

DAKOTA NATURAL GAS, LLC

GAS RATE BOOK

**SCHEDULE OF
RATES, CHARGES, RULES, AND REGULATIONS**

for

GAS SERVICE

in the

STATE OF NORTH DAKOTA

Filed with the North Dakota Public Service Commission
September 10, 2018

Effective _____, 2018

Dakota Natural Gas, LLC
202 South Main Street
P.O. Box 68
Le Sueur, Minnesota 56058

By: Gregory Palmer
President & CEO

Dakota Natural Gas, LLC
Gas Rate Book

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COMPANY'S SERVICE AREA

**Section II
Sheet No. 1**

Dakota Natural Gas, LLC supplies retail gas service in the State of North Dakota in the communities and surrounding areas listed below:

Rate Area 1

City of Drayton
Drayton Township

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CONTACT INFORMATION

**Section III
Sheet No. 1**

Contact information for Dakota Natural Gas, LLC personnel is listed below.

<u>For Matters Related To:</u>	<u>Contact:</u>
Rates, Rules, and Related Matters	Greg Palmer President & CEO Dakota Natural Gas, Inc. 202 South Main Street P.O. Box 68 Le Sueur, Minnesota 56058 1-888-931-3411
Emergencies & Outages	1-888-931-3411 (Live answering 24/7)
Customer Service	1-888-931-3411 (Live answering 24/7)

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TECHNICAL TERMS AND ABBREVIATIONS

Section IV
Sheet No. 1

Company does not employ any technical or special terms which are unique to the application of any of its rate schedules, rules or regulations. All terms used by Company are common terms in the industry.

Rate Area 1

City of Drayton
Drayton Township

Rate Schedule

Class Code

General Service Firm Rate Area 1

RS1
SCS1
CS1

General Interruptible Service

IND1

General Service Transportation Rate

TR1

Contractually Established Transportation Rate

TR2

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**GENERAL FIRM SERVICE RATE
Rate Code RS1**

**Section V
Sheet No. 1**

Availability

Available to any firm customer for use of natural gas service in Rate Area 1.

Applicability and Character of Service

Rate schedule applies to firm gas service for residential customers whose normal requirements do not exceed 1,999 Ccf annually. Residential customers are defined as those that use gas for general domestic household purposes in space occupied as living quarters, designed for occupancy by one family with separate cooking facilities. Typical service locations include the following: single private residences, separately metered single apartments, mobile homes with separate meters, and auxiliary buildings on the same premises as the living quarters when used for residential purposes. This is not an all-inclusive list.

Therm Adjustment

Customer's consumption in Ccf will be adjusted to reflect 1,000 Btu per cubic foot, base pressure 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Rate

Facility Fee per Month	\$8.50
Distribution Charge per Ccf	\$0.46
Base Cost of Gas per Ccf	\$_____

Determination of Cost of Gas

The billed Cost of Gas is the above Base Cost of Gas adjusted by the Purchased Gas Adjustment as provided for in the Purchased Gas Adjustment Clause.

Monthly Minimum Charge

Facility Fee.

Late Payment Charge

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided in the General Rules and Regulations, Section VI-2.

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**Dakota Natural Gas, LLC
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**GENERAL FIRM SERVICE RATE
Rate Code SCS1**

**Section V
Sheet No. 2**

Availability

Available to any firm customer for use of natural gas service in Rate Area 1.

Applicability and Character of Service

Rate schedule applies to firm gas service for small commercial customers whose normal requirements do not exceed 1,999 Ccf annually. Small commercial customers are defined as those that use gas for a business enterprise in space occupied and operated for nonresidential purposes. Typical service locations include stores, offices, shops, restaurants, boarding 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 including garages and out buildings. This is not an all-inclusive list.

Therm Adjustment

Customer's consumption in Ccf will be adjusted to reflect 1,000 Btu per cubic foot, base pressure 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Rate

Facility Fee per Month	\$10.00
Distribution Charge per Ccf	\$0.41
Base Cost of Gas per Ccf	\$_____

Determination of Cost of Gas

The billed Cost of Gas is the above Base Cost of Gas adjusted by the Purchased Gas Adjustment as provided for in the Purchased Gas Adjustment Clause.

Monthly Minimum Charge

Facility Fee.

Late Payment Charge

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided in the General Rules and Regulations, Section VI-2.

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**Dakota Natural Gas, LLC
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**GENERAL FIRM SERVICE RATE
Rate Code CS1**

**Section V
Sheet No. 3**

Availability

Available to any firm customer for use of natural gas service in Rate Area 1.

Applicability and Character of Service

Rate schedule applies to firm gas service for customers whose normal requirements exceed 1,999 Ccf annually.

