncollectible Accounts	6	269	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	0	0	0	0	0	0	0	0	0
Customer Service & Information	4	200	0	0	0	0	0	0	0	0	0	0	0
Sales Expenses	4	117	0	0	0	0	0	0	0	0	0	0	0
Administration & General Expenses	30	7,628	284	20	130	0	434	184	43	51	408	95	617
Total Gas O&M Expenses		114,883	985	3,744	303	5,032	420	223	114	63	224	52	339
O&M Excl. Cost of Gas and A&G		12,421	347	30	173	0	560	224	52	63	408	95	617
O&M Excl. Cost of Gas		20,049	631	50	303	0	984	408	95	114	0	0	0
Depreciation Expense													
Production Plant													
Distribution Plant													
Rights of Way	3	0	0	0	0	0	0	0	0	0	0	0	0
Structures & Improvements	13	11	1	0	0	0	1	0	0	0	0	0	0
Mains	23	5	0	0	0	0	0	1	0	0	0	0	1
Direct -Minot AFB Distribution System	40	1,849	150	0	1	0	151	33	0	0	33	0	33
Heskett Pipeline - \$465		14	0	0	0	0	0	0	0	0	0	0	0
Demand Related 75%	2	349	42	0	0	0	42	9	0	0	0	0	9
Customer Related 25%	8	116	0	0	0	0	0	0	0	0	0	0	0
Meas. & Reg. Equip. - General	18	77	7	0	0	0	7	5	0	1	0	0	6
Meas. & Reg. Equip. - City Gate	19	268	23	0	0	0	23	10	0	2	0	0	12
Services	17	2,149	0	0	0	0	15	0	0	0	0	0	1
Direct -Minot AFB Distribution System		6	0	0	0	0	0	0	0	0	0	0	0
Meters	5	748	0	0	0	0	32	0	0	0	0	0	3
Direct -Minot AFB Distribution System		2	0	0	0	0	0	0	0	0	0	0	0
Service Regulators	20	51	0	0	0	0	2	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	11	1	0	0	0	2	1	0	0	3	0	2
Catholic Protection & Other Equipment	13	101	9	0	0	0	9	4	0	1	4	0	5
Total Distribution Plant		5,557	233	0	50	0	283	65	0	10	0	0	75

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	Allocation Factor	Total		Minot Air Force Base Distribution			Total Minot Air Force	
		North Dakota	Minot	Demand	Energy	Customer	Air Force	Air Force
Maintenance								
Structures & Improvements								
Mains	13	12	0	0	0	0	0	0
Measuring Stations - General	13	331	2	0	0	1	1	3
Measuring Stations - Industrial	18	60	0	0	0	0	0	0
Measuring Stations - City Gate	21	46	0	0	0	0	0	0
Services	19	1	0	0	0	0	0	0
Meters & House Regulators	5	194	0	0	0	0	0	0
Other Equipment	16	380	0	0	0	1	1	1
Supervision & Engineering	28	261	7	0	0	0	7	7
Direct -Minot AFB Distribution System	28	321	9	0	0	1	10	10
Direct		26	26	0	0	0	26	26
Total Maintenance Expense		1,832	44	0	0	3	47	47
Total Distribution Expenses		9,308	99	0	0	16	115	115
Customer Accounts	4	53	0	0	0	0	0	0
Meter Reading	5	230	0	0	0	0	0	0
Customer Records & Collection	4	1,902	0	0	0	0	0	0
Uncollectible Accounts	6	269	0	0	0	0	0	0
Miscellaneous Customer Accounts	4	224	0	0	0	0	0	0
Customer Service & Information	4	200	0	0	0	0	0	0
Sales Expenses	4	117	0	0	0	0	0	0
Administration & General Expenses	30	7,628	81	0	0	13	94	94
Total Gas O&M Expenses		114,883	180	0	0	29	209	209
O&M Excl. Cost of Gas and A&G		12,421	99	0	0	16	115	115
O&M Excl. Cost of Gas		20,049	180	0	0	29	209	209
Depreciation Expense								
Production Plant	3	0	0	0	0	0	0	0
Distribution Plant								
Rights of Way	13	11	0	0	0	0	0	0
Structures & Improvements	23	5	0	0	0	0	0	0
Mains	40	1,649	0	0	0	0	0	0
Direct -Minot AFB Distribution System		14	14	0	0	0	14	14
Heskett Pipeline - \$485	Direct							
Demand Related 75%	2	349	0	0	0	0	0	0
Customer Related 25%	8	116	0	0	0	0	0	0
Meas. & Reg. Equip. - General	18	77	0	0	0	0	0	0
Meas. & Reg. Equip. - City Gate	19	268	2	0	1	3	3	3
Services	17	2,149	0	0	0	0	0	0
Direct -Minot AFB Distribution System	Direct	6	6	0	0	6	6	6
Meters	5	748	0	0	0	0	0	0
Direct -Minot AFB Distribution System	Direct	2	2	0	0	2	2	2
Service Regulators	20	51	0	0	0	0	0	0
Ind. Meas. & Reg. Station Equipment	21	11	0	0	0	0	0	0
Catholic Protection & Other Equipment	13	101	1	0	0	0	1	1
Total Distribution Plant		5,557	17	0	0	9	28	28

