



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
701-222-7900

December 21, 2021

Executive Secretary
North Dakota Public Service Commission
600 East Boulevard Ave. Department 408
Bismarck, ND 58505-0480

Re: Request to Revise Company's
Gas Service Extension Policy
Rates 119 and 120
PU-21-____

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits an original and seven (7) copies of the Company's application for approval to eliminate its Interruptible Gas Service Extension Policy Rate 119 and consolidate the Company's gas service extension policies under one rate schedule. In recognition of the proposed consolidation, Montana-Dakota is proposing to rename its current Rate 120 schedule to Gas Service Extension Policy Rate 120 which will outline the rules and regulations applicable to all gas service extensions on a go forward basis. The Company is requesting approval of the rate schedules identified below, and included herein as Exhibit 1, to be effective no later than March 1, 2022, to allow the Company time to communicate the proposed changes to Company personnel as well as potential customers and developers in North Dakota ahead of the 2022 construction season.

Proposed Changes to Tariff Sheets:

- Table of Contents 1st Revised Sheet No. 1
- Reserved for Future Use 1st Revised Sheet Nos. 61 and 61.1
- Gas Service Extension Policy 1st Revised Sheet Nos. 62 through 62.7

Paragraph 9 of the Unanimous Settlement Agreement (USA) filed on April 9, 2021 and approved by the North Dakota Public Service Commission (Commission) on May 5, 2021 in the Company's last gas general rate case, Case No. PU-20-379, provided that "[t]he Settling Parties agree that Montana-Dakota will make a change to Firm Gas Service Extension Policy Rate 120(A)(2) changing the word "may" to "shall" in Section A(2). In addition, Montana-Dakota and Advocacy Staff agree to collectively modify Rate 120 tariff in a way that mutually addresses the

needs of the Company and ensures North Dakota natural gas customers are not subsidizing growth projects in Montana-Dakota's service territory. The Company shall submit mutually agreeable tariff revisions no later than January 1, 2022."

This filing is therefore being submitted in compliance with the May 5, 2021 Order. While the USA approved by the Commission was to address concerns regarding growth projects and ensuring those growth projects are not subsidized by other North Dakota gas customers, the Company took this opportunity to review its gas extension policies in their entirety and is now proposing changes that the Company believes will provide a more transparent and defined policy that recognizes the different types of extensions undertaken as well as the type of costs borne by the Company and those borne by a customer or developer on a go forward basis and easing some of the administrative time required from development of an extension through its final review. As a result of this review, Montana-Dakota is proposing to consolidate its gas extension policy into one rate schedule, Gas Service Extension Policy Rate 120.

Please refer all inquiries regarding this filing to:

Mr. Travis Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501
travis.jacobson@mdu.com

Also, please send copies of all written inquiries, correspondence, and pleadings to:

Ms. Allison Mann
Attorney
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Allison.mann@mduresources.com

Montana-Dakota submitted a check on March 3, 2021 to the North Dakota Public Service Commission for \$600 pursuant to the requirements of North Dakota Century Code Section 49-05-05. This payment will cover the filing fee associated with the immediate filing.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

A handwritten signature in blue ink that reads "Travis R. Jacobson". The signature is written in a cursive style with a large initial 'T'.

Travis R. Jacobson
Director of Regulatory Affairs

cc: Allison Mann

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO. for)
Approval to Revise the Company's Gas) Case No. PU-21-____
Service Extension Policies Rate 119 and)
Rate 120)

I. Summary of Application

Montana-Dakota Utilities Co. (Montana-Dakota or Applicant), the Applicant in the above-entitled proceeding, makes this application requesting approval to eliminate Interruptible Gas Service Extension Policy Rate 119 (Rate 119) and revise its Firm Gas Service Extension Policy Rate 120 (Rate 120) to encompass the entirety of the Company's gas service extension policies under one rate schedule. The resulting Rate 120, as described further within the Company's application, is attached hereto as Exhibit 1.

II. Description of Applicant

Montana-Dakota is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under NDCC Title 49, N.D.C.C. The Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission and such

Certificate and Amendments are hereby incorporated by reference as though fully set forth herein.

III. Background

On August 26, 2020, Montana-Dakota filed an application to increase its rates for natural gas service in the State of North Dakota in Case No. PU-20-379. As part of that proceeding, the Commission and Advocacy Staff asked a number of questions related to growth and/or system betterment projects and the cost responsibility of such projects. In recognition of the questions asked in the Company's most recent gas rate case and to provide the Company time to adequately address the questions raised, Paragraph 9 was included in the Unanimous Settlement Agreement (USA) submitted to the Commission on April 9, 2021. Paragraph 9 of the USA provided that "[t]he Settling Parties agree that Montana-Dakota will make a change to Firm Gas Service Extension Policy Rate 120(A)(2) changing the word "may" to "shall" in Section A(2). In addition, Montana-Dakota and Advocacy Staff agree to collectively modify Rate 120 tariff in a way that mutually addresses the needs of the Company and ensures North Dakota natural gas customers are not subsidizing growth projects in Montana-Dakota's service territory. The Company shall submit mutually agreeable tariff revisions no later than January 1, 2022."