Therm Adjustment

Customer's consumption in Ccf will be adjusted to reflect 1,000 Btu per cubic foot, base pressure 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Rate

Facility Fee per Month	\$100.00
Distribution Charge per Ccf	\$0.375
Base Cost of Gas per Ccf	\$_____

Determination of Cost of Gas

The billed Cost of Gas is the above Base Cost of Gas adjusted by the Purchased Gas Adjustment as provided for in the Purchased Gas Adjustment Clause.

Monthly Minimum Charge

Facility Fee.

Late Payment Charge

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided in the General Rules and Regulations, Section VI-2.

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GENERAL INTERRUPTIBLE SERVICE RATE
Rate Code IND1

Section V
Sheet No. 4

Availability

Available on an interruptible basis to any commercial or industrial customer in all Rate Areas; and, shall be applied to all commercial and industrial customers for the purpose of providing construction heat during the winter months of December, January, and February.

Customers in this Rate class agree to:

1. Curtail use within one hour after Company's notification to do so;
2. Provide and maintain suitable and adequate alternate fuel capable standby facilities; and,
3. Have access to sufficient standby alternate fuel for periods of curtailment of the delivery of gas sold hereunder.

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

Applicability and Character of Service

Rate schedule applies to interruptible gas service for customers, and construction heating during the winter months of December, January, and February.

Delivery of gas hereunder shall be subject to curtailment whenever requested by the Company. Service may be provided through a Company owned meter with telemetering or other automated meter reading capabilities installed.

Therm Adjustment

Customer's consumption in Ccf will be adjusted to reflect 1,000 Btu per cubic foot, base pressure 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Rate

Facility Fee per Month	\$100.00
Distribution Charge per Ccf	\$0.25
Base Cost of Gas per Ccf	\$_____

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GENERAL INTERRUPTIBLE SERVICE RATE (continued)
Rate Code IND1

Section V
Sheet No. 5

Flexible Distribution Charge. Where eligible pursuant to this Section, Company and Customer may agree to a price between \$0.0300 and \$0.25 per Ccf. Unless otherwise agreed, a five day notice of price change shall be provided.

Service on the Flexible Rate. Customers are normally served on a fixed rate but may be placed on the flexible rate if: (1) Customer requests flexible rate service; (2) for pricing reasons, Customer uses a non-gas alternate energy supply/service from a supplier not regulated by the North Dakota Public Service Commission; or, (3) Customer uses gas from a supplier not regulated by the North Dakota Public Service Commission.

Returning to the Fixed Rate. A customer who has been on the flexible rate for at least six months can give the Company notice that in an additional six months Customer wishes to return to the fixed rate. The notice is made void if Customer thereafter voluntarily uses an alternate fuel or service.

Flexible Rate Exemption. The Company shall not offer or impose the flexible rate in competition with indigenous biomass energy.

Non-Agreement Penalties. If Company and Customer cannot agree to a flexible distribution charge and Customer nonetheless uses gas, then Customer shall be charged the maximum allowable flexible distribution charge, plus all other applicable charges and penalties.

Determination of Cost of Gas

The billed Cost of Gas is the above Base Cost of Gas adjusted by the Purchased Gas Adjustment as provided for in the Purchased Gas Adjustment Clause.

Monthly Minimum Charge

Facility Fee

Additional Charge for Unauthorized use of Gas During Service Curtailment, Interruption, or Restriction

If Customer fails to curtail, interrupt, or otherwise restrict use of gas hereunder when requested to do so by Company, Customer shall pay, in addition to the appropriate rates above, the higher of (i) \$5.00 per Ccf, or (ii) an amount equal to any payment Company is required to make to its transporting pipeline as a result of such failure to curtail, interrupt, or restrict service as follows:

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If the transporting pipeline calls an operational flow order, system operation limitation (SOL) or critical day, the additional charge for unauthorized use will be equal to the transporting pipeline charges to the Company as a result of Customer's unauthorized use. As the transporting pipeline revises its rate schedules, the Company's rate will be adjusted accordingly.

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

Late Payment Charge

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided in the General Rules and Regulations, Section VI-2.

Term of Agreement Service

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

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GENERAL TRANSPORTATION SERVICE RATE
Rate Code TR1

Section V
Sheet No. 7

Availability

Available to any customer for use of natural gas service in all Rate Areas.

Applicability and Character of Service

Rate schedule applies to transportation gas service for any customers who have made arrangements to have gas other than Company system supply delivered to a Company town border station. Company may, at its own option, take title to transportation gas if necessary to arrange interstate pipeline transportation to Company town border station. Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities.