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 Projected 2016

Allocation Factor	Total			Residential			Firm General-Meter < 500 cubic feet			Total Small	
	North Dakota	Demand	Energy	Customer	Residential	Total	Demand	Energy	Customer	Firm General	Firm Small
38	152	34	0	62	96	0	8	0	8	16	0
Direct	5	0	0	0	0	0	0	0	0	0	0
15	156	31	0	65	96	0	8	0	9	17	0
Common Plant	464	94	0	197	291	0	23	0	27	50	0
Intangible Plant - Common (Excluding CC&B)	373	75	0	158	233	0	19	0	22	41	0
Intangible Plant - Common (CC&B)	4	351	0	303	303	0	0	0	34	34	0
Amortization of Gain	(17)	(3)	0	(8)	(11)	0	(1)	0	(1)	(2)	0
Acquisition Adjustment	3	1	0	1	2	0	0	0	0	0	0
Total Depreciation Expense	7,044	1,142	0	3,549	4,691	0	283	0	505	788	0
Taxes Other Than Income	0	0	0	0	0	0	0	0	0	0	0
Ad Valorem Taxes-Production	1,046	211	0	439	650	0	52	0	62	114	0
Ad Valorem Taxes-Other	816	101	10	409	520	0	25	2	54	81	0
Other Taxes - Payroll, Franchise, Other	1	0	0	0	0	0	0	0	0	0	0
Other Taxes - Minot AFB Distribution-Direct	1	0	0	0	0	0	0	0	0	0	0
Other Taxes - Revenue	1	0	1	0	1	0	0	0	0	0	0
Total Taxes Other Than Income Taxes	1,864	312	11	848	1,171	0	77	2	118	185	0
Total Operating Expense	123,791	16,336	36,231	14,453	67,020	0	4,049	8,204	1,952	14,205	0
Interest Expense	2,853	670	0	1,071	1,741	0	166	0	141	307	0
Direct -Minot AFB Distribution System	28	0	0	0	0	0	0	0	0	0	0
Taxable Income	4,887	(3,602)	2,580	2,022	1,000	0	(897)	1,408	575	1,084	0
Income Taxes	1,854	(1,366)	979	767	380	0	(340)	533	218	411	0
Full Normalization	(102)	(24)	0	(38)	(82)	0	(6)	0	(5)	(11)	0
Total Income Taxes	1,752	(1,390)	979	729	318	0	(346)	533	213	400	0
Total Operating Expense	125,543	14,946	37,210	15,182	67,338	0	3,703	8,737	2,165	14,605	0
Operating Income:	6,016	(1,542)	1,601	2,364	2,423	0	(385)	873	503	991	0