Following the conclusion of Case No. PU-20-379, Montana-Dakota

initiated an internal review of the Company's gas service extension policies. The Company did not limit its review to address only the questions raised in Case No. PU-20-379 but expanded the review to include the entirety of Rates 119 and 120. Much of these two rate schedules have remained unchanged from those authorized in 1991 when the Company filed to revise its then Gas Extension Policy Rate 120 and implement Interruptible Gas Service Extension Policy Rate 119. The modification agreed to in the USA provided a timely opportunity to take a more in-depth review of the Company's extension policies and address, not only the questions raised in the last rate case, but also to address some of the changes the Company had been considering in order to provide a more transparent and defined policy that recognizes the different types of extensions the Company undertakes today, who bears the cost responsibility of such extensions while also possibly lessening some of the administrative time required under today's extension policies. Montana-Dakota also reviewed other utilities' extension policies throughout its service territory to determine if there was value in incorporating industry best practices into its extension policy.

On October 8, 2021, Montana-Dakota personnel met with Mr. Victor Schock and Mr. Brian Johnson with the North Dakota Public Service Commission to present the Company's proposed changes. The meeting provided the forum for an open dialogue with Mr. Schock and Mr. Johnson to discuss the Company's proposed changes and get their feedback before moving forward with filing any

changes to Rates 119 or 120.

On December 13, 2021, Montana-Dakota sent a draft of the proposed tariff changes to Mr. Schock. While the changes were consistent with the discussion in October, the December 13th communication provided the opportunity to review the proposed tariff changes, in legislative format, prior to the Company's actual filing with the Commission.

IV. Current Interruptible Gas Service Extension Policy Rate 119 and Firm Gas Service Extension Policy Rate 120 Tariff

Today Montana-Dakota maintains two rate schedules for the extension of gas service in North Dakota. Interruptible Gas Service Extension Policy Rate 119 applies to gas extensions necessary to provide interruptible sales or interruptible transportation service to customers. Per Rate 119, interruptible customers must pay the total cost of a project prior to the start of any construction which is then adjusted to reflect actual costs upon construction completion. Customers are provided two payment options (1) a one-time payment or (2) a customer may post a bond, irrevocable letter of credit or written guarantee commitment. Projects are then subject to a five-year review in which customers may be refunded if the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension.

Firm Gas Service Extension Policy Rate 120 applies to gas extensions necessary to provide firm gas sales service to customers. Rate 120 details the rules and regulations applicable to all firm service extensions, the requirements for customer and developer extensions, the provisions under which a customer or developer may receive a refund in the event the number of active customers served off of the main extension exceeds the number of customers projected to take service off the main extension that were included in the cost participation formula and the circumstances under which Montana-Dakota may offer an Incremental Expansion Surcharge.

Customer cost participation for firm gas service extensions differs from that of interruptible gas service extensions in that firm gas extensions are considered cost justified if the calculated Maximum Allowable Investment (MAI) is equal to or exceeds the estimated capital expenditures. The MAI formula is defined within Rate 120 and reflects the maximum level of investment by the Company for an extension project. Any project costs over and above the MAI are to be borne by the customer, are subject to actual cost true-up at construction completion and may be subject to the five-year review period.

V. Proposed Changes

The Company is proposing the following changes to the Company's extension rate schedules:

- Eliminate Interruptible Gas Service Extension Policy Rate 119. Montana-Dakota will continue to extend gas service to interruptible gas service customers however the rules and requirements of such extensions will be encompassed under one Gas Service Extension Policy Rate 120 schedule. This is consistent with the extension tariffs of other utilities across the Company's service territory where differences in extension types are classified within one extension policy and defined within separate provisions within the schedule, and not as separate rate schedules.
- Revise the current Firm Gas Service Extension Policy Rate 120 to encompass the rules and requirements for both firm and interruptible service extensions and remove the word "Firm" from the title of the rate schedule.
- Delineate Rate 120 into three broad sections that outline: (1) the general rules and guidelines for all extensions under Section A, (2) the contribution and refund provisions applicable to customer extensions under Section B, and (3) the contribution and refund provisions applicable to developer extensions under Section C.
- All extensions will be reviewed using the MAI formula included in the current Rate 120 schedule. An extension will be cost justified if estimated MAI equals or exceeds the estimated capital expenditures of the project.

However, for those projects whose cost exceeds \$500,000 and for all interruptible gas service extensions, the Company will require the customer or developer to contribute an amount equal to the total cost of the project prior to construction. This is consistent with today's Rate 119 today for interruptible gas service extensions. This recognizes (1) the large investment required to undertake such projects, (2) the customer's ability to interrupt and hamper cost recovery during such times, and (3) ensure the customer's estimated load is realized.

- The determination of a project's MAI includes a Levelized Annual Revenue Requirement Factor (LARR). The LARR reflects the rate at which a project will provide the margin equal to the total cost of the project or investment over the life of the project, i.e., annual operating expenses, depreciation, taxes other than income, income taxes and return, thus ensuring that Montana-Dakota's other customers are not being tasked with subsidizing an extension project.
- Montana-Dakota is proposing one modification to the MAI formula included in Rate 120. The proposed change is to reflect a project's fifth year estimated annual dk as compared to the current third year estimated annual dk. This change provides a consistency between the refund provision of the Company's extension policy with the

annual review period of five years following the completion of an extension project.