Therm Adjustment

Customer's consumption in Ccf will be adjusted to reflect 1,000 Btu per cubic foot, base pressure 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Rate

Facility Fee per Month

Rate applicable if Customer were served under an existing rate structure for which Customer qualified by rate class and usage.

Fixed Distribution Charge per Ccf

Rate applicable if Customer were served under an existing rate structure for which Customer qualified by rate class and usage.

Additional Meter Charge Per Month \$300.00

Monthly Minimum Charge

Facility Fee and Additional Meter Charge plus applicable taxes and any resulting pipeline or supply charges assessed Company and caused by Customer's transportation activities.

Late Payment Charge

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided in the General Rules and Regulations, Section VI-2.

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Transfer to Transportation Service

Customers may transfer to Transportation Service for the period November 1 through October 31, subject to providing Company written notice at least six (6) months prior to November 1. Customer must maintain transportation service for the entire November through October period. Customer may not return to, or transition to, sales service until the next November 1st, subject to providing Company written notice at least six (6) months prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the Customer at terms similar to Company's existing portfolio without jeopardizing system reliability or increasing costs to its other customers.

Unless determined otherwise by the North Dakota Public Service Commission upon the request of the utility, transitioning customers are responsible for reimbursement for all incremental on-site plant investments, including telemetry equipment, required by Company for providing transitioned services to either firm sales or interruptible transportation customers. The investment will remain Company's property.

If the transitioning customer is currently receiving general firm sales service, the transitioning customer is responsible for stranded demand costs. Company will forego charging Customer for the stranded demand costs if Company can either utilize or reduce its transportation obligations with interstate pipelines such that stranded costs will not be absorbed by the remaining firm service customers.

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CONTRACTUAL TRANSPORTATION SERVICE RATE
Rate Code TR2

Section V
Sheet No. 9

Availability

Available to any customer in Company's service area that does not have access to natural gas where a service extension by Company meets the rules and requirements of Company's main extension policy and which require substantial infrastructure investment.

Applicability and Character of Service; Commission Approval Required

Rate schedule shall apply to transportation service provided to customers entering into the necessary underlying contractual agreement, which agreement shall be subject to approval by the North Dakota Public Service Commission to be deemed valid. The underlying contractual transportation agreement shall contain negotiated customer-specific terms that may prescribe rates different from the stated tariff rates otherwise shown herein.

Rate schedule applies to transportation gas service for any customers who have made arrangements to have gas other than Company system supply delivered to a Company town border station. Company may, at its own option, take title to transportation gas if necessary to arrange interstate pipeline transportation to Company town border station. Service shall be provided through a Company owned meter with telemetering or other automated meter reading capabilities.

Rate

Facility Fee per Month	Rate applicable pursuant to the underlying transportation agreement between Company and Customer.
Monthly Demand Charge	Rate applicable pursuant to the underlying transportation agreement between Company and Customer.
Volume Charge	Rate applicable pursuant to the underlying transportation agreement between Company and Customer.

Additional Charges and Terms

Additional charges and terms, which may include but are not limited to, daily variance penalties; additional charge for unauthorized use of gas during service curtailment, interruption, or restriction; taxes; late payments; etc., shall be governed by the provisions of the underlying transportation agreement between Company and Customer.

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PURCHASED GAS ADJUSTMENT CLAUSE

Section V
Sheet No. 10

1. Purchased Gas Adjustment (PGA)

The Purchased Gas Adjustment (PGA) equals the monthly billing Ccf's multiplied by the current Purchased Gas Adjustment Factor (PGAF). The PGAF is equal to the Current Cost of Gas Supply per Ccf less the Base Cost of Gas per Ccf to the nearest \$0.00001 per Ccf as defined in Sections 2 and 3 below.

2. Current Cost of Gas Supply

The Current Cost of Gas Supply per Ccf is developed by component using currently effective supply, transportation and other costs which the North Dakota Public Service Commission determines upon a miscellaneous filing by Company. Commodity purchases, demand billing units, and volume used in the current cost calculations are those set out in the Company's purchased gas forecast and associated volume forecast. The current unit cost components are:

- a. Annual Demand Units Cost is defined as the cost of demand capacity.
- b. Commodity Unit Cost is defined as the commodity related costs forecasted to be incurred during the next month, divided by retail volume forecasted for the same month.

The Current Cost of Gas Supply per Ccf for each rate schedule is calculated as a + b. It is recalculated monthly and is subject to change any time the current cost deviates by over \$0.003 per Ccf from Company's last filed PGA.

3. Base Cost of Gas

The monthly Firm Base Cost of Gas per Ccf is \$_____.
The monthly Interruptible Base Cost of Gas per Ccf is \$_____.