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 Twelve Months Ended December 31, 2013  
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	Allocation Factor	Total North Dakota	Minot Air Force Base Distribution			Total Minot Air Force
			Demand	Energy	Customer	
General Plant	38	152	0	0	0	0
Direct -Minot AFB Distribution System	Direct	5	4	0	1	5
Amort. of Intangible Plant - General	15	156	1	0	0	1
Common Plant	15	464	2	0	1	3
Intangible Plant - Common (Excluding CC&B)	15	373	1	0	1	2
Intangible Plant - Common (CC&B)	4	351	0	0	0	0
Amortization of Gain	15	(17)	0	0	0	0
Acquisition Adjustment	15	3	0	0	0	0
Total Depreciation Expense		7,044	25	0	12	37
Taxes Other Than Income						
Ad Valorem Taxes-Production	3	0	0	0	0	0
Ad Valorem Taxes-Other	15	1,046	4	0	2	6
Other Taxes - Payroll, Franchise, Other	31	816	7	0	1	8
Other Taxes - Minot AFB Distribution- Direct	Direct	1	1	0	0	1
Other Taxes - Revenue	26	1	0	0	0	0
Total Taxes Other Than Income Taxes		1,864	12	0	3	15
Total Operating Expense		123,791	217	0	44	261
Interest Expense						
Direct -Minot AFB Distribution System	36	2,853	0	0	0	0
Taxable Income	Direct	28	21	0	7	28
		4,887	(233)	0	407	174
Income Taxes		1,854	(88)	0	154	66
Full Normalization	24	(102)	(1)	0	0	(1)
Total Income Taxes		1,752	(89)	0	154	65
Total Operating Expense		125,543	128	0	198	326
Operating Income:		6,016	(123)	0	260	137

**MONTANA-DAKOTA UTILITIES CO.  
GAS UTILITY - NORTH DAKOTA  
EMBEDDED CLASS COST OF SERVICE STUDY  
ALLOCATION FACTOR REPORT  
TWELVE MONTHS ENDED DECEMBER 31, 2013  
PROJECTED AVERAGE PLANT**

	Total		Residential		Small Firm General		
	North Dakota	Demand	Energy	Customer	Demand	Energy	Customer
1 Dk Throughput Projected	22,701,302	0	8,667,437	0	0	2,008,794	0
	100.000000%	0.000000%	38.180351%	0.000000%	0.000000%	8.848805%	0.000000%
2 Peak Design Day @ Distribution	186,361	88,320	0	0	21,866	0	0
	100.000000%	47.391890%	0.000000%	0.000000%	11.733142%	0.000000%	0.000000%
3 Dk Sales Projected	17,295,540	0	8,667,437	0	0	2,008,794	0
	100.000000%	0.000000%	50.113713%	0.000000%	0.000000%	11.614520%	0.000000%
4 Average Customers	107,247	0	0	92,478	0	0	10,463
	100.000000%	0.000000%	0.000000%	86.228985%	0.000000%	0.000000%	9.755984%
5 Total Weighted Customers	146,530	0	0	92,478	0	0	12,556
	100.000000%	0.000000%	0.000000%	63.111989%	0.000000%	0.000000%	8.568894%
6 Average Res. & Firm General Cust.	107,029	0	0	92,478	0	0	10,463
	100.000000%	0.000000%	0.000000%	86.404619%	0.000000%	0.000000%	9.775855%
7 Dk Throughput Excl Transmission	18,805,708	0	8,667,437	0	0	2,008,794	0
	100.000000%	0.000000%	46.089395%	0.000000%	0.000000%	10.681831%	0.000000%
8 Average Customers @ Distribution	107,243	0	0	92,478	0	0	10,463
	100.000000%	0.000000%	0.000000%	86.232201%	0.000000%	0.000000%	9.756348%
Total Weighted Customers Excluding Large IT - Transmission Customers	146,436	0	0	92,478	0	0	12,556
	100.000000%	0.000000%	0.000000%	63.152503%	0.000000%	0.000000%	8.574394%
10 Residential & Firm General Propane Sales	50,826	0	21,374	0	0	13,787	0
	100.000000%	0.000000%	42.053280%	0.000000%	0.000000%	27.125880%	0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954	27,534	0	16,700	6,817	0	1,889
	100.000000%	34.437300%	0.000000%	20.887010%	8.526153%	0.000000%	2.362608%
15 Distribution Plant (000's) excluding Heskett	161,135	32,477	0	67,767	8,041	0	9,530
	100.000000%	20.155145%	0.000000%	42.056032%	4.990224%	0.000000%	5.914294%
16 Meters & Regulators (000's)	29,003	0	0	18,274	0	0	2,481
	100.000000%	0.000000%	0.000000%	63.007274%	0.000000%	0.000000%	8.554287%
17 Weighted Services	116,012	0	0	92,478	0	0	14,962
	100.000000%	0.000000%	0.000000%	79.714167%	0.000000%	0.000000%	12.896942%