- Montana-Dakota is proposing to eliminate the actual cost true-up that is included under the current extension policy rate schedules provided that the extension project cost is less than or equal to \$100,000. Many of the reasons creating cost differences today are being addressed through the proposed changes discussed further herein, thereby minimizing the need for such true ups. The Company believes this change explains and assigns the responsibility of cost differences to the party requesting the change at the appropriate time in lieu of addressing the differences at the end of the project under today's policy.

A number of factors support the Company's proposal to eliminate the actual cost true up provision for projects less than or equal to \$100,000.

- (1) In recent years, the Company has undertaken a number of steps to standardize project cost estimation across its service territory.
 - a. Contractor pricing under new contracts provides for a more definitive pricing structure ahead of undertaking a project.
 - b. The Company has centralized all extensions under the

Company's Energy Services department. This centralization has provided a consistency both across extensions as well as from a project's initial consideration and development through its final review. In addition, project costs are now determined using the same sound engineering and cost estimation practices for all extensions.

(2) As discussed further below, Montana-Dakota is proposing to establish provisions under Rate 120 that would allow the Company to charge customers or developers for unusual or winter construction conditions separate from the project as well as the separate charging of customers for changes to the project that are requested or encountered after the contract is signed or construction has started.

(3) Its elimination will increase customer and developer satisfaction. Customer and developer frustration exist today when they are approached at the conclusion of a project and are asked to pay a difference from that previously estimated.

- Extension projects greater than \$100,000 would continue to be subject to an actual cost true up at the completion of the project where an additional charge may be levied, or a refund provided, as specified in the extension

agreement.

- To address the questions raised during Case No. PU-20-379, the Company proposes that 1) the cost of an extension shall reflect those costs necessary to serve the new load using sound engineering and cost estimating standards and 2) the project costs above the minimum required to serve the expected load requested by the customer or developer be considered system betterment costs if such facilities are reasonably justified by anticipated future growth or will be used for general system improvement or reasonable orderly development will be the responsibility of the Company. If certain facilities within a project are beneficial to both an extension project and the Company, such as an upgrade to a town border station, the cost of the facilities will be shared pro rata based on load.
- In an effort to minimize the difference in cost between the estimate used to determine cost participation and the actual construction cost, the Company is introducing new provisions to the Company's extension policy that specify the types of costs that may be separately charged a customer or developer if, and when, incurred by the Company. Today these costs, when incurred, become part an extension's cost; however, going forward, the Company wants to reserve the right to charge such expenses separate from the cost of the extension. If separately charged, the costs

will be non-refundable. These additional costs are:

- Costs incurred during winter construction,
- Costs incurred due to abnormal and/or unusual conditions, and
- Changes requested by the customer after the start of construction.

Often, it's the above type of costs that have contributed to the cost differences from those initially estimated and the actual costs incurred by the Company for an extension.

- Main extensions will continue to be subject to a five-year review period in which refunds may be provided to a customer or developer if the number of active customers exceeds that included in the cost participation formula.
 - The Company is proposing to clarify refunds for developer extensions where during the course of the five-year review, the project changes developers. The proposed change places the responsibility on the original developer to provide the Company notice of the change in developers.
- Montana-Dakota is proposing to expand the number of agreements used for extensions from the current standard agreements for firm or interruptible gas extensions, respectively. The current agreements can cause customer and developer confusion as not all areas of the standard agreement apply for all extensions. Therefore, to minimize customer confusion and recognize the different type of extensions, the Company is

proposing to use a number of extension agreements dependent on the type of extension and/or whether a contribution is required.

VI. Implementation of Proposed Changes

In an effort to maintain consistency with the extension policy under which an extension was considered cost justified or a contribution required of the customer or developer and the five-year review period applicable to extensions already undertaken, Montana-Dakota is proposing that an extension be reviewed under the extension policy rate schedule applicable at the time the gas service extension agreement was signed. Extension agreements entered into prior to the effective date of the new changes will be subject to the provisions authorized under the current applicable extension policy rate schedule. Extension agreements entered into on or after the effective date of the revised policy will be subject to the requirements of the new Rate 120. This will provide a level of consistency from initial customer or developer outreach of a potential project through final review.

VII. Conclusion

The changes proposed herein to the Company's Interruptible Gas Service Extension Policy Rate 119 and Firm Gas Service Extension Policy Rate 120 will provide customers and/or developers with a clearer understanding of the costs

and requirements of a gas service extension in North Dakota. Montana-Dakota believes that the proposed changes address the system betterment questions raised by the Commission and Advocacy Staff in Case No. PU-20-379 and provide both the Company, customers and/or developers a more streamlined transparent and a more defined approach under which to evaluate a gas service extension as well as the cost responsibilities of extensions. The proposed policy also simplifies the administrative review process once gas service has been extended and incorporates industry best practices from both a development and cost responsibility standpoint.