4. Gas Supply True-up

For each 12 month period ending June 30, a Gas Supply True-up factor will be calculated for each supply component described in Section 2 of the Clause. The true-up factors will be added to each supply cost component beginning with the first billing cycle in September and will remain in effect for 12 months.

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For each supply true-up component, the true-up difference factor is the sum of the annual true-up difference plus any over or under recovery of true-up obligation from the previous year, divided by the appropriate budgeted annual volume beginning with the upcoming September sales. The annual true-up difference is the actual cost experienced during the 12 month period less annual gas cost recovered in retail rates. Annual gas cost recovered equals the unit rates used in calculating PGA during the period, multiplied by the volume during the period each of the unit rates were in effect.

5. True-Up

Company shall file an annual true-up adjustment that shall be included in the PGA that reconciles actual gas cost (including refunds, taxes, or surcharges paid for the delivery of gas to the Company's pipeline interconnect or town border station) with the actual cost of gas recovered from customers for the 12 months period ending June 30th of each year. The true-up recovery period shall run from September through August of the following year.

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Notification Requirement

Company will notify the North Dakota Public Service Commission of any new, renewed, expired, or changed fee, authorized by law to raise revenue, at least 60 days prior to its implementation. If Company receives less than 60 days' notice of a repealed or reduced fee from a city, Company will notify the North Dakota Public Service Commission within 10 business days of receiving notice. Notification to the North Dakota Public Service Commission will include a copy of the relevant franchise fee ordinance, or other operative document authorizing imposition of, or change in, the fee.

Applicable Franchise Fees

<u>City</u>	<u>Amount</u>	<u>Effective Date</u>
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GENERAL RULES AND REGULATIONS
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Section 1 General Service Rules

1.1 Application for Service

A party desiring gas service must make application to Company before commencing the use of Company's service. 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 party desiring the service. Company may refuse an applicant or terminate service to a customer who fails or refuses to furnish reasonable information requested by 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 Company's rates, rules, and regulations and shall be responsible for payment of all service used.

When required by governmental authority, a customer desiring new service or expanded service first must make application for and receive written approval from Company.

When more than one rate schedule is available for the same class of service, Company will assist the customer in selecting the applicable rate schedule(s) resulting in the least cost option.

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

1.2 Service Charges

A. Initial Connection Fee

Company will assess a one-time connection fee per meter located on Customer's premises. The fee structure will be as follows: Activation fee of \$75.00 for new customer service installations between January 1st and June 30th and \$175.00 for new customer service installations between July 1st – December 31st. This application fee is non-refundable should Customer elect to discontinue service.

B. Service Reconnection Charge

Company will charge \$75 for reconnecting service which has been disconnected for valid cause including, but not limited to, nonpayment, fraudulent or unauthorized use of

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service, tampering with Company's meter or connection, misuse or waste of service by Customer, or existence of a dangerous condition with respect to the presence, delivery or usage of natural gas on customer premises.

C. Account Transfer Fee

Company will charge \$15 to a new customer when an account is transferred from one customer to another, requiring a meter read for final billing, without the need to physically disconnect the service to the premises.

D. Customer Requested Facility Changes

When a customer requests a relocation or temporary disconnection/reconnection of Company's facilities on Customer's premises, Company will charge Customer for actual costs incurred to relocate, disconnect and/or reconnect these facilities.

1.3 Access to Customer's Premises

When properly identified, Company representative shall have access to Customer's premises at all reasonable times (Monday through Friday from 7:00 a.m. through 5:30 p.m. or by prior agreement with Customer) for the purpose of reading meters, making repairs, making inspections, removing Company's property, or for any other purpose incident to service. Emergency and safety-related issues may require access outside of the Company's normal access time windows.

1.4 Continuity of Service

Company will endeavor to provide continuous service but does not guarantee an uninterrupted or undisturbed supply of gas. Company shall not be responsible for any loss or damage resulting from the interruption or disturbance of service for any cause other than the gross negligence of Company. Company shall not be liable for any loss of profits or other consequential damages resulting from the use of service or any interruption or disturbance of service.

1.5 Deposits and Guarantees

Any applicant or customer who has a prior outstanding balance not in dispute or has not established good credit may be required to deposit a sum not to exceed an estimated one and one-half month's average bill, as determined by 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

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business day of each year. Interest shall be credited to the customer's account annually to be paid by direct payment or as a credit on the customer's bill, at the option of Company.

Company will refund by direct payment, or as a credit on the customer's bill, a customer's deposit after 12 consecutive months of prompt payment. If a customer's credit standing becomes unsatisfactory after a deposit has been refunded or if the deposit is inadequate to cover one and one-half months' bill, a new or additional deposit may be required upon reasonable written notice by Company. Deposits will not be considered as advance payments on account. Service to a customer who fails to comply with these requirements may be discontinued upon reasonable written notice.