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	Total North Dakota	Large Firm General		Air Force Delivery	
		Demand	Energy	Demand	Energy
1 Dk Throughput Projected	22,701,302	0	5,155,153	0	511,626
	100.000000%	0.000000%	22.708623%	0.000000%	2.253730%
2 Peak Design Day @ Distribution	186,361	48,609	0	0	0
	100.000000%	26.083247%	0.000000%	0.000000%	0.000000%
3 Dk Sales Projected	17,295,540	0	5,155,153	0	511,626
	100.000000%	0.000000%	29.806256%	0.000000%	2.958138%
4 Average Customers	107,247	0	0	4,088	0
	100.000000%	0.000000%	0.000000%	3.811762%	0.000000%
5 Total Weighted Customers	146,530	0	0	34,339	0
	100.000000%	0.000000%	0.000000%	23.434792%	0.000000%
6 Average Res. & Firm General Cust.	107,029	0	0	4,088	0
	100.000000%	0.000000%	0.000000%	3.819526%	0.000000%
7 Dk Throughput Excl Transmission	18,805,708	0	5,155,153	0	0
	100.000000%	0.000000%	27.412704%	0.000000%	0.000000%
8 Average Customers @ Distribution	107,243	0	0	4,088	0
	100.000000%	0.000000%	0.000000%	3.811904%	0.000000%
Total Weighted Customers Excluding Large IT - Transmission Customers	146,436	0	0	34,339	0
	100.000000%	0.000000%	0.000000%	23.449835%	0.000000%
10 Residential & Firm General Propane Sales	50,826	0	15,665	0	0
	100.000000%	0.000000%	30.820840%	0.000000%	0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954	15,154	0	738	0
	100.000000%	18.953398%	0.000000%	0.923031%	0.000000%
15 Distribution Plant (000's) excluding Heskett	161,135	17,875	0	10,144	86
	100.000000%	11.093180%	0.000000%	6.295341%	0.053222%
16 Meters & Regulators (000's)	29,003	0	0	6,785	0
	100.000000%	0.000000%	0.000000%	23.394132%	0.000000%
17 Weighted Services	116,012	0	0	7,726	0
	100.000000%	0.000000%	0.000000%	6.659656%	0.000000%

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	Total North Dakota	Small Interruptible		Large Interruptible	
		Demand	Energy	Demand	Energy
1 Dk Throughput Projected	22,701,302	0	2,018,878	0	4,339,414
100.000000%	100.000000%	0.000000%	8.893226%	0.000000%	19.115265%
2 Peak Design Day @ Distribution	186,361	22,550	0	0	5,016
100.000000%	100.000000%	12.100171%	0.000000%	0.000000%	2.691550%
3 Dk Sales Projected	17,295,540	0	920,446	0	32,084
100.000000%	100.000000%	0.000000%	5.321869%	0.000000%	0.185504%
4 Average Customers	107,247	0	0	208	0
100.000000%	100.000000%	0.000000%	0.000000%	0.193945%	0.000000%
5 Total Weighted Customers	146,530	0	0	6,282	0
100.000000%	100.000000%	0.000000%	0.000000%	4.287177%	0.000000%
6 Average Res. & Firm General Cust.	107,029	0	0	0	0
100.000000%	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%
7 Dk Throughput Excl Transmission	18,805,708	0	2,018,878	0	955,446
100.000000%	100.000000%	0.000000%	10.735453%	0.000000%	5.080617%
8 Average Customers @ Distribution	107,243	0	0	208	0
100.000000%	100.000000%	0.000000%	0.000000%	0.193952%	0.000000%
Total Weighted Customers Excluding Large IT - Transmission Customers	146,436	0	0	6,282	0
100.000000%	100.000000%	0.000000%	0.000000%	4.289929%	0.000000%
10 Residential & Firm General Propane Sales	50,826	0	0	0	0
100.000000%	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954	7,030	0	38	2,925
100.000000%	100.000000%	8.792556%	0.000000%	0.047527%	3.658354%
15 Distribution Plant (000's) excluding Heskett	161,135	8,300	0	1,550	3,642
100.000000%	100.000000%	5.150959%	0.000000%	0.961926%	2.259917%
16 Meters & Regulators (000's)	29,003	0	0	1,241	0
100.000000%	100.000000%	0.000000%	0.000000%	4.278668%	0.000000%
17 Weighted Services	116,012	0	0	813	0
100.000000%	100.000000%	0.000000%	0.000000%	0.700790%	0.000000%