Montana-Dakota respectfully requests that the Commission approve the elimination of the Interruptible Gas Service Extension Policy Rate 119 and the revisions to its Firm Gas Service Extension Policy Rate 120 to be effective no later than March 1, 2022 to allow time to effectively communicate the changes to Company personnel and customers and/or developers in North Dakota prior to the start of the 2022 construction season.

Dated this 21st day of December 2021.



Travis R. Jacobson
Director of Regulatory Affairs

Of Counsel:

Allison Mann
Attorney
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

Exhibit 1



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 1
Canceling Original Sheet No. 1

TABLE OF CONTENTS

<u>Designation</u>	<u>Title</u>	<u>Sheet No.</u>
	Table of Contents	1
	Communities Served	2
	Rate Summary	3
60	Residential Gas Service	4
	Reserved	5-6
64	Air Force	7
65	Air Force Distribution System	8
	Reserved	9-12
70	Firm General Gas Service	13
71	Small Interruptible General Gas Service	14
72	Optional Seasonal General Gas Service	15
74	Firm General Contracted Demand Service	16
75	Gwinner Pipeline Capacity Reservation Charge	17
	Reserved	18-23
81 and 82	Transportation Service	24
	Reserved	25-26
85	Large Interruptible General Gas Service	27
	Reserved	28
87	Distribution Delivery Stabilization Mechanism	29
88	Cost of Gas – Natural Gas	30
	Reserved	31
90	Residential Propane Service	32
	Reserved	33
92	Firm General Propane Service	34
	Reserved	35-40
99	Cost of Gas – Propane	41
100	General Provisions	42
	Reserved	43-46
105	Gas Meter Testing Program	47
	Reserved	48-61
120	Gas Service Extension Policy	62
	Reserved	63-65
124	Replacement, Relocation and Repair of Gas Service Lines	66

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 61
Canceling Original Sheet No. 61

Reserved for Future Use

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 61.1
Canceling Original Sheet No. 61.1

Reserved for Future Use

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62
Canceling Original Sheet No. 62

GAS SERVICE EXTENSION POLICY Rate 120

Page 1 of 8

This rate schedule outlines the policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm and interruptible sales service and interruptible transportation service to customers.

(A) General Rules and Regulations Applicable to all Gas Service Extensions.

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in (A)3 below.
2. The Company shall require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investment (MAI) =

$$\frac{\text{Annual Basic Service Charge} + (\text{Project's Estimated 5}^{\text{th}} \text{ Year Annual Dk x Distribution Delivery or Demand Charge})}{\text{LARR}}$$

where: LARR = Levelized Annual Revenue Requirement Factor of 12.328%

4. The cost of the firm gas extension shall include the gas main extension(s), valves, service line(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), any permits required to construct the extension, and other costs up to, and including, the riser.

The cost of an interruptible gas extension project shall include the gas main extension(s), valves, service line(s), regulators, meters, any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), any permits required to construct the extension, and other costs up to, and including the riser. Any remote data acquisition equipment costs required shall be subject to the terms and conditions of service specified in the applicable interruptible service rate schedule.

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.1
Canceling Original Sheet No. 62.1

GAS SERVICE EXTENSION POLICY Rate 120

Page 2 of 8

The service line is that portion of the gas service extending from the gas main to the connection at the house regulator and/or meter.

5. The cost of an extension shall reflect those costs necessary to serve the new load using sound engineering and cost estimating standards. The engineering, design, and method of construction shall be determined by the Company in accordance with its construction standards. The location and route of the extension shall be established by the Company.

Nothing contained herein shall prohibit the Company from installing additional facilities in excess of those used to calculate the cost of the extension, if such facilities are reasonably justified by anticipated future load to be served, or where such additional facilities will be used for general system improvement or reasonable orderly development. Costs above the minimum required to serve the load requested by the customer will be considered system betterment costs and paid by the Company. The cost to upgrade existing facilities or the installation of new facilities that are mutually beneficial will be shared pro rata based on load, where applicable.

6. A customer or developer extension may also be subject to additional costs that may not be considered part of the extension and may be separately charged to the customer or developer. The following is not an all-inclusive list, but includes some additional costs that may be incurred for an extension:
 - a. Winter Construction: When the main or service line is installed between October 1 and April 15, inclusive, because of failure of customer to meet all requirements of the Company by September 30 or because the customer's property, or the streets leading up to, are not ready to receive the service or main by such date, such work will be subject to winter construction charges when winter conditions of ground frost and/or snow exist, for the entire length of underground service or main installed. Winter construction will not be undertaken by Company where prohibited by law or where it is not practical to install a service or main during the winter season. The Company reserves the right to charge the actual amount for any winter construction expenses. All winter construction

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.2
Canceling Original Sheet No. 62.2

GAS SERVICE EXTENSION POLICY Rate 120

Page 3 of 8

charges are non-refundable and are in addition to any normal construction charges.