Upon request by Customer to temporarily disconnect service, Customer's deposit will be held with no interruption of interest.

Upon request by Customer to discontinue service, Customer's deposit, less any amounts due by Customer to Company for gas service, will be returned to Customer within 45 days of the date of discontinuance of service. In lieu of cash deposit, a guarantee satisfactory to Company for a like amount will be acceptable.

In case of discontinuance of service for non-payment of amounts payable when due, Company will not restore service until all arrears are paid in full and a cash deposit as required above is made or until other satisfactory credit arrangement is made.

1.6 Service Calls

When a customer calls and reports a gas problem, such as inadequate gas pressure or a suspected gas leak, Company will, as soon as reasonably possible, send out a service person to determine the necessary action to correct the problem. Priority will be given to emergency requests where there is danger to life and property. Company's response may be limited to temporary repairs because of the work load or weather conditions. The following service calls will be performed at no charge regardless of the time of performance: fire and explosions calls; investigate hazardous condition on Customer premises, such as gas leaks, odor complaints, combustion gas fumes; maintenance or repair of Company-owned facilities on the Customer's premises if necessary to make area safe. The following service calls will be performed at no charge during the Company's normal business hours: high bills or inadequate service complaints; location of underground Company facilities for contractors, builders, plumbers, etc.

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Section 2 Metering and Billing

2.1 Metering and Testing

Company will furnish, install, and maintain one set of metering equipment, installed only on Company owned piping, for each account or rate schedule under which service is supplied. The location, number of meters and appurtenances, and specifics of installation will depend on the service arrangements and requirements of the rate schedules.

Company will maintain and test its metering equipment in accordance with the North Dakota Public Service Commission's rules. In the event Company's test shows a meter to have an average error of more than 2% fast or slow, Company, will adjust the bills for service during the period of registration error, if known, but not longer than a period of one year. If the error period is not known, an adjustment will be made for a period equal to one-half of the time since the most recent test, not to exceed six months. If the average meter error cannot be determined because of failure of part or all of the metering equipment, the customer shall pay an amount based upon registration of check metering equipment or an estimated amount based upon the customer's consumption for comparable operations over a similar period.

2.2 Monthly Billing

Bills will be rendered monthly and may be paid electronically, by mail, or at the office of Company during regular business hours. A "month," as used for billing purposes, does not mean a calendar month, but means the interval between two consecutive periodic meter reading dates which are, as nearly as practicable, at 30 day intervals. Company may read certain meters less frequently than once each billing month for customers under Company's self-meter reading procedure, or when Company and customers otherwise mutually agree, except that a Company representative will read the meter at least once each 12 months. If the billing period is longer or shorter than the normal billing period by more than five days, the billed charges shall be prorated on a daily basis, except for the November, December and January billing periods whereby the billed charges shall be prorated on a daily basis whenever the billing period is less than 25 days or more than 40 days. In no event shall the Company bill Customer more than twelve times during a one-year period.

2.3 Budget Payment Plan

Qualified customers may, at their request, be billed under Company's budget payment plan. The plan will provide for 11 equal monthly payments based on the customer's previous use and most current forecasted fuel rates. The billing for the twelfth month will reflect the actual

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billing for that month adjusted for the credit or debit balance carried forward from the previous month. Company will review the account during the budget year to ascertain the reasonableness of the budget amount under current rates or conditions of use of service, and the monthly payment may be adjusted accordingly.

2.4 Payment Agreements

Company shall offer payment agreements for the payment of arrears or undercharges. Payment arrangements will consider a customer's financial circumstances and any extenuating circumstances of the household. No additional service deposit will be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement. Company shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement will cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and Company. No interest or delinquency fee will be charged as part of an undercharge agreement under this section.

2.5 Late Payment Fee

The bill balance is due on the date due printed on the bill. A late payment charge of 1.5% or \$1.00, whichever is greater, will be added to the unpaid balance of the bill if not paid by the due date. Customers under the Budget Payment Plan or payment arrangement will be assessed the late payment charge on the lesser of the outstanding scheduled payments or the outstanding account balance. If any unpaid balance is \$10.00 or less, the late payment charge will not be applied. All payments received will be credited against the oldest outstanding total account balance before application of the late payment charge.

2.6 Bill Date Due

Bills are due and payable upon receipt. The due date to avoid a late payment fee, as shown on the customer's bill, shall be not more than five days before the next scheduled billing date.