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	Total North Dakota	Minot Air Force Base Distribution	
		Demand	Energy
1 Dk Throughput Projected	22,701,302	0	0
	100.000000%	0.000000%	0.000000%
2 Peak Design Day @ Distribution	186,361	0	0
	100.000000%	0.000000%	0.000000%
3 Dk Sales Projected	17,295,540	0	0
	100.000000%	0.000000%	0.000000%
4 Average Customers	107,247	0	0
	100.000000%	0.000000%	0.000000%
5 Total Weighted Customers	146,530	0	0
	100.000000%	0.000000%	0.000000%
6 Average Res. & Firm General Cust.	107,029	0	0
	100.000000%	0.000000%	0.000000%
7 Dk Throughput Excl Transmission	18,805,708	0	0
	100.000000%	0.000000%	0.000000%
8 Average Customers @ Distribution	107,243	0	0
	100.000000%	0.000000%	0.000000%
Total Weighted Customers Excluding Large IT - Transmission Customers	146,436	0	0
	100.000000%	0.000000%	0.000000%
10 Residential & Firm General Propane Sales	50,826	0	0
	100.000000%	0.000000%	0.000000%
13 Distribution Mains (000's) excluding Heskett	79,954	506	169
	100.000000%	0.632864%	0.211372%
15 Distribution Plant (000's) excluding Heskett	161,135	574	359
	100.000000%	0.356223%	0.222794%
16 Meters & Regulators (000's)	29,003	0	68
	100.000000%	0.000000%	0.234459%
17 Weighted Services	116,012	0	6
	100.000000%	0.000000%	0.005172%

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	Total		Residential		Small Firm General		
	North Dakota	Demand	Energy	Customer	Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342	774	0	470	192	0	53
	100.000000%	33.048675%	0.000000%	20.068318%	8.198121%	0.000000%	2.263023%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538	3,261	0	1,977	807	0	224
	100.000000%	34.190704%	0.000000%	20.728311%	8.461177%	0.000000%	2.348580%
20 Service Regulators (000's)	3,230	0	0	2,030	0	0	276
	100.000000%	0.000000%	0.000000%	62.848297%	0.000000%	0.000000%	8.544892%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467	101	0	62	25	0	7
	100.000000%	21.610888%	0.000000%	13.266090%	5.349230%	0.000000%	1.497784%
22 Mains & Services (000's)	117,428	27,534	0	46,495	6,817	0	6,710
	100.000000%	23.447559%	0.000000%	39.594475%	5.805259%	0.000000%	5.714140%
23 Structures and Improvements	257	73	0	44	18	0	5
	100.000000%	28.404670%	0.000000%	17.120623%	7.003891%	0.000000%	1.945525%
24 Net Gas Plant in Service (000's)	141,623	32,952	0	52,715	8,157	0	6,917
	100.000000%	23.267468%	0.000000%	37.222160%	5.759673%	0.000000%	4.884107%
25 Total Gas Plant in Service (000's)	224,536	47,401	0	92,721	11,736	0	12,725
	100.000000%	21.110681%	0.000000%	41.294560%	5.226787%	0.000000%	5.667252%
26 Projected Operating Revenue (000's)	127,865	12,399	38,808	16,658	3,070	9,609	2,559
	100.000000%	9.696946%	30.350759%	13.027803%	2.400970%	7.514957%	2.001330%
27 All Other Dist. Operation Exp. (000's)	3,716	548	48	1,663	137	12	232
	100.000000%	14.747040%	1.291712%	44.752422%	3.696760%	0.322928%	6.243272%
28 All Other Dist. Maintenance Exp. (000's)	1,050	149	0	452	36	0	60
	100.000000%	14.190476%	0.000000%	43.047619%	3.428571%	0.000000%	5.714286%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421	1,365	159	6,667	340	38	862
	100.000000%	10.989453%	1.280090%	53.675228%	2.737300%	0.305933%	6.939860%
30 Distribution O&M (000's)	9,306	1,364	99	4,136	340	24	572
	100.000000%	14.657210%	1.063830%	44.444444%	3.653557%	0.257898%	6.146572%
31 O&M Excl. Cost of Gas (000's)	20,049	2,483	240	10,056	619	58	1,331
	100.000000%	12.384658%	1.197067%	50.157115%	3.087436%	0.289291%	6.638735%
33 Cost of Gas (000's)	94,834	12,399	35,980	0	3,070	8,144	0
	100.000000%	13.074425%	37.939980%	0.000000%	3.237326%	8.587637%	0.000000%