- b. **Abnormal and/or Unusual Conditions:** When abnormal conditions are present and/or unusual expenditures are incurred after the start of construction, the customer or developer will pay the Company for the excess costs incurred by the Company in order to expand the system. The Company reserves the right to charge for any abnormal and/or unusual conditions. Circumstances that cause increased installation costs for a distribution system expansion include but are not limited to rock, safety-related issues, legal challenges, routing, right-of-way acquisition, obstructions, hindrances, crop damage, governmental or third-party requirements.
- c. **Changes After Start of Construction:** The customer or developer shall be charged a non-refundable contribution in aid of construction for the relocation or change in planned construction methods of any Company facilities after construction is started as a result of changes in:
 1. Grade changes in excess of four (4) inches,
 2. Lot line(s),
 3. Site conditions including driveways, fences, or other impediments to construction,
 4. Easement boundaries which had previously been considered final and,
 5. Any other changes requested by the customer after original project costs were estimated and agreed to by customer.
7. All extensions are subject to the execution of the applicable extension agreement between the customer or developer and the Company.
 - a. Customer Application for Gas Service,
 - b. Customer Gas Service Extension Agreement,
 - c. Developer Gas Service Extension Agreement Type A, where project not cost justified and contribution required,
 - d. Developer Gas Service Extension Agreement Type B, where project cost justified with commitment to number of new customers, and
 - e. Large Customer Gas Service Extension Agreement.

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.3
Canceling Original Sheet No. 62.3

GAS SERVICE EXTENSION POLICY Rate 120

Page 4 of 8

8. Upon project completion, main extension projects greater than \$100,000 shall have their contribution amount adjusted to reflect actual costs and an additional charge may be levied or refund provided to customer as specified in the extension agreement with the customer.
9. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

10. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

(B) Customer Extensions.

Cost participation for extensions where customers will be immediately available for service is as follows:

1. Contributions where project costs are less than or equal to \$500,000.
 - a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with Paragraph (A)3.
 - b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
 - iii. A minimum annual charge set forth in an agreement between customer and Company, or

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.4
Canceling Original Sheet No. 62.4

GAS SERVICE EXTENSION POLICY Rate 120

Page 5 of 8

- iv. The Company, at its sole discretion, may allow the customer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.
2. Contributions where project costs exceed \$500,000 and all Interruptible Gas Extension Projects.
 - a. Customer will be provided an estimated MAI in accordance with Paragraph (A)3, but due to the size of these projects and to ensure estimated customer load is realized, the customer will be required to contribute an amount equal to the total cost of construction prior to the start of construction.
 - b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. The Company, at its sole discretion, may allow the customer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.
3. If within the five-year review period from the extension(s) in service date, the number of active customers and related volumes exceeds the fifth-year projections used to determine cost participation, the Company shall recompute the contribution requirement by recalculating the MAI.

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.5
Canceling Original Sheet No. 62.5

GAS SERVICE EXTENSION POLICY Rate 120

Page 6 of 8

4. The recalculated contribution requirement shall be collected from the new applicant(s).
5. If within the five-year review period from the extension(s) in service date, an additional main extension is required to serve new customers, the additional main extension shall be considered a separate new extension. The commonly used main for the new customer(s) will be credited to the existing customer(s) projects.
6. Refund
 - a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond or letter of credit, will be notified of any reduction in surety requirements.
 - b. No refunds will be made until the new applicants begin taking service from the Company.
7. Incremental Expansion Surcharge
 - a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to a project consisting of 10 or more customers requesting service when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. If the Company and customers mutually agree that the project will be funded through a Surcharge, the project will be designated an expansion area and the Surcharge will be applicable to all connections within the expansion area. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the MAI determined in accordance with Paragraph (A)3.
 - i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.6
Canceling Original Sheet No. 62.6

GAS SERVICE EXTENSION POLICY Rate 120

Page 7 of 8

designed to provide recovery of the contribution requirement within the 5-year period.

- iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge designed to provide recovery of the contribution requirement up to, but not to exceed, ten years.
- b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.
- c. The Surcharge shall apply to all customers connecting to natural gas service within the expansion area until the contribution requirement is satisfied.
- d. The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

(C) Developer Extensions.

Cost participation may be required for extensions to areas such as a subdivision or a mobile home court, in which a developer is installing roads, utilities, etc., before housing is built:

1. Contributions where project costs are less than or equal to \$500,000.

When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with Paragraph (A)3.

2. Contributions where project costs exceed \$500,000 and all Interruptible Gas Extension Projects.

Developer will be provided an estimated MAI in accordance with Paragraph (A)3, but due to the size of these projects and to ensure estimated customer load is realized, the developer will be required to contribute an amount equal to the total cost of construction prior to the start of construction.