2.7 Estimated Bills

An estimated bill will be rendered if it is impractical for Company to read the meter or if customer fails to supply a meter reading form in time for the billing operation, or in cases of emergency. An adjustment, if any, will be made in the bill based on the next meter reading. Company will not estimate more than three consecutive bills unless requested to do so by Customer.

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2.8 Billing Adjustments

In the event of a meter or billing error, as defined by the North Dakota Public Service Commission's rules, Company shall recalculate the bills for service during the period of the error, up to a maximum of one year from the date of discovery if the error results in under-charges. Company shall recalculate bills for errors resulting in over-charges up to a maximum of three years from the date of discovery. Adjustments of bills will be made in accordance with the rules prescribed by the North Dakota Public Service Commission. If an existing customer was overcharged more than \$1.00 or a person no longer a customer was overcharged more than \$2.00 as a result of the error, the recalculated amount, plus interest, will be refunded or, where applicable, a credit on a bill shall be made. If a customer has been overcharged as a result of the error, the recalculated amount will be refunded or, where applicable, a credit on a bill shall be made. If a customer has been undercharged as a result of the error, Company may bill the customer if the amount due exceeds \$10.00. The first billing of the recalculated amount due will be separately billed on a form different from the normal bill form and include a complete explanation of the billing. If a customer inquiry or complaint results in Company's discovery of the undercharge, Company may bill for undercharges incurred after the date of the inquiry or complaint only if Company began investigating the inquiry or complaint within a reasonable time after when it was made.

Billing adjustments due to inaccurate meters shall be done in accordance with any North Dakota Public Service Commission-prescribed rules including, but not limited to, Rule 69-09-01-23.

2.9 Returned Check Fee

There shall be a fee of \$15.00 for any check or draft submitted to Company for payment which is dishonored or returned by the financial institution on which it is drawn.

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Section 3 Use of Service Rules

3.1 Use of Service

A. Definitions

1. *Individual Company Metering.* Direct measurement by Company, using a Company meter, of all gas delivered by Company.
2. *Redistribution.* The provision of unmetered gas supply by a customer to Customer's tenant or other occupant.
3. *Outside Sale.* The sale or provision of gas supply by a customer to any other person outside the Customer's building or property.
4. *Building.* A self-contained complete structure, including movable and temporary structures separated by space or an area separation wall (as defined in the Uniform Building Code) from all other structures. Two or more structures shall not be considered a single building merely by the existence of skyways, tunnels, common heating or cooling facilities, common garages, entry halls or elevators, or other attachments.
5. *Occupancy Unit.* A room, office, apartment, or other space separated by walls or partitions that enclose the area, or a contiguous grouping thereof when occupied by a single customer

B. General Rules

Gas service may be used only for the purposes set forth in the respective rate schedules. Within its service area, Company is in the business of providing retail gas to the ultimate consumer. Gas is supplied for use by customer's household or business, and outside sale of such service is not permitted.

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The gas service equipment and associated building piping of buildings may be arranged by the owner to facilitate individual metering of the gas consumption of each building and occupancy unit. If desired by the owner, Company will install and maintain necessary individual Company meters to measure consumption and render bills on the applicable rate schedules to each customer and separately occupied buildings and occupancy units.

Gas is normally supplied to each separate customer through a single service and meter. Company does not engage in the practice of doing interior piping on a customer's premises except for the installation and maintenance of Company's property.

3.2 Customer's Piping and Equipment

Customer will install, maintain, and keep in repair its piping and equipment as prescribed by any public authority with jurisdiction over the installation of gas facilities. In the event Customer fails to do so, or if Company finds that Customer's piping or equipment, in Company's opinion, is not adequate and safe, or that the operation thereof under existing conditions is not safe, Company may discontinue the supply of gas.

Any inspection of a customer's piping and equipment by Company is for the purpose of avoiding unnecessary interruptions of service to its customers or damage to its property and for no other purpose; and, will not be construed to impose any liability upon Company to a customer or any other person by reason thereof. In addition, Company will not be liable or responsible for any loss, injury, or damage that may result from the use of or defects in a customer's piping or equipment.

Company may, at any time, require a customer to make such changes in his equipment or use thereof as may be necessary to eliminate any hazardous condition or any adverse effect which the operation of the customer's equipment may have on said customer, other customers of Company, the public, or Company's employees, equipment, or service. In lieu of changes by the customer, Company may perform such changes and require reimbursement from the customer for the cost incurred by Company in alleviating an adverse effect on Company's facilities caused by the customer's property.

The customer will not make a material increase in his load or equipment without first making arrangements with Company for additional gas supply. The piping, meters, and appurtenances used in furnishing gas service to a customer have a definite capacity, and any increase in load or equipment may require a change in Company's equipment.