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	Total North Dakota	Large Firm General			Air Force Delivery		
		Demand	Energy	Customer	Demand	Energy	Customer
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342	426	0	21	0	0	0
	100.000000%	18.189582%	0.000000%	0.896670%	0.000000%	0.000000%	0.000000%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538	1,794	0	87	54	0	18
	100.000000%	18.809606%	0.000000%	0.912172%	0.563659%	0.000000%	0.187886%
20 Service Regulators (000's)	3,230	0	0	754	0	0	5
	100.000000%	0.000000%	0.000000%	23.343653%	0.000000%	0.000000%	0.154799%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467	56	0	3	19	0	6
	100.000000%	11.982275%	0.000000%	0.641908%	4.065415%	0.000000%	1.283815%
22 Mains & Services (000's)	117,428	15,154	0	3,227	0	0	0
	100.000000%	12.904929%	0.000000%	2.748067%	0.000000%	0.000000%	0.000000%
23 Structures and Improvements	257	40	0	2	13	0	4
	100.000000%	15.564202%	0.000000%	0.778210%	5.058366%	0.000000%	1.556420%
24 Net Gas Plant in Service (000's)	141,623	18,134	0	7,461	72	0	57
	100.000000%	12.804451%	0.000000%	5.268226%	0.050670%	0.000000%	0.040191%
25 Total Gas Plant in Service (000's)	224,536	26,089	0	12,670	98	0	84
	100.000000%	11.619092%	0.000000%	5.642757%	0.043539%	0.000000%	0.037375%
26 Projected Operating Revenue (000's)	127,865	6,541	25,998	2,835	197	2,217	28
	100.000000%	5.115552%	20.332382%	2.217182%	0.154089%	1.733860%	0.021898%
27 All Other Dist. Operation Exp. (000's)	3,716	303	30	354	5	3	3
	100.000000%	8.153929%	0.807320%	9.526372%	0.134553%	0.080732%	0.080732%
28 All Other Dist. Maintenance Exp. (000's)	1,050	82	0	138	2	0	2
	100.000000%	7.809524%	0.000000%	13.142857%	0.190476%	0.000000%	0.190476%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421	753	97	1,104	13	10	9
	100.000000%	6.062314%	0.780936%	8.888173%	0.104661%	0.080509%	0.072458%
30 Distribution O&M (000's)	9,306	753	62	945	13	6	9
	100.000000%	8.091554%	0.666237%	10.154739%	0.139695%	0.064475%	0.096712%
31 O&M Excl. Cost of Gas (000's)	20,049	1,370	148	1,879	24	15	16
	100.000000%	6.833259%	0.738191%	9.372039%	0.119707%	0.074817%	0.079804%
33 Cost of Gas (000's)	94,834	6,541	22,233	0	197	2,082	0
	100.000000%	6.897315%	23.444123%	0.000000%	0.207731%	2.195415%	0.000000%