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
1st Revised Sheet No. 62.7
Canceling Original Sheet No. 62.7

GAS SERVICE EXTENSION POLICY Rate 120

Page 8 of 8

3. The contribution shall be made by:
 - a. A one-time payment prior to construction, or
 - b. The Company, at its sole discretion, may allow the developer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.
4. If within the five-year review period from the extension(s) in service date, an additional main extension is required to serve additional developments under a new developer the projects will be considered separate projects. The commonly used main for the new development will be credited to the existing development(s) if a new developer.
5. Refund
 - a. If within the five-year review period from the extension(s) in service date, the number of active customers and related volumes exceeds the fifth-year projections used in the cost estimate of the MAI, the Company shall recompute the contribution requirement by recalculating the MAI. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
 - b. The Company will refund to the original developer which executed the extension agreement with the Company and made the contribution the amount required to reduce its contribution to the recalculated contribution requirement unless the Company has received a notice of assignment of payment from the original developer, in writing, prior to the date of the refund. The Company shall be justified in relying upon receipt or non-receipt of such notice. No refunds will be made for amounts less than \$25. Developers who have posted a bond, or a letter of credit will be notified of any reduction in surety requirements.

Date Filed: December 21, 2021

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.:

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 1

~~Canceling Original Sheet No. 1~~

TABLE OF CONTENTS

<u>Designation</u>	<u>Title</u>	<u>Sheet No.</u>
	Table of Contents	1
	Communities Served	2
	Rate Summary	3
60	Residential Gas Service	4
	Reserved	5-6
64	Air Force	7
65	Air Force Distribution System	8
	Reserved	9-12
70	Firm General Gas Service	13
71	Small Interruptible General Gas Service	14
72	Optional Seasonal General Gas Service	15
74	Firm General Contracted Demand Service	16
75	Gwinner Pipeline Capacity Reservation Charge	17
	Reserved	18-23
81 and 82	Transportation Service	24
	Reserved	25-26
85	Large Interruptible General Gas Service	27
	Reserved	28
87	Distribution Delivery Stabilization Mechanism	29
88	Cost of Gas – Natural Gas	30
	Reserved	31
90	Residential Propane Service	32
	Reserved	33
92	Firm General Propane Service	34
	Reserved	35-40
99	Cost of Gas – Propane	41
100	General Provisions	42
	Reserved	43-46
105	Gas Meter Testing Program	47
	Reserved	48-60
119	Interruptible Gas Service Extension Policy	61
120	Firm Gas Service Extension Policy	62
	Reserved	63-65
124	Replacement, Relocation and Repair of Gas Service Lines	66

Date Filed: ~~May 7, 2021~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-379~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 61

~~Canceling Original~~ Sheet No. 61

~~INTERRUPTIBLE GAS SERVICE EXTENSION POLICY~~ Rate 119

Page 4 of 2

~~The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide interruptible sales or interruptible transportation service to customers is as follows:~~

~~1. Contribution~~

~~(a) Prior to construction, the customer shall contribute an amount equal to the total cost of construction including all gas main extensions, valves, service line(s), regulators, meters, any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for federal and state income taxes. Remote data acquisition equipment cost's shall be subject to the terms and conditions specified in the applicable interruptible service rate schedule.~~

~~(b) The contribution shall be made by:~~

~~i. A one-time payment prior to construction or,~~

~~ii. The customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the total contribution required prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for a five-year period commencing at the plant in service date, and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists for the subject project, the surety shall pay the Company for such contribution requirement.~~

~~(c) Upon Completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.~~

Reserved for Future Use

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and~~
after June 1, 2021

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-379



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 61.1

~~Canceling Original~~ Sheet No. 61.1

~~INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119~~

Page ~~2~~ of ~~2~~

~~2. Refund~~

~~(a) If within the five-year period from the extension(s) in service date, the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension, Company shall refund the amount exceeding the revenue requirement on the following basis:~~

- ~~i. Annually, beginning at the 2nd anniversary of the extension(s) in service date, the Company will refund to the customer's, the amount exceeding the total present value of the revenue requirement at a rate of 50% of the current year margin associated with the customer's actual throughput.~~
- ~~ii. Customers who have posted a bond or letter of credit, will be notified of any reduction in surety requirements based on the above calculation.~~
- ~~iii. No refunds will be made for amounts less than \$25.~~

~~(b) Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.~~

~~(c) No refund shall be made by the Company after the five-year refund period has expired, and in no case shall the refund, excluding interest, exceed the amount of contribution made by the customer.~~

~~(d) The Company and customer may enter into a contract providing for a refund mechanism based on customer meeting identified minimums on the basis of specific extension characteristics.~~

Reserved for Future Use

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and~~
after June 1, 2021

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-379



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62

~~Canceling Original Sheet No. 62~~

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 1 of ~~68~~

~~This~~ rate schedule outlines the policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm and interruptible sales service and interruptible transportation service to customers. ~~is as follows:~~

(A) General Rules and Regulations Applicable to all Firm-Gas Service Extensions.

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in ~~paragraph (A)3~~ below.
2. The Company shall require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investment (MAI) =

$$\frac{\text{Annual Basic Service Charge} + (\text{Project's Estimated } \del{3^{\text{rd}}}\del{5^{\text{th}}}\text{ Year Annual Dk x Distribution Delivery or Demand Charge)}}{\del{LARR}}$$

where: LARR = Levelized Annual Revenue Requirement Factor of 12.328%

4. ~~The~~ Cost of the firm gas extension shall include the gas main extension(s), valves, service line(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), any permits required to construct the extension, and other costs up to, and including, the riser.

