



A Division of MDU Resources Group, Inc.

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

March 15, 2022

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-21-452

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits an original and seven (7) copies of a revision to Original Sheet Nos. 62.7 and 62.8 of proposed Gas Service Extension Policy Rate 120 (Rate 120) from that filed on March 7, 2022. On March 7, 2022, Montana-Dakota submitted additional changes to Rate 120 resulting from further discussions with Mr. Victor Schock and Mr. Adam Renfandt in the above referenced case. However, in the March 7th filing, the Company inadvertently omitted for developer extensions the new sub-paragraph that had been added for customer extensions regarding letters of credit, bonds, or other financial obligations. New sub-paragraph C.3.c is now included on Original Sheet No. 62.8 in the attached proposed tariff sheets.

Sincerely,

A handwritten signature in blue ink that reads 'Travis R. Jacobson'.

Travis R. Jacobson
Director of Regulatory Affairs

cc: Allison Mann



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 8
Original Sheet No. 62.8

GAS SERVICE EXTENSION POLICY Rate 120

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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.

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.
 - c. In the event a developer's letter of credit, bond, or other financial obligation fails to provide the required financial contribution in accordance with this section, the Company will not seek recovery of those funds in a future rate proceeding.
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

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Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-21-452



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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.

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Tariffs Reflecting Proposed Changes



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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

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~~(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.

c. In the event a developer's letter of credit, bond, or other financial obligation fails to provide the required financial contribution in accordance with this section, the Company will not seek recovery of those funds in a future rate proceeding.

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.

Date Filed: August 26, 2020 March 15, 2022

Effective Date: Service rendered on and after June 1, 2024

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Director – Regulatory Affairs

Case No.: PU-20-379PU-21-452



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~~FIRM GAS SERVICE EXTENSION POLICY~~ Rate 120

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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 recalculating the ~~maximum allowable investment~~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 ~~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.
- c. ~~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 March 15, 2022

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

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

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