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Section 4 Extension Rules

4.1 Main Extension Policy

Subject to the availability of gas supply and upstream pipeline transportation and the ability to install facilities in compliance with pipeline safety regulations, Company will extend its gas mains and services to an applicant where such extensions meet the main extension criteria listed below. When such conditions are not met, an extension may be constructed if applicant makes an appropriate advance payment to Company:

- A. When water and sewer service by a municipal or regional water authority have been or will be installed within the next twelve (12) months in the right-of-way serving potential customers.
- B. When economic feasibility, including future growth expectations and commercial and industrial loads provide projected annual gross margins (revenue – cost of gas) equal to or greater than 18% of Company’s projected project costs. A gas service agreement specifying minimum use may be used to assure economic feasibility based on projected annual gross margin.
- C. When system capacity upgrades dictate installation of new mains to meet the capacity needs, where customer additions are secondary to the increased system capacity.

In situations where customer contributions are required, each customer will be required to pay a contribution such that gross margins are projected to be 18% of estimated project costs after excluding costs equal to the customers’ contribution in aid of construction.

The above provisions do not apply to contractual transportation projects. The reasonableness and appropriateness of the return on investment of a contractual transportation extension is reviewed in the Transportation Agreement filed with each project, as required by the Contractual Transportation Service Rate, contained in Section V of Company’s tariff.

4.2 Service Extension Policy

A service line up to 250 feet may be installed for each meter set on a customer’s premises without capital contribution. Any footage beyond the 250 feet will be charged at Company’s estimated material and contractor cost for the excess footage at the time of installation.

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The customer, without expense to Company will grant Company right-of-way on his premises for the installation and maintenance of the necessary pipes and appurtenances, and will provide and maintain on the premises, at a location satisfactory to Company, proper space for Company's piping, meters, regulators, and appurtenances.

The service and meter connections as installed by Company will be Company's property and will be maintained by Company at its own expense.

The customer will provide for the safekeeping of Company's meters and other facilities and reimburse Company for the cost of any alterations to Company's property necessitated by the customer and for any loss or damage to Company's property located on the premises, except when the loss or damage is caused solely by Company's negligence or other causes beyond the control of the customer.

The customer will provide for the safekeeping of Company's meters and other facilities and reimburse Company for the cost of any alterations to Company's property necessitated by the customer and for any loss or damage to Company's property located on the premises, except when the loss or damage is caused solely by Company's negligence or other causes beyond the control of the customer.

4.3 Unusual Construction

Company reserves the right to charge Customer for any unusual construction. Unusual construction occurs when a special task is required to complete the installation of service or main extensions, resulting in additional costs to Company. A special task is a task that falls outside the standard installation of a service or main extension, such as (but not limited to): rock removal, excessive boring, construction under concrete or blacktop, construction requiring removal or replacement of concrete or blacktop, and restoration requiring specialty plantings or materials

4.4 Winter Construction

When the service or main is installed between October 1 and April 15, inclusive, because of failure of Customer to meet all requirements of Company by September 30 or because Customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, such work will be subject to a winter construction charge when winter conditions of three inches or more of frost exist, snow removal or plowing is required to install service, or frost burners must be set in order to install underground facilities

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service for the entire length of service or gas main installed. Winter construction will not be undertaken by Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. Company's winter construction charges will be individually determined.

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Section 5 Curtailment or Interruption of Service

5.1 Refusal or Discontinuance of Service

With notice, Company may refuse or discontinue gas service for any of the following reasons: failure to pay amounts payable when due; failure to meet Company's deposit or credit requirements; breach of contract for service; failure to provide Company with reasonable access to its property or equipment; failure to make proper application for service; failure to comply with the other provisions of Company's rates, rules, and regulations on file with the North Dakota Public Service Commission; when Company is unable to furnish gas service to customer because it cannot obtain permits or necessary rights-of-way; when necessary to comply with any order or request of any governmental authority having jurisdiction.

Upon such notice as is reasonable under the circumstances, Company may temporarily discontinue gas service when necessary to make repairs, replacements, or changes in Company's equipment or facilities.

Without notice, Company may disconnect gas service to any customer in the event of an unauthorized use of or tampering with Company's equipment or in the event of a condition determined to be hazardous to the customer, to other customers of Company, to the public, or to Company's employees, equipment, or service. Any discontinuance of gas service will not relieve Customer from Customer's obligations to Company.

Discontinuance of service shall be handled in compliance with procedures and rules prescribed by the North Dakota Public Service Commission.

Company will require that a safety inspection be performed by a qualified vendor prior to service restoration for facilities that have been inactive for sixty days or more.

5.2 Customer Disputes

Whenever Customer advises Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the service is in dispute, Company shall investigate the dispute promptly, advise Customer of investigation and its result, attempt to resolve dispute, and withhold disconnection of service until the investigation is completed and Customer is informed of the findings in writing.