The cost of an interruptible gas extension project shall include the gas main extension(s), valves, service line(s), regulators, meters, any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), any permits required to construct the extension, and other costs up to, and including the riser. Any remote data acquisition equipment costs required shall be subject to the terms and conditions of service specified in the applicable interruptible service rate schedule.

Date Filed: ~~May 7, 2021~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-370



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62

~~Canceling Original~~ Sheet No. 62

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 1 of ~~68~~

The service line is that portion of the gas service extending from the gas main to the connection at the house regulator and/or meter.

- The cost of an extension shall reflect those costs necessary to serve the new load using sound engineering and cost estimating standards. The engineering, design, and method of construction shall be determined by the Company in accordance with its construction standards. The location and route of the extension shall be established by the Company. ~~Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.~~

Nothing contained herein shall prohibit the Company from installing additional facilities in excess of those used to calculate the cost of the extension, if such facilities are reasonably justified by anticipated future load to be served, or where such additional facilities will be used for general system improvement or reasonable orderly development. Costs above the minimum required to serve the load requested by the customer will be considered system betterment costs and paid by the Company. The cost to upgrade existing facilities or the installation of new facilities that are mutually beneficial will be shared pro rata based on load, where applicable.

Date Filed: ~~May 7, 2021~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-370~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.1

~~Canceling Original Sheet No. 62.1~~

~~FIRM~~ GAS SERVICE EXTENSION POLICY Rate 120

Page 2 of 68

6. A customer or developer extension may also be subject to additional costs that may not be considered part of the extension and may be separately charged to the customer or developer. The following is not an all-inclusive list, but includes some additional costs that may be incurred for an extension:

- a. Winter Construction: When the main or service line is installed between October 1 and April 15, inclusive, because of failure of customer to meet all requirements of the Company by September 30 or because the customer's property, or the streets leading up to, are not ready to receive the service or main by such date, such work will be subject to winter construction charges when winter conditions of ground frost and/or snow exist, for the entire length of underground service or main installed. Winter construction will not be undertaken by Company where prohibited by law or where it is not practical to install a service or main during the winter season. The Company reserves the right to charge the actual amount for any winter construction expenses. All winter construction charges are non-refundable and are in addition to any normal construction charges.
- b. Abnormal and/or Unusual Conditions: When abnormal conditions are present and/or unusual expenditures are incurred after the start of construction, the customer or developer will pay the Company for the excess costs incurred by the Company in order to expand the system. The Company reserves the right to charge for any abnormal and/or unusual conditions. Circumstances that cause increased installation costs for a distribution system expansion include but are not limited to rock, safety-related issues, legal challenges, routing, right-of-way acquisition, obstructions, hindrances, crop damage, governmental or third-party requirements.
- c. Changes After Start of Construction: The customer or developer shall be charged a non-refundable contribution in aid of construction for the relocation or change in planned construction methods of any Company facilities after construction is started as a result of changes in:
 - 1. Grade changes in excess of four (4) inches,
 - 2. Lot line(s),
 - 3. Site conditions including driveways, fences, or other impediments to construction,
 - 4. Easement boundaries which had previously been considered final and,

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and~~
after June 1, 2021

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-370~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.1

~~Canceling Original~~ Sheet No. 62.1

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 2 of ~~68~~

5. Any other changes requested by the customer after original project costs were estimated and agreed to by customer.

7. All extensions are subject to the execution of the applicable extension agreement between the customer or developer and the Company.

- a. Customer Application for Gas Service,
- b. Customer Gas Service Extension Agreement,
- c. Developer Gas Service Extension Agreement Type A, where project not cost justified and contribution required,
- d. Developer Gas Service Extension Agreement Type B, where project cost justified with commitment to number of new customers, and
- e. Large Customer Gas Service Extension Agreement.

8. Upon project completion, main extension projects greater than \$100,000 shall have their contribution amount adjusted to reflect actual costs and an additional charge may be levied or refund provided to customer as specified in the extension agreement with the customer.

~~69.~~ A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

~~710.~~ The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

(B) Customer Extensions.

Cost participation for extensions where customers will be immediately available for service is as follows:

- 1. Contributions where project costs are less than or equal to \$500,000.

Date Filed:	August 26, 2020 <u>December 21, 2021</u>	Effective Date:	Service rendered on and after June 1, 2021
Issued By:	Travis R. Jacobson Director – Regulatory Affairs	Case No.:	PU-20-370



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.1

~~Canceling Original~~ Sheet No. 62.1

~~FIRM~~ GAS SERVICE EXTENSION POLICY Rate 120

Page 2 of ~~68~~

- ~~(a.)~~ When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ~~p~~Paragraph (A)3.
- ~~(b.)~~ The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
 - iii. A minimum annual charge set forth in an agreement between customer and Company, or
 - iv. The Company, at its sole discretion, Customer may allow the customer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state,

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-379~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

Original 1st Revised Sheet No. 62.2

Canceling Original Sheet No. 62.2

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 3 of ~~68~~

or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.