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	Total North Dakota	Small Interruptible		Large Interruptible		
		Demand	Energy	Customer	Customer	
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342	206	0	4	158	38
	100.000000%	8.795901%	0.000000%	0.170794%	6.746371%	0.000000%
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538	832	0	4	346	54
	100.000000%	8.723295%	0.000000%	0.041939%	3.627717%	0.000000%
20 Service Regulators (000's)	3,230	0	0	138	0	12
	100.000000%	0.000000%	0.000000%	4.272446%	0.000000%	0.000000%
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467	26	0	0	123	39
	100.000000%	5.563199%	0.000000%	0.000000%	26.375501%	0.000000%
22 Mains & Services (000's)	117,428	7,030	0	300	2,925	462
	100.000000%	5.986647%	0.000000%	0.255476%	2.490889%	0.000000%
23 Structures and Improvements	257	19	0	0	30	9
	100.000000%	7.392996%	0.000000%	0.000000%	11.770428%	0.000000%
24 Net Gas Plant in Service (000's)	141,623	8,420	0	1,133	3,686	692
	100.000000%	5.945378%	0.000000%	0.800013%	2.603763%	0.000000%
25 Total Gas Plant in Service (000's)	224,536	12,111	0	1,884	4,746	829
	100.000000%	5.393799%	0.000000%	0.839065%	2.113481%	0.000000%
26 Projected Operating Revenue (000's)	127,865	354	4,671	437	12	80
	100.000000%	0.276854%	3.653072%	0.341767%	0.009385%	0.062566%
27 All Other Dist. Operation Exp. (000's)	3,716	139	12	59	87	23
	100.000000%	3.740581%	0.322928%	1.587729%	2.341227%	0.672766%
28 All Other Dist. Maintenance Exp. (000's)	1,050	38	0	24	28	9
	100.000000%	3.619048%	0.000000%	2.285714%	2.666667%	0.000000%
29 O&M Excl. Cost of Gas and A&G (000's)	12,421	347	30	173	224	63
	100.000000%	2.793656%	0.241526%	1.392803%	1.803397%	0.418646%
30 Distribution O&M (000's)	9,306	347	24	159	224	62
	100.000000%	3.728777%	0.257898%	1.708575%	2.407049%	0.558779%
31 O&M Excl. Cost of Gas (000's)	20,049	631	50	303	408	114
	100.000000%	3.147289%	0.249389%	1.511297%	2.035014%	0.473839%
33 Cost of Gas (000's)	94,834	354	3,694	0	12	0
	100.000000%	0.373284%	3.895227%	0.000000%	0.012654%	0.000000%

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	Total North Dakota	Minot Air Force Base Distribution	
		Demand	Energy
18 Meas. & Reg. Sta. Eqpt.- General (000's)	2,342	0	0
19 Meas. & Reg. Eqpt.- City Gate (000's)	9,538	60	20
20 Service Regulators (000's)	3,230	0	15
21 Ind. Meas. & Reg. Sta. Eqpt. (000's)	467	0	0
22 Mains & Services (000's)	117,428	506	268
23 Structures and Improvements	257	0	0
24 Net Gas Plant in Service (000's)	141,623	805	420
25 Total Gas Plant in Service (000's)	224,536	939	503
26 Projected Operating Revenue (000's)	127,865	0	0
27 All Other Dist. Operation Exp. (000's)	3,716	27	6
28 All Other Dist. Maintenance Exp. (000's)	1,050	28	2
29 O&M Excl. Cost of Gas and A&G (000's)	12,421	99	16
30 Distribution O&M (000's)	9,306	99	16
31 O&M Excl. Cost of Gas (000's)	20,049	180	29
33 Cost of Gas (000's)	94,834	0	0

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	Total		Residential		Small Firm General		
	North Dakota	Demand	Energy	Customer	Demand	Energy	Customer
35 Taxable Income (000's)	4,887	(3,602)	2,580	2,022	(897)	1,406	575
	100.000000%	-73.705750%	52.793123%	41.375077%	-18.354619%	28.770207%	11.765910%
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397	32,952	0	52,715	8,157	0	6,917
	100.000000%	23.470581%	0.000000%	37.547088%	5.809952%	0.000000%	4.926742%
37 Weighted Services Excluding Transmission Level Customers	116,003	0	0	92,478	0	0	14,962
	100.000000%	0.000000%	0.000000%	79.720352%	0.000000%	0.000000%	12.897942%
38 Distribution Plant Less Direct Assignment (000's)	180,382	40,428	0	72,590	10,010	0	10,076
	100.000000%	22.412436%	0.000000%	40.242375%	5.549334%	0.000000%	5.585923%
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465	27,534	0	16,700	6,817	0	1,889
	100.000000%	35.543795%	0.000000%	21.558123%	8.800103%	0.000000%	2.438521%