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Upon the findings of Company, Customer must submit payment in full of any bill which is due. If the dispute is not resolved to the satisfaction of Customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to Company. Such payment shall be called an escrow payment.

Customer may apply to Company to waive its right to disconnect. If the utility refuses to waive its right, Customer may apply to the North Dakota Public Service Commission for a formal hearing. Company must continue service until a final decision has been made.

Customer disputes shall be handled in compliance with procedures and rules prescribed by the North Dakota Public Service Commission.

5.3 Medical Emergencies

Company shall reconnect or continue service to a customer's residence where a medical emergency exists, provided Company receives: (1) written certification, or initial certification by telephone and written certification within five business days, from a medical doctor, that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household; and (2) the customer's consent to a payment agreement for the amount in arrears.

5.4 Curtailment of Company's Retail Supply

Company may curtail the supply of gas under its retail rate schedule in accordance with the provisions of this section. If a firm customer fails to curtail his use of gas when requested to do so by Company, customer shall pay to Company, in addition to the regular rate applicable to the class of service rendered, the amount which equals any payment Company is required to make to its suppliers, transporters, or for peak shaving costs as a result of such failure to curtail. If an interruptible customer fails to curtail customer's use of gas when requested to do so by Company, customer shall pay to Company, in addition to the regular rate applicable to the class of service rendered, the amount specified in the "Additional Charge for Use of Gas During Curtailment" provision of the applicable rate schedule. Such payments, however, shall not preclude Company from shutting off the customer's supply of gas in the event of customer's failure to curtail customer use thereof when requested by Company to do so.

Company may curtail the supply of gas to all customers according to the following schedule of priority of service categories in emergency situations where Company's firm suppliers are

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not available. In order to avoid exceeding contract demand on any billing day, Company may curtail the supply of gas to those customers receiving service under interruptible gas service agreements according to the following schedule of priority of service categories. Over a reasonable period of time, all customers purchasing gas under the same rate schedule within each category will be treated alike as far as practicable. The customer shall supply Company with names of persons authorized to receive and effectuate such curtailment requests. Curtailment of supply of gas shall begin with Priority Category 8 and progress to Priority Category 1.

Schedule of Priority of Service Categories

1. a. Residential, small commercial, and irrigation requirements less than 500 Ccf on a peak day.
- b. All commercial and irrigation requirements from 500 Ccf per day through 1,999 Ccf per day and all industrial requirements through 1,999 Ccf per day.
- c. Company storage injection requirements.
- d. Requirements greater than 1,999 Ccf per day for schools, hospitals, sanitation facilities, correctional institutions, police protection, and fire protection except where the requirements can be satisfied through the utilization of existing alternate fuel capability. Propane is not considered an alternate fuel for establishing user priorities.
- e. Requirements for compressed natural gas service and requirements for essential agricultural uses as certified by the USDA except where the requirements can be satisfied through the utilization of existing alternate fuel capability. Propane is not considered an alternate fuel for establishing user priorities.

When curtailment in this Category 1 is required, the order of curtailment shall be (e), (d), (c), (b), and then (a).

Requirements for essential process and feedstock uses and plant protection other than when production operations are shutdown, except where the requirements can be satisfied through the utilization of existing alternate fuel capability. Propane is not considered an alternate fuel for establishing user priorities.

2. All commercial and industrial requirements from 2,000 Ccf per day through 4,999 Ccf per day, not otherwise classified.

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3. All commercial and industrial requirements for non-boiler use 5,000 Ccf per day and over, not otherwise classified; all commercial requirements from 5,000 Ccf per day through 14,999 Ccf per day, not otherwise classified.
4. Industrial requirements for boiler fuel use from 5,000 Ccf per day through 14,999 Ccf per day, not otherwise classified.
5. Commercial and industrial requirements for boiler fuel use from 15,000 Ccf per day through 29,999 Ccf per day, not otherwise classified.
6. Commercial and industrial requirements for boiler fuel use from 30,000 Ccf per day through 100,000 Ccf per day, not otherwise classified.
7. Commercial and industrial requirements for boiler fuel use over 100,000 Ccf per day, not otherwise classified.

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Section 6 Company's Rights

6.1 Waiver of Rights or Defaults

No delay by Company in enforcing any of its rights may be deemed a waiver of such rights, nor may a waiver by Company of any of a customer's defaults be deemed a waiver of any other or subsequent defaults.

6.2 Modification of Rates, Rules, and Regulations

Company reserves the right, in any manner permitted by law, to modify any of its rates, rules, and regulations or other provisions now or hereafter in effect.

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