2. Contributions where project costs exceed \$500,000 and all Interruptible Gas Extension Projects.

a. Customer will be provided an estimated MAI in accordance with Paragraph (A)3, but due to the size of these projects and to ensure estimated customer load is realized, the customer will be required to contribute an amount equal to the total cost of construction prior to the start of construction.

b. The contribution shall be made by:

i. A one-time payment prior to construction, or

ii. The Company, at its sole discretion, may allow the customer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.

(c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

(d)3. If within the five-year review period from the extension(s) in service date, the number of active customers and related volumes exceeds the ~~third~~fifth-year projections used to determine cost participation, the Company shall recompute the contribution requirement by recalculating the ~~maximum~~

Date Filed: August 26, 2020 December 21, 2021

Effective Date: Service rendered on and after June 1, 2021

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-379



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.2

~~Canceling Original~~ Sheet No. 62.2

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 3 of ~~68~~

~~allowable investment~~ MAI.

~~(e)4.~~ The recalculated contribution requirement shall be collected from the new applicant(s).

5. If within the five-year review period from the extension(s) in service date, an additional main extension is required to serve new customers, the additional main extension shall be considered a separate new extension. The commonly used main for the new customer(s) will be credited to the existing customer(s) projects.

~~2.6.~~ Refund

- a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond or letter of credit, will be notified of any reduction in surety requirements.
- b. No refunds will be made until the new applicants begin taking service from the Company.

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and~~
~~after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU 20-379~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.3

~~Canceling Original~~ Sheet No. 62.3

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 4 of ~~68~~

~~(c) If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.~~

37. Incremental Expansion Surcharge

~~(a.)~~ The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to a project consisting of 10 or more customers requesting service when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. If the Company and customers mutually agree that the project will be funded through a Surcharge, the project will be designated an expansion area and the Surcharge will be applicable to all connections within the expansion area. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the ~~Maximum Allowable Investment~~ MAI determined in accordance with ~~p~~ Paragraph (A)3.

- i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
- ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge designed to provide recovery of the contribution requirement within the 5-year period of \$5.00 per month plus \$1.50 per dk.
- iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge designed to provide recovery of the contribution requirement up to, but not to exceed, ten years in a five-year period.

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-379



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.3

~~Canceling Original~~ Sheet No. 62.3

~~FIRM~~ GAS SERVICE EXTENSION POLICY Rate 120

Page 4 of ~~68~~

- b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.
- c. The Surcharge shall apply to all customers connecting to natural gas service within the expansion area until the contribution requirement is satisfied.

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-370~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.4

~~Canceling Original~~ Sheet No. 62.4

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 5 of ~~68~~

- d. The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

(C) Developer Extensions.

Cost participation may be required for extensions to areas such as a subdivision or a mobile home court, in which a developer is installing roads, utilizesties, etc., before housing is built-;

- 1. Contributions where project costs are less than or equal to \$500,000.
(a-) When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ~~p~~Paragraph (A)3.

~~(b.)The contribution shall be made by:~~

- i. ~~A one-time payment prior to construction, or~~

- ii. ~~Developer may post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state or, letter of credit shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement.~~

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-379~~



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.5

~~Canceling Original~~ Sheet No. 62.5

FIRM GAS SERVICE EXTENSION POLICY Rate 120

Page 6 of ~~68~~

~~(c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.~~

2. Contributions where project costs exceed \$500,000 and all Interruptible Gas Extension Projects.

~~Prior to construction, the developer shall contribute an amount equal to the total cost of construction. Developer will be provided an estimated MAI in accordance with Paragraph (A)3, but due to the size of these projects and to ensure estimated customer load is realized, the developer will be required to contribute an amount equal to the total cost of construction prior to the start of construction.~~

3. The contribution shall be made by:

- a. A one-time payment prior to construction, or
- b. The Company, at its sole discretion, may allow the developer to post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, or letter of credit, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.

4. If within the five-year review period from the extension(s) in service date, an additional main extension is required to serve additional developments under a new developer the projects will be considered separate projects. The commonly used main for the new development will be credited to the existing development(s) if a new developer.

2.5. Refund

- a. If within the five-year review period from the extension(s) in service date, the number of active customers and related volumes exceeds the ~~third~~fifth-year projections used in the cost estimate of the MAI, the Company shall recompute the contribution requirement by

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-20-379



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8

~~Original~~ 1st Revised Sheet No. 62.5

~~Canceling Original~~ Sheet No. 62.5

~~FIRM~~ GAS SERVICE EXTENSION POLICY Rate 120

Page 6 of ~~68~~

- b. recalculating the ~~maximum allowable investment~~ MAI. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- c. The Company will refund to the original developer which executed the extension agreement with the Company and made the contribution the amount required to reduce ~~their~~ its contribution to the recalculated contribution requirement unless the Company has received a notice of assignment of payment from the original developer, in writing, prior to the date of the refund. The Company shall be justified in relying upon receipt or non-receipt of such notice. No refunds will be made for amounts less than \$25. Developers who have posted a bond, or a letter of credit will be notified of any reduction in surety requirements.
- d. ~~If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.~~

Date Filed: ~~August 26, 2020~~ December 21, 2021

Effective Date: ~~Service rendered on and after June 1, 2021~~

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-20-370~~