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	Total		Large Firm General		Customer		Demand		Air Force Delivery	
	North Dakota		Demand	Energy	Customer		Demand	Energy	Customer	
35 Taxable Income (000's)	4,887	(1,985)	3,613	305	305	(30)	119	8		
	100.000000%	-40.617966%	73.930837%	6.241048%	6.241048%	-0.613874%	2.435032%	0.163700%		
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397	18,134	0	7,461	7,461	72	0	57		
	100.000000%	12.916227%	0.000000%	5.314215%	5.314215%	0.051112%	0.000000%	0.040542%		
37 Weighted Services Excluding Transmission Level Customers	116,003	0	0	7,726	7,726	0	0	0		
	100.000000%	0.000000%	0.000000%	6.660173%	6.660173%	0.000000%	0.000000%	0.000000%		
38 Distribution Plant Less Direct Assignment (000's)	180,382	22,252	0	10,357	10,357	0	0	43		
	100.000000%	12.336042%	0.000000%	5.741704%	5.741704%	0.000000%	0.000000%	0.023838%		
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465	15,154	0	738	738	0	0	0		
	100.000000%	19.562383%	0.000000%	0.952688%	0.952688%	0.000000%	0.000000%	0.000000%		

**MONTANA-DAKOTA UTILITIES CO.**  
**GAS UTILITY - NORTH DAKOTA**  
**EMBEDDED CLASS COST OF SERVICE STUDY**  
**ALLOCATION FACTOR REPORT**  
**TWELVE MONTHS ENDED DECEMBER 31, 2013**  
**PROJECTED AVERAGE PLANT**

	Total North Dakota	Small Interruptible			Large Interruptible		
		Demand	Energy	Customer	Demand	Energy	Customer
35 Taxable Income (000's)	4,887	(917)	926	37	(545)	1,166	(68)
	100.000000%	-18.764068%	18.948230%	0.757111%	-11.152036%	23.859218%	-1.391447%
36 Net Gas Plant in Service (000's) Excluding Minot AFB	140,397	8,420	0	1,133	3,688	0	692
	100.000000%	5.997278%	0.000000%	0.806997%	2.626493%	0.000000%	0.492773%
37 Weighted Services Excluding Transmission Level Customers	116,003	0	0	813	0	0	24
	100.000000%	0.000000%	0.000000%	0.700844%	0.000000%	0.000000%	0.020689%
38 Distribution Plant Less Direct Assignment (000's)	180,382	10,322	0	1,558	2,475	0	181
	100.000000%	5.722300%	0.000000%	0.863723%	1.372088%	0.000000%	0.100343%
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	77,465	7,030	0	38	1,564	0	1
	100.000000%	9.075066%	0.000000%	0.049054%	2.018976%	0.000000%	0.001291%

**MONTANA-DAKOTA UTILITIES CO.  
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TWELVE MONTHS ENDED DECEMBER 31, 2013  
PROJECTED AVERAGE PLANT**

	Minot Air Force Base Distribution		
	North Dakota	Demand	Energy
	4,887	(233)	0
35 Taxable Income (000's)	100.000000%	-4.767751%	0.000000%
	140,397	0	0
36 Net Gas Plant in Service (000's) Excluding Minot AFB	100.000000%	0.000000%	0.000000%
	116,003	0	0
37 Weighted Services Excluding Transmission Level Customers	100.000000%	0.000000%	0.000000%
	180,382	67	0
38 Distribution Plant Less Direct Assignment (000's)	100.000000%	0.037143%	0.000000%
	77,465	0	0
40 Distribution Mains (000) Excluding Transmission Level Customer-Direct Assigned	100.000000%	0.000000%	0.000000%
			407
			8.328218%
			0
			0.000000%
			0
			0.